

**CITY OF ROCK HILL, SOUTH CAROLINA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2023**

**Prepared by:**

**FINANCE DEPARTMENT**

**Anne P. Harty**  
**Chief Financial Officer**



**CITY OF ROCK HILL, SOUTH CAROLINA**

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December 28, 2023

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Rock Hill, South Carolina:

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Rock Hill (the “City”) for the fiscal year ended June 30, 2023.

This report consists of management’s representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City’s comprehensive framework of internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

Mauldin & Jenkins, a firm of licensed certified public accountants, audited the City’s financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2023 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City’s financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City’s Single Audit Report. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement MD&A and should be read in conjunction with it. The City’s MD&A appears immediately following the report of the independent auditors.

## **Profile of the City of Rock Hill**

The City, founded in 1852 and incorporated in 1892, is located in the eastern central area of York County, South Carolina, 25 miles south of Charlotte, North Carolina, and encompasses approximately 45.0 square miles. The 2023 population of the City is estimated to be 75,349, with a total of approximately 90,000 people in the Greater Rock Hill Area. The government is empowered to levy a property tax on both real and personal property located within its boundaries. The government also has the power by statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the governing council.

The City operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City's manager and attorney. The City's manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. The mayor is elected at large, and council members are elected by ward and serve four-year staggered terms.

The City provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; parks and leisure/cultural activities and events; sanitation services; water and sewer services; electric services; and storm water services.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager in the spring of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the City Council for review. The City Council is required to hold a public hearing on the proposed budget and to adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained by the City Manager at the fund level and may be amended as necessary during the fiscal year. Budget-to-actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented beginning on page 25 as part of the basic financial statements for the governmental funds. No other governmental funds have an annual budget adopted by the City Council.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Local economy.** Despite the effects of COVID-19, the City's economic environment seems to have been less seriously damaged than in many parts of the nation. Unemployment in York County is lower than the State of South Carolina (the "State") average. The City's median household income is significantly higher than the State average. The City is centrally located to all Eastern and Southeastern markets. It is in the center of the country's fifth largest trade area with approximately five million people in a 100-mile radius. Over half of the United States population can be reached within a day's drive or a 90-minute flight. The Charlotte/Douglas International Airport, just 30 minutes from Rock Hill, averages over 850 departures and over 50 million passengers annually. The Rock Hill/York County Municipal Airport is also growing as a center for general aviation aircraft.

The City is considered to be one of the most progressive municipalities in the State and has become a planning prototype for the entire Charlotte Metropolitan Statistical Area. The overall economic condition of the City continues to lead both state and national indicators. The value of building permits for all construction activity for the year was \$368,071,665, up from \$329,111,872 the previous fiscal year.



The City's continuing efforts to invest in itself have also been fruitful. Each of the City's five business parks continues to be a magnet for new jobs and diversified economic development.

**Long-term financial planning.** The City began developing long-range financial plans in 1990. These plans were developed to provide the City a framework in which to operate on a multi-year basis. This multi-year approach eventually led to the development of a biannual budget in 2000/2001 and the change in fiscal years from a December 31 to a June 30 fiscal year end in 2000. The current long-range plans of the City are 5 years in duration – with the first two years being balanced and the remaining 3 years showing projected gaps. Under this scenario planning, the City can plan for projected cuts and future revenue sources that can be used to close the gaps.

Based on this multi-year approach, the City has developed several important revenue sources. The Hospitality Fee, a local 2% fee levied on prepared foods and beverages, has been used to develop regional parks and offset certain general fund expenditures that were exclusively used to generate tourism in the City. In addition, the long-range plan helped the City see that future gaps in revenues and expenses were primarily due to improvements to water, sewer and fire services in the City. This led the City to develop an impact fee program that was approved as part of the budget process. These impact fees have been used to service debt issued to fund expansions to the water and sewer plant and to fund the construction of new fire facilities and equipment. Additionally, the City Council has established a priority to build unrestricted, unassigned general fund balance with a goal of 15% of prior year general fund expenditures. This goal has been maintained since 2011.

The City continues to lead in long-range financial planning. City staffers are frequently called upon to speak on long-range planning issues at state, regional, and national conferences. In recent years, the City has won several national awards in this area including the National League of Cities Municipal Excellence Award for the City's Accountability Dashboards and the National Government Finance Officers Association Award for Excellence in Government Finance for the City's Accountability and Transparency efforts.

**Rock Hill Outdoor Center.** The Rock Hill Outdoor Center within the City on property adjacent to the Catawba River includes cycling facilities such as a velodrome, mountain biking trail, a cyclocross track, and a BMX racetrack. National cycling events have been held in the Velodrome. The BMX track held the 2016 World Cup and hosted the 2017 World Championships, marking the first time in 16 years that the event has been held in the United States. The City will host again the World Cup in May 2024.

**Rock Hill Sports and Event Center.** The City completed a 170,000 square foot indoor sports and event center in December 2019. The facility has been wildly successful and has hosted amateur and professional sporting events with teams drawn from throughout the region and nationally. The facility is full practically every weekend and has hosted several unique national events televised on ESPN, such as the American Cornhole League World Championship, ESPN The Ocho, and the Adidas 3 Stripe Select basketball tournament in 2023.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report (ACFR) for the year ended June 30, 2022. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the thirty-first consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized ACFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that this ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2022. This was the thirtieth consecutive year that the City has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. The City has also been awarded the Certification of Excellence Award from the Municipal Treasurers Association for its investment policy.

The City received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR award) for its Popular Annual Financial Report for the fiscal year ended June 30, 2022.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the City Manager's Office and Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Rock Hill.

Respectfully submitted,

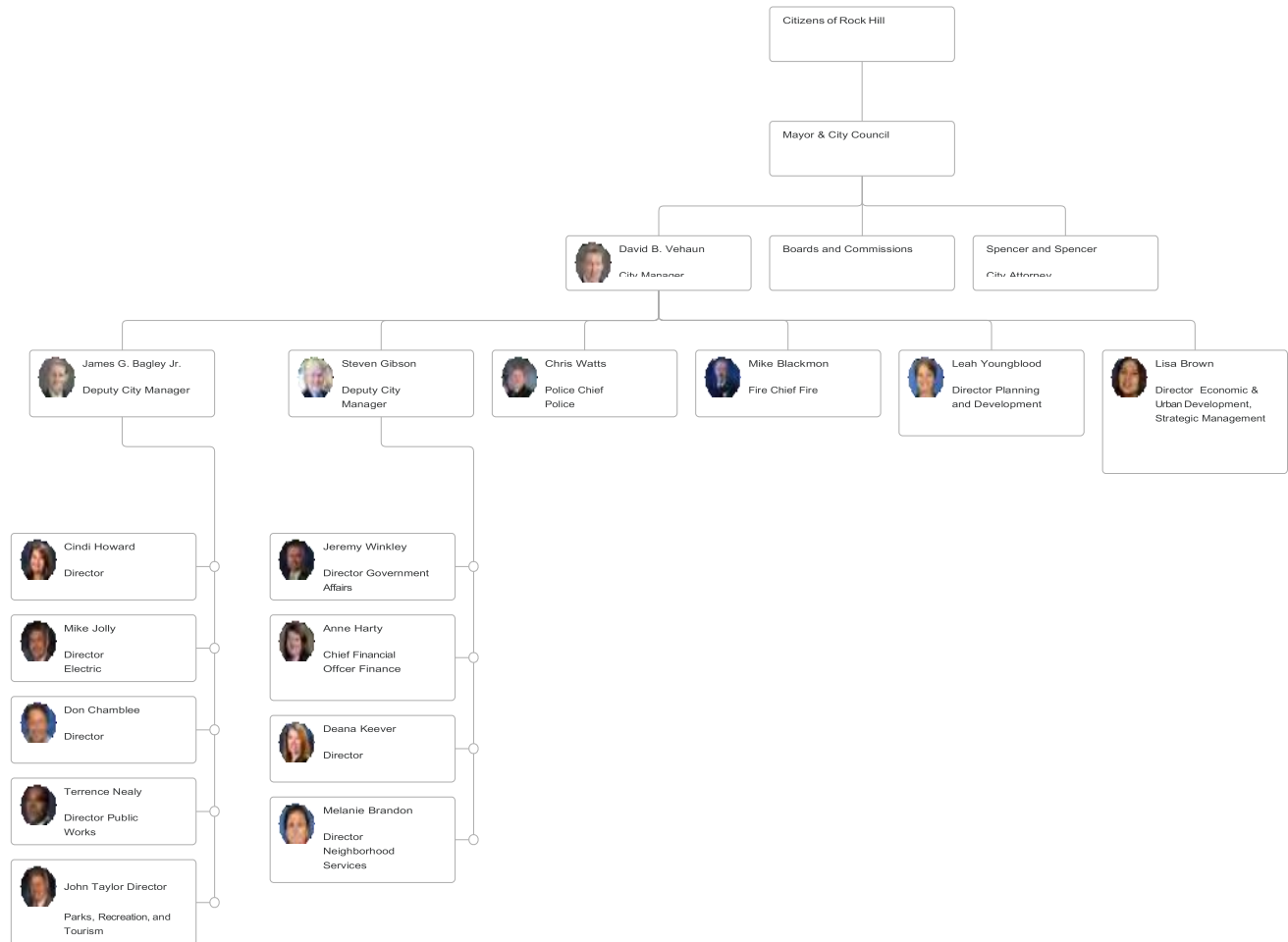


David B. Vehaun, City Manager



Anne P. Harty, Chief Financial Officer

## City of Rock Hill Organization Chart





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Rock Hill  
South Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morrill*

Executive Director/CEO

**City of Rock Hill, South Carolina**

**List of Elected and Appointed Officials  
June 30, 2023**

Elected Officials

John P. Gettys, Jr., Mayor  
Derrick Lindsay, Mayor Pro Tempore  
John A. Black, III  
Kathy Pender  
James C. Reno, Jr.  
Kevin H. Sutton  
Perry Sutton

Appointed Officials

David B. Vahaun, City Manager  
James G. Bagley Jr, Deputy City Manager  
Steven Gibson, Deputy City Manager  
Donald Chamblee, Water and Wastewater Utility Director  
Mike Jolly, Electric Utility Director  
Terrence Nealy, Public Works Director  
Mike Blackmon, Fire Chief  
Deana Keever, Human Resources Director  
Chris Watts, Police Chief  
Melanie Brandon, Housing and Neighborhood Services Director  
Leah Youngblood, Development Services Director  
John Taylor, Parks, Recreation and Tourism Director  
Lisa Brown, Economic and Urban Development Director  
Cindi Howard, General Services Director  
Jeremy Winkler, Governmental Affairs Director  
Anne P. Harty, Chief Financial Officer  
Spencer & Spencer, P.A., City Attorney



## INDEPENDENT AUDITOR'S REPORT

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To the Honorable Mayor and  
Members of City Council  
Rock Hill, South Carolina

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinions*

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

#### *Emphasis of Matter*

As discussed in Note 1 to the financial statements, in 2023 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* as of July 1, 2022. Our opinions are not modified with respect to this matter.

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

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

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

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

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**Required Supplementary Information**

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

**Supplementary Information**

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



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***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Columbia, South Carolina  
December 28, 2023

## CITY OF ROCK HILL, SOUTH CAROLINA

### Management's Discussion and Analysis

As management of the City of Rock Hill, 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 additional information that we have furnished in our Letter of Transmittal, which can be found on pages 1 - 4 of this report.

### Financial Highlights

The following information highlights the most significant changes to the City's financial position over the last year. Though not intended to be all-inclusive, this information provides a snapshot of the most important changes in the City's financial position over the last year:

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$421,370,455 (*net position*). The City reported negative unrestricted net position of \$(45,506,897). The number is negative following the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 68, which required the City to recognize as a long term liability, its proportionate share of the net pension liability of the South Carolina Retirement System and the Police Officers Retirement System and GASB Statement No. 75, which required the City to recognize as a long term liability an amount actuarially determined to be owed for future retiree health insurance costs, also known as other post-employment benefits (OPEB).
- The City's total net position increased by \$11,197,798.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$46,958,754, an increase of \$2,719,036 from the prior year. Approximately 50.2 percent of the total amount, \$22,058,358, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$22,006,315, or 21.3 percent of the total fund expenditures.
- The City's debt increased to \$451.5 million from \$412.3 million last year as the City issued utility revenue bonds to refund an older issue and pay off bond anticipation notes, new state revolving fund loans for water, wastewater projects, Installment Purchase Revenue Bonds to buy the former Panthers site and made scheduled principal payments.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise 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 themselves.

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

The *Statement of Net Position* presents information on all of the City's assets, deferred inflows and outflows of resources and liabilities, with the difference reported as *net position*. Over time, increases and decreases in the net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, economic development, and parks and recreation. The business-type activities of the City include electric, water, sewer and storm water.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate housing corporation which is fiscally dependent on the City. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. Two legally separate recreation organizations, which are under the control of the City, are included as an integral part of the primary government.

The government-wide financial statements can be found on pages 22 - 23 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into these categories: 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 may be useful in evaluating a government's near-term financing requirements.

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

The City maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is required to be shown as a major fund. Beginning in the fiscal year ended June 30, 2021, the City broke out its Consolidated TIF fund as a major fund. The City did this as part of an agreement with York County, no matter whether the fund met the definition of a major fund. Data from the other nineteen governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 24 - 27 of this report. The statement of revenues, expenditures and changes in fund balance – budget and actual for the general fund can be found on page 28.

**Proprietary funds.** The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide statements. The City uses enterprise funds to account for its electric, water, sewer and storm water operations.

Proprietary funds provide the same types of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water, sewer, and storm water operations, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 29 - 32 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 - 74 of this report.

**Other supplemental information.** In addition to the basic financial statements and accompanying notes, the report also presents certain *required supplementary information* in this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the basic financial statements as required supplementary information. Combining and individual fund statements and schedules can be found on pages 84 – 93 of this report.

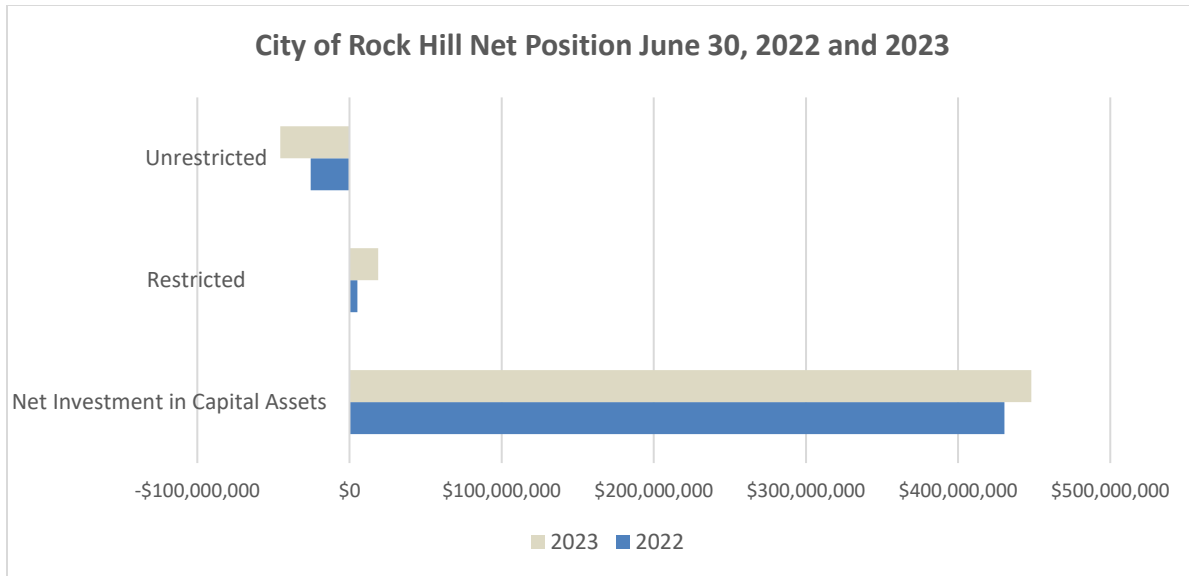
### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$421,370,455 at the close of the most recent fiscal year.

City of Rock Hill's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 63,386,863	\$ 64,534,471	\$ 94,164,968	\$ 116,094,373	\$ 157,551,831	\$ 180,628,844
Capital assets	266,672,487	236,670,297	658,353,172	635,301,592	925,025,659	871,971,889
Total assets	330,059,350	301,204,768	752,518,140	751,395,965	1,082,577,490	1,052,600,733
Deferred outflows of resources	19,573,278	18,640,543	5,962,468	5,371,648	25,535,746	24,012,191
Long-term liabilities outstanding	245,538,904	213,894,471	360,865,831	328,314,224	606,404,735	542,208,695
Other liabilities	32,064,131	32,195,725	42,020,129	71,757,233	74,084,260	103,952,958
Total liabilities	277,603,035	246,090,196	402,885,960	400,071,457	680,488,995	646,161,653
Deferred inflows of resources	3,623,207	15,368,655	2,630,579	4,909,959	6,253,786	20,278,614
Net position:						
Net investment in capital assets	118,404,318	113,601,684	329,670,070	316,756,916	448,074,388	430,358,600
Restricted	7,247,240	5,289,163	11,555,724	-	18,802,964	5,289,163
Unrestricted	(57,245,172)	(60,504,387)	11,738,275	35,029,281	(45,506,897)	(25,475,106)
Total net position	\$ 68,406,386	\$ 58,386,460	\$ 352,964,069	\$ 351,786,197	\$ 421,370,455	\$ 410,172,657

By far the largest portion of the City’s net position reflects its investment in capital assets (e.g. land, building, machinery, and equipment), less any related debt used to acquire those assets that is 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 its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

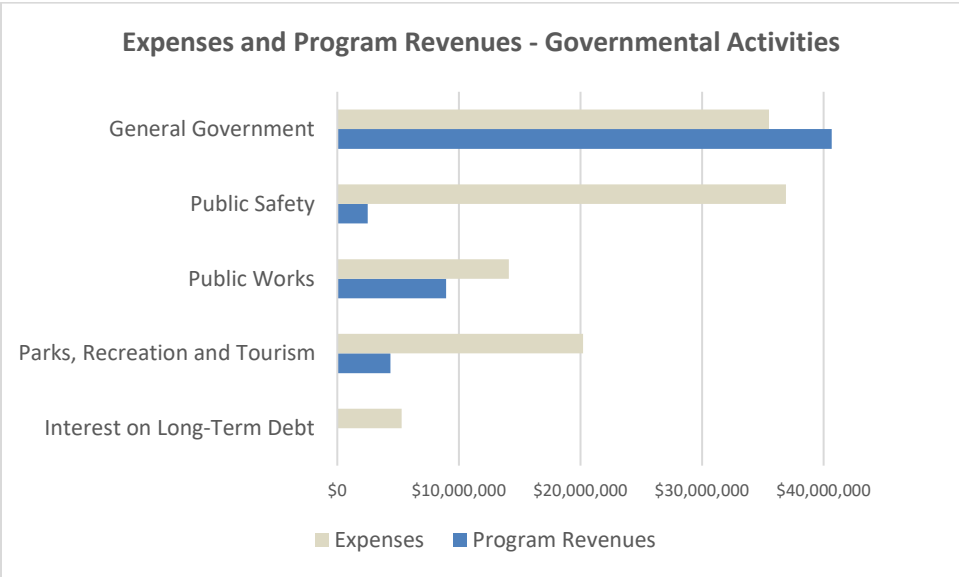
At the end of the current fiscal year, the City reports positive balances in two categories of net position, both for the government as a whole as well as its separate business-type activities. The same situation held true for the prior fiscal year. The balance of governmental activities unrestricted net position is negative primarily because of the change requiring it to accrue net pension liabilities, net OPEB liabilities and for unused employee vacation, sick and compensatory days in accordance with GAAP.



**Governmental activities.** Governmental activities increased the City’s net position by \$10,019,926 and accounted for 89.5% of the total growth in the net position of the City. Key elements of the increase are as follows:

- Vehicle property tax revenues exceeded the previous year’s total by nearly \$393,000, increasing net position, as drivers apparently traded up. Tax rates were unchanged.
- Real property tax revenues exceeded the previous year’s total by over \$1,795,000. Residential and apartment construction resulted in more and newer real property.
- Business license revenues greater than expected increased net position by nearly \$955,000 fueled by business expansion, higher business revenues and increased collection efforts by the City.
- Depreciation of governmental capital assets reduced net position by approximately \$15,739,000.
- The City recorded, as its calculated share of the increased unfunded liabilities of the South Carolina Retirement System and the Police Officer Retirement System, total pension expense of just over \$828,000 as pension liabilities, net of deferred inflows and deferred outflows, increased as a result of the actuarial valuation.
- The liability for accumulated untaken leave for governmental employees increased by \$742,000 related to both increased pay rates multiplied by unused leave hours and an expanded leave policy granting more annual leave to employees adopted by City Council.
- Just under \$43,000,000 of governmental expenditures were capitalized and increased the City’s net position invested in capital assets. In addition to capital expenses using financed purchase proceeds for vehicles, heavy equipment, and fixtures and equipment for the indoor sports arena, construction expenses of just under \$3,000,000 on Project Aspen, just over \$3,000,000 using ARPA funding for various water and wastewater projects, and \$3,500,000 on a parking deck in Knowledge Park were the largest of several construction projects. The City spent \$23,000,000 to buy the land previously intended to be developed by the Carolina Panthers.
- Investment earnings spiked up increasing the amount earned in the prior year by \$710,000, related entirely to the increase in market interest rates.
- The continued prices of gasoline and diesel fuel and repair parts caused budget overages for numerous departments that utilize large numbers of vehicles.
- The City’s annual auction of surplus equipment and scrap yielded proceeds of \$561,000 more than the prior year’s auction. More vehicles and heavy equipment were auctioned, and buyers apparently had a real hunger for them.
- An increase in employment vacancies, mirroring nationwide trends, created workload problems but had a slight positive impact on net position as the City did not have to pay for unfilled positions.

City of Rock Hill's Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 35,301,300	\$ 33,079,971	\$ 165,341,864	\$ 169,009,197	\$ 200,643,164	\$ 202,089,168
Operating grants and contributions	14,258,167	12,694,018	1,448,835	-	15,707,002	12,694,018
Capital grants and contributions	6,931,421	5,439,639	1,077,869	6,663,810	8,009,290	12,103,449
General Revenues:						
Property taxes	40,264,780	39,208,963	-	-	40,264,780	39,208,963
Accommodations and hospitality taxes	8,909,912	8,043,551	-	-	8,909,912	8,043,551
Investment income	1,330,085	67,858	2,435,368	302,560	3,765,453	370,418
Unrestricted intergovernmental revenue	2,102,378	1,684,953	-	-	2,102,378	1,684,953
Miscellaneous	2,499,981	2,815,467	-	-	2,499,981	2,815,467
Total revenues	111,598,024	103,034,420	170,303,936	175,975,567	281,901,960	279,009,987
Expenses						
General government	35,510,249	31,387,901	-	-	35,510,249	31,387,901
Public safety	36,898,900	33,246,571	-	-	36,898,900	33,246,571
Public works	14,103,423	13,446,789	-	-	14,103,423	13,446,789
Parks, recreation & tourism	20,214,486	18,194,220	-	-	20,214,486	18,194,220
Interest on long-term debt	5,283,659	5,121,893	-	-	5,283,659	5,121,893
Electric	-	-	107,269,152	113,298,017	107,269,152	113,298,017
Water	-	-	22,251,466	19,520,448	22,251,466	19,520,448
Sewer	-	-	24,228,105	20,225,948	24,228,105	20,225,948
Stormwater	-	-	4,944,722	5,226,439	4,944,722	5,226,439
Total expenses	112,010,717	101,397,374	158,693,445	158,270,852	270,704,162	259,668,226
Increase (decrease) in net position						
before transfers	(412,693)	1,637,046	11,610,491	17,704,715	11,197,798	19,341,761
Transfers	10,432,619	9,814,695	(10,432,619)	(9,814,695)	-	-
Change in net position	10,019,926	11,451,741	1,177,872	7,890,020	11,197,798	19,341,761
Net position -- beginning	58,386,460	46,934,719	351,786,197	343,896,177	410,172,657	390,830,896
Net position -- ending	\$ 68,406,386	\$ 58,386,460	\$ 352,964,069	\$ 351,786,197	\$ 421,370,455	\$ 410,172,657



**Business-type activities.** Business-type activities increased the City’s net position by \$1,177,872 accounting for 10.5% of the total growth in the City’s net position. Net position invested in capital assets increased as improvements and expansions were made to the electric, water and wastewater systems. Amounts held by bond trustees totaled \$11,555,724 and is shown as restricted fund balance. Key elements of changes other than capital and restricted net position are as follows:

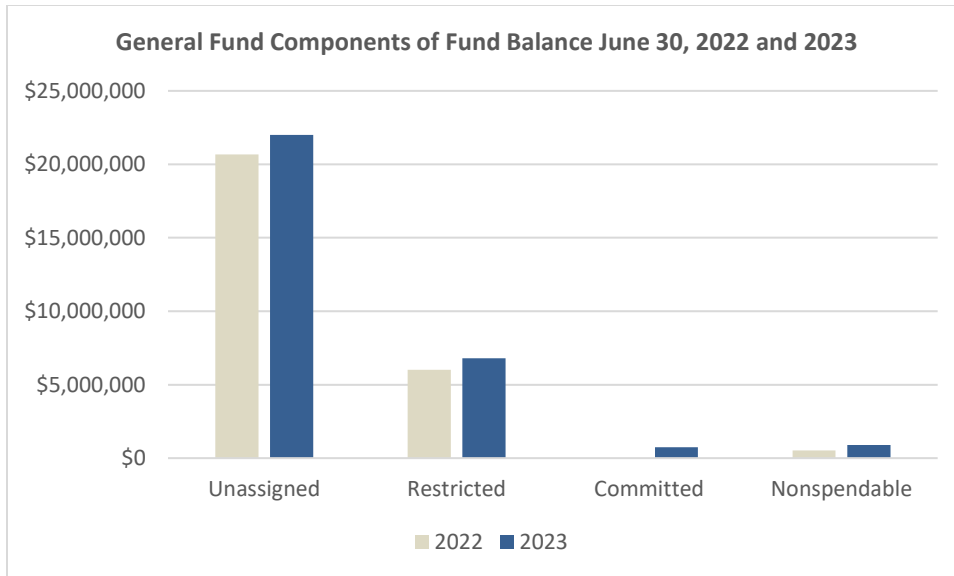
- In both water and wastewater, significant amounts intended for capital improvements, \$1,200,000 and \$4,900,000, respectively, were not spent as project bids were considered unreasonable or contractors were unavailable to do the work. Some of these unspent funds may be reappropriated in future years for capital improvements.
- Approximately \$8,235,000 that *were* spent from operating funds were capitalized as construction in progress and served to increase unrestricted net position.
- Electric “margins”, or total electricity sales minus the cost of purchased power, reduced net position by about \$3,968,000. Both sales and our cost of purchased power were less than expected, resulting from milder than normal weather patterns. The City’s primary power supplier, Piedmont Municipal Power Agency (“PMPA”), continued to return some of its equity to all ten member cities in the form of wholesale bill credits.
- The City incurred significant legal expenses during the negotiation of the Carolina Panthers financing arrangement and the windup of GT’s bankruptcy proceedings to protect the City’s interests.
- Water sales \$1,260,000 lower than expected reduced net position. Wetter than normal conditions seemed to cause less lawn watering by customers.
- Investment earnings increased net position by nearly \$700,000 as market interest rates rapidly increased.

## **Financial Analysis of Governmental Funds**

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

**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. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance that has not yet been limited to use by any of an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$46,958,754, an increase of \$2,719,036 from the prior fiscal year. Some of the increase in fund balance resulted from the remainder of the 2023 IPRB proceeds to be used over the next two years for capitalized interest. Approximately 46.8 percent of total fund balance, \$21,988,776, constitutes *unassigned fund balance*, which is available for spending at the City’s discretion. Unassigned fund balance increased by \$1,999,645 for the year. The remainder of fund balance is *nonspendable, restricted or committed* to indicate that it is not available for new spending either because it is non-spendable as inventory on hand or represents the principal donated for public beautification projects or it is restricted for 1) government grant programs, 2) debt service, 3) State victim assistance, law enforcement federal and State asset forfeiture funds, 4) State and local accommodations taxes, 5) Capital projects or 6) bond issue construction/financed purchase funds.



The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$22,006,315, while total fund balance was \$30,434,084. As a measure of the general fund’s liquidity, it may be useful to compare unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 21.4 percent of total general fund expenditures, while total fund balance represents 29.5 percent of those same expenditures.

Total fund balance of the City’s general fund increased by \$3,228,181 during the current fiscal year. The most significant factors in this net increase are as follows:

- The year-end accrual for incurred but not reported (IBNR) employee medical claims decreased by \$418,000 and increased fund balance. The accrual is not routinely budgeted, because it can go up or down from year to year. Medical claims expenses throughout the year exceeded budget and were shared among all departments.
- Vehicle property tax revenues exceeded the previous year’s total by nearly \$393,000, increasing fund balance, as population increased slightly and newer vehicles came online. Tax rates were unchanged.
- Real property tax revenues exceeded the previous year’s total by over \$1,795,000. Residential and apartment construction resulted in more and newer real property.
- Business license revenues greater than expected increased fund balance by nearly \$955,000 fueled by business expansion, higher business revenues and increased collection efforts by the City.
- Because of the delay in delivery of new vehicles and equipment, unspent proceeds from the issuance of financed purchases payables drove up the current year increase in fund balance.

The consolidated TIF fund was created to hold and account for funds related to a specific Downtown/Textile Corridor tax increment financing district. Although amounts generally do not rise to a level high enough for consideration as a major fund, the City has an agreement with York County to show all the activity as a major fund. Total fund balance for the consolidated TIF fund increased by \$31,427. This is typical for this fund, because its revenues and expenditures are usually known well in advance and rarely deviate from expectations.

The 2023 IPRB Hutchison fund was created to account for proceeds from the issuance of installment purchase revenue bonds and the disposition of those funds. Only the amount of the issuance proceeds and the expenditure of most of those proceeds to buy the Hutchison property caused the fund to be considered major to the current year. Total fund balance for the fund increased by \$2,308,847, reflecting only the remainder of the proceeds which will be used to pay interest on the debt over the next two years.

**Proprietary funds.** The City’s proprietary funds provide the same type of information found in the government-wide



financial statements, but in more detail.

Unrestricted net position of the electric, water, sewer, and storm water operations at the end of the fiscal year amounted to \$11,328,090. The total growth in net position was \$1,177,872. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

### **General Fund Budgetary Highlights**

There were no differences between the original budget and the final amended budget for the fiscal year ended June 30, 2023.

- Vehicle property tax revenues exceeded budget by \$405,000 as discussed above in governmental activities.
- Business license revenues exceeded budget by \$955,000 as discussed above.
- Accommodations and hospitality revenues continued their recovery from the COVID pandemic and exceeded budget by over \$670,000.
- Investment earnings spiked up and ended the year \$697,000 over budget, related entirely to the increase in market interest rates.
- The City's annual auction of surplus equipment and scrap yielded proceeds of \$979,000 more than budget. More vehicles and heavy equipment were auctioned, and buyers apparently had a real hunger for them.

On the expenditure side, health claims, vehicle damages, workers comp claims and the cost of fuel negatively affected budgetary results in several departments. Capital expenditures include the purchase of over \$4,170,698 of vehicles and other equipment acquired using financed purchase payables. Since the proceeds from these financing arrangements (including unspent proceeds from prior years' financings) offset the expenditure for purchases, neither item is budgeted. Several departments experienced higher than normal equipment maintenance and repair expenditures as the City sought to extend the life of existing vehicles and heavy equipment. Legal services for general matters as well as for TIF districts and other projects were over budget. Market-driven personnel increases during the year were offset by position vacancies.

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

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$449,360,240 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, and roads. The total increase in the City's investment in capital assets for the current fiscal year was 4.1 percent (a 5.4 percent increase for governmental activities and a 3.7 percent increase for business-type activities). These numbers reflect the inclusion of infrastructure, in accordance with GASB Statement No. 34.

Major capital asset events during the current year include the following:

- A new multi-level parking deck in the Knowledge Park area imaginatively named "Deck B" was completed.
- The City completed several other infrastructure projects in Knowledge Park.
- The City's electric, water, sewer and stormwater departments invested nearly \$6,589,000 of operating revenues into additions to plant in service.
- Using a combination of revenue bonds and state revolving fund loans, the City continued major expansions of its water treatment plant and its wastewater treatment plant.

City of Rock Hill's Capital Assets						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 26,337,957	\$ 3,337,957	\$ 9,681,116	\$ 9,681,116	\$ 36,019,073	\$ 13,019,073
Buildings and land improvements	80,885,959	83,928,240	26,150,069	27,583,193	107,036,028	111,511,433
Machinery, equipment and vehicles	20,317,421	21,154,935	4,109,827	3,598,412	24,427,248	24,753,347
Infrastructure	107,600,685	111,140,724	-	-	107,600,685	111,140,724
Subscription-based IT arrangements	-	-	410,185	-	410,185	-
Utility distribution and collections systems	-	-	396,470,401	398,954,214	396,470,401	398,954,214
Construction in progress	31,530,465	17,108,441	221,941,759	195,484,657	253,472,224	212,593,098
Total	\$ 266,672,487	\$ 236,670,297	\$ 658,763,357	\$ 635,301,592	\$ 925,435,844	\$ 871,971,889

Additional information on the City's capital assets can be found in Note IV.C of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$451,450,245. Of this amount \$11,700,000 comprises debt backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds, storm water loans, local accommodations tax revenue, developer assessments and tax increment bonds).

City of Rock Hill's Long-Term Debt						
Bonds Payable						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Tax increment bonds	\$ 31,729,000	\$ 33,923,000	\$ -	\$ -	\$ 31,729,000	\$ 33,923,000
General obligation bonds	11,700,000	12,265,000	-	-	11,700,000	12,265,000
Limited obligation bonds	10,971,000	12,845,000	-	-	10,971,000	12,845,000
Municipal improvement district bonds	3,231,000	3,731,000	-	-	3,231,000	3,731,000
HUD Section 108 loan	737,000	868,000	-	-	737,000	868,000
SC DHEC HUD loan	535,610	666,206	-	-	535,610	666,206
Installment purchase revenue bonds	66,491,000	41,326,000	-	-	66,491,000	41,326,000
SC JEDA bonds	19,805,000	20,650,000	-	-	19,805,000	20,650,000
Utility revenue bonds	-	-	218,257,000	215,995,000	218,257,000	215,995,000
State revolving fund loans	-	-	87,993,635	69,999,602	87,993,635	69,999,602
Total	\$ 145,199,610	\$ 126,274,206	\$ 306,250,635	\$ 285,994,602	\$ 451,450,245	\$ 412,268,808

The City's total bonded debt increased by \$39,181,437 during the current fiscal year. Aside from the normal payment of existing bonds, the City issued \$19,183,375 of state revolving fund loans for improvements to its water, wastewater and stormwater facilities, \$11,574,000 in combined utility system revenue bonds to refund all of its outstanding 2012B bonds and \$10,580,000 in combined utility system revenue bonds to pay off a portion of its 2021 bond anticipation notes. The City also issued \$25,670,000 of installment purchase revenue bonds to complete the purchase of the property formerly intended for development by the Carolina Panthers.

The City's underlying rating on general obligation debt was "AA-" from Standard & Poor's and "Aa3" from Moody's. The City's underlying rating on its combined utility system revenue bonds was "A+" from Standard & Poor's and "A2" from Moody's.

State statutes limit the amount of general obligation debt a governmental entity may issue, without a referendum, to 8 percent of its total assessed valuation. The current debt limitation for the City is \$32,751,912, which was \$21,051,912 more than the City's outstanding general obligation debt on June 30, 2023.

Additional information on the City's long-term debt can be found in Note IV.F. of this report.

## **Economic Factors and Next Year's Budgets and Rates**

Along with much of the nation, the local economy continued a healthy expansion in the last fiscal year. As mentioned in the introductory section, the number of building permits decreased while the value of building permits increased over the previous year. The City's unemployment rate decreased along with the pickup of overall economic activity. After spiking as high as 15.4% in May 2020, it has dropped to 3.9% as of June 2023. The City developed a budget for 2023/2024 that included moderate rate increases for the City's citizens and customers:

- Unemployment in Rock Hill is typically slightly higher than in York County and the State of South Carolina, due to strict annexation laws and many who commute to Charlotte, NC. Certain areas of Rock Hill have a higher concentration of unemployment rates - particularly the older downtown core.
- Since 2013, the City has operated an in-house wellness clinic for employees and retirees and their covered dependents that offers services for minor illnesses and injuries, prescription refills and vaccinations. This service has reduced the cost of routine doctor visits.
- The City has higher income figures compared to other cities in the State. Rock Hill is not only the premier "Ring City" in the Charlotte Metropolitan Statistical Area (MSA), but is the heart of the Catawba Region, a four-county area consisting of York, Chester, Lancaster, and Union counties. In this region, Rock Hill continues to have the highest income levels of cities in the four counties and exceeds State averages.
- For the 2023/2024 budget year, the City enacted an 11% increase in water volumetric rates, coupled with a \$1.70 reduction in the monthly base fee, to fund capital projects. The City also enacted a 7.5% wastewater rate increase to fund to expand the wastewater treatment plant. Electric rates were unchanged. Stormwater rates were unchanged.
- The 2023/2024 budget maintains the existing property tax rate of 93.5 mils.

All these factors were considered in preparing the City's general fund budget for the 2023/2024 fiscal year. Amounts available for appropriation in the general fund are \$83.78 million, an increase of 1.8 percent over the final fiscal year 2022/2023 budget. For the 2023/2024 year, the employee pay-for-performance program will have available a budget of 3.1% for raises to base pay. The pay for performance program is not assured for any future years.

The City's budgetary balance is expected to remain stable at the close of the 2023/2024 fiscal year.

As for the City's business-type activities, we expect that future results will remain stable in fiscal year 2024. It is widely accepted that the City's key business service areas must cover their costs. As the City has moved toward this "cost to serve" concept there have been small, incremental increases in some rates and fees. Over the last 10 years, the City has worked to ensure that these fees outpaced the Consumer Price Index. City staff performs regular studies to compare Rock Hill's rates with 28 other cities to make certain that the City remains competitive. The budget serves as an ongoing work plan to reach cost to serve levels in key utility businesses. Good business practice requires these services to charge fees that sufficiently recover costs associated with the service. The City continues to move toward cost to serve in all these service areas while keeping rates competitive.

## **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Rock Hill, Finance Department, PO Box 11706, Rock Hill, South Carolina, 29731-1706.

BASIC FINANCIAL STATEMENTS

CITY OF ROCK HILL, SOUTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 32,218,375	\$ 34,682,789	\$ 66,901,164	\$ 1,124,861
Receivables (net of allowance for uncollectibles)				
Taxes and assessments	2,144,513	-	2,144,513	-
Intergovernmental	1,100,425	-	1,100,425	48,287
Utility accounts	-	19,692,481	19,692,481	-
Leases	1,307,375	962,034	2,269,409	-
Other	7,059,506	4,842,067	11,901,573	457,103
Due from component unit	932,409	-	932,409	-
Prepaid expenses	327,265	210,905	538,170	-
Inventories	488,609	7,980,500	8,469,109	-
Real estate held for sale	-	-	-	3,649,197
Restricted assets:				
Cash and cash equivalents	17,808,386	25,384,007	43,192,393	-
Capital assets not being depreciated:				
Land	26,337,957	9,681,116	36,019,073	-
Construction in progress	31,530,465	221,941,759	253,472,224	-
Capital assets, net of accumulated depreciation: and amortization				
SBITA assets	-	410,185	410,185	-
Buildings and land improvements	80,885,959	26,150,069	107,036,028	-
Furniture and fixtures	960,058	-	960,058	-
Machinery, equipment and vehicles	19,357,362	4,109,827	23,467,189	-
Infrastructure	107,600,686	-	107,600,686	-
Utility distribution and collection systems	-	396,470,401	396,470,401	-
Total assets	<u>330,059,350</u>	<u>752,518,140</u>	<u>1,082,577,490</u>	<u>5,279,448</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension charges	15,519,134	4,437,657	19,956,791	-
Deferred other post-employment benefit charges	2,932,761	872,643	3,805,404	-
Deferred charge on refunding	1,121,383	652,168	1,773,551	-
Total deferred outflows of resources	<u>19,573,278</u>	<u>5,962,468</u>	<u>25,535,746</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	9,234,033	15,758,847	24,992,880	81,602
Due to primary government	-	-	-	932,409
Utility deposits	-	4,272,041	4,272,041	-
Accrued interest payable	1,232,549	4,704,538	5,937,087	-
Contract retainage payable	201,042	11,874,520	12,075,562	-
Reimbursements payable to developers	1,506,801	-	1,506,801	-
Current portion of long-term liabilities	17,227,371	16,587,560	33,814,931	-
Unearned revenues	2,661,935	5,000,000	7,661,935	457,103
Noncurrent liabilities:				
Net pension liability	81,021,033	25,397,117	106,418,150	-
Net other post-employment benefit liability	10,553,612	3,254,605	13,808,217	-
Noncurrent portion of long-term liabilities	153,964,659	316,036,732	470,001,391	-
Total liabilities	<u>277,603,035</u>	<u>402,885,960</u>	<u>680,488,995</u>	<u>1,471,114</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension inflows	855,033	111,044	966,077	-
Deferred gains on refunding	-	1,133,107	1,133,107	-
Leases	1,237,793	942,514	2,180,307	-
Deferred other post-employment benefit inflows	1,530,381	443,914	1,974,295	-
Total deferred inflows of resources	<u>3,623,207</u>	<u>2,630,579</u>	<u>6,253,786</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	118,404,318	329,670,070	448,074,388	-
Restricted for:				
Debt service	3,157,952	11,555,724	14,713,676	-
Federal and state grant programs	308,235	-	308,235	-
Accommodations and hospitality	3,299,654	-	3,299,654	-
Law enforcement	189,857	-	189,857	-
Perpetual care				
Expendable	266,542	-	266,542	-
Nonexpendable	25,000	-	25,000	-
Unrestricted	<u>(57,245,172)</u>	<u>11,738,275</u>	<u>(45,506,897)</u>	<u>3,808,334</u>
Total net position	<u>\$ 68,406,386</u>	<u>\$ 352,964,069</u>	<u>\$ 421,370,455</u>	<u>\$ 3,808,334</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ROCK HILL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Operating	Capital	Component Unit	Primary Government			
		Charges for Services	Grants and Contributions		Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>								
Governmental activities:								
General government	\$ 35,510,249	\$ 23,473,149	\$ 11,867,474	\$ 5,335,732	\$ 5,166,106	\$ -	\$ 5,166,106	\$ -
Public safety	36,898,900	1,673,970	820,993	-	(34,403,937)	-	(34,403,937)	-
Public works	14,103,423	8,958,655	-	-	(5,144,768)	-	(5,144,768)	-
Parks, recreation and tourism	20,214,486	1,195,526	1,569,700	1,595,689	(15,853,571)	-	(15,853,571)	-
Interest on long-term debt	5,283,659	-	-	-	(5,283,659)	-	(5,283,659)	-
Total governmental activities	<u>112,010,717</u>	<u>35,301,300</u>	<u>14,258,167</u>	<u>6,931,421</u>	<u>(55,519,829)</u>		<u>(55,519,829)</u>	<u>-</u>
Business-type activities:								
Electric	107,269,152	103,822,285	-	57,535	-	(3,389,332)	(3,389,332)	-
Water	22,251,466	25,380,253	511,995	243,407	-	3,884,189	3,884,189	-
Sewer	24,228,105	31,158,694	936,840	357,148	-	8,224,577	8,224,577	-
Stormwater	4,944,722	4,980,632	-	419,779	-	455,689	455,689	-
Total business-type activities	<u>158,693,445</u>	<u>165,341,864</u>	<u>1,448,835</u>	<u>1,077,869</u>	<u>-</u>	<u>9,175,123</u>	<u>9,175,123</u>	<u>-</u>
Total primary government	<u>\$ 270,704,162</u>	<u>\$ 200,643,164</u>	<u>\$ 15,707,002</u>	<u>\$ 8,009,290</u>	<u>(55,519,829)</u>	<u>9,175,123</u>	<u>(46,344,706)</u>	<u>-</u>
<b>Component unit:</b>								
Housing Development Corporation of Rock Hill	<u>\$ 825,056</u>	<u>\$ -</u>	<u>\$ 1,102,907</u>	<u>\$ -</u>				<u>277,851</u>
General revenues								
Property taxes					40,264,780	-	40,264,780	-
Accommodations and hospitality taxes					8,909,912	-	8,909,912	-
Investment income					1,330,085	2,435,368	3,765,453	235
Unrestricted intergovernmental revenue					2,102,378	-	2,102,378	-
Miscellaneous					2,499,981	-	2,499,981	-
Transfers					10,432,619	(10,432,619)	-	-
Total general revenues and transfers					<u>65,539,755</u>	<u>(7,997,251)</u>	<u>57,542,504</u>	<u>235</u>
Change in net position					10,019,926	1,177,872	11,197,798	278,086
Net position - beginning of year					58,386,460	351,786,197	410,172,657	3,530,248
Net position - end of year					<u>\$ 68,406,386</u>	<u>\$ 352,964,069</u>	<u>\$ 421,370,455</u>	<u>\$ 3,808,334</u>

**CITY OF ROCK HILL, SOUTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	General	Consolidated TIF Fund	2023 IPRB Hutchison Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 27,927,994	\$ -	\$ 6,193	\$ 4,284,188	\$ 32,218,375
Receivables (net of allowances for uncollectible accounts):					
Taxes and assessments	2,144,513	-	-	-	2,144,513
Intergovernmental	-	-	-	1,100,425	1,100,425
Leases	1,307,375	-	-	-	1,307,375
Other	3,793,847	82,535	-	3,183,124	7,059,506
Due from other funds	2,182,930	-	-	-	2,182,930
Due from component unit	79,771	-	-	852,638	932,409
Prepaid expenses	327,265	-	-	-	327,265
Inventories	488,609	-	-	-	488,609
Restricted assets:					
Cash and cash equivalents	4,967,296	-	2,302,654	10,538,436	17,808,386
<b>TOTAL ASSETS</b>	<b>\$ 43,219,600</b>	<b>\$ 82,535</b>	<b>\$ 2,308,847</b>	<b>\$ 19,958,811</b>	<b>\$ 65,569,793</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 8,370,126	\$ 5,999	\$ -	\$ 857,908	\$ 9,234,033
Due to other funds	-	22,959	-	2,159,971	2,182,930
Contract retainage payable	50,124	-	-	150,918	201,042
Unearned revenues	34,167	-	-	2,627,768	2,661,935
Reimbursements payable to developers	1,506,801	-	-	-	1,506,801
<b>TOTAL LIABILITIES</b>	<b>9,961,218</b>	<b>28,958</b>	<b>-</b>	<b>5,796,565</b>	<b>15,786,741</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	1,586,505	-	-	-	1,586,505
Leases receipts	1,237,793	-	-	-	1,237,793
	<b>2,824,298</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,824,298</b>
<b>FUND BALANCES</b>					
Non-spendable:					
Inventory on hand, prepaids and net leases	885,456	-	-	-	885,456
Donated restricted principal	-	-	-	25,000	25,000
Restricted for:					
Federal and state grant programs	30,812	-	-	294,962	325,774
Debt service	-	53,577	-	1,370,605	1,424,182
Law enforcement	189,857	-	-	-	189,857
Bond issue construction	2,214,320	-	2,308,847	9,595,976	14,119,143
Capital projects	-	-	-	2,626,700	2,626,700
Accommodations tax projects	3,299,654	-	-	-	3,299,654
Constrained by external donors	1,065,881	-	-	266,542	1,332,423
Committed	741,789	-	-	-	741,789
Unassigned	22,006,315	-	-	(17,539)	21,988,776
<b>TOTAL FUND BALANCES</b>	<b>30,434,084</b>	<b>53,577</b>	<b>2,308,847</b>	<b>14,162,246</b>	<b>46,958,754</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 43,219,600</b>	<b>\$ 82,535</b>	<b>\$ 2,308,847</b>	<b>\$ 19,958,811</b>	<b>\$ 65,569,793</b>

The notes to the financial statements are an integral part of this statement

**CITY OF ROCK HILL, SOUTH CAROLINA**

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

Total fund balances for governmental funds	\$ 46,958,754
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	266,672,487
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	1,586,505
The City's proportionate shares of the net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to its participation in the State pension plans and its retiree health insurance plan are not recorded in the governmental funds but are recorded in the statement of net position.	(75,508,164)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(171,303,196)</u>
Net position of governmental activities	<u>\$ 68,406,386</u>

The notes to the financial statements are an integral part of this statement.



**CITY OF ROCK HILL, SOUTH CAROLINA**

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

	General	Consolidated TIF Fund	2023 IPRB Hutchison Bonds	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 38,769,837	\$ 3,963,741	\$ -	\$ -	\$ 42,733,578
Accommodations and hospitality taxes	8,909,912	-	-	-	8,909,912
Licenses and permits	16,711,641	-	-	-	16,711,641
Fines and forfeitures	508,997	-	-	-	508,997
Intergovernmental	4,955,248	-	-	9,745,470	14,700,718
Charges for services	16,664,679	-	-	-	16,664,679
Impact fees	-	-	-	976,466	976,466
Investment earnings	751,247	-	43,516	535,150	1,329,913
Program income	-	-	-	25,810	25,810
Other	3,911,718	82,535	-	3,472,031	7,466,284
Total revenues	<u>91,183,279</u>	<u>4,046,276</u>	<u>43,516</u>	<u>14,754,927</u>	<u>110,027,998</u>
<b>EXPENDITURES</b>					
Current:					
General government	20,430,795	388,541	-	6,737,487	27,556,823
Public safety	33,429,879	-	-	480,725	33,910,604
Public works	10,627,056	-	-	923,129	11,550,185
Parks, recreation and tourism	16,902,941	-	-	157,615	17,060,556
Capital outlay					
General	7,077,431	-	23,000,000	8,636,155	38,713,586
Non-budgeted financed vehicle purchases	4,170,698	-	-	-	4,170,698
Debt service:					
Principal	4,641,990	1,701,596	-	401,010	6,744,596
Interest and fees	2,169,136	2,288,143	404,669	268,225	5,130,173
Financed purchases payments	3,867,489	-	-	-	3,867,489
Total expenditures	<u>103,317,415</u>	<u>4,378,280</u>	<u>23,404,669</u>	<u>17,604,346</u>	<u>148,704,710</u>
REVENUES UNDER EXPENDITURES	<u>(12,134,136)</u>	<u>(332,004)</u>	<u>(23,361,153)</u>	<u>(2,849,419)</u>	<u>(38,676,712)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	10,151,899	363,431	-	-	10,515,330
Transfers out	(82,711)	-	-	-	(82,711)
Issuance of installment purchase revenue bonds	-	-	25,670,000	-	25,670,000
Issuance of financed purchases payable	5,293,129	-	-	-	5,293,129
Total other financing sources (uses), net	<u>15,362,317</u>	<u>363,431</u>	<u>25,670,000</u>	<u>-</u>	<u>41,395,748</u>
NET CHANGE IN FUND BALANCE	3,228,181	31,427	2,308,847	(2,849,419)	2,719,036
FUND BALANCE, BEGINNING OF YEAR	<u>27,205,903</u>	<u>22,150</u>	<u>-</u>	<u>17,011,665</u>	<u>44,239,718</u>
FUND BALANCE, END OF YEAR	<u>\$ 30,434,084</u>	<u>\$ 53,577</u>	<u>\$ 2,308,847</u>	<u>\$ 14,162,246</u>	<u>\$ 46,958,754</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ROCK HILL, SOUTH CAROLINA**

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

Net change in fund balances - total governmental funds	\$ 2,719,036
Amounts reported for governmental activities in the statement of activities are different because:	
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 outlays exceeded depreciation in the current period.	30,022,515
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, and donations) is to decrease net position.	(20,325)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	44,724
The issuance of long-term debt (e.g., bonds, financed purchases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of new long-term debt issued and repayments of existing long-term debt.	(20,787,098)
Changes in the City's proportional shares of the net pension liability, net OPEB liability, deferred outflows of resources, deferred inflows of resources related to its participation in the State pension plans and its retiree health insurance plan are not recorded in the governmental funds but are recorded in the statement of activities.	(1,474,892)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(484,034)</u>
Change in net position of governmental activities	<u>\$ 10,019,926</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ROCK HILL, SOUTH CAROLINA**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2023

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Property taxes	\$ 37,624,236	\$ 38,769,837	\$ 1,145,601
Accommodations and hospitality taxes	8,239,878	8,909,912	670,034
Licenses and permits	15,688,000	16,711,641	1,023,641
Fines and forfeitures	481,150	508,997	27,847
Intergovernmental	4,141,092	4,955,248	814,156
Charges for services	16,352,993	16,664,679	311,686
Investment earnings	45,000	751,247	706,247
Other	2,872,203	3,911,718	1,039,515
Total revenues	<u>85,444,552</u>	<u>91,183,279</u>	<u>5,738,727</u>
<b>EXPENDITURES</b>			
Current:			
General government	23,957,830	20,430,795	3,527,035
Public safety	31,492,998	33,429,879	(1,936,881)
Public works	10,223,952	10,627,056	(403,104)
Parks, recreation and tourism	15,805,627	16,902,941	(1,097,314)
Capital outlay:			
Operating budget capital	1,206,091	7,077,431	(5,871,340)
Non-budgeted financed vehicle purchases	-	4,170,698	(4,170,698)
Debt service:			
Principal	5,519,082	4,641,990	877,092
Interest and fees	2,150,340	2,169,136	(18,796)
Capital lease payments	4,189,369	3,867,489	321,880
Total expenditures	<u>94,545,289</u>	<u>103,317,415</u>	<u>(8,772,126)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(9,100,737)</u>	<u>(12,134,136)</u>	<u>(3,033,399)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	9,686,540	10,151,899	465,359
Transfers out	(585,803)	(82,711)	503,092
Issuance of financed purchases payable	-	5,293,129	5,293,129
Total other financing sources, net	<u>9,100,737</u>	<u>15,362,317</u>	<u>6,261,580</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	3,228,181	3,228,181
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>27,205,903</u>	<u>27,205,903</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 27,205,903</u>	<u>\$ 30,434,084</u>	<u>\$ 3,228,181</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ROCK HILL, SOUTH CAROLINA**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2023

	Business-Type Activities - Enterprise Funds		
	Electric, Water and Sewer	Nonmajor Stormwater	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 32,875,456	\$ 1,807,333	\$ 34,682,789
Receivables (net of allowance for uncollectible accounts):			
Utility accounts	19,692,481	-	19,692,481
Leases	962,034	-	962,034
Other	4,842,067	-	4,842,067
Prepaid expenses	210,905	-	210,905
Inventories	7,980,500	-	7,980,500
Total current assets	<u>66,563,443</u>	<u>1,807,333</u>	<u>68,370,776</u>
Restricted assets, cash and equivalents	24,633,673	750,334	25,384,007
Capital assets - net	412,669,888	24,151,710	436,821,598
Construction in progress	217,311,814	4,629,945	221,941,759
Total noncurrent assets	<u>654,615,375</u>	<u>29,531,989</u>	<u>684,147,364</u>
Total assets	<u>721,178,818</u>	<u>31,339,322</u>	<u>752,518,140</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension charges	4,135,778	301,879	4,437,657
Deferred OPEB charges	799,998	72,645	872,643
Deferred charge on refunding	652,168	-	652,168
Total deferred outflows of resources	<u>5,587,944</u>	<u>374,524</u>	<u>5,962,468</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	15,508,326	250,521	15,758,847
Utility deposits	4,272,041	-	4,272,041
Accrued interest payable	4,656,297	48,241	4,704,538
Contract retainage payable	11,513,085	361,435	11,874,520
Unearned revenue	5,000,000	-	5,000,000
Current portion of long-term obligations	15,411,991	1,175,569	16,587,560
Total current liabilities	<u>56,361,740</u>	<u>1,835,766</u>	<u>58,197,506</u>
<b>Noncurrent liabilities</b>			
Net pension liability	23,669,433	1,727,684	25,397,117
Net OPEB liability	2,999,518	255,087	3,254,605
Noncurrent liabilities due in more than one year	303,614,664	12,422,068	316,036,732
Total noncurrent liabilities	<u>330,283,615</u>	<u>14,404,839</u>	<u>344,688,454</u>
Total liabilities	<u>386,645,355</u>	<u>16,240,605</u>	<u>402,885,960</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Lease receipts	942,514	-	942,514
Deferred gains on refunding	1,133,107	-	1,133,107
Deferred pension credits	103,490	7,554	111,044
Deferred other post-employment benefits credits	405,011	38,903	443,914
Total deferred inflows of resources	<u>2,584,122</u>	<u>46,457</u>	<u>2,630,579</u>
<b>NET POSITION</b>			
Net investment in capital assets	314,767,109	14,902,961	329,670,070
Restricted for debt service	10,805,390	750,334	11,555,724
Unrestricted	11,964,786	(226,511)	11,738,275
Total net position	<u>\$ 337,537,285</u>	<u>\$ 15,426,784</u>	<u>\$ 352,964,069</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ROCK HILL, SOUTH CAROLINA**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds		
	Electric, Water and Sewer	Nonmajor Stormwater	Totals
OPERATING REVENUES:			
Electric sales	\$ 99,269,087	\$ -	\$ 99,269,087
Water sales	24,784,793	-	24,784,793
Sewer charges	30,584,232	-	30,584,232
Impact fees	1,448,835	-	1,448,835
Stormwater charges	-	4,980,632	4,980,632
Government grants	223,548	-	223,548
Other user charges	5,723,120	-	5,723,120
Total operating revenues	<u>162,033,615</u>	<u>4,980,632</u>	<u>167,014,247</u>
OPERATING EXPENSES:			
Purchased power	74,800,588	-	74,800,588
System operations	35,575,865	1,978,263	37,554,128
Depreciation and amortization	17,642,522	1,620,646	19,263,168
General and administrative	14,949,985	1,002,427	15,952,412
Total operating expenses	<u>142,968,960</u>	<u>4,601,336</u>	<u>147,570,296</u>
OPERATING INCOME	<u>19,064,655</u>	<u>379,296</u>	<u>19,443,951</u>
NONOPERATING REVENUES (EXPENSES):			
Interest income	2,350,040	85,328	2,435,368
Interest expense	(10,779,763)	(338,263)	(11,118,026)
Total nonoperating revenues (expenses), net	<u>(8,429,723)</u>	<u>(252,935)</u>	<u>(8,682,658)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	10,634,932	126,361	10,761,293
CAPITAL CONTRIBUTIONS	434,542	414,656	849,198
TRANSFERS OUT	(10,432,619)	-	(10,432,619)
CHANGE IN NET POSITION	636,855	541,017	1,177,872
TOTAL NET POSITION - BEGINNING	<u>336,900,430</u>	<u>14,885,767</u>	<u>351,786,197</u>
TOTAL NET POSITION - END	<u>\$ 337,537,285</u>	<u>\$ 15,426,784</u>	<u>\$ 352,964,069</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ROCK HILL, SOUTH CAROLINA**

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds		
	Electric, Water and Sewer	Nonmajor Stormwater	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from external customers	\$ 156,141,007	\$ 4,980,632	\$ 161,121,639
Cash receipts from internal customers	6,739,612	-	6,739,612
Cash payments to employees for services	(12,563,303)	(957,101)	(13,520,404)
Cash payments to other suppliers of goods or services	(116,393,183)	(2,432,360)	(118,825,543)
Other operating cash receipts	5,723,120	-	5,723,120
Net cash provided by operating activities	<u>39,647,253</u>	<u>1,591,171</u>	<u>41,238,424</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Impact Fees	1,448,835	-	1,448,835
Transfers to the general fund	(10,432,619)	-	(10,432,619)
Net cash used in noncapital financing activities	<u>(8,983,784)</u>	<u>-</u>	<u>(8,983,784)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(38,545,093)	(1,550,459)	(40,095,552)
Issuance of utility revenue bonds	39,114,782	1,293,634	40,408,416
Payment of utility revenue bond anticipation notes	(20,440,000)	-	(20,440,000)
Payment of bonds	(21,513,018)	(835,301)	(22,348,319)
Payment of financed purchases payable	(2,145,717)	(325,754)	(2,471,471)
Interest paid on bonds and financed purchases payable	(9,288,791)	(341,904)	(9,630,695)
Net cash used in capital and related financing activities	<u>(52,817,837)</u>	<u>(1,759,784)</u>	<u>(54,577,621)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received on investments	2,350,040	85,328	2,435,368
Net cash provided by investing activities	<u>2,350,040</u>	<u>85,328</u>	<u>2,435,368</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(19,804,328)	(83,285)	(19,887,613)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>77,313,457</u>	<u>2,640,952</u>	<u>79,954,409</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 57,509,129</u>	<u>\$ 2,557,667</u>	<u>\$ 60,066,796</u>
<b>RECONCILIATION TO STATEMENT OF NET POSITION</b>			
Cash and cash equivalents	\$ 32,875,456	\$ 1,807,333	\$ 34,682,789
Restricted cash and cash equivalents	24,633,673	750,334	25,384,007
Total cash and cash equivalents	<u>\$ 57,509,129</u>	<u>\$ 2,557,667</u>	<u>\$ 60,066,796</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ROCK HILL, SOUTH CAROLINA**

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	Business-type Activities - Enterprise Funds		
	Electric, Water and Sewer	Stormwater	Totals
Operating income	\$ 19,064,655	\$ 379,296	\$ 19,443,951
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	17,642,522	1,620,646	19,263,168
Impact fees	(1,448,835)	-	(1,448,835)
Changes in assets and liabilities:			
Decrease in utility receivables	3,261,255	-	3,261,255
Increase in other receivables	(337,817)	-	(337,817)
Decrease in due from other funds	93,913	-	93,913
Decrease in prepaid expenses	80,218	2,394	82,612
Increase in inventories	(845,595)	-	(845,595)
Decrease in accounts payable and accrued liabilities	(2,934,360)	(414,865)	(3,349,225)
Increase in unearned revenues	5,000,000	-	5,000,000
Decrease in leases	197,609	-	197,609
Decrease in lease receipts	(194,905)	-	(194,905)
Increase in utility deposits	92,817	-	92,817
Non-cash pension-related liabilities, deferred inflows and deferred outflows	(291,740)	(39,070)	(330,810)
Non-cash OPEB-related liabilities, deferred inflows and deferred outflows	162,561	15,096	177,657
Increase in liability for accumulated leave	104,956	27,674	132,630
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 39,647,254</b>	<b>\$ 1,591,171</b>	<b>\$ 41,238,425</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Contributions of capital assets from developers	\$ 434,542	\$ 414,656	\$ 849,198
Financed purchases payable issued for acquisition of capital assets	383,110	776,705	1,159,815

The notes to the financial statements are an integral part of this statement.

## CITY OF ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Rock Hill, South Carolina (the "City") is a municipal corporation incorporated in 1892 and governed by an elected mayor and six-member council with an appointed manager. The basic financial statements of the City conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### A. Reporting Entity

The accompanying basic financial statements include all City funds, governmental functions, and other entities, which are considered to be component units of the City. The primary criterion for determining inclusion or exclusion of a legally separate entity is financial accountability, which is presumed to exist if the City both appoints a voting majority of the entity's governing body, and either 1) the City is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to or impose specific financial burdens on the City. If either or both foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the City. In order to be considered fiscally independent, an entity must have the authority to do all three of the following:

- A) Determine its budget without the City having the authority to approve or modify that budget.
- B) Levy taxes or set rates or charges without approval by the City.
- C) Issue bonded debt without approval by the City.

Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the City's financial statements to be misleading or incomplete.

#### Discretely presented component unit

The Housing Development Corporation of Rock Hill (the "Housing Corporation") was established to improve communities in the City by providing safe and affordable housing and a suitable living environment, principally for persons of low and moderate income. The Housing Corporation is administered by a twenty-one-member Board of Directors (the "Housing Board") that includes two City officials, one member of City Council and one staff person. Members of the Housing Board are appointed by an executive committee, which is composed of seven members. One member of City Council and one City staff person are among the executive committee's seven members.

The Housing Corporation receives a substantial portion of its funding from a grant from the U.S. Department of Housing and Urban Development and has accumulated net position from prior program income that it can use for any lawful purpose its board sees fit. The City is neither responsible for deficiencies nor entitled to surpluses of the Housing Corporation. Also, the Housing Corporation is not accountable to the City for fiscal matters nor is the City responsible for debts or other obligations of the Housing Corporation. Although the Housing Corporation is legally separate from the City, and the City is not responsible for any Housing Corporation debts or obligations, the Housing Corporation is included in the City's reporting entity because in management's professional judgment, the Housing Corporation should be included in the City's financial reporting entity due to its close relation to the City and its exclusion would render the City's financial statements misleading.

Complete financial statements for the Housing Corporation are available from the City's Housing Division.



### Blended Component Units

The University Center Facilities Corporation III (“UCFC III”) described herein as the “Indoor Sports Arena “ was established by the City in 2018 primarily to issue debt in the form of South Carolina Jobs Economic Development Authority (“SC JEDA”) Bonds for construction of an indoor sports arena to be used for amateur sporting events. UCFC III is governed by a three-member board of directors comprised of the City’s City Manager, Deputy City Manager and Chief Financial Officer. In view of the fact that UCFC III is completely under the control of the City and receives all its funding from City hospitality taxes, it is included in the City’s financial statements as a blended component unit. The City does not prepare separately issued financial statements for UCFC III.

The University Center Facilities Corporation V (“UCFC V”) was established by the City in 2018 primarily to issue debt in the form of installment purchase revenue bonds for construction of a parking deck and other infrastructure improvements in the Knowledge Park area. UCFC V is governed by a three-member board of directors comprised of the City’s City Manager, Deputy City Manager and Chief Financial Officer. Since UCFC V is completely under the control of the City and receives all its funding from City hospitality taxes, it is included in the City’s financial statements as a blended component unit. The City does not prepare separately issued financial statements for UCFC V.

### **B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes, and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund. 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized and are susceptible to accrual 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures for principal payments on

debt, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Real and personal property taxes and certain grant revenues associated with the current fiscal period are all considered to be susceptible to accrual and so 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.

### **Subscription-Based IT Arrangements (SBITAs)**

The City has a noncancellable SBITA of IT software. The City recognizes a subscription liability and an intangible right-to-use subscription asset in the Proprietary Funds Balance Sheet and the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$100,000 or more.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of the SBITA payments made.

The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain implementation and conversion costs, if applicable. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

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

- The City uses the interest rate of 4% as the discount rate. Since the interest rate charged by the SBITA vendor was not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA. SBITA payments included in the measurement of the subscription liability are composed of fixed payments and purchase option prices that the SBITA is reasonably certain to exercise.

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

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term liabilities on the Statement of Net Position.

The City reports the following major governmental funds:

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

The Consolidated TIF Fund was established by the City in 2021 to report activities of a city, county, school district tax increment district separate from the general activities of the City as required by an intergovernmental agreement with York County.

The 2023 IPRB Hutchison bonds fund was established by the City in 2023. It accounts for the issuance and spending of proceeds from \$25,670,000 installment purchase revenue bonds issued to buy property adjacent to I-77 for development.

The City reports the following major proprietary fund:

The Electric, Water and Sewer fund, or the combined utility system fund, accounts for the activities of the City's electric, water and sewer operations.

The City reports the following nonmajor governmental fund types:

Special revenue funds are used to account for funding that is restricted by an external grantor agency. Capital projects funds are used to account for funding from governmental bond issues, impact fees and a bicycle racing facility. A permanent fund is used to account for a donated beautification fund and a cemetery perpetual care fund.

The City reports the following nonmajor proprietary fund:

The Stormwater fund accounts for the activities of the City's stormwater operations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges among the City's electric, water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund, the combined utility system fund and the storm water fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

## **D. Assets, liabilities, deferred outflows, deferred inflows and net position or equity**

### **1. Deposits and investments**

The City's cash includes demand deposits as well as cash equivalents and short-term investments with a maturity date within three months of the date acquired by the City.

Investments with a readily determined fair value are stated at fair value which approximates cost. State statutes authorize the City to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its political subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposits collaterally secured, repurchase agreements secured by the foregoing obligations, and the South Carolina Local Government Investment Pool (LGIP). The LGIP is an investment

mechanism authorized by the South Carolina State Legislature and is not registered with the SEC as an investment company. There is no regulatory oversight of the pool. The pool's primary objective is to acquire maximum returns on investments by pooling available funds with funds from other political subdivisions. The total fair value of the investment 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. Investments in the pool are stated at fair value which approximates cost.

## **2. Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables, including those for the Housing Corporation, are shown net of an allowance for uncollectibles.

The City Code of Ordinances provides for the taxation of all real and personal property located within the City's corporate limits on the first day of January. Motor vehicle taxes are billed and collected by York County and remitted to the City monthly during the year. Other personal and real property taxes are billed and collected by York County in October of each year and become due and payable immediately upon receipt by the taxpayer. Collections are remitted to the City monthly. Real property taxes are delinquent after January 15 with penalties assessed of 3% if paid after January 15, 10% if paid after January 31, and 15% if paid after March 15. Assessed property is subject to lien one year from the levy date if taxes remain unpaid. The property tax rate approved by ordinance for calendar year 2022 is 93.5 mills.

## **3. Inventories**

Inventories of the general and enterprise funds consist of supplies held for consumption and are recorded as expenditures at the time the items are consumed rather than when purchased. All inventories are valued at cost using the first in first out method.

## **4. Restricted assets**

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

## **5. Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, and similar items) and right-to-use subscription-based IT assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life longer than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Property, plant, equipment, infrastructure and right-to-use subscription-based IT arrangements assets of the primary government are depreciated and amortized using the straight-line method over the following estimated useful lives:

Buildings	30 years
Infrastructure	30 years
Electric plant in service	26 to 59 years
Water plant in service	10 to 100 years
Sewer plant in service	25 to 100 years
Storm water plant in service	30 years
Vehicles and equipment	5 to 10 years
Right-to-use SBITA assets	3 years

**6. Compensated absences**

Vacation, sick, compensatory time and holiday leave liabilities are recorded in the general fund for governmental employees and in the enterprise fund for utility employees. City employees are permitted to accumulate up to 90 vacation leave days and an unlimited number of sick leave days. Compensatory time and holiday time can accumulate without limit but are typically paid out in cash only to nonexempt employees who are unable to take the leave before termination. Vacation benefits are paid when taken, except for any unused portion of vacation leave (up to a 45-day maximum), which is payable to an employee upon termination, retirement, or death. Sick leave benefits are paid when taken. Additionally, employees who retire with either 28 years of service or who are age 65 or older with 20 years of service with the City (Public Safety employee requirements with 25 years of service or 55 years of age with 20 years of service) are eligible to be paid in cash for up to 45 sick days accrued and not taken upon retirement. Liabilities from compensated absences are retired by General Fund resources for governmental employees and by Electric, Water and Sewer Utility Enterprise Fund resources for utility employees.

**7. Leases**

Lessor

The City is the lessor for certain noncancellable lease of real property and spaces within existing City buildings. The City recognizes a lease receivable and a deferred inflow of resources for deferred lease receipts in accordance with these transactions.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments made at or before the lease commencement date, less certain other amounts to be paid by the City (if any). Subsequently, the deferred inflow of resources is amortized into lease revenue on a straight-line basis over the lease term.

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 lease agreements entered into by the City as lessor do not include stated interest rates. Therefore, 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 receivable are composed of fixed payments that the County will receive over the term of the lease agreement.

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

**8. Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

## **9. Deferred outflows and inflows of resources**

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has six (6) items that qualify for reporting in this category. The first (1) item relates to the City's deferred charge on refunding in its Statement of Net Position in connection with net losses on refinancing of bonds. These deferred charges are amortized using the effective interest method over the remaining lives of the related debt as general government expenses. The remaining items relate to the City's Retirement Plan and Other Postemployment Benefits (OPEB) Plan and are reported in the government-wide Statement of Net Position. (2) Experience losses result from periodic studies by the Plans' actuary, which adjust the net pension and OPEB liabilities for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of Plan members. These experience losses are recorded as deferred outflows of resources and are amortized into pension and OPEB expense over the expected remaining service lives of the Plan members. (3) The differences between projected investment return on pension and OPEB investments and actual return on those investments are deferred and amortized against pension and OPEB expense over a five-year period. (4) Changes in actuarial assumptions adjust the net pension and OPEB liabilities and are amortized into pension and OPEB expense over the expected remaining service lives of Plan members. (5) Any contributions made by the City to the pension and OPEB plan before year end but subsequent to the measurement date of the City's net pension and OPEB liabilities are reported as deferred outflows of resources. (6) Changes in the proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions are reported as deferred outflows of resources and will be recognized as a decrease of the net pension liability.

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three (3) types of items that qualify for reporting in this category, one of which arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. Deferred inflows from lease receipts are reported in the Governmental Funds Balance Sheet as well as the government-wide Statement of Net Position. The City reports deferred inflows from lease receipts, and they are amortized into lease revenues over the remaining life of the lease. The other two items relate to the City's Retirement and OPEB Plans and are reported in the government-wide Statement of Net Position. (1) Certain experience gains (discussed in a previous paragraph) are deferred and amortized against pension and OPEB expense over a five-year period, resulting in recognition as deferred inflows of resources. (2) Changes in the proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions are reported as deferred inflows of resources and will be recognized as an increase of the net pension liability.

## **10. Fund balance**

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds.

The classifications are as follows:

*Nonspendable* - The nonspendable fund balance category includes amounts that cannot be spent because they are either not in spendable form, such as supplies inventories, or are legally or contractually required to be maintained intact, such as principal donated to the City to be invested and held in a permanent fund from which only the investment earnings can be spent. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

*Restricted* - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation (City ordinances). Enabling legislation includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party to use resources created by enabling legislation only for the purposes specified by the legislation.

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by an adopted ordinance of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action, adopting a new ordinance, which it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts would represent intended uses established by City Council or uses for which City Council has given the City Manager authority to assign. As of June 30, 2023, the City reported no assigned fund balances.

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The City’s special revenue funds are the Community Development Block Grant fund, the HOME Grant fund and the Other Federal Grants fund, all with revenues consisting of grants from the federal government and program income earned in conjunction with the continuing administration of those grants. As of June 30, 2023, the Other Federal Fund reported deficit fund balance of \$17,539. This deficit fund balance will be replenished in future years by reimbursement of grant expenditures and transfers from other funds.

## **10. Net position**

Net position represents the difference between assets and deferred outflows of resources (if any) and liabilities and deferred inflows of resources (if any) in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Outstanding debt which 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. Net investment in capital assets consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction

or improvement of those assets.

Details of net investment in capital assets are:

	Governmental Activities	Business-Type Activities
Capital assets, net of depreciation	\$ 266,672,487	\$ 658,763,357
Deduct capital-related debt		
Bonds, notes, loans and SBITAs	(145,199,610)	(306,660,820)
Premiums and discounts	(2,127,917)	(13,519,952)
Deferred charges on bond refundings	1,121,383	652,168
Deferred gains on bond refundings	-	(1,133,107)
Financed purchases payable	(15,411,918)	(10,385,338)
Contract retainage payable	(201,042)	(11,874,520)
Add: unspent debt proceeds	13,550,935	13,828,282
	<u>\$ 118,404,318</u>	<u>\$ 329,670,070</u>

## II. Reconciliation of government-wide and fund financial statements

### A. Explanation of certain differences between the Governmental Fund Balance Sheet and the government-wide Statement of Net Position:

The Governmental Fund Balance Sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide Statement of Net Position.

One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bonds, notes and loans payable	\$ (145,199,610)
Premiums and discounts	(2,127,917)
Accrued interest	(1,232,549)
Deferred losses on bond refundings	1,121,383
Financed purchases payable	(15,411,918)
Compensated absences	(8,452,585)
Net adjustment to reduce <i>fund balance – total governmental Funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ (171,303,196)</u>

Another element of that reconciliation states “capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.” Explanation of this difference is as follows:

Total capital assets, not being depreciated	\$ 57,868,422
Total capital assets, being depreciated	387,857,315
Accumulated depreciation	(179,053,250)
Net adjustment to increase <i>fund balance – total governmental Funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 266,672,487</u>



Another element of that reconciliation states “other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable or unearned in the funds.” Explanation of this difference is as follows:

Property taxes	\$ 1,586,505
Net adjustment to increase <i>fund balance – total governmental Funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 1,586,505</u>

Another element of that reconciliation states “The City’s proportional shares of the net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to its participation in the State pension plans and its future retiree health care obligations are not recorded in the governmental funds but are recorded in the Statement of Net Position.” Explanation of this difference is as follows:

Deferred outflows on pensions	\$ 15,519,134
Deferred outflows on other post employment benefits	2,932,761
Deferred inflows on pensions	(855,033)
Deferred inflows on other post employment benefits	(1,530,381)
Net pension liability	(81,021,033)
Net OPEB liability	<u>(10,553,612)</u>
Net adjustment to reduce <i>fund balance – total governmental Funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ (75,508,164)</u>

**B. Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities.**

The Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this difference are as follows:

Capital outlay	\$ 44,312,903
Capital assets donated by developers	1,448,245
Depreciation expense	<u>(15,738,633)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 30,022,515</u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position.” The details are as follows:

Loss on asset disposals	<u>\$ (20,325)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (20,325)</u>

Another element of that reconciliation states that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this difference are as follows:

Taxes receivable	<u>\$ 44,724</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 44,724</u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.” The details of this are as follows:

Installment purchase revenue bonds issued	\$ (25,670,000)
Principal repayments on bonds	6,483,000
Principal repayments on HUD Section 108 loans	131,000
Principal repayments on SC DHEC loans	130,596
Accrued interest on bonds	(436,054)
Financed purchases payable borrowings	(5,293,129)
Financed purchases payable repayments	<u>3,867,489</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (20,787,098)</u>

Another element of that reconciliation states that “Changes in the City's proportional shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the statement of activities.” The details of this difference are as follows:

Pension expense	\$ (828,599)
OPEB expense	<u>(646,293)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (1,474,892)</u>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Amortization expense on deferred charges	\$ (145,429)
Amortization expense on original issue discounts	(15,348)
Recognition, as a reduction of interest expense, of premium on bond issuance	419,176
Compensated absences	<u>(742,433)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (484,034)</u>

### III. Stewardship, compliance and accountability

#### A. Budgetary information

In February, the budget process begins with a special comprehensive work session in which the Finance Department Budget Division and City Manager's Office meet with department heads to discuss current and future trends, needs and goals of the City. All department heads submit comprehensive lists of programs, projects and initiatives to be considered in the upcoming budget and meet with Budget and Finance department staff and the City Manager's Office. During April and May, formal budget workshops are held. The Council holds public hearings and prepares and adopts a final budget no later than June 30.

Budgets are prepared at the fund, function and department level. Budgets are adopted at the fund level and are amended as necessary during the fiscal year in one of two ways. First, the City Manager, as delegated by City Council, may make line item transfers within individual fund budgets with subsequent monthly notice to City Council. Such transfers can neither increase nor decrease the overall budget at the fund level. Secondly, the budget may be increased or decreased at the fund level as changing circumstances dictate, subject to City Council approval. During the year, no supplemental appropriations were adopted by the City Council. During the fiscal year, the total expenditures of several departments finished over budget. The City used prior fund balances to offset the overages.

#### B. Encumbrances

Encumbrances represent commitments related to open purchase orders and contracts for goods or services. Encumbrance accounting is utilized in the governmental funds. For June 30, 2023, no encumbrances were recorded.

### IV. Detailed notes on all funds

#### A. Cash, deposits and investments

##### Deposits

The State of South Carolina General Statutes permit the City to invest in only the following types of instruments:

1. Obligations of the United States, its agencies and instrumentalities.
2. Obligations of the State of South Carolina or any of its political subdivisions.
3. Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
4. Certificates of deposit and repurchase agreements provided the collateral is of the types described in 1 and 2 above and has a market value in excess of the certificate of deposit or repurchase agreement plus accrued interest, and is held by a third party as escrow agent or custodian.
5. Repurchase agreements when collateralized by securities of the type described in 1 and 2 above and held by a third party as escrow agent or custodian, of a market value not less than the amount of the repurchase agreement so

collateralized, including interest.

6. 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 the City if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items 1, 2 and 5 above and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, values its assets by the amortized cost method.

#### Custodial Credit Risk

Custodial credit risk, for deposits, is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

All the deposits of the City are either insured by federal depository insurance or collateralized with securities (of the type described in 1., above) held by third party banks other than the banks that hold the deposits. At June 30, 2023, the Housing Development Corporation held a total of \$204,732 of deposits that were uninsured and uncollateralized. At June 30, 2023, the City had a balance of \$83,167,065 on deposit with the South Carolina Local Government Investment Pool (the "investment pool"). The investment pool is managed by the South Carolina State Treasurer. It is an unrated money market pool. The assets of the investment pool are fully collateralized with underlying securities all held by third party financial institutions. The fair value of the City's position in the pool is the same as the value of the pool shares. Please refer to the Annual Comprehensive Financial Report of the State of South Carolina for more detailed information about the investment pool.

The book value of total deposits for the City, at June 30, 2023, was \$110,093,557, including amounts in the investment pool. The bank balances for those deposits totaled \$112,651,223. All the deposits were either insured by federal depository insurance or collateralized with securities (of the type described in 1, above) held by third party banks other than the banks that hold the deposits.

Restricted cash includes \$15,813,176 held for debt service reserve funds as required by various bond indentures, \$22,678,041 in unspent bond construction proceeds and \$4,701,176 in unspent financed purchase payable proceeds.

The investment pool investments 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 investment 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. In accordance with GAAP, investments are carried at fair value determined annually based upon quoted market prices for identical or similar investments. The total fair value of the investment pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by investment pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the investment pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, PO Box 11778, Columbia, South Carolina 29211-1950.

Total deposits for the Housing Development Corporation at June 30, 2023 were \$1,124,861. Of the total, \$204,732 was uninsured and uncollateralized. The remaining balance was either insured by federal depository insurance or collateralized with securities (of the type described in 1., above) held by third party banks other than the banks that hold the deposits.

#### Investments

The City is authorized to invest as described above under deposits in six types of instruments. The City's held no investments other than those with the South Carolina Local Government Investment Pool at June 30, 2023. All investments are presented by investment type and by maturity. The Housing Development Corporation also had no investments at June 30, 2023.

The City's investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 - Investments reflect prices quoted in active markets.

Level 2 - Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3 - Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. Money market mutual funds classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. Assets classified in Level 3 are valued based on developed models in which there are few, if any, observable inputs. The City has none that would be disclosed in the fair market value hierarchy.

Custodial Credit Risk

Custodial credit risk, for investments, is the risk that, in the event of the failure of a counterparty to a transaction, the City will not be able to recover the value of investments or will not be able to recover collateral securities that are in the possession of an outside party.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has no policy regarding credit risk.

Concentration of Credit Risk

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. It occurs because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. The City has no policy on interest rate risk and manages interest rate risk using the specific identification method.

The following schedule reconciles cash and investments as reported on the statement of net position to footnote disclosure provided for deposits and investments:

	<u>Primary Government</u>
<u>Statement of Net Position</u>	
Cash and cash equivalents	\$ 66,901,164
Cash and cash equivalents - restricted for debt service and construction	43,192,393
Total	<u>\$ 110,093,557</u>
 <u>Disclosure, Deposits and Investments</u>	
Carrying value of deposits	
Held by State Treasurer	\$ 83,167,065
Other	26,914,982
Investments, reported amount	
Cash on hand	11,510
Total disclosure, deposits and investments	<u>\$ 110,093,557</u>

Fair Value Measurements

The LGIP is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. The certificates of deposit are reported at amortized cost which

approximates fair value. As a result, the City does not disclose investments in the LGIP or certificates of deposits within the fair value hierarchy.

**B. Receivables**

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

	Governmental			Enterprise	Total
	General	Consolidated TIF Fund	Nonmajor Funds	Electric, Water, Wastewater	
Receivables					
Property taxes and assessments	\$ 4,445,855	\$ -	\$ -	\$ -	\$ 4,445,855
Intergovernmental	-	-	1,100,425	-	1,100,425
Utility accounts	-	-	-	20,442,481	20,442,481
Court fines	4,329,557	-	-	-	4,329,557
Leases	1,307,375	-	-	962,034	-
Other	3,793,847	82,535	3,183,124	5,918,104	12,977,610
Gross receivables	13,876,634	82,535	4,283,549	27,322,619	43,295,928
Less: allowance for uncollectible accounts	(6,630,899)	-	-	(1,826,037)	(8,456,936)
Net total receivables	\$ 7,245,735	\$ 82,535	\$ 4,283,549	\$ 25,496,582	\$ 34,838,992

Intergovernmental receivables are comprised of grants due from the Federal government for the special revenue fund and Federal and State grants for the capital projects fund. Other receivables in the nonmajor funds column are amounts due from York County for paving projects and for housing rehabilitation loans.

## C. Capital assets

Capital asset activity for the year ended June 30, 2023 is as follows:

### Primary Government

#### Governmental activities:

Asset Class	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 3,002,309	\$ -	\$ -	\$ 23,335,648	\$ 26,337,957
Construction in progress	17,108,441	38,855,964	-	(24,433,940)	31,530,465
Total capital assets, not being depreciated	<u>20,110,750</u>	<u>38,855,964</u>	<u>-</u>	<u>(1,098,292)</u>	<u>57,868,422</u>
Capital assets, being depreciated					
Buildings and improvements	83,376,386	-	-	209,503	83,585,889
Land improvements	44,626,446	-	-	(335,648)	44,290,798
Infrastructure	179,728,921	1,547,388	-	267,863	181,544,172
Machinery and equipment	71,576,568	5,357,796	(2,044,876)	956,574	75,846,062
Furniture and fixtures	2,590,394	-	-	-	2,590,394
Total capital assets, being depreciated	<u>381,898,715</u>	<u>6,905,184</u>	<u>(2,044,876)</u>	<u>1,098,292</u>	<u>387,857,315</u>
Less accumulated depreciation for:					
Buildings and improvements	(30,948,654)	(2,438,535)	-	-	(33,387,189)
Land improvements	(12,790,290)	(813,249)	-	-	(13,603,539)
Infrastructure	(68,588,196)	(5,355,290)	-	-	(73,943,486)
Machinery and equipment	(51,541,411)	(6,971,840)	2,024,551	-	(56,488,700)
Furniture and fixtures	(1,470,617)	(159,719)	-	-	(1,630,336)
Total accumulated depreciation	<u>(165,339,168)</u>	<u>(15,738,633)</u>	<u>2,024,551</u>	<u>-</u>	<u>(179,053,250)</u>
Total capital assets being depreciated, net	<u>216,559,547</u>	<u>(8,833,449)</u>	<u>(20,325)</u>	<u>1,098,292</u>	<u>208,804,065</u>
Governmental capital asset activities, net	<u>\$ 236,670,297</u>	<u>\$ 30,022,515</u>	<u>\$ (20,325)</u>	<u>\$ -</u>	<u>\$ 266,672,487</u>

Depreciation expense was charged to functions/departments for governmental activities:

#### Governmental activities:

General government	\$ 8,190,279
Public safety	2,730,989
Public works	2,124,865
Parks, recreation and tourism	2,692,500
Total depreciation expense - governmental activities	<u>\$ 15,738,633</u>

**Business-type activities:**

Asset Class	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 9,681,117	\$ -	\$ -	\$ -	\$ 9,681,117
Construction in progress	195,484,657	35,129,988	-	(8,672,887)	221,941,758
Total capital assets, not being depreciated	205,165,774	35,129,988	-	(8,672,887)	231,622,875
Capital assets, being depreciated or amortized					
Electric plant in service	241,305,646	3,756,245	-	4,574,720	249,636,611
Water plant in service	175,775,129	173,661	-	351,205	176,299,995
Sewer plant in service	175,381,850	156,168	-	2,611,141	178,149,159
Stormwater plant in service	35,630,402	414,656	-	1,135,821	37,180,879
Subscription-based IT arrangements	804,593	-	-	-	804,593
Buildings	66,417,423	-	-	-	66,417,423
Machinery and equipment	22,806,181	2,236,506	(1,231,916)	-	23,810,771
Total capital assets, being depreciated	718,121,224	6,737,236	(1,231,916)	8,672,887	732,299,431
Less accumulated depreciation for:					
Electric plant in service	(90,295,659)	(6,784,545)	-	-	(97,080,204)
Water plant in service	(54,627,720)	(3,862,070)	-	-	(58,489,790)
Sewer plant in service	(70,540,440)	(3,819,676)	-	-	(74,360,116)
Stormwater plant in service	(13,674,994)	(1,191,139)	-	-	(14,866,133)
Subscription-based IT arrangements	-	(394,408)	-	-	(394,408)
Buildings	(38,834,230)	(1,433,124)	-	-	(40,267,354)
Machinery and equipment	(19,207,770)	(1,725,090)	1,231,916	-	(19,700,944)
Total accumulated depreciation	(287,180,813)	(19,210,052)	1,231,916	-	(305,158,949)
Total capital assets being depreciated, net	430,940,411	(12,472,816)	-	8,672,887	427,140,482
Business-type capital asset activities, net	\$ 636,106,185	\$ 22,657,172	\$ -	\$ -	\$ 658,763,357

Depreciation expense was charged to departments for business-type activities:

Business-type activities:

Electric	\$ 8,275,032
Water	4,478,884
Sewer	4,835,490
Stormwater	1,620,646
Total depreciation expense - business-type activities	<u>\$ 19,210,052</u>

Amortization of subscription-based IT arrangements assets of \$394,408 was charged to electric activities.

**D. Interfund receivables, payables and transfers**

Due to / from other funds

<u>Receivable fund</u>	<u>Payable fund</u>	
General	Consolidated TIF Fund	\$ 22,959
General	Nonmajor governmental funds	2,159,971
	Total	<u>\$ 2,182,930</u>

Amounts due to other funds represent temporary borrowings of cash pending the receipt of a funding source such as a grant or bond issuance. The amounts described above are expected to be repaid within the following fiscal year.

Interfund transfers:



	Transfer in:		
	Consolidated		
	General fund	TIF fund	Total
Transfer out:			
General fund	\$ -	\$ 82,711	\$ 82,711
Electric, water, sewer fund	10,151,899	280,720	10,432,619
Total transfers out	<u>\$ 10,151,899</u>	<u>\$ 363,431</u>	<u>\$ 10,515,330</u>

The transfers from the electric, water and sewer fund to the general fund are annual budgeted payments and are calculated based on a payment in lieu of tax of 5% of the estimated assessed value of their capital assets, a 5% franchise fee and a 5% rate-of-return fee on all water and sewer revenues and on other electric revenues. The transfer from the general fund to the TIF fund was a calculated revenue share. The transfer from the electric, water and sewer fund to the TIF fund was to make the TIF fund have a fund balance in an amount required by an agreement between the City, York County and the Rock Hill Schools.

#### E. Long-term liabilities

A summary of long-term liabilities for governmental activities as of June 30, 2023, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
2015 Riverwalk tax increment bonds	\$ 4,861,000	\$ -	\$ (640,000)	\$ 4,221,000	\$ 657,000
2015B Riverwalk tax increment bonds	4,418,000	-	(488,000)	3,930,000	505,000
2020A Downtown tax increment bonds	16,864,000	-	(729,000)	16,135,000	757,000
2020B Textile corridor tax increment bonds	7,780,000	-	(337,000)	7,443,000	349,000
2019 Riverwalk MID assessment bonds	3,731,000	-	(500,000)	3,231,000	512,000
2013A General obligation bonds	1,135,000	-	(85,000)	1,050,000	90,000
2013B General obligation bonds	375,000	-	(375,000)	-	-
2021 General obligation bonds	10,755,000	-	(105,000)	10,650,000	1,075,000
2013 Limited obligation bonds	6,340,000	-	(1,195,000)	5,145,000	1,260,000
2016 Limited obligation bonds	5,165,000	-	(530,000)	4,635,000	540,000
2017 Limited obligation bonds	1,340,000	-	(149,000)	1,191,000	154,000
HUD Section 108 loan	868,000	-	(131,000)	737,000	136,000
SC Dept of Health and Environmental Control	666,206	-	(130,596)	535,610	131,906
South Carolina JEDA Tax Exempt, 2018A	20,650,000	-	(845,000)	19,805,000	885,000
Installment Purchase Revenue Bonds, 2018A	15,525,000	-	(90,000)	15,435,000	95,000
Installment Purchase Revenue Bonds, 2018B	13,115,000	-	(415,000)	12,700,000	1,160,000
Installment Purchase Revenue Bonds, 2020	12,686,000	-	-	12,686,000	-
Installment Purchase Revenue Bonds, 2023	-	25,670,000	-	25,670,000	-
Premium	2,742,149	-	(419,176)	2,322,973	-
Discount	(210,404)	-	15,348	(195,056)	-
Total bonds payable	<u>128,805,951</u>	<u>25,670,000</u>	<u>(7,148,424)</u>	<u>147,327,527</u>	<u>8,306,906</u>
Compensated absences	7,710,152	5,856,576	(5,114,143)	8,452,585	5,267,567
Financed purchases payable	13,986,278	5,293,129	(3,867,489)	15,411,918	3,652,898
Net pension liability	68,520,288	12,500,745	-	81,021,033	-
Net other postemployment benefit liability	<u>8,832,910</u>	<u>1,720,302</u>	<u>-</u>	<u>10,553,212</u>	<u>-</u>
Governmental activities					
Long-term liabilities	<u>\$227,855,579</u>	<u>\$ 51,040,752</u>	<u>\$ (16,130,056)</u>	<u>\$ 262,766,275</u>	<u>\$ 17,227,371</u>

The General Fund has primarily been used to liquidate the liability for compensated absences, the net pension liability and the net OPEB liability for the City's governmental activities while the Electric, Water and Sewer Utility System Fund and the Stormwater Fund have primarily been used to liquidate these liabilities for the City's business-type activities. The Electric fund liquidates the SBITA liability.

A summary of long-term liabilities for business-type activities as of June 30, 2023, is as follows:

<b>Business-type activities:</b>	Beginning			Ending	Due Within
Bonds payable:	Balance	Additions	Reductions	Balance	One Year
Utility revenue bonds, Series 2012B	\$ 11,745,000	\$ -	\$ (11,745,000)	\$ -	\$ -
Utility revenue bonds, Series 2016	86,550,000	-	(1,760,000)	84,790,000	2,185,000
Utility revenue bonds, Series 2017	6,123,000	-	(914,000)	5,209,000	935,000
Utility revenue bonds, Series 2019	73,315,000	-	(1,135,000)	72,180,000	1,190,000
Utility revenue bonds, Series 2020	19,704,000	-	(1,577,000)	18,127,000	1,647,000
Utility revenue bonds, Series 2022A	18,558,000	-	(2,724,000)	15,834,000	2,179,000
Utility revenue bonds, Series 2022C	-	11,574,000	(37,000)	11,537,000	441,000
Utility revenue bonds, Series 2022D	-	10,580,000	-	10,580,000	372,000
State Revolving Fund loans - Laurel Street and Tank	3,211,215	-	(202,193)	3,009,022	206,062
State Revolving Fund loans - High Service Pump	3,067,458	-	(207,827)	2,859,631	211,435
State Revolving Fund loans - Lake Intake/Treatment	14,536,279	178,679	(740,621)	13,974,337	756,296
State Revolving Fund loans - Mt. Gallant Water	3,386,756	-	(164,716)	3,222,040	168,202
State Revolving Fund loans - WWTP Headworks	36,227,594	10,970,969	(305,661)	46,892,902	1,242,645
State Revolving Fund loans - TechPark Sewer	-	5,811,138	-	5,811,138	184,202
State Revolving Fund loans - Stormwater 2006	1,287,921	-	(311,226)	976,695	318,288
State Revolving Fund loans - Stormwater 2007	720,436	-	(163,386)	557,050	167,095
State Revolving Fund loans - Stormwater 2015	2,930,833	-	(98,739)	2,832,094	100,727
State Revolving Fund loans - Stormwater 2017	3,965,313	-	(122,215)	3,843,098	124,429
State Revolving Fund loans - Stormwater 2022	2,861,733	1,293,630	(139,735)	4,015,628	143,260
Premium	15,705,649	-	(2,185,697)	13,519,952	-
Total bonds payable	303,896,187	40,408,416	(24,534,016)	319,770,587	12,571,641
Compensated absences	1,925,552	1,605,353	(1,472,723)	2,058,182	1,207,904
Subscription-based IT arrangements	804,593	-	(394,408)	410,185	410,185
Financed purchases payable	11,696,994	1,159,815	(2,471,471)	10,385,338	2,397,830
Net pension liability	22,370,903	3,026,214	-	25,397,117	-
Net other postemployment benefit liability	2,781,609	472,996	-	3,254,605	-
Business-type activities:					
Long-term liabilities	<u>\$343,475,838</u>	<u>\$ 46,672,794</u>	<u>\$ (28,872,618)</u>	<u>\$ 361,276,014</u>	<u>\$ 16,587,560</u>

### Financed purchases

The City finances vehicles and heavy equipment pieces used for sanitation, street cleaning, and public safety and as well as vehicles for electric, water, wastewater, and stormwater.

The debt service requirements to maturity for obligations related to governmental and business-type activities obligations at June 30, 2023, are as follows:

Year Ending	Governmental		Business-type	
	Principal	Interest	Principal	Interest
June 30				
2024	\$ 3,652,898	\$ 315,694	\$ 2,397,830	\$ 208,706
2025	3,066,147	243,729	2,373,383	162,408
2026	2,919,271	183,100	2,277,962	116,260
2027	2,190,191	125,410	1,643,801	71,467
2028	1,769,631	79,441	1,458,143	37,661
2029-2032	1,813,780	50,892	234,219	2,200
	<u>\$ 15,411,918</u>	<u>\$ 998,266</u>	<u>\$ 10,385,338</u>	<u>\$ 598,702</u>

### Governmental activities

The City issues general obligation bonds and tax increment financing bonds to provide funds for the acquisition and construction of major governmental capital facilities. The original amount of all the outstanding governmental activities bonds issued through June 30, 2023 was \$176,193,000.

The tax increment financing bonds are secured by incremental property tax revenues being derived from economic development in the Textile Corridor, Downtown and Red River (Riverwalk) tax increment districts, respectively. To

the extent that debt service requirements on the bonds exceed the incremental property tax revenues, utility net revenues are pledged, subordinate to pledges of such utility revenues for the combined utility system revenue bonds and the Piedmont Municipal Power Agency (PMPA) agreement (see Note 12). The 2020A tax increment financing bonds bear interest at rates of 3.65% with annual principal payments of \$244,000 to \$1,307,000 through May 1, 2039. The 2020B tax increment financing bonds bear interest at rates of 3.65% with annual principal payments of \$98,000 to \$603,000 through May 1, 2039. The 2015 tax increment financing bonds bear interest at the rate of 2.74% with annual principal payments of \$606,000 to \$752,000 through May 1, 2029. The 2015B tax increment financing bonds bear interest at the rate of 3.49% with annual principal payments of \$456,000 to \$651,000 through May 1, 2030.

The general obligation bonds are secured by the full faith, credit and taxing power of the City. The bonds bear interest at rates from 2.72% to 5.125% with annual principal payments through April 1, 2036.

#### Advanced refunding

The City issued \$5,215,000 in 2019 Riverwalk Municipal Improvement District A bonds in 2019 with an interest rate of 2.07%. A portion of the proceeds, along with the City's own resources, were used to advance refund \$1,588,000 of outstanding 2012 Municipal Improvement District bonds, which had an interest rate of 5% and \$2,371,000 of outstanding 2016 Municipal Improvement District bonds, which had an interest rate of 4%. For the 2012 bonds, the net proceeds of \$1,122,917 (after providing for a debt service reserve fund of \$105,600 and costs of issuance of \$35,483) and City resources were used to redeem the 2012 bonds on their May 1, 2020, annual payment date. For the 2016 bonds, the net proceeds of \$1,674,450 (after providing for a debt service reserve fund of \$156,200 and costs of issuance of \$52,709) and City resources were used to redeem the 2016 bonds on their May 1, 2020, annual payment date. As a result, the 2012 and 2016 bonds are considered defeased and the liability for those bonds has been removed from the City's financial statements. The refunding reduced the City's total debt service payments by \$266,271 for the 2012 bonds and \$211,136 for the 2016 bonds and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$235,769 on the 2012 bonds and \$233,101 on the 2016 bonds. The City issued the \$10,755,000 2021 General Obligation Bonds in the current fiscal year with an interest rate of 5.00%. The bonds were used, along with the City's own resources, to advance refund \$715,000, \$7,800,000, \$2,352,000 and \$1,511,000 of the 2008, 2011, 2017 and 2019 General Obligation Bonds, respectively. The refunding resulted in a cashflow difference of \$2,087,316 and an economic gain of \$2,052,279.

#### Defeased debt

The City has defeased its 2012 Textile Corridor, 2013A Downtown and 2013B Textile Corridor and 2014 Textile Corridor tax increment financing bonds in the current year by placing proceeds from its 2020A Downtown and 2020B Textile Corridor tax increment financing bonds into irrevocable trust accounts to provide for all future debt service requirements through May 1, 2023, on the old 2013A and 2013B bonds at which time the old bonds will be redeemed. Funds from the trust were used to redeem the 2012 and 2014 bonds on June 11, 2020. Accordingly, the trust account assets for 2013A and 2013B bonds and the liability for those defeased bonds are not included in the City's financial statements. During the current fiscal year, all the remaining 2013A and 2013B defeased bonds were paid off using the remaining escrow funds. The refundings increased the City's total debt service payments by \$374,950 for the 2012 bonds, \$176,360 for the 2013A bonds and \$606,764 for the 2014 bonds, while decreasing total debt service payments by \$45,418 for the 2013B bonds and resulted in an economic gain (loss) (difference between the present values of the debt service payments on the old and new debt) of \$42,763 on the 2012 bonds, (\$121,882) on the 2013A bonds \$120,914 on the 2013B bonds, and (\$108,031) on the 2014 bonds.

The debt service requirements to maturity for obligations related to primary governmental activities obligations at June 30, 2023, are as follows:

Year Ending June 30	General Obligation Bonds		Tax Increment Bonds		SC DHEC		HUD Section 108 Loan	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,165,000	\$ 456,569	\$ 2,268,000	\$ 1,113,409	\$ 131,906	\$ 5,027	\$ 136,000	\$ 33,749
2025	780,000	399,219	2,344,000	1,037,414	133,228	3,705	142,000	26,492
2026	815,000	361,119	2,424,000	958,837	134,564	2,369	147,000	18,869
2027	860,000	321,319	2,504,000	877,533	135,912	1,020	237,000	6,328
2028	895,000	279,319	2,590,000	793,513	-	-	75,000	1,159
2029-2033	4,980,000	720,631	9,117,000	2,799,140	-	-	-	-
2034-2038	2,205,000	86,100	8,572,000	1,310,241	-	-	-	-
2039-2043	-	-	1,910,000	69,715	-	-	-	-
<b>Total</b>	<b>\$ 11,700,000</b>	<b>\$ 2,624,276</b>	<b>\$ 31,729,000</b>	<b>\$ 8,959,802</b>	<b>\$ 535,610</b>	<b>\$ 12,121</b>	<b>\$ 737,000</b>	<b>\$ 86,597</b>

The debt service requirements to maturity for obligations related to blended component unit obligations at June 30, 2023, are as follows:

Year Ending June 30	Limited Obligation Bonds		SC JEDA 2018		Riverwalk MID A Bonds		IPRB Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,954,000	\$ 371,562	\$ 885,000	\$ 788,400	\$ 512,000	\$ 66,882	\$ 1,255,000	\$ 2,709,462
2025	1,719,000	294,997	930,000	744,150	522,000	56,283	1,310,000	2,643,275
2026	1,025,000	230,646	975,000	697,650	532,000	45,478	3,614,000	2,588,249
2027	1,060,000	201,493	1,025,000	648,900	544,000	34,466	3,757,000	2,441,461
2028	1,090,000	171,202	1,075,000	597,650	554,000	23,205	3,914,000	2,289,143
2029-2033	4,123,000	392,320	6,055,000	2,318,100	567,000	11,737	22,152,000	8,866,204
2034-2038	-	-	7,245,000	1,126,250	-	-	27,041,000	3,970,257
2039-2043	-	-	1,615,000	60,563	-	-	3,448,000	129,824
<b>Total</b>	<b>\$ 10,971,000</b>	<b>\$ 1,662,220</b>	<b>\$ 19,805,000</b>	<b>\$ 6,981,663</b>	<b>\$ 3,231,000</b>	<b>\$ 238,051</b>	<b>\$66,491,000</b>	<b>\$ 25,637,875</b>

The City has borrowed a total of \$2,250,000 in Section 108 loans from the US Department of Housing and Urban Development. The proceeds of the loans were used to make improvements to the Saluda Street Corridor. The City was required to pledge as collateral for the loan two real properties owned by the City which have total appraised value in excess of the loan amount. The loan is to be repaid from Community Development Block grant funds in annual installments of \$75,000 to \$237,000 plus interest at 5.89% through August 1, 2026.

In January 2017, the City borrowed \$1,500,000 of Brownfields cleanup loans through SC DHEC to assist with the further cleanup of the Rock Hill Printing and Finishing Company Bleachery site. Upon completion of the work at the site, SC DHEC forgave \$200,000 of the loan. The remaining loan of \$1,300,000 is to be repaid in semiannual installments through May 2027 plus interest at a rate of 1.00%.

In August 2014, the City issued Series 2013A general obligation bonds in the amount of \$1,800,000 for the purpose of building an addition to the Law Center. The 2013A bonds are to be repaid in annual installments of \$80,000 to \$125,000 plus interest of 3.74% through April 1, 2033. At the same time, the City issued Series 2013B general obligation bonds in the amount of \$3,935,000 to complete a current refunding of the remaining outstanding balances of its 2003 and 2008 general obligation bonds. The 2013B bonds are to be repaid in annual installments of \$340,000 to \$385,000 plus interest of 1.86% through April 1, 2023.

As described above under advanced refunding, in September 2019, the City issued the 2019 Riverwalk Municipal Improvement District A bonds in the amount of \$5,215,000 for the purpose of building streets and other infrastructure in a portion of the Riverwalk residential area and to refund the 2012 and 2016 Municipal Improvement District A bonds. The 2019 bonds are to be repaid in annual installments of \$480,000 to \$567,000 plus interest of 2.07% through May 1, 2029. Annually, the City bills the developer or the subsequent property owners an assessment on the properties in the area. The assessments are used to pay principal and interest on the bonds.

On May 10, 2013, the City issued the limited obligation bonds, Series 2013 in the amount of \$15,160,000 for the purpose of building a portion of a BMX bicycle racing facility and to refund the 2005 Certificates of Participation

(COPS) related to the Manchester Meadows soccer complex and a financed purchase payable related to Glencairn Gardens. The 2013 bonds are to be repaid in annual installments of \$1,370,000 to \$2,047,250 plus interest at 2.00% to 5.00% through April 1, 2033. On February 16, 2016, the City issued the limited obligation bonds, Series 2016 in the amount of \$8,100,000 for the purpose of building and improving several park and recreation facilities. The 2016 bonds are to be repaid in annual installments of \$505,000 to \$620,000 plus interest at 2.05% through April 1, 2031. On December 22, 2017, the City issued limited obligation bonds for \$1,625,000 to pay off a portion of the Cycling Corporation debt. The 2017 bonds are to be repaid in annual installments of \$140,000 to \$187,000 plus interest at 3.24% through October 1, 2029. The 2021 General Obligation Bonds in the amount of \$10,755,000 were issued with a premium of \$1,903,475 on April 1, 2021, to refinance the 2008, 2011, 2017 and 2019 general obligation bonds. The 2021 bonds are to be repaid in annual installments of \$105,000 to \$1,075,000 plus interest at 5.00% through April 1, 2036.

In March 2018, the City issued SC JEDA Revenue bonds, Series A for \$20,810,000 and Series B (taxable) for \$485,000 to construct an indoor sports arena in the Knowledge Park development. The bonds are to be repaid in annual installments of \$180,000 to \$1,615,000 plus interest at 3.00% to 5.00% through June 1, 2039.

In October 2018, the City issued Installment Purchase Revenue Bonds, Series A for \$15,785,000 and Series B (taxable) for \$13,175,000 to construct a parking deck in the Knowledge Park development, to make other infrastructure improvements in the area and to refund \$6,500,000 of 2017 limited obligation bonds. The bonds are to be repaid in annual installments of \$60,000 to \$2,355,000 plus interest at 3.00% to 4.828% through October 1, 2039.

In December 2020, the City issued Installment Purchase Revenue Bonds, Series 2020 to construct a parking deck in the Knowledge Park area. The bonds are to be repaid in annual installments of \$741,000 to \$1,093,000 plus interest at 2.99% through May 1, 2029.

In January 2023, the City issued \$25,670,000 of Installment Purchase Revenue Bonds to buy and develop property on Hutchison Road, adjacent to I-77. The bonds are to be repaid in annual installments of \$1,508,000 to \$2,520,000 plus interest at 4.37% through February 1, 2038.

Business-type activities

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The original amount of all the outstanding business-type activities bonds issued through June 30, 2023 was \$322,211,245.

The debt service requirements to maturity for obligations related to business-type activities obligations at June 30, 2023, are as follows:

Year Ending June 30	Business-Type Activities					
	Utility Revenue Bonds		State Revolving Fund Loans			
	Principal	Interest	Water and Sewer		Stormwater	
		Principal	Interest	Principal	Interest	
2024	\$ 8,949,000	\$ 8,263,447	\$ 2,768,842	\$ 2,003,024	\$ 853,799	\$ 269,669
2025	9,305,000	7,950,445	3,017,774	2,053,576	872,710	250,718
2026	9,413,000	7,610,420	3,085,651	1,985,444	892,044	231,342
2027	9,803,000	7,241,816	3,155,106	1,915,740	436,939	217,060
2028	10,192,000	6,856,817	3,226,170	1,844,425	401,061	208,382
2029-2033	52,668,000	28,206,482	17,255,656	8,093,321	2,138,354	908,863
2034-2038	43,889,000	18,358,594	17,781,299	6,012,428	2,378,642	668,574
2039-2043	39,123,000	10,302,401	10,732,558	3,623,269	2,503,879	402,336
2044-2048	31,485,000	3,810,663	10,995,657	2,235,107	1,747,137	146,403
2049-2053	3,430,000	68,599	3,750,357	381,072	-	-
<b>Total</b>	<b>\$ 218,257,000</b>	<b>\$ 98,669,684</b>	<b>\$ 75,769,070</b>	<b>\$ 30,147,406</b>	<b>\$ 12,224,565</b>	<b>\$ 3,303,347</b>

On September 25, 2012, the City issued \$27,950,000 Combined Utility System Revenue Bonds, Series 2012B. A portion of the proceeds from the Series 2012B bonds were used to pay off the remaining outstanding balance of the Series 2003A bonds and the 2011 BANs. The remaining proceeds of the 2012B bonds were used to pay for capital improvements in the combined utility system. The Series 2012B bonds are due in annual installments of 370,000 to \$865,000 through January 1, 2042 plus interest at 2.00% to 5.00%.

In August 2013, the City paid off the 2000B and 2003B variable rate bond issues by issuing \$20,000,000 Combined Utility System Revenue Bonds, Series 2013A, directly with a bank in the same total amount as the 2000B and 2003B bonds. The 2013A bonds also bore interest at a variable rate set monthly and tied to 70% of 1-month LIBOR plus a spread of 73 basis points. It is expected that interest on the new loan will be less than the combined cost of interest and the standby purchase arrangement costs of the refunded bonds. Prior to being paid off by the 2020 bonds, the Series 2013A bonds were due in annual installments of \$1,015,000 to \$3,235,000 through January 1, 2033.

In December 2013, the City issued \$9,000,000 Combined Utility System Revenue Bonds, Series 2013B. The proceeds from this issue are being used to make various capital improvements to the electric, water and wastewater systems. The 2013B bonds bore interest at a variable rate set monthly and tied to 70% of 1-month LIBOR plus a spread of 73 basis points. Prior to being paid off by the 2020 bonds, the Series 2013B bonds were due in annual installments of \$410,000 to \$660,000 through January 1, 2033.

In October 2016, the City issued \$90,040,000 Combined Utility System Revenue Bonds, Series 2016. The proceeds from this issue were used to make various improvements to the electric, water and sewer systems. The Series 2016 bonds are due in annual installments of \$1,250,000 to \$5,835,000 plus interest at 3.00% to 5.00% through January 1, 2047.

In December 2017, the City issued \$8,047,000 Combined Utility System Revenue Bonds, Series 2017. The proceeds from this issue were used to refund a portion of the 2009A bonds. The issue price of the 2017 bonds less the reacquisition price of the refunded 2009A bonds resulted in a deferred loss on refinancing of \$169,827. This deferred loss will be amortized over the remaining life of the refunded bonds using the effective interest method.

The difference in the present value of the old debt requirements and the present value of the new debt service requirements, discounted at the effective interest rate of 2.59%, resulted in an economic gain of \$328,315. The Series 2017 bonds are due in annual installments of \$867,000 to \$1,039,000 plus interest at 2.59% through January 1, 2029.

In May 2019, the City issued \$76,225,000 Combined Utility System Revenue Bonds, Series 2019. A portion of the proceeds from this issue were used to refund the 2009B bonds. The issue price of the 2019 refunding bonds less the reacquisition price of the refunded 2009B bonds resulted in a deferred loss on refinancing of \$564,315. This deferred loss will be amortized over the remaining life of the refunded bonds using the effective interest method. The difference in the present value of the old debt requirements and the present value of the new debt service requirements, discounted at the effective interest rate of 3.09%, resulted in an economic gain of \$2,022,760. The construction fund portion of the 2019 bonds will be used to expand the water filter plant and do initial design and engineering on an expansion of the wastewater treatment plant. The 2019 bonds are due in annual installments of \$1,030,000 to \$4,045,000 plus interest at 3.00% to 5.00% through January 1, 2049.

The net revenues of the utility system carry a senior pledge for repayment of PMPA debt, Combined Utility System Revenue bond principal and interest, and junior pledges for tax increment financing bond principal and interest and for state revolving fund loan principal and interest.

In March 2020, the City issued \$22,483,000 Combined Utility System Revenue Bonds, Series 2020. All the proceeds from this issue were used to redeem the 2013A and 2013B variable rate bonds on their next monthly repricing date, April 1, 2020. The 2020 bonds are due in annual installments of \$534,000 to \$3,885,000 plus interest at 1.79% through January 1, 2033. The refunding reduced the City's total debt service payments by \$161,355 for the 2013A bonds and \$42,222 for the 2013B bonds and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$149,145 on the 2013A

bonds and \$39,624 on the 2013B bonds.

In June 2022, the City issued \$18,558,000 Combined Utility System Revenue Bonds, Series 2022A. All the proceeds from this issue were used to redeem the 2012A bonds on their next monthly repricing date. The 2022A bonds are due in annual installments of \$1,873,000 to \$2,724,000 plus interest at 2.43% through January 1, 2030. The refunding reduced the City's total debt service payments by \$1,480,498 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,335,437.

In October 2023, the City issued \$11,574,000 Combined Utility System Revenue Bonds, Series 2022C. All the proceeds from this issue were used to redeem the 2012B bonds on their next monthly repricing date. The 2022C bonds are due in annual installments of \$37,000 to \$812,000 plus interest at 3.48% through January 1, 2042. The refunding reduced the City's total debt service payments by \$1,100,655 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$789,494.

In October 2023, the City issued \$10,580,000 Combined Utility System Revenue Bonds, Series 2022D. The proceeds from this issue, net of costs of issuance, and along with available operating funds, were used to pay off the 2022 bond anticipation notes the same day the bonds were issued. The 2022D bonds are due in annual installments of \$372,000 to \$791,000 plus interest at 4.20% through January 1, 2042.

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage. The City is in compliance with all such significant financial limitations and restrictions.

The City owes \$12,224,565 to the South Carolina State Revolving Fund (SRF) for improvements to its stormwater management system. The loans are secured by stormwater revenues and will be paid back in quarterly installments of \$226,222 through August 1, 2048, including interest at 1.8% to 2.25%. The City also owes SRF \$2,859,631 for water plant high service pumping modifications, \$3,009,022 for the Laurel Street water lines and a new elevated water storage tank, \$13,974,337 for Lake Wylie intake facilities and the water treatment plant, \$3,222,040 for Mt. Gallant Road water improvements, \$46,892,902 for the Wastewater Treatment Plant Headworks project and \$5,811,138 for the Tech Park Sewer Outfall. The loans are secured by water and sewer revenues and will be paid back in quarterly installments of \$455,415 through December 1, 2053, including interest at 1.73% to 2.10%. The debt service requirements to maturity table above shows all payments due in the future for the SRF loans. As of June 30, 2023, the Lake Wylie Intake, Manchester Headworks and Tech Park Sewer loans have not been fully drawn down.

## E. Short-Term Debt

### Business-type activities

In fiscal year 2022, the City issued \$20,440,000 in Bonds Anticipation Notes to finance the initial costs prior to the 2022A Utility Systems Revenue Bond. The note had a one-year maturity and carried an interest rate of 0.6%. The note was refunded in October 2022 by \$10,000,000 from the 2022D Combined Utility System Revenue Bonds and \$10,440,000 from available resources.

A summary of short-term debt as of June 30, 2023, is as follows:

Business-type activities	Beginning			Beginning
Bonds payable	Balance	Additions	Reductions	Balance
Bond anticipation note	\$ 20,440,000	\$ -	\$ (20,440,000)	\$ -
Business-type activity				
Short-term debt	\$ 20,440,000	\$ -	\$ (20,440,000)	\$ -

**F. Subscription based information technology arrangements**

The City has an agreement for a three-year subscription for a multi-seat Microsoft 365 license obtained through a third-party technology reseller. The agreement commenced effective January 1, 2022 and ends on December 31, 2024. Annual payments of \$426,592 are made at the beginning of each calendar year of the contract. Payments may vary slightly based on the number of users of the software. While the agreement does not have a stated interest rate, the City has assumed that an interest rate of 4% would be typical of its normal borrowing costs for a similar arrangement. As of June 30, 2023, the subscription asset value was \$1,231,185 and its accumulated amortization was \$821,000, resulting in a net subscription asset of \$410,185. The remaining principal amount remaining on the arrangement is also \$410,185. All remaining principal will be paid in the fiscal year ended June 30, 2024.

**V. Other information**

**A. Risk management**

The City's risk management combines elements of both self-insurance and purchased insurance policies divided into coverage for comprehensive general liability, automobile liability, automobile physical damage, workers' compensation, property, crime insurance, employee health care insurance, and "all risk" insurance including theft, flood and earthquake. The costs of these policies are accounted for in the general fund.

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries insurance purchased from one of three pools sponsored by the Municipal Association of South Carolina. The City purchases property and casualty insurance through an independent brokerage firm, Willis Pooling Practice. The South Carolina Municipal Insurance Trust Fund carries workers' compensation. The City contracts with Blue Cross Blue Shield for employee health care. See note V.E. for further discussion of this arrangement. The Willis Pooling Practice carries the remaining policies. The City is subject to a \$25,000 deductible requirement on all insured properties, "all risk" and crime policies only, a \$100,000 deductible per claim for workers' compensation, as well as a \$150,000 deductible per claim for general liability and auto liability claims.

The workers' compensation policy provides coverage as required by statute. The automobile liability policy covers up to \$5,000,000 per accident. The comprehensive general liability policy covers up to \$5,000,000 per occurrence, and the crime policy covers up to \$200,000 per theft occurrence and \$1,000,000 per fraud. The other policies essentially cover the amount of the loss. In the event a claim is settled for an amount exceeding the limits of these policies, the City would have to pay the excess. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. The City has \$3,000,000 in cyber insurance coverage with an annual deductible of \$250,000.

**B. Post-employment benefits other than pensions**

**Plan Description**

In addition to the pension benefits described in Note V.C., the City provides post-retirement healthcare benefits (the "Plan"), on a sliding cost scale based on years of service with the City, to all retirees who meet certain length of service requirements, depending on whether they were hired on or after January 1, 1991. This program is authorized by the City's Personnel Resolution, which is approved by City Council. The contributions of the City and the plan members are established and amended by City Council. These contributions are neither guaranteed nor mandatory. City Council has retained the right to unilaterally modify its payments toward retiree health care benefits.

Management of the Plan is vested in the City of Rock Hill City Council.

The Plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust ("SC ORBET"), an agent multiple-employer investment plan administered by the Municipal Association of South Carolina. SC ORBET issues a publicly



available financial report that includes audited financial statements and required supplementary information for the Plan. A copy of the report may be obtained by writing to: Chief Financial Officer for Risk Management Services, Municipal Association of SC, PO Box 12109, Columbia, SC 29211, telephone number (803) 933-1258.

*Plan Membership*

As of June 30, 2023, measurement date of December 31, 2022, the Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	149
Active employees	<u>891</u>
Total	<u><u>1040</u></u>

*Benefits Provided & Contributions*

Health care and dental insurance are offered in the City’s Other Post-Employment Benefit Plan until the retiree becomes eligible for Medicare, after which time the retiree continues to receive the City subsidy, if any, but must seek coverage from a third party. Retirees must pay the full premium for dental coverage. The retiree may continue dependent coverage (and pay the full cost of this coverage) if enrolled in dependent coverage at the time of retirement. Dependent coverage terminates whenever the retiree or dependent becomes eligible for Medicare.

An employee who works at least 30 hours per week or an elected official leaving City service with a minimum of 25 years of government service, of which five years were with the City, may be eligible to purchase health insurance at the City’s cost upon leaving. A participant with at least 10 years of eligible continuous City service who becomes totally disables before normal retirement age is eligible to receive the same health insurance coverage explained above. If the participant is a member of PORS and the disability is job related, the service requirement is waived, and the City pays 100% of the participant’s premiums. After age 65 or the Medicare eligibility, the City will contribute \$200 per month toward Medicare supplement coverage. For retirees, only service prior to retirement is considered for OPEB plan eligibility and benefits. The City will contribute up to \$200 towards the single member monthly health insurance premium for retired employees depending on their date of hire and years of City service as follows:

Years of Service	Amount Paid by the City	
	Hired before Jan. 1, 1991	Hired on or after Jan. 1, 1991
28 or more	\$ 200	\$ 200
27	190	190
26	180	180
25	170	170
24	160	-
23	150	-
22	140	-
21	130	-
20	120	-
19	110	-
18	100	-
17	90	-
16	80	-
15	70	-
5-14	60	-

**Investments**

*Investment Policy*

SC ORBET (the “Trust”) can only invest in instruments allowed under state law, similar to those defined above in IV, A, Deposits. The Trust cannot currently invest in equities. The primary objective of the investment policy is to maintain a portfolio of investment assets that meet both its short-term and long-term needs. In evaluating investments, the Trust considers potential volatility, specific safety, liquidity and yield, given current market conditions. The

portfolio selected should seek to meet or exceed the return provided by the following portfolio benchmarks i) the Barclay’s Capital Government Bond Index; and (ii) a blended benchmark of 60% Barclay’s Capital Government Bond Index and 40% Barclay’s Capital U.S. MBS Index. Three to five-year returns will be used for performance evaluation.

There are no maturity limitations on individual bonds. However, the portfolio’s weighted average maturity, as expressed by its effective duration, should be equal to the effective duration of the Blended Benchmark of 60% Barclay’s Capital Government Bond Index and 40% Barclay’s Capital U.S. MBS Index +/- 25 percent as market conditions warrant. No single issue should comprise more than five percent of the portfolio nor should any issuer comprise more than ten percent of the portfolio except treasury and agency issues. Funds are considered “available for sale” depending upon market conditions and opportunities with a bias towards a “buy and hold” strategy. Management will invest short-term operating funds only in allowable instruments and will keep the primary objective of preservation of capital in mind when making such decisions.

*Rate of return*

For the year ended December 31, 2022 (the measurement date) the annual money weighted rate of return on investments, net of investment expense, was 1.31 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Liability of the City of Rock Hill**

The components of the net OPEB Liability of the City as of December 31, 2022 (the measurement date) were as follows:

Total OPEB Liability	\$	20,624,187
Plan fiduciary net position		<u>6,815,970</u>
City's net OPEB liability	\$	<u><u>13,808,217</u></u>

Plan fiduciary net position as a percentage of the total OPEB liability: 33.05%

*Actuarial Assumptions*

The total OPEB liability was determined by an actuarial valuation as of January 1, 2020 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases, including inflation	
SCRS	3.00% - 9.50%
PORS	3.50% - 10.50%
Investment Rate of Return	4.75% includes inflation at 2.25%
Medical Cost Trend Rate	7.00% - 4.50%
Ultimate Trend Rate	4.50%
Year of Ultimate Trend Rate	2031

The discount rate used to measure the TOL was based upon the long-term expected rate of return.

Mortality rates were based on the PUB-2010 Mortality Table for Employees with a 135% multiplier to better reflect anticipated experience and provide a margin for future improvements.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the December 31, 2020 valuation were based on the results of an actuarial experience study adopted by SCRS and PORS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of

plan election, etc.) used in the December 31, 2020 valuation were based on a review of recent plan experience done concurrently with the December 31, 2020 valuation.

Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

As of the most recent adoption of the current long-term rate of return by the Plan, the target asset allocation for each major asset class, as provided by the Plan, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
US Government Agencies	58.00%
US Govt MBS/CMO/CMBS	40.00%
Cash and cash equivalents	<u>2.00%</u>
Total	<u><u>100.00%</u></u>

Note: In accepting the long-term expected return for the Plan, the actuary performed a high-level review of the information provided by the Plan. Their review indicates the long-term expected rate of return assumption of 4.75% is reasonable.

*Discount rate (SEIR).* The discount rate used to measure the TOL as of the Measurement Date was 4.52%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection’s basis was an actuarial valuation performed as of December 31, 2020. In addition to the actuarial methods and assumptions of the December 31, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually using the payroll growth assumptions.
- Active employees do not explicitly contribute to the Plan.
- In all future years, the employer continues to contribute the full ADEC through deposit to the Trust and direct payment of benefits to plan members as the benefits come due. The employer is assumed to have the ability and willingness to make contributions to the Trust and benefit payments from its own resources for all periods in the projection.
- Projected assets do not include employer contributions that fund the estimated service costs of future employees.
- Cash flows occur mid-year.

Based on these assumptions, the Plan’s FNP was projected to be depleted in 2054 and, as a result, the Municipal Bond Index Rate was used in the determination of the SEIR. Here, the long-term expected rate of return of 4.75% on Plan investments was applied to periods through 2054 and the Municipal Bond Index Rate at the Measurement Date (3.72%) was applied to periods on and after City of Rock Hill, resulting in an SEIR at the Measurement Date (4.52%). As a result of the change to the Municipal Bond Index Rate, there was a change in the discount rate from 4.75% at the Prior Measurement Date to 4.52% at the Measurement Date.

The FNP projections are based upon the Plan’s financial status on the Valuation Date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of

this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

*Sensitivity of the net OPEB liability to changes in the health care cost trend rates.* The following exhibit presents the NOL of the Plan, calculated using current health care cost trend rates, as well as what the Plan's NOL would be if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1- percentage-point higher than the current rates.

Health Care Cost Trend Rate Sensitivity			
	1% Decrease	Discount Rate	1% Increase
Net OPEB liability	\$ 11,887,722	\$ 13,808,217	\$ 16,144,122

*Sensitivity of the net OPEB liability to changes in the discount rate.* The following exhibits present the NOL of the Plan, calculated using the discount rate of 4.75%, as well as what the Plan's NOL would be if it were calculated using a Discount Rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 3.52%	Current Discount Rate 4.52%	1% Decrease 5.52%
Net OPEB liability	\$ 16,468,848	\$ 13,808,217	\$ 11,526,018

*Deferred outflows of resources.* Since certain expense items are recognized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts will increase OPEB Expense, they are labeled Deferred Outflows of Resources. If they serve to reduce OPEB Expense they are labeled Deferred Inflows of Resources. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive Plan members at the beginning of the measurement period. Investment gains and losses are recognized over a fixed five-year period.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 897,870	\$ 1,817,614
Changes in assumptions or other inputs	832,519	\$ 156,681
Net difference between projected and actual earnings on plan investments	1,462,622	
City contributions subsequent to the measurement date	612,393	-
Total	<u>\$ 3,805,404</u>	<u>\$ 1,974,295</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB benefits will be recognized in OPEB Expense as follows:

Period ended		
June 30:		
2024	\$	416,970
2025		423,381
2026		434,382
2027		302,656
2028		(16,666)
Thereafter		<u>(342,007)</u>
Total	\$	<u>1,218,716</u>

Amounts reported as Deferred Outflows of Resources for direct claims and City contributions subsequent to the measurement date will all be recognized in OPEB Expense next year.

The OPEB Expense (OE) consists of a number of different items. GASB 75 refers to the first item as Service Cost which is the Normal Cost using the Entry Age Normal actuarial funding method. The second item is interest on the TOL at 4.75%, the Discount Rate in effect as of the Prior Measurement Date.

The next three items refer to any changes that occurred in the TOL due to: benefit changes, or actual versus expected experience, or changes in assumptions or other inputs.

Benefit changes, which are reflected immediately, will increase OE, if there is a benefit improvement for existing Plan members, or decrease OE, if there is a benefit reduction. For the measurement period ended December 31, 2022, there were no benefit changes to be recognized.

The next item to be recognized is the portion of current year changes in TOL due to actual versus expected Plan experience for the year. The portion to recognize in the current year is determined by spreading the total change over the average expected remaining service life of the entire Plan membership at the beginning of the measurement period. The average expected remaining service life of active members is the average number of years the active members are expected to remain in covered employment. The average expected remaining service life of the inactive members is zero. The recognition period is the weighted average of these two amounts (not less than 1 year), or 8.93 years.

The last item under changes in TOL is changes in assumptions or other inputs. There was a change in the TOL arising from the change in medical trend. Therefore, the change in TOL resulting from the change in assumptions is to be recognized in the OPEB Expense (OE), beginning in the current measurement period, over a closed period equal to 8.74 years, using the same approach applied to Plan experience as described in the prior paragraph.

The current year portions of previously determined experience and assumption amounts, recognized as Deferred Outflows of Resources and Deferred Inflows of Resources are included below. Deferred Outflows of Resources are added to the OE while Deferred Inflows of Resources are subtracted from the OE. Finally, other miscellaneous items are included. The components of the net OPEB liability measured as of December 31, 2022 (reported as of the City's June 30, 2023 fiscal year ended) are:

**Changes in the Net OPEB Liability**

	<b>Total OPEB Liability (a)</b>	<b>Plan Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Balance as of December 31, 2021</b>	\$ 19,172,649	\$ 7,558,130	11,614,519
<b>Changes for the year:</b>			
Services cost at the end of the year	640,307	-	640,307
Interest on TOL and cash flows	900,203	-	900,203
Difference between expected and actual experience	(197,935)	-	(197,935)
Changes of assumptions or other inputs	556,168	-	556,168
Contributions - employer	-	821,631	(821,631)
Net investment income	-	(1,105,666)	1,105,666
Benefit payments and implicit subsidy credit	(447,205)	(447,205)	-
Plan administrative expenses	<u>-</u>	<u>(10,920)</u>	<u>10,920</u>
<b>Net changes</b>	<u>1,451,538</u>	<u>(742,160)</u>	<u>2,193,698</u>
 <b>Balance as of December 31, 2022</b>	 <u>\$ 20,624,187</u>	 <u>\$ 6,815,970</u>	 <u>\$ 13,808,217</u>

The calculation of the OPEB expense for the year ended June 30, 2023 is shown in the following table:

OPEB Expense  
For the Year Ended June 30, 2023

Service Cost at end of year*	\$ 640,307
Interest on the Total OPEB Liability and Cash Flow	900,203
Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	(22,647)
Expensed portion of current-period changes in assumptions or other inputs	63,635
Projected earnings on plan investments	(367,544)
Expensed portion of current-period difference between actual and projected earnings on plan investments	294,642
Administrative costs	11,920
Recognition of beginning Deferred Outflows of Resources as OPEB Expense	411,040
Recognition of beginning Deferred Outflows of Resources as OPEB Expense	<u>(289,643)</u>
OPEB Expense	<u>\$ 1,641,913</u>

\*The service cost includes interest for the year.

Anticipated Plan Participation

The assumed annual rates of plan participation and spouse coverage are as follows:

Years of Service	
Retirement	Participation
Less than 20	20.00%
20 years or more	95.00%
Spouse coverage	20.00%

Additionally, it is assumed 100% of PORS employees retiring due to line of duty disability will elect coverage.

For public safety employees, participants with at least 10 years of eligible continuous City service who become disabled before normal retirement age are eligible to receive the same health insurance benefit as a non-disabled retiree with the same amount of eligible continuous City service. If the disability is job-related and occurs after 10 years of eligible continuous City service, the service requirement is waived, and the City pays 100% of the participant's cost of single coverage. The participant is responsible for any spouse or dependent costs.

The City's annual other post-employment benefits (OPEB) cost (expense) is calculated based on the annual determined contribution (ADC) of the employer, an amount actuarially determined in accordance with the guidance of GASB Statement No. 45. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 22 years. The current ADC rate assumes payroll increasing at a level annual rate of 3.5% to 6.0%.

#### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

### C. Employee retirement plans and pension plans

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

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



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

*Plan descriptions:*

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

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.

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

*Benefits:*

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

**South Carolina Retirement System** - 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 8 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.

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

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

***Contributions:***

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the Board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the Board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent. For the year ended June 30, 2023, the City contributed \$6,935,942 to the SCRS plan and \$3,699,943 to the PORS plan.

- Required **employee** contribution rates for fiscal year ended June 30, 2023 are as follows:

**SCRS**

Employee Class Two	9.00% of earnable compensation
Employee Class Three	9.00% of earnable compensation

**PORS**

Employee Class Two	9.75% of earnable compensation
Employee Class Three	9.75% of earnable compensation

- Required **employer** contributions for fiscal year ended June 30, 2023 are as follows:

**SCRS**

Employer Class Two	17.41% of earnable compensation
Employer Class Three	17.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

**PORS**

Employer Class Two	19.84% of earnable compensation
Employer Class Three	19.84% of earnable compensation
Employer Incidental Death Benefit	0.20% of earnable compensation
Employer Accidental Death Program	0.20% of earnable compensation

*Net Pension Liability:*

The June 30, 2022, (the measurement date) total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2021, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board, which utilized membership data as of July 1, 2021. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year ended June 30, 2022, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The net pension liability is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB No. 67, less that system’s fiduciary net position. As of June 30, 2023, (measurement date of June 30, 2022), the net pension liability amounts for the City’s proportionate share of the collective net pension liabilities associated with the SCRS and PORS plans are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	City's Proportionate Share of the Collective Net Pension Liability
SCRS	\$ 175,032,400	\$ 99,872,029	\$ 75,160,427	57.1%	0.3100%
PORS	93,155,634	61,897,904	31,257,723	66.4%	1.0423%

At June 30, 2023, the City reported liabilities of \$75,160,427 and \$31,257,723 for its proportionate shares of the SCRS and PORS net pension liabilities, respectively. The net pension liabilities were measured as of June 30, 2022, and the total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of July 1, 2021 projected forward to June 30, 2022. 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 plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City’s proportionate shares of the SCRS and PORS plans were 0.310040% and 1.042279%. At June 30, 2021, the City’s proportionate shares of the SCRS and PORS plans were 0.297531% and 1.030025%.

For the year ended June 30, 2023, the City recognized pension expense for the SCRS and PORS plans of \$7,693,365 and \$3,440,268 respectively.

*Deferred inflows of resources and deferred outflows of resources:*

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to its pension liabilities from the following sources for each of the respective plans:

The \$6,935,942 and \$3,669,943 reported as deferred outflows of resources related to pensions resulting from City contributions paid 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.

*Actuarial assumptions and methods:*

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 during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina State statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the systems was most recently issued as of June 30, 2019.

The following table provides a summary of the actuarial assumptions and methods used to measure the total pension liability for the SCRS and PORS plans administered by PEBA as of July 1, 2021.

	<b>SCRS</b>	<b>PORS</b>
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment rate of return	7.0%	7.0%
Projected salary increases	3.0% to 11.0% (varies by service)	3.5% to 10.5% (varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member’s job category and gender. The base mortality 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 published Scale UMP projected from the year 2020.

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

<b>Former Job Class</b>	<b>Males</b>	<b>Females</b>
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General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety, Firefighters and members of the South Carolina National Guard	2020 PRSC Males Multiplied by 127%	2020 PRSC Females multiplied by 107%

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.0 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.

<b>Allocation / Exposure</b>	<b>Policy Target</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Long-term Expected Portfolio Real Rate of Return</b>
<b>Public Equity</b>	46.0%	6.79%	3.12%
<b>Bonds</b>	26.0%	(0.35)%	(0.09)%
<b>Private Equity</b>	9.0%	8.75%	0.79%
<b>Private Debt</b>	7.0%	6.00%	0.42%
<b>Real Assets</b>	<b>12.0%</b>		
Real estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
	100.0%		
	Total expected real return		4.79%
	Inflation for actuarial purposes		2.25%
	Total expected nominal return		7.04%

*Discount rate:*

The discount rate used to measure the 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.

*Sensitivity analysis:*

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

System	1.00% Decrease 6.0%	Discount Rate 7.0%	1.00% Increase 8.0%
SCRS	\$ 96,364,941	\$ 75,160,427	\$ 57,531,628
PORS	43,587,012	31,257,723	21,165,039

*Pension Expense:*

For the year ended June 30, 2023, the City recognized its proportionate share of collective pension expense of \$6,306,997 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of \$1,386,368 for a total of \$7,693,365 for the SCRS plan. Additionally, for the year ended June 30, 2023, the City recognized its proportionate share of collective pension expense of \$3,044,704 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of \$395,567 for a total of \$3,440,271 for the PORS plan. Total pension expense for the City, included for both the SCRS and PORS plans, was \$11,133,636.

*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 the SCRS and PORS pension plans, respectively, from the following sources:

	SCRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>of Resources</u>	<u>of Resources</u>
Differences between expected and actual experience	\$ 653,004	\$ 327,547
Changes of assumptions	2,410,571	-
Net difference between projected and actual earnings on pension plan investments	115,913	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,017,406	1,077
Employer contributions subsequent to the measurement date	6,935,942	-
Total	<u>\$ 13,132,836</u>	<u>\$ 328,624</u>

	PORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>of Resources</u>	<u>of Resources</u>
Differences between expected and actual experience	\$ 524,442	\$ 617,913
Changes of assumptions	1,301,621	-
Net difference between projected and actual earnings on pension plan investments	94,390	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,203,559	19,540
Employer contributions subsequent to the measurement date	3,699,943	-
Total	<u>\$ 6,823,955</u>	<u>\$ 637,453</u>

City contributions subsequent to the measurement date of \$6,935,942 and \$3,699,943 for the SCRS plan and the PORS plan, respectively, are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>SCRS</u>	<u>PORS</u>
2024	\$ 3,128,812	\$ 1,270,648
2025	1,964,682	966,002
2026	(1,185,360)	(965,072)
2027	1,960,136	1,214,981

#### D. Commitments

The City has committed itself on several construction contracts for various water and sewer lines and a water treatment plant upgrade in the enterprise fund and for street and trail construction in the capital projects funds. As of June 30, 2023, the outstanding commitments total \$16,703,148 in the enterprise funds and \$4,093,462 in the capital projects funds.

#### E. Contingencies

The City has a long-term agreement to purchase electrical power from the Piedmont Municipal Power Agency (PMPA), a governmental corporation organized under the laws of the State of South Carolina. The agreement expires between 2022 and 2035 depending on certain contingencies. PMPA's generating capacity is committed to a group of ten municipalities, who have their own electrical utility operations, of which the City is the largest participant. The City is committed to

purchase annually 28.5% (its participant's share) of the power made available by PMPA to the group and has pledged its electric system revenues as security for this commitment over the term of the agreement. In the year ended June 30, 2023, the cost of power purchased under this agreement amounted to \$73,063,743 (the remainder of the City's wholesale power cost of \$1,736,845 was purchased from the U.S. Department of Energy's Southeastern Power Administration). Because of the nature of the agreement, the aggregate commitments over future years cannot be determined.

By letter dated March 20, 2019, the City notified PMPA of certain defaults under the Supplemental Agreement and the Catawba Project Agreement disputing allocations of purchased power costs. Although the City preferred resolution without litigation, certain PMPA members filed a lawsuit on June 13, 2019 against the City and other PMPA members. The case is complex and moving slowly as members work towards an amicable resolution. The City anticipates an equal or lower allocation of purchased power costs as a result of the ongoing discussions.

The City participates in a number of Federal grant programs which are subject to financial and compliance audits. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the agreement. The amount of expenditures, if any, which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is party to a number of civil lawsuits and other legal actions. In the opinion of the City's attorney and management, the ultimate outcome of these suits is not expected to have a significant impact upon the City's financial position.

Beginning in February 2006, the City began directly paying employee and retiree health care. For health insurance claims, the City contracts with Blue Cross Blue Shield of South Carolina to administer actual claims incurred by City employees and retirees. A purchased policy covers employee health claims when individual claims exceed \$175,000. In such cases, the reinsurer pays the excess on an individual claim basis.

The claims liability reported in the general fund at June 30, 2023 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities have been calculated based on actual claims processed after year end with a service date of June 30, 2023 or earlier. The liability for medical claims, \$895,230, is reported in the general fund in accounts payable and accrued liabilities. Changes in the balances of claims liabilities were as follows:

Fiscal Year Ended June 30,	Unpaid Claims, Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Unpaid Claims, End of Year
2022	\$ 469,472	\$ 11,838,272	\$ 11,578,940	\$ 728,804
2023	728,804	9,879,022	10,297,458	310,368

## F. Tax Abatements

### **Infrastructure Reimbursement Agreement:**

The City, acting by and through its City Council is authorized by Sections 4-1-175 and 4-29-68 of the Code of Laws of South Carolina, 1976, as amended, to provide a credit against or payment derived from the revenues received and retained by the city from a payment in lieu of taxes pursuant to Section 13 of Article VIII of the South Carolina Constitution and Section 4-1-170 of the Code of Laws of South Carolina, 1976, as amended, for the purpose of paying the cost of designing, acquiring, constructing, improving, or expanding, among other things: (a) the infrastructure serving the issuer or the project, and (b) for improved or unimproved real estate and personal property including the machinery and equipment used in the operation of a manufacturing or commercial enterprise, which property is determined by the City to enhance the economic development of the City.

For the fiscal year ended June 30, 2023 the City reimbursed no property taxes under this program.



**FEE IN LIEU OF TAXES:**

The City of Rock Hill enters into property tax abatement agreements through York County under South Carolina Code Title 12, Chapter 44. Under that legislation, counties may grant property tax abatements of up to 50 percent of a business' property tax bill for the purpose of attracting or retaining businesses within the jurisdiction.

For the fiscal year ended June 30, 2023, the City taxes abated through Fee-in-Lieu of tax agreements were as follows:

<u>Name</u>	<b>Percentage of Taxes Abated During the Fiscal Year</b>	<b>Amount of Taxes Abated During the Fiscal Year</b>
BRADMAN LAKE INC.	47.05%	\$ 1,533
CIP REAL ESTATE LLC	12.56%	28,786
COMPOSITE RESOURCES INC.	47.51%	1,670
CORE AUTOSPORT LLC	33.44%	1,694
COROPLAST TAPE CORPORATION	48.92%	355,155
CRYSTAL DISTRIBUTION INC.	47.49%	16,711
DIRTT ENVIRONMENTAL SOLUTIONS	74.80%	159,563
EASTGROUP PROPERTIES LP	53.82%	117,666
ES REIT I LLC	16.53%	43,505
EXEL INC.	33.07%	5,891
GOLDENROD INC.	60.67%	218,873
LEL PARAGON WAY ASSOCIATES LLC	49.60%	144,286
LINDE HYDRAULICS CORPORATION	75.67%	10,692
LIT INDUSTRIAL LP	8.18%	140,424
MCKESSON MEDICAL SURGICAL INC.	17.32%	140,811
MS INTERNATIONAL USA INC.	60.67%	65,808
OBRIEN ROCK HILL LLC	47.49%	52,979
OERLIKON BALZERS COATING USA INC	47.55%	56,413
PARAGON 782 LLC	48.57%	262,266
PFG CUSTOMIZED SOUTH CAROLINA LLC	29.19%	85,241
POSSEHL CONNECTOR SERVICES SC	43.97%	20,020
POWER TECHNIQUE NORTH AMERICA LLC	60.67%	31,597
PULCRA CHEMICALS LLC	48.40%	44,267
RETFORD INVESTMENTS LLC	49.50%	56,659
RH APEX LLC	47.55%	53,636
RIVERWALK GRH TKC LLC	16.53%	43,363
ROSS DRESS FOR LESS INC.	5.91%	953,984
SELECT INCOME REIT	11.08%	175,701
THE HARTZ GROUP INC.	8.22%	59,925
TRANSAXLE MANUFACTURING OF AMERICA CORP.	47.02%	230,828
WINBRO GROUP TECHNOLOGIES LLC	48.49%	45,990
WORKSPACE RESOURCES LLC	47.50%	71,314
3D FIELDS LLC	1.18%	82,972
3D SYSTEMS CORPORATION	12.32%	22,773
3D SYSTEMS INC.	49.19%	3,732
		<u>\$ 3,806,728</u>

## G. Enterprise fund detail information

The City maintains one group of general ledger enterprise funds to account for electric, water and sewer services (the “combined utility system”), and another general ledger enterprise fund to account for storm water management. The majority of enterprise fund activities are financed by user charges. The following provides detail information for the electric, water, sewer and storm water operations for the year ended June 30, 2023:

	Electric	Water	Sewer	Stormwater	Total
<b>Operating revenues</b>					
Sales and primary service charges	\$ 99,269,087	\$ 24,784,793	\$ 30,584,232	\$ 4,980,632	\$ 159,618,744
Impact fees	-	511,995	936,840	-	1,448,835
Government grants	57,535	87,239	78,774	-	223,548
Other user charges	4,553,198	595,460	574,462	-	5,723,120
<b>Total operating revenues</b>	<b>103,879,820</b>	<b>25,979,487</b>	<b>32,174,308</b>	<b>4,980,632</b>	<b>167,014,247</b>
<b>Operating expenses</b>					
Purchased power	74,800,588	-	-	-	74,800,588
System operations	13,896,163	10,660,244	11,019,458	1,978,264	37,554,129
Depreciation and amortization	8,292,737	4,496,590	4,853,195	1,620,645	19,263,167
General and administrative	8,476,393	3,055,709	3,417,883	1,002,427	15,952,412
<b>Total operating expenses</b>	<b>105,465,881</b>	<b>18,212,543</b>	<b>19,290,536</b>	<b>4,601,336</b>	<b>147,570,296</b>
<b>Operating income</b>	<b>(1,586,061)</b>	<b>7,766,944</b>	<b>12,883,772</b>	<b>379,296</b>	<b>19,443,951</b>
<b>Nonoperating revenues (expenses)</b>					
Interest income	779,542	764,747	805,751	85,328	2,435,368
Interest expense	(1,803,271)	(4,038,923)	(4,937,569)	(338,263)	(11,118,026)
<b>Total nonoperating revenues (expenses)</b>	<b>(1,023,729)</b>	<b>(3,274,176)</b>	<b>(4,131,818)</b>	<b>(252,935)</b>	<b>(8,682,658)</b>
<b>Income before contributions and transfers</b>	<b>(2,609,790)</b>	<b>4,492,768</b>	<b>8,751,954</b>	<b>126,361</b>	<b>10,761,293</b>
Capital contributions from developers		156,168	278,374	414,656	849,198
Transfers to the general fund	(2,258,550)	(3,660,303)	(4,513,766)	-	(10,432,619)
<b>Net income</b>	<b>\$ (4,868,340)</b>	<b>\$ 988,633</b>	<b>\$ 4,516,562</b>	<b>\$ 541,017</b>	<b>\$ 1,177,872</b>

Enterprise fund statement of fund net position accounts are maintained on a combined basis within the enterprise fund and cannot be divided by type of operation. Bondholders and creditors in general have claims against the combined utility system as a whole and not against any one operation.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Rock Hill, South Carolina**  
**Required Supplementary Information**  
**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**For the Fiscal Year Ended June 30,**

South Carolina Retirement System					
Plan Year Ended June 30,	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.310040%	\$ 75,160,427	\$ 36,918,518	203.58%	57.10%
2021	0.297531%	64,389,529	33,485,588	192.29%	60.75%
2020	0.293933%	75,104,971	32,766,960	229.21%	54.40%
2019	0.285312%	65,148,676	30,155,156	216.04%	54.40%
2018	0.286077%	64,100,703	29,317,574	218.64%	54.10%
2017	0.295970%	66,267,607	29,167,341	227.20%	53.30%
2016	0.282141%	60,264,901	27,321,600	220.58%	52.90%
2015	0.275223%	52,197,369	25,787,986	202.41%	57.00%
2014	0.271240%	46,698,536	24,634,172	189.57%	59.90%
2013	0.271240%	48,650,780	23,903,167	203.53%	56.39%

Police Officers Retirement System					
Fiscal Year Ended June 30,	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	1.042279%	\$ 31,257,723	\$ 16,495,259	189.50%	66.40%
2021	1.030025%	26,501,662	15,488,276	171.11%	70.37%
2020	0.975595%	32,352,799	14,737,808	219.52%	58.79%
2019	0.957009%	27,427,306	13,881,027	197.59%	62.70%
2018	0.972092%	27,544,641	13,455,213	204.71%	61.70%
2017	1.026180%	28,112,798	13,431,124	209.31%	60.90%
2016	1.010220%	25,624,053	12,878,996	198.96%	60.60%
2015	0.987890%	21,531,409	12,238,600	175.93%	64.60%
2014	0.967340%	18,518,946	11,646,056	159.01%	67.55%
2013	0.967340%	20,052,609	11,288,558	177.64%	62.98%

**City of Rock Hill, South Carolina**  
**Required Supplementary Information**  
**Schedule of the City's Pension Contributions**  
**For the Fiscal Year Ended June 30,**

South Carolina Retirement System

Fiscal Year Ended June 30,	Actuarially required contribution	Contributions in relation to the			City's covered payroll	Contributions as a percentage of covered payroll
		actuarially required contribution	Contribution deficiency (excess)			
2023	\$ 6,935,942	\$ 6,935,942	\$ -	\$ 39,498,531	17.56%	
2022	6,113,707	6,113,707	-	36,918,518	16.56%	
2021	5,210,358	5,210,358	-	33,485,588	15.56%	
2020	5,098,539	5,098,539	-	32,766,960	15.56%	
2019	4,390,591	4,390,591	-	30,155,156	14.56%	
2018	3,975,463	3,975,463	-	29,317,574	13.56%	
2017	3,400,912	3,400,912	-	29,167,341	11.66%	
2016	3,021,769	3,021,769	-	27,321,600	11.06%	
2015	2,810,890	2,810,890	-	25,787,986	10.90%	
2014	2,611,222	2,611,222	-	24,634,172	10.60%	

Police Officers Retirement System

Fiscal Year Ended June 30,	Actuarially required contribution	Contributions in relation to the			City's covered payroll	Contributions as a percentage of covered payroll
		actuarially required contribution	Contribution deficiency (excess)			
2023	\$ 3,699,943	\$ 3,699,943	\$ -	\$ 18,280,351	20.24%	
2022	3,173,688	3,173,688	-	16,495,260	19.24%	
2021	2,825,080	2,825,080	-	15,488,376	18.24%	
2020	2,688,176	2,688,176	-	14,737,808	18.24%	
2019	2,393,089	2,393,089	-	13,881,027	17.24%	
2018	2,131,306	2,131,306	-	13,455,213	15.84%	
2017	1,912,306	1,912,306	-	13,431,124	14.24%	
2016	1,769,592	1,769,592	-	12,878,996	13.74%	
2015	1,641,196	1,641,196	-	12,238,600	13.41%	
2014	1,495,354	1,495,354	-	11,646,056	12.84%	

**City of Rock Hill, South Carolina  
 Required Supplementary Information  
 Notes to the Schedule of the City's Pension Contributions  
 For the Fiscal Year Ended June 30,**

System	SCRS	PORS
Calculation date	July 1, 2020	July 1, 2020
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	5-year smoothed	5-year smoothed
Amortization method	Level % of pay	5-year smoothed
Amortization period	27 years maximum, closed period	27 years maximum, closed period
Investment return	7.25%	7.25%
Inflation	2.25%	2.25%
Salary increases	3.0% to 11.0%, varies by service	3.5% to 10.5%, varies by service
Mortality	The 2020 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at 80% of Scale from the year 2020.	The 2020 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at 80% of Scale from the year 2020.

**City of Rock Hill, South Carolina  
Required Supplementary Information  
Schedule of Changes in the  
City's Net OPEB Liability**

Year ending December 31,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>						
Service cost	\$ 640,307	\$ 694,297	\$ 672,403	\$ 533,397	\$ 516,569	\$ 500,277
Interest	900,203	952,968	911,483	776,558	742,713	709,560
Differences between expected and actual experience	(197,935)	(2,000,057)	(150,509)	1,412,931	88,620	243,919
Changes in assumptions or other inputs	556,168	(203,173)	-	615,834	-	-
Benefit payments	(447,205)	(660,074)	(462,243)	(533,322)	(735,087)	(776,024)
<b>Net change in total OPEB liability</b>	<u>1,451,538</u>	<u>(1,216,039)</u>	<u>971,134</u>	<u>2,805,398</u>	<u>612,815</u>	<u>677,732</u>
<b>Total OPEB liability - beginning</b>	<u>19,172,649</u>	<u>20,388,688</u>	<u>19,417,554</u>	<u>16,612,156</u>	<u>15,999,341</u>	<u>15,321,609</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$ 20,624,187</u>	<u>\$ 19,172,649</u>	<u>\$ 20,388,688</u>	<u>\$ 19,417,554</u>	<u>\$ 16,612,156</u>	<u>\$ 15,999,341</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 821,631	\$ 1,034,500	\$ 836,669	\$ 906,859	\$ 1,450,330	\$ 1,512,693
Net investment income	(1,105,666)	(173,466)	393,545	321,357	60,192	122,922
Benefit payments *	(447,205)	(660,074)	(462,243)	(533,322)	(735,087)	(776,024)
Administrative expense	(10,920)	(1,250)	(10,307)	-	-	(23,586)
<b>Net change in plan fiduciary net position</b>	<u>(742,160)</u>	<u>199,710</u>	<u>757,664</u>	<u>694,894</u>	<u>775,435</u>	<u>836,005</u>
<b>Plan fiduciary net position - beginning</b>	<u>7,558,130</u>	<u>7,358,420</u>	<u>6,600,756</u>	<u>5,905,862</u>	<u>5,130,427</u>	<u>4,294,422</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 6,815,970</u>	<u>\$ 7,558,130</u>	<u>\$ 7,358,420</u>	<u>\$ 6,600,756</u>	<u>\$ 5,905,862</u>	<u>\$ 5,130,427</u>
<b>City's net OPEB liability - ending (a) - (b)</b>	<u>\$ 13,808,217</u>	<u>\$ 11,614,519</u>	<u>\$ 13,030,268</u>	<u>\$ 12,816,798</u>	<u>\$ 10,706,294</u>	<u>\$ 10,868,914</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>33.05%</b>	<b>39.42%</b>	<b>36.09%</b>	<b>33.99%</b>	<b>35.99%</b>	<b>32.07%</b>
<b>Covered payroll</b>	<b>\$ 46,576,185</b>	<b>\$ 46,576,185</b>	<b>\$ 41,042,633</b>	<b>\$ 41,042,633</b>	<b>\$ 38,529,475</b>	<b>\$ 38,529,475</b>
<b>Net OPEB liability as a percentage of covered payroll</b>	<b>29.65%</b>	<b>24.94%</b>	<b>31.75%</b>	<b>31.23%</b>	<b>27.79%</b>	<b>28.21%</b>

**City of Rock Hill, South Carolina**  
**Schedule of the City OPEB Contributions**  
*Last Six Fiscal Years*

Year ending December 31,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined employer contribution (ADEC)	\$ 1,450,369	\$ 1,433,265	\$ 1,418,333	\$ 1,268,656	\$ 1,126,552	\$ 1,015,787
Contributions in relation to the ADEC	<u>821,631</u>	<u>1,034,500</u>	<u>836,669</u>	<u>906,859</u>	<u>1,450,330</u>	<u>1,512,693</u>
Contribution deficiency (excess)	<u>\$ 628,738</u>	<u>\$ 398,765</u>	<u>\$ 581,664</u>	<u>\$ 361,797</u>	<u>\$ (323,778)</u>	<u>\$ (496,906)</u>
Covered payroll	\$46,576,185	\$45,100,348	\$40,188,650	\$41,042,633	\$38,529,475	\$ 38,529,475
Actual contributions as a percentage of covered payroll	1.76%	2.29%	2.08%	2.21%	3.76%	3.93%

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.



**City of Rock Hill, South Carolina**  
**Schedule of Investment Returns**

Year ending June 30,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money weighted rate of return, net of investment expenses	1.31%	4.75%	6.10%	5.52%	4.73%	-1.24%

**SUPPLEMENTARY INFORMATION**

## **CITY OF ROCK HILL, SOUTH CAROLINA**

### **NONMAJOR GOVERNMENTAL FUNDS**

#### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for specific purpose.

Community Development Fund – This fund is used to account for resources received from the Federal government that are legally restricted to Community Development Block Grant purposes.

H.O.M.E. Fund – This fund is used to account for grant revenues received from the Federal government that are legally restricted to housing purposes.

Other Federal Grants Fund – This fund is used to account for resources received from the Federal government that are legally restricted to various purposes, including disaster recovery, law enforcement, job training and public works.

#### **Capital Projects Funds**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Operational Capital Projects Fund - This fund is used to account for the financing and construction of various general government capital assets. Financing is provided principally by State grants, operating transfers from the general fund and investment earnings

2012 Riverwalk MID A Bonds – This fund is used to account for the proceeds of the 2012 Riverwalk MID A bonds and the expenditure of proceeds on utility and infrastructure improvements in the Riverwalk development area.

2016 Riverwalk MID A Bonds – This fund is used to account for the proceeds of the 2016 Riverwalk MID A bonds and the expenditure of proceeds on utility and infrastructure improvements in the Riverwalk development area.

2015 Riverwalk TIF Bonds – This fund is used to account for the proceeds of the 2015 Riverwalk Tax Increment bonds and the expenditure of proceeds on utility and infrastructure improvements in the Riverwalk development area.

2017 Textile Corridor TIF Bonds – This fund is used to account for the proceeds of the 2017 Textile Corridor Tax Increment Financing bonds and the expenditure of proceeds to purchase real property in the Knowledge Park area.

Fire Impact Fee Fund - This fund is used to account for proceeds from impact fees paid by developers that will be used for additional fire protection facilities and for debt service on existing general obligation bonds.

UCFC III Indoor Sports Arena Bonds - This fund is used to account the proceeds of the 2018 SC Jobs Economic Development Authority (SC JEDA) bonds and the expenditure of proceeds on an indoor sports arena.

2019 General Obligation Bonds - This fund is used to account for the proceeds of the 2019 General Obligation bonds and the expenditure of proceeds on upgrades to the Charlotte Avenue bridge over Dave Lyle Boulevard.

2019 Riverwalk MID A Bonds – This fund is used to account for the proceeds of the 2019 Riverwalk MID A bonds and the expenditure of proceeds on utility and infrastructure improvements in the Riverwalk development area and to refund the 2012 and 2016 Riverwalk MID A bonds.

2020 Downtown TIF Bonds -- This fund is used to account for the proceeds of the 2020 Downtown Tax Increment Financing bonds and the expenditure of proceeds on roadway and sidewalk improvements.

2020 Textile Corridor TIF Bonds – This fund is used to account for the proceeds of the 2020 Textile Corridor Tax Increment Financing bonds and the expenditure of proceeds to purchase real property in the Knowledge Park area.

2019 Installment Purchase Revenue Bonds – This fund was established by the City primarily to issue debt in the form of installment purchase revenue bonds for construction of a multi-level parking deck near the indoor sports arena.

2020 Installment Purchase Revenue Bonds – This fund was established by the City primarily to issue debt in the form of installment purchase revenue bonds for construction of a multi-level parking deck in Knowledge Park.

#### Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Perpetual Care and Beautification Permanent Fund – This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain City-owned cemeteries and for beautification projects.

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**CITY OF ROCK HILL, SOUTH CAROLINA**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2023

	Special Revenue							
	Community Development Block Grant	H.O.M.E. Program	Other Federal	Total	Operational Capital	2012 Riverwalk MID A bonds	2016 Riverwalk MID A bonds	2019 Riverwalk MID A bonds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 32,308	\$ 219,962	\$ 556,198	\$ 808,468	\$ -	\$ 12,223	\$ -	\$ -
Receivables (net of allowances for uncollectible accounts:)								
Intergovernmental	85,505	-	1,012,696	1,098,201	2,224	-	-	-
Due from component unit	-	-	852,638	852,638	-	-	-	-
Other	265,917	135,173	-	401,090	2,782,034	-	-	-
Restricted assets:								
Cash and cash equivalents	-	-	-	-	-	-	160,080	2,487,801
<b>Total assets</b>	<b>\$ 383,730</b>	<b>\$ 355,135</b>	<b>\$ 2,421,532</b>	<b>\$ 3,160,397</b>	<b>\$ 2,784,258</b>	<b>\$ 12,223</b>	<b>\$ 160,080</b>	<b>\$ 2,487,801</b>
<b>LIABILITIES:</b>								
Accounts payable and accrued liabilities	\$ 42,813	\$ -	\$ 212,393	\$ 255,206	\$ 198,433	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	1,838,971	-	-	321,000
Contract retainage payable	-	-	-	-	3,572	-	-	-
Unearned revenues	265,917	135,173	2,226,678	2,627,768	-	-	-	-
<b>Total liabilities</b>	<b>308,730</b>	<b>135,173</b>	<b>2,439,071</b>	<b>2,882,974</b>	<b>2,040,976</b>	<b>-</b>	<b>-</b>	<b>321,000</b>
<b>FUND BALANCES:</b>								
Non-spendable fund balance								
Donated restricted principal	-	-	-	-	-	-	-	-
Restricted fund balance								
Federal and state grant programs	75,000	219,962	-	294,962	-	-	-	-
Debt service reserve funds	-	-	-	-	-	-	-	521,500
Bond issue construction funds	-	-	-	-	-	12,223	160,080	1,645,301
Capital projects	-	-	-	-	743,282	-	-	-
Restricted by external donors	-	-	-	-	-	-	-	-
Unassigned	-	-	(17,539)	(17,539)	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>75,000</b>	<b>219,962</b>	<b>(17,539)</b>	<b>294,962</b>	<b>743,282</b>	<b>12,223</b>	<b>160,080</b>	<b>2,166,801</b>
<b>Total liabilities and fund balances</b>	<b>\$ 383,730</b>	<b>\$ 355,135</b>	<b>\$ 2,421,532</b>	<b>\$ 3,177,936</b>	<b>\$ 2,784,258</b>	<b>\$ 12,223</b>	<b>\$ 160,080</b>	<b>\$ 2,487,801</b>

The notes to the financial statements are an integral part of this statement.

Capital Projects											Permanent Fund	Total Nonmajor Governmental Funds
2015 Riverwalk TIF Refunding bonds	2015 Riverwalk TIF bonds	2017 Textile Corridor Infrastructure TIF bonds	2020 Downtown TIF bonds	2020 Textile Corridor TIF bonds	2019 General Obligation bonds	UCFC III Arena	2019 IPRB Parking Deck bonds	2020 IPRB Parking Deck bonds	Fire Impact Fees	Total	Beautification	Total Nonmajor Governmental Funds
\$ 4,484	\$ -	\$ 580,000	\$ 490,937	\$ 110,137	\$ -	\$ -	\$ -	\$ 102,979	\$ 1,883,418	\$ 3,184,178	\$ 291,542	\$ 4,284,188
-	-	-	-	-	-	-	-	-	-	2,224	-	1,100,425
-	-	-	-	-	-	-	-	-	-	-	-	852,638
-	-	-	-	-	-	-	-	-	-	2,782,034	-	3,183,124
844,621	26,915	28,915	6,310,535	10,622	-	171	333	668,443	-	10,538,436	-	10,538,436
<u>\$ 849,105</u>	<u>\$ 26,915</u>	<u>\$ 608,915</u>	<u>\$ 6,801,472</u>	<u>\$ 120,759</u>	<u>\$ -</u>	<u>\$ 171</u>	<u>\$ 333</u>	<u>\$ 771,422</u>	<u>\$ 1,883,418</u>	<u>\$ 16,506,872</u>	<u>\$ 291,542</u>	<u>\$ 19,958,811</u>
\$ -	\$ -	\$ -	\$ 233,151	\$ 120,759	\$ -	\$ -	\$ -	\$ 50,359	\$ -	\$ 602,702	\$ -	\$ 857,908
-	-	-	-	-	-	-	-	-	-	2,159,971	-	2,159,971
-	-	-	105,651	-	-	-	-	41,695	-	150,918	-	150,918
-	-	-	-	-	-	-	-	-	-	-	-	2,627,768
-	-	-	338,802	120,759	-	-	-	92,054	-	2,913,591	-	5,796,565
-	-	-	-	-	-	-	-	-	-	-	25,000	25,000
-	-	-	-	-	-	-	-	-	-	-	-	294,962
849,105	-	-	-	-	-	-	-	-	-	1,370,605	-	1,370,605
-	26,915	608,915	6,462,670	-	-	171	333	679,368	-	9,595,976	-	9,595,976
-	-	-	-	-	-	-	-	-	1,883,418	2,626,700	-	2,626,700
-	-	-	-	-	-	-	-	-	-	-	266,542	266,542
-	-	-	-	-	-	-	-	-	-	-	-	(17,539)
849,105	26,915	608,915	6,462,670	-	-	171	333	679,368	1,883,418	13,593,281	291,542	14,162,246
<u>\$ 849,105</u>	<u>\$ 26,915</u>	<u>\$ 608,915</u>	<u>\$ 6,801,472</u>	<u>\$ 120,759</u>	<u>\$ -</u>	<u>\$ 171</u>	<u>\$ 333</u>	<u>\$ 771,422</u>	<u>\$ 1,883,418</u>	<u>\$ 16,506,872</u>	<u>\$ 291,542</u>	<u>\$ 19,958,811</u>

CITY OF ROCK HILL, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue							
	Community Development	H.O.M.E. Program	Other Federal	Total	Operational Capital	2012 Riverwalk MID A bonds	2016 Riverwalk MID A bonds	2019 Riverwalk MID A bonds
<b>REVENUES</b>								
Intergovernmental revenue	\$ 641,540	\$ -	\$ 7,239,798	\$ 7,881,338	\$ 1,864,132	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-	-	-	-	73,324
Impact fees	-	-	-	-	-	-	-	-
Program income	3,100	8,146	177	11,423	-	-	-	-
Other	-	-	-	-	3,465,413	-	-	-
Total revenues	<u>644,640</u>	<u>8,146</u>	<u>7,239,975</u>	<u>7,892,761</u>	<u>5,329,545</u>	<u>-</u>	<u>-</u>	<u>73,324</u>
<b>EXPENDITURES</b>								
Current:								
General government	473,002	-	6,264,363	6,737,365	-	-	-	-
Public safety	-	-	480,725	480,725	-	-	-	-
Public works	-	-	-	-	923,129	-	-	-
Recreation	-	-	157,615	157,615	-	-	-	-
Capital outlay	-	-	129,729	129,729	3,281,268	-	-	321,000
Debt service								
Interest	40,638	-	-	40,638	-	-	-	-
Principal	131,000	-	-	131,000	-	-	-	-
Total expenditures	<u>644,640</u>	<u>-</u>	<u>7,032,432</u>	<u>7,677,072</u>	<u>4,204,397</u>	<u>-</u>	<u>-</u>	<u>321,000</u>
Net change in fund balances	-	8,146	207,543	215,689	1,125,148	-	-	(247,676)
Fund balances (deficits) - beginning	75,000	211,816	(225,082)	61,734	(381,866)	12,223	160,080	2,414,477
Fund balances (deficits) - ending	<u>\$ 75,000</u>	<u>\$ 219,962</u>	<u>\$ (17,539)</u>	<u>\$ 277,423</u>	<u>\$ 743,282</u>	<u>\$ 12,223</u>	<u>\$ 160,080</u>	<u>\$ 2,166,801</u>

The notes to the financial statements are an integral part of this statement.



Capital Projects											Permanent Fund	Total Nonmajor Governmental Funds
2015 Riverwalk TIF Refunding bonds	2015 Riverwalk TIF bonds	2017 Textile Corridor Infrastructure TIF bonds	2020 Downtown TIF bonds	2020 Textile Corridor TIF bonds	2019 General Obligation bonds	UCFC III Arena	2019 IPRB Parking Deck bonds	2020 IPRB Parking Deck bonds	Fire Impact Fees	Total	Beautification	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,864,132	\$ -	\$ 9,745,470
25,881	-	22,794	269,766	80,915	18	-	296	51,113	-	524,107	11,043	535,150
-	-	-	-	-	-	-	-	-	976,466	976,466	-	976,466
-	-	-	-	-	-	-	-	-	-	-	14,387	25,810
-	-	-	-	-	6,447	171	-	-	-	3,472,031	-	3,472,031
25,881	-	22,794	269,766	80,915	6,465	171	296	51,113	976,466	6,836,736	25,430	14,754,927
-	-	-	122	-	-	-	-	-	-	122	-	6,737,487
-	-	-	-	-	-	-	-	-	-	-	-	480,725
-	-	-	-	-	-	-	-	-	-	923,129	-	923,129
-	-	-	-	-	-	-	-	-	-	-	-	157,615
-	-	-	563,857	2,229,043	-	-	-	2,111,258	-	8,506,426	-	8,636,155
-	-	-	-	-	-	-	-	227,587	-	227,587	-	268,225
-	-	-	-	-	-	-	-	-	270,010	270,010	-	401,010
-	-	-	563,979	2,229,043	-	-	-	2,338,845	270,010	9,927,274	-	17,604,346
25,881	-	22,794	(294,213)	(2,148,128)	6,465	171	296	(2,287,732)	706,456	(3,090,538)	25,430	(2,849,419)
833,224	26,915	586,121	6,756,883	2,148,128	(6,465)	-	37	2,967,100	1,176,962	16,683,819	266,112	17,011,665
\$ 849,105	\$ 26,915	\$ 608,915	\$ 6,462,670	\$ -	\$ -	\$ 171	\$ 333	\$ 679,368	\$ 1,883,418	\$ 13,593,281	\$ 291,542	\$ 14,162,246

**CITY OF ROCK HILL, SOUTH CAROLINA**

**ENTERPRISE FUND**

The enterprise fund is used to account for operations that provide goods or services and recover costs through user charges in a manner similar to private business enterprises. The City's four enterprise operations are electric, water, sewer (the Combined Utility System) and storm water.

**CITY OF ROCK HILL, SOUTH CAROLINA**

ENTERPRISE FUND

SCHEDULE OF REVENUES AND EXPENSES - BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023

	Electric, Water and Sewer			Stormwater		
	Budget	Actual	Variance with Final Budget Positive (Negative)	Budget	Actual	Variance with Final Budget Positive (Negative)
<b>OPERATING REVENUES:</b>						
Electric sales	\$ 107,517,144	\$ 99,269,087	\$ (8,248,057)	\$ -	\$ -	\$ -
Water sales	25,799,941	24,540,024	(1,259,917)	-	-	-
Sewer charges	30,230,492	30,584,232	353,740	-	-	-
Impact fees	1,275,000	1,448,835	173,835	-	-	-
Government grants	-	-	-	-	-	-
Stormwater charges	-	-	-	4,994,455	4,980,632	(13,823)
Other user charges	5,497,106	6,101,244	604,138	8,777	-	(8,777)
Total operating revenues	<u>170,319,683</u>	<u>161,943,422</u>	<u>(8,376,261)</u>	<u>5,003,232</u>	<u>4,980,632</u>	<u>(22,600)</u>
<b>NONOPERATING REVENUES:</b>						
Interest income	15,150	802,481	787,331	-	85,328	85,328
<b>TOTAL REVENUES</b>	<u>170,334,833</u>	<u>162,745,903</u>	<u>(7,588,930)</u>	<u>5,003,232</u>	<u>5,065,960</u>	<u>62,728</u>
<b>EXPENSES:</b>						
Electric system	109,868,992	110,028,580	(159,588)	-	-	-
Water system	23,324,762	23,737,755	(412,993)	-	-	-
Sewer system	27,454,539	24,879,319	2,575,220	-	-	-
Stormwater system	-	-	-	5,003,232	6,058,081	(1,054,849)
<b>TOTAL EXPENSES</b>	<u>160,648,293</u>	<u>158,645,654</u>	<u>2,002,639</u>	<u>5,003,232</u>	<u>6,058,081</u>	<u>(1,054,849)</u>
<b>REVENUES OVER (UNDER) EXPENSES</b>	9,686,540	4,100,249	(5,586,291)	-	(992,121)	(992,121)
<b>TRANSFERS TO THE GENERAL FUND</b>	<u>(9,686,540)</u>	<u>(10,432,619)</u>	<u>(746,079)</u>	<u>-</u>	<u>-</u>	<u>-</u>

**CITY OF ROCK HILL, SOUTH CAROLINA**

ENTERPRISE FUND

SCHEDULE OF REVENUES AND EXPENSES - BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023

RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:	Electric, Water, Sewer	Stormwater	Total
Total revenues	\$ 162,745,903	\$ 5,065,960	\$ 167,811,863
Total expenses	(158,645,654)	(6,058,081)	(164,703,735)
Transfers to the General fund	(10,432,619)	-	(10,432,619)
REVENUES OVER (UNDER) EXPENSES	(6,332,370)	(992,121)	(7,324,491)
ADJUSTMENTS TO AGREE TO FULL ACCRUAL BASIS:			
Economic incentives fund interest income	697,137	-	697,137
Incentive payments from economic incentives proceeds	(647,602)	-	(647,602)
Economic incentives fund transfers to general fund not budgeted	280,720	-	280,720
Current year recognition of bond premium and discounts	1,071,721	-	1,071,721
Depreciation and amortization	(17,248,114)	(1,620,646)	(18,868,760)
Pension liability under GASB 68	291,739	39,071	330,810
OPEB expense under GASB 75	(162,561)	(15,096)	(177,657)
Lease revenue recognition under GASB 87	194,905	-	194,905
Payment of principal on bonds and financed purchases	12,533,904	1,164,696	13,698,600
Interest income on unexpended bond proceeds	850,421	-	850,421
Non-cash contributions of capital assets from developers	329,829	414,656	744,485
Capitalized expenditures	8,777,126	1,550,457	10,327,583
INCREASE IN NET POSITION, FULL ACCRUAL BASIS	<u>\$ 636,855</u>	<u>\$ 541,017</u>	<u>\$ 1,177,872</u>

**City of Rock Hill**  
**Uniform Schedule of Court Fines, Assessments and Surcharges (per Act 96)**  
**For the Year Ended June 30, 2023**

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

<b>COUNTY/ MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT</b>	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected			1,002,199	
Court fines and assessments remitted to State Treasurer			<u>610,316</u>	
Total Court Fines and Assessments retained			391,883	
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			23,082	
Assessments retained			<u>53,025</u>	
Total Surcharges and Assessments retained for victim services			76,107	

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

<b>VICTIM SERVICE FUNDS COLLECTED</b>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	-		
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer	-		
Victim Service Assessments Retained by City/County Treasurer	53,025		
Victim Service Surcharges Retained by City/County Treasurer	23,082		
Interest Earned	-		
Grant Funds Received	-		
Grant from:	-		
General Funds Transferred to Victim Service Fund	-		
Contribution Received from Victim Service Contracts:			
(1) Town of	-		
(2) Town of	-		
(3) City of	-		
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)			
Expenditures for Victim Service Program:			
Salaries and Benefits	75,000		
Operating Expenditures	885		
Victim Service Contract(s):			
(1) Entity's Name	-		
(2) Entity's Name	-		
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	-		
(2) Rape Crisis Center:	-		
(3) Other local direct crime victims service agency:	-		
Transferred to General Fund	-		
Total Expenditures from Victim Service Fund/Program (B)			
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	-		
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	222		

City of Rock Hill, South Carolina

Schedule of Budgeted to Actual Costs - SMTF  
For the Fiscal Year Ended June 30, 2023

OPT Program Agreement # Agreement Period	PT-23H299-26							
	July 1, 2022 - June 30, 2023							
	Program Budget	Section 5307 Federal		SMTF		Local		Total Budget
@ June 30, 2023	Prior Period Jul '21 - Jun '22	Current Period Jul '22 - Jun '23	Prior Period Jul '21 - Jun '22	Current Period Jul '22 - Jun '23	Prior Period Jul '21 - Jun '22	Current Period Jul '22 - Jun '23	Balance	
509.99 Miscellaneous	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	
Operations								
Operating & Wages	1,019,547	-	223,603	-	104,897	-	572,341	
Operations OT	50,000	-	20,839	-	9,599	-	8,322	
Operations Fringe Benefits	236,805	-	84,723	-	39,494	-	67,363	
Management Svc Fee	473,682	-	120,353	-	60,177	-	231,543	
Fuel & lubricants	18,000	-	24,324	-	4,500	-	(30,648)	
Utilities	12,000	-	2,055	-	1,027	-	7,891	
Miscellaneous	70,000	-	4,879	-	1,035	-	63,042	
Supplies & Equipment								
Garage Services								
Total Ops	1,880,034	-	480,776	-	220,729	-	919,854	
Capital								
Bus <30 ft. (Expansion)	422,460	-	-	-	-	-	422,460	
Total Program	\$ 2,552,494	\$ -	\$ 480,776	\$ -	\$ 220,729	\$ -	\$ 1,592,314	
Approved Budget	\$ 2,552,494							
Federal Costs	480,776							
State Costs	220,729							
Local Costs	258,675							
Budget Balance	\$ 1,592,314							

CITY OF ROCK HILL, SOUTH CAROLINA

STATISTICAL SECTION

FOR THE YEAR ENDED JUNE 30, 2023

This section of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes to the basic financial statements, and required supplementary information says about the government’s overall financial condition.

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	96-102
Revenue Capacity These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	103-109
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and its ability to issue additional debt in the future.	110-115
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	116-117
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the government provides and the activities it performs.	118-124

*Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.*

**Schedule 1**  
**City of Rock Hill**  
**Net Position by Component,**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)

	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 87,340,185	\$ 93,321,464	\$ 96,673,890	\$ 100,468,333	\$ 110,989,172	\$ 119,813,241	\$ 111,210,952	\$ 105,260,902	\$ 113,601,684	\$ 118,404,318
Restricted	8,362,710	8,022,421	6,590,310	4,788,603	3,190,696	4,157,021	3,869,291	4,950,598	5,289,163	7,247,240
Unrestricted	(53,841,048)	(55,204,191)	(57,836,034)	(59,846,246)	(71,262,875)	(72,851,662)	(70,519,905)	(63,276,781)	(60,504,387)	(57,245,172)
<b>Total governmental activities net position</b>	<b>\$ 41,861,847</b>	<b>\$ 46,139,694</b>	<b>\$ 45,428,166</b>	<b>\$ 45,410,690</b>	<b>\$ 42,916,993</b>	<b>\$ 51,118,600</b>	<b>\$ 44,560,338</b>	<b>\$ 46,934,719</b>	<b>\$ 58,386,460</b>	<b>\$ 68,406,386</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 223,821,927	\$ 230,689,818	\$ 243,760,042	\$ 252,168,751	\$ 266,298,377	\$ 277,294,371	\$ 302,841,835	\$ 302,945,998	\$ 316,756,916	\$ 329,670,070
Restricted	-	-	-	-	-	-	-	-	-	11,555,724
Unrestricted	3,649,742	4,367,582	2,883,955	9,304,821	13,374,212	24,913,289	26,790,032	40,950,179	35,029,281	11,738,275
<b>Total business-type activities net position</b>	<b>\$ 227,471,669</b>	<b>\$ 235,057,400</b>	<b>\$ 246,643,997</b>	<b>\$ 261,473,572</b>	<b>\$ 279,672,589</b>	<b>\$ 302,207,660</b>	<b>\$ 329,631,867</b>	<b>\$ 343,896,177</b>	<b>\$ 351,786,197</b>	<b>\$ 352,964,069</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 311,162,112	\$ 324,011,282	\$ 340,433,932	\$ 352,637,084	\$ 377,287,549	\$ 397,107,612	\$ 414,052,787	\$ 408,206,900	\$ 430,358,600	\$ 448,074,388
Restricted	21,695,349	8,022,421	6,590,310	4,788,603	3,190,696	4,157,021	3,869,291	4,950,598	5,289,163	18,802,964
Unrestricted	1,062,774	(50,836,609)	(54,952,079)	(50,541,425)	(57,888,663)	(47,938,373)	(43,729,873)	(22,326,602)	(25,475,106)	(45,506,897)
<b>Total primary government net position</b>	<b>\$ 333,920,235</b>	<b>\$ 281,197,094</b>	<b>\$ 292,072,163</b>	<b>\$ 306,884,262</b>	<b>\$ 322,589,582</b>	<b>\$ 353,326,260</b>	<b>\$ 374,192,205</b>	<b>\$ 390,830,896</b>	<b>\$ 410,172,657</b>	<b>\$ 421,370,455</b>

Note: The city began to report accrual information when it implemented GASB 34 in fiscal year 2003.



**Schedule 2**

**City of Rock Hill**

**Changes in Net Position, Last Ten Fiscal Years**

(accrual basis of accounting)

	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 21,919,441	\$ 22,502,371	\$ 23,249,853	\$ 26,270,650	\$ 24,610,099	\$ 26,612,675	\$ 30,979,019	\$ 31,416,931	\$ 31,387,901	\$ 35,510,249
Public safety	23,341,006	24,841,858	26,253,831	28,035,869	28,029,244	27,967,407	32,364,626	32,165,506	33,246,571	36,898,900
Public works	9,100,063	8,786,441	9,660,958	9,439,744	10,596,644	10,542,290	11,116,158	11,089,855	13,446,789	14,103,423
Parks, recreation and tourism	10,629,823	12,243,650	13,127,618	14,355,537	14,493,675	13,595,801	15,722,202	17,343,913	18,194,220	20,214,486
Housing assistance	303,431	-	-	-	-	-	-	-	-	-
Interest on long-term debt	2,988,915	3,041,198	3,119,707	3,369,409	3,628,955	4,877,725	4,920,554	5,922,216	5,121,893	5,283,659
<b>Total governmental activities expenses</b>	<b>68,282,679</b>	<b>71,415,518</b>	<b>75,411,967</b>	<b>81,471,209</b>	<b>81,358,617</b>	<b>83,595,898</b>	<b>95,102,559</b>	<b>97,938,421</b>	<b>101,397,374</b>	<b>112,010,717</b>
<b>Business-type activities:</b>										
Electric	\$ 90,742,136	\$ 98,906,578	\$ 103,858,056	\$ 106,515,573	\$ 103,225,421	\$ 98,619,076	\$ 90,202,330	\$ 101,985,938	\$ 113,298,017	\$ 107,269,152
Water	11,196,033	11,934,533	12,195,975	14,296,880	14,684,364	18,055,389	19,900,771	17,651,225	19,520,448	22,251,466
Sewer	14,304,120	14,225,306	14,555,294	14,655,385	16,438,874	17,937,410	20,504,827	17,869,861	20,225,948	24,228,105
Stormwater	2,921,999	3,155,957	3,274,214	3,953,702	3,973,668	4,215,256	4,505,351	4,343,761	5,226,439	4,944,722
<b>Total business-type activities expenses</b>	<b>119,164,288</b>	<b>128,222,374</b>	<b>133,883,539</b>	<b>139,421,540</b>	<b>138,322,327</b>	<b>138,827,131</b>	<b>135,113,279</b>	<b>141,850,785</b>	<b>158,270,852</b>	<b>158,693,445</b>
<b>Total primary government expenses</b>	<b>\$ 187,446,967</b>	<b>\$ 199,637,892</b>	<b>\$ 209,295,506</b>	<b>\$ 220,892,749</b>	<b>\$ 219,680,944</b>	<b>\$ 222,423,029</b>	<b>\$ 230,215,838</b>	<b>\$ 239,789,206</b>	<b>\$ 259,668,226</b>	<b>\$ 270,704,162</b>
<b>Program Revenues (see Schedule 3)</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 11,822,368	\$ 13,189,891	\$ 12,300,980	\$ 14,150,544	\$ 15,079,860	\$ 15,679,047	\$ 17,224,470	\$ 20,355,617	\$ 20,708,385	\$ 23,473,149
Public Safety	1,262,891	1,559,224	1,424,838	1,249,372	1,561,150	1,264,161	1,112,645	1,540,087	2,111,830	1,673,970
Public works	7,364,944	6,876,058	7,024,175	7,261,114	7,717,037	7,914,230	8,605,865	8,790,914	9,074,480	8,958,655
Parks, recreation and tourism	1,862,118	1,980,795	2,070,848	1,970,006	1,234,385	927,084	791,839	1,087,007	1,185,276	1,195,526
Operating grants and contributions	2,833,559	2,877,983	3,992,633	4,093,739	4,181,199	4,588,798	6,219,835	7,841,994	12,694,018	14,258,167
Capital grants and contributions	8,349,715	8,989,219	6,437,694	9,827,079	10,955,090	13,194,180	3,512,445	2,391,610	5,439,639	6,931,421
<b>Total governmental activities program revenues</b>	<b>33,495,595</b>	<b>35,473,170</b>	<b>33,251,168</b>	<b>38,551,854</b>	<b>40,728,721</b>	<b>43,567,500</b>	<b>37,467,099</b>	<b>42,007,229</b>	<b>51,213,628</b>	<b>56,490,888</b>
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Electric	95,650,248	100,582,906	107,954,294	110,981,417	113,652,853	114,419,083	113,279,846	108,203,382	109,288,360	103,822,285
Water	13,166,160	14,279,059	15,442,860	16,839,559	21,581,727	20,784,600	20,349,237	23,197,428	24,474,673	25,380,253
Sewer	19,356,015	19,851,117	21,606,915	22,816,006	23,906,065	26,851,967	28,142,448	29,115,196	30,736,219	31,158,694
Stormwater	2,638,693	3,364,568	3,427,046	4,135,889	3,940,162	4,266,779	4,507,855	4,398,032	4,509,945	4,980,632
Operating grants and contributions	1,369,284	2,492,707	1,802,336	-	902,445	-	-	-	-	1,448,835
Capital grants and contributions	2,578,279	934,823	1,006,626	5,889,894	2,445,959	1,260,776	3,626,419	971,716	6,663,810	1,077,869
<b>Total business-type activities program revenues</b>	<b>134,758,679</b>	<b>141,505,180</b>	<b>151,240,077</b>	<b>160,662,765</b>	<b>166,429,211</b>	<b>167,583,205</b>	<b>169,905,805</b>	<b>165,885,754</b>	<b>175,673,007</b>	<b>167,868,568</b>
<b>Total primary government program revenues</b>	<b>\$ 168,254,274</b>	<b>\$ 176,978,350</b>	<b>\$ 184,491,245</b>	<b>\$ 199,214,619</b>	<b>\$ 207,157,932</b>	<b>\$ 211,150,705</b>	<b>\$ 207,372,904</b>	<b>\$ 207,892,983</b>	<b>\$ 226,886,635</b>	<b>\$ 224,359,456</b>

**Schedule 2**  
**City of Rock Hill**  
**Changes in Net Position, Last Ten Fiscal Years**  
(accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 21,919,441	\$ 22,502,371	\$ 23,249,853	\$ 26,270,650	\$ 24,610,099	\$ 26,612,675	\$ 30,979,019	\$ 31,416,931	\$ 31,387,901	\$ 35,510,249
Public safety	23,341,006	24,841,858	26,253,831	28,035,869	28,029,244	27,967,407	32,364,626	32,165,506	33,246,571	36,898,900
Public works	9,100,063	8,786,441	9,660,958	9,439,744	10,596,644	10,542,290	11,116,158	11,089,855	13,446,789	14,103,423
Parks, recreation and tourism	10,629,823	12,243,650	13,127,618	14,355,537	14,493,675	13,595,801	15,722,202	17,343,913	18,194,220	20,214,486
Housing assistance	303,431	-	-	-	-	-	-	-	-	-
Interest on long-term debt	2,988,915	3,041,198	3,119,707	3,369,409	3,628,955	4,877,725	4,920,554	5,922,216	5,121,893	5,283,659
<b>Total governmental activities expenses</b>	<b>68,282,679</b>	<b>71,415,518</b>	<b>75,411,967</b>	<b>81,471,209</b>	<b>81,358,617</b>	<b>83,595,898</b>	<b>95,102,559</b>	<b>97,938,421</b>	<b>101,397,374</b>	<b>112,010,717</b>
<b>Business-type activities:</b>										
Electric	\$ 90,742,136	\$ 98,906,578	\$ 103,858,056	\$ 106,515,573	\$ 103,225,421	\$ 98,619,076	\$ 90,202,330	\$ 101,985,938	\$ 113,298,017	\$ 107,269,152
Water	11,196,033	11,934,533	12,195,975	14,296,880	14,684,364	18,055,389	19,900,771	17,651,225	19,520,448	22,251,466
Sewer	14,304,120	14,225,306	14,555,294	14,655,385	16,438,874	17,937,410	20,504,827	17,869,861	20,225,948	24,228,105
Stormwater	2,921,999	3,155,957	3,274,214	3,953,702	3,973,668	4,215,256	4,505,351	4,343,761	5,226,439	4,944,722
<b>Total business-type activities expenses</b>	<b>119,164,288</b>	<b>128,222,374</b>	<b>133,883,539</b>	<b>139,421,540</b>	<b>138,322,327</b>	<b>138,827,131</b>	<b>135,113,279</b>	<b>141,850,785</b>	<b>158,270,852</b>	<b>158,693,445</b>
<b>Total primary government expenses</b>	<b>\$ 187,446,967</b>	<b>\$ 199,637,892</b>	<b>\$ 209,295,506</b>	<b>\$ 220,892,749</b>	<b>\$ 219,680,944</b>	<b>\$ 222,423,029</b>	<b>\$ 230,215,838</b>	<b>\$ 239,789,206</b>	<b>\$ 259,668,226</b>	<b>\$ 270,704,162</b>
<b>Program Revenues (see Schedule 3)</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 11,822,368	\$ 13,189,891	\$ 12,300,980	\$ 14,150,544	\$ 15,079,860	\$ 15,679,047	\$ 17,224,470	\$ 20,355,617	\$ 20,708,385	\$ 23,473,149
Public Safety	1,262,891	1,559,224	1,424,838	1,249,372	1,561,150	1,264,161	1,112,645	1,540,087	2,111,830	1,673,970
Public works	7,364,944	6,876,058	7,024,175	7,261,114	7,717,037	7,914,230	8,605,865	8,790,914	9,074,480	8,958,655
Parks, recreation and tourism	1,862,118	1,980,795	2,070,848	1,970,006	1,234,385	927,084	791,839	1,087,007	1,185,276	1,195,526
Operating grants and contributions	2,833,559	2,877,983	3,992,633	4,093,739	4,181,199	4,588,798	6,219,835	7,841,994	12,694,018	14,258,167
Capital grants and contributions	8,349,715	8,989,219	6,437,694	9,827,079	10,955,090	13,194,180	3,512,445	2,391,610	5,439,639	6,931,421
<b>Total governmental activities program revenues</b>	<b>33,495,595</b>	<b>35,473,170</b>	<b>33,251,168</b>	<b>38,551,854</b>	<b>40,728,721</b>	<b>43,567,500</b>	<b>37,467,099</b>	<b>42,007,229</b>	<b>51,213,628</b>	<b>56,490,888</b>
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Electric	95,650,248	100,582,906	107,954,294	110,981,417	113,652,853	114,419,083	113,279,846	108,203,382	109,288,360	103,822,285
Water	13,166,160	14,279,059	15,442,860	16,839,559	21,581,727	20,784,600	20,349,237	23,197,428	24,474,673	25,380,253
Sewer	19,356,015	19,851,117	21,606,915	22,816,006	23,906,065	26,851,967	28,142,448	29,115,196	30,736,219	31,158,694
Stormwater	2,638,693	3,364,568	3,427,046	4,135,889	3,940,162	4,266,779	4,507,855	4,398,032	4,509,945	4,980,632
Operating grants and contributions	1,369,284	2,492,707	1,802,336	-	902,445	-	-	-	-	1,448,835
Capital grants and contributions	2,578,279	934,823	1,006,626	5,889,894	2,445,959	1,260,776	3,626,419	971,716	6,663,810	1,077,869
<b>Total business-type activities program revenues</b>	<b>134,758,679</b>	<b>141,505,180</b>	<b>151,240,077</b>	<b>160,662,765</b>	<b>166,429,211</b>	<b>167,583,205</b>	<b>169,905,805</b>	<b>165,885,754</b>	<b>175,673,007</b>	<b>167,868,568</b>
<b>Total primary government program revenues</b>	<b>\$ 168,254,274</b>	<b>\$ 176,978,350</b>	<b>\$ 184,491,245</b>	<b>\$ 199,214,619</b>	<b>\$ 207,157,932</b>	<b>\$ 211,150,705</b>	<b>\$ 207,372,904</b>	<b>\$ 207,892,983</b>	<b>\$ 226,886,635</b>	<b>\$ 224,359,456</b>

Note: The city began to report accrual information when it implemented GASB 34 in fiscal year 2003.

**Schedule 3**  
**City of Rock Hill**  
**Program Revenues by Function/Program**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental activities:</b>										
General government	\$ 21,239,511	\$ 22,580,459	\$ 18,494,002	\$ 24,649,707	\$ 26,262,270	\$ 30,913,640	\$ 23,995,358	\$ 27,664,350	\$ 35,339,965	\$ 40,676,355
Public safety	1,794,398	1,948,162	1,823,862	2,180,322	1,972,449	1,843,095	2,092,783	2,662,002	2,892,261	2,494,963
Public works	7,474,774	7,751,060	8,273,869	7,261,114	7,717,037	7,914,230	8,605,865	8,790,914	9,074,480	8,958,655
Parks, recreation and tourism	2,986,912	3,193,489	4,659,435	4,460,711	4,776,965	2,896,535	2,773,093	2,889,963	3,906,922	4,360,915
<b>Subtotal governmental activities</b>	<b>33,495,595</b>	<b>35,473,170</b>	<b>33,251,168</b>	<b>38,551,854</b>	<b>40,728,721</b>	<b>43,567,500</b>	<b>37,467,099</b>	<b>42,007,229</b>	<b>51,213,628</b>	<b>56,490,888</b>
<b>Business-type activities:</b>										
Electric	96,733,180	102,118,322	108,059,803	111,154,305	114,456,628	114,492,483	113,595,592	108,233,167	111,840,057	103,879,820
Water	14,920,323	15,339,945	17,051,225	19,661,621	22,383,146	21,029,775	22,112,474	23,439,739	25,111,165	26,135,655
Sewer	20,466,483	20,611,170	22,633,041	25,576,845	25,242,350	26,984,248	29,211,564	29,475,696	31,825,040	32,452,682
Stormwater	2,638,693	3,435,743	3,496,008	4,269,994	4,347,087	5,076,699	4,986,175	4,737,152	6,896,745	5,400,411
<b>Subtotal business-type activities</b>	<b>134,758,679</b>	<b>141,505,180</b>	<b>151,240,077</b>	<b>160,662,765</b>	<b>166,429,211</b>	<b>167,583,205</b>	<b>169,905,805</b>	<b>165,885,754</b>	<b>175,673,007</b>	<b>167,868,568</b>
<b>Total primary government</b>	<b>\$ 168,254,274</b>	<b>\$ 176,978,350</b>	<b>\$ 184,491,245</b>	<b>\$ 199,214,619</b>	<b>\$ 207,157,932</b>	<b>\$ 211,150,705</b>	<b>\$ 207,372,904</b>	<b>\$ 207,892,983</b>	<b>\$ 226,886,635</b>	<b>\$ 224,359,456</b>

Note: The city began to report accrual information when it implemented GASB 34 in fiscal year 2003.

**Schedule 4**  
**City of Rock Hill**  
**Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>General Fund</b>										
Nonspendable	\$ 243,682	\$ 264,986	\$ 257,307	\$ 292,592	\$ 294,971	\$ 325,241	\$ 456,744	\$ 510,676	\$ 523,524	\$ 815,874
Restricted	933,970	911,289	7,031,146	4,831,696	11,322,815	5,775,828	3,023,996	5,120,435	6,010,253	6,800,524
Committed	4,153,893	6,040,775	164,385	289,151	-	-	382,388	-	-	741,789
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	2,555,496	3,437,156	276,377	2,663,028	3,899,776	8,314,252	8,759,417	15,048,827	20,672,126	22,075,897
<b>Total general fund</b>	<b>\$ 7,887,041</b>	<b>\$ 10,654,206</b>	<b>\$ 7,729,215</b>	<b>\$ 8,076,467</b>	<b>\$ 15,517,562</b>	<b>\$ 14,415,321</b>	<b>\$ 12,622,545</b>	<b>\$ 20,679,938</b>	<b>\$ 27,205,903</b>	<b>\$ 30,434,084</b>
<b>All Other Governmental Funds</b>										
Nonspendable	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Restricted	7,274,797	3,799,203	10,765,736	8,190,937	23,001,038	26,523,769	28,855,878	27,614,431	17,600,078	16,517,209
Committed	73,650	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(34,834)	(87,778)	(177,060)	-	(2,282)	(613,413)	(17,539)
<b>Total all other governmental funds</b>	<b>\$ 7,373,447</b>	<b>\$ 3,824,203</b>	<b>\$ 10,790,736</b>	<b>\$ 8,181,103</b>	<b>\$ 22,938,260</b>	<b>\$ 26,371,709</b>	<b>\$ 28,880,878</b>	<b>\$ 27,637,149</b>	<b>\$ 17,011,665</b>	<b>\$ 16,524,670</b>

**Schedule 5**  
**City of Rock Hill**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Taxes (see Schedule 6)	\$ 29,517,342	\$ 30,730,746	\$ 31,790,266	\$ 33,518,967	\$ 35,491,633	\$ 35,337,770	\$ 38,420,804	\$ 43,656,262	\$ 47,071,217	\$ 51,643,490
Licenses and permits	9,202,204	10,652,407	9,813,734	11,422,286	12,277,280	12,971,140	13,547,942	14,659,817	15,130,072	16,711,641
Fines and forfeitures	739,249	774,118	758,245	578,222	495,552	509,801	464,297	562,402	529,465	508,997
Intergovernmental	10,054,239	8,581,690	7,480,497	10,956,585	8,449,880	11,456,228	7,295,218	9,924,930	15,350,321	14,700,718
Charges for services	10,831,970	10,881,494	11,507,941	11,450,006	12,183,429	11,814,889	12,911,730	14,732,841	15,079,529	16,664,679
Impact fees	460,651	608,538	372,978	485,070	805,076	614,902	434,470	833,478	1,439,962	976,466
Investment earnings	9,423	73,979	10,143	14,721	60,014	837,201	504,623	92,645	67,858	1,329,913
Lease revenue	560,000	560,000	560,000	560,000	135,025	-	-	-	-	-
Management fees	289,950	289,950	289,950	289,950	-	-	-	-	-	-
Program income	573,326	212,815	156,848	168,353	644,145	782,202	999,549	15,670	-	25,810
Other revenues	2,995,940	4,552,533	4,234,339	4,730,894	2,351,691	5,283,581	3,295,847	6,473,556	4,725,659	7,466,284
<b>Total revenues</b>	<b>\$ 65,234,294</b>	<b>\$ 67,918,270</b>	<b>\$ 66,974,941</b>	<b>\$ 74,175,054</b>	<b>\$ 72,893,725</b>	<b>\$ 79,607,714</b>	<b>\$ 77,874,480</b>	<b>\$ 90,951,601</b>	<b>\$ 99,394,083</b>	<b>\$ 110,027,998</b>
<b>Expenditures</b>										
General government	16,601,741	17,369,631	19,096,538	20,302,147	18,006,228	18,543,057	22,093,897	23,732,267	24,594,004	27,556,823
Public safety	21,624,793	22,587,873	23,594,511	24,376,174	24,473,333	25,186,926	26,836,408	28,377,965	31,202,184	33,910,604
Public works	6,800,239	6,545,950	6,986,577	6,736,773	7,928,055	8,195,731	9,101,201	9,216,118	11,697,932	11,550,185
Parks, recreation and tourism	9,573,845	11,059,365	11,766,974	12,930,119	12,707,598	11,720,937	12,721,145	13,460,023	15,631,915	17,060,556
Housing assistance	303,431	-	-	-	-	-	-	-	-	-
Capital outlay	26,747,996	15,029,637	17,687,201	19,674,953	21,911,154	29,224,142	31,623,283	6,592,112	21,498,725	42,884,284
Debt service										
Principal	3,154,707	2,801,496	3,510,292	4,248,098	4,843,153	13,077,220	9,466,917	5,659,453	8,356,890	6,744,596
Interest and fees	3,455,151	2,992,602	2,685,999	3,067,541	3,119,242	4,364,321	4,720,838	4,787,784	5,428,590	5,130,173
Costs of issuance	-	-	220,300	185,500	760,673	552,989	489,507	523,012	-	-
Repayments of financed purchases payables	2,380,589	2,850,500	3,292,579	3,534,068	2,837,439	8,950,624	3,739,916	5,134,491	-	3,867,489
<b>Total expenditures</b>	<b>90,642,492</b>	<b>81,237,054</b>	<b>88,840,971</b>	<b>95,055,373</b>	<b>96,586,875</b>	<b>119,815,947</b>	<b>120,793,112</b>	<b>97,483,225</b>	<b>118,410,240</b>	<b>148,704,710</b>
Excess of revenues over (under) expenditures	(25,408,198)	(13,318,784)	(21,866,030)	(20,880,319)	(23,693,150)	(40,208,233)	(42,918,632)	(6,531,624)	(19,016,157)	(38,676,712)
<b>Other Financing Sources (Uses)</b>										
Transfers in	7,345,523	7,038,133	7,209,467	7,607,346	7,878,970	9,128,045	10,158,880	12,539,437	10,033,392	10,515,330
Transfers out	(951,060)	(511,241)	(275,590)	(297,851)	-	(551,155)	(650,340)	(2,609,250)	(218,697)	(82,711)
General obligation bonds issued	5,735,000	-	-	3,500,000	-	-	1,675,000	12,658,475	-	-
Installment purchase revenue bonds issued	-	-	-	-	-	28,960,000	-	12,686,000	-	25,670,000
Discount on installment purchase revenue bonds issued	-	-	-	-	-	(264,909)	-	-	-	-
Tax increment financing bonds issued	12,925,000	8,885,000	-	-	1,650,000	-	25,550,000	-	-	-
SC DHEC loans issued	-	-	-	1,500,000	-	-	-	-	-	-
Limited obligation bonds issued	-	-	8,100,000	-	8,125,000	-	-	-	-	-
Municipal improvement district bonds issued	-	-	7,500,000	3,105,000	-	-	5,215,000	-	-	-
Premium on bonds issued	-	-	-	-	855,811	-	-	-	-	-
Payment to refunded bond escrow agent	(6,995,000)	(8,885,000)	-	-	(3,800,000)	-	(4,050,000)	(12,378,000)	-	-
SC JEDA bonds issued	-	-	-	-	21,295,000	-	-	-	-	-
Financed purchases payable issued	2,662,797	4,948,281	3,373,695	3,203,443	9,886,621	5,267,460	5,736,485	1,301,213	5,124,093	5,293,129
Financed purchases payable refunded	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>20,722,260</b>	<b>11,475,173</b>	<b>25,907,572</b>	<b>18,617,938</b>	<b>45,891,402</b>	<b>42,539,441</b>	<b>43,635,025</b>	<b>24,197,875</b>	<b>14,938,788</b>	<b>41,395,748</b>
<b>Net change in fund balances</b>	<b>\$ (4,685,938)</b>	<b>\$ (1,843,611)</b>	<b>\$ 4,041,542</b>	<b>\$ (2,262,381)</b>	<b>\$ 22,198,252</b>	<b>\$ 2,331,208</b>	<b>\$ 716,393</b>	<b>\$ 17,666,251</b>	<b>\$ (4,077,369)</b>	<b>\$ 2,719,036</b>
Debt service as a percentage of noncapital expenditures	14.07%	13.06%	13.34%	14.39%	14.46%	29.13%	20.11%	17.14%	14.22%	14.88%

Note: The city implemented GASB 34 in fiscal year 2003.

**Schedule 6**  
**City of Rock Hill**  
**Tax Revenues by Source, Governmental Funds,**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

Year Ended	Hospitality /		
<u>June 30,</u>	<u>Property</u>	<u>Accommodations</u>	<u>Total</u>
2014	\$ 24,832,196	\$ 4,685,146	\$ 29,517,342
2015	25,448,918	5,281,828	30,730,746
2016	25,883,041	5,907,225	31,790,266
2017	27,343,972	6,174,995	33,518,967
2018	29,118,960	6,372,673	35,491,633
2019	28,705,311	6,632,459	35,337,770
2020	32,143,918	6,276,886	38,420,804
2021	36,914,329	6,741,933	43,656,262
2022	39,027,666	8,043,551	47,071,217
2023	42,733,578	8,909,912	51,643,490
Change, 2014 - 2023	17,901,382	4,224,766	22,126,148

**Schedule 7**

**City of Rock Hill**

**Assessed Value and Estimated Actual Value of Taxable Property,**

**Last Ten Tax Years**

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
2014	\$ 128,512,404	\$ 99,581,554	\$ 20,965,735	\$ (3,768,130)	\$ 245,291,563	93.5	\$ 4,452,704,695	5.51%
2015	130,475,434	100,722,857	25,552,160	(2,870,600)	253,879,851	93.5	4,577,574,467	5.55%
2016	126,484,864	108,718,605	35,517,939	(3,020,960)	267,700,448	93.5	4,781,775,419	5.60%
2017	130,961,451	112,132,577	40,639,011	(3,580,270)	280,152,769	93.5	4,985,674,181	5.62%
2018	131,677,777	119,844,506	39,929,148	(3,761,890)	287,689,541	93.5	5,128,955,893	5.61%
2019	136,014,337	132,652,451	39,677,225	(3,599,000)	304,745,013	93.5	5,534,826,509	5.51%
2020	140,462,235	138,062,071	45,716,424	(5,132,600)	319,108,130	93.5	5,651,928,794	5.65%
2021	160,594,060	155,113,818	49,802,959	(1,886,911)	363,623,926	93.5	6,626,856,776	5.49%
2022	167,550,868	160,293,836	50,376,585	(277,080)	377,944,209	93.5	6,888,906,190	5.49%
2023	176,194,315	169,072,558	53,960,491	(252,400)	398,974,964	93.5	7,321,080,710	5.45%

Source: York County Auditor's and Tax Assessor's Offices

Notes: Property in York County is reassessed once every five years on average.

Assessed values are net of TIF taxes.

Beginning in fiscal year ended June 30, 2022, the City tax exemptions require application and individual approval by City Council.

**Schedule 8**  
**City of Rock Hill**  
**Direct and Overlapping Property Tax Rates,**  
**Last Ten Fiscal Years**  
(rate per 1,000 of assessed value)

Fiscal Year	City Direct Rate	Overlapping Rates		Total Direct and Overlapping
		Rock Hill School District	York County	
2014	93.5	193.4	94.5	381.4
2015	93.5	199.4	98.7	391.6
2016	93.5	199.4	99.7	392.6
2017	93.5	199.4	102.8	395.7
2018	93.5	205.4	104.8	403.7
2019	93.5	211.4	113.2	418.1
2020	93.5	217.4	113.5	424.4
2021	93.5	213.9	106.5	413.9
2022	93.5	213.9	106.5	413.9
2023	93.5	222.9	106.0	422.4

Source: York County Auditor's Office

Notes: Overlapping rates are those of local and county governments that apply to property owner within the City of Rock Hill. All overlapping rates apply to all City of Rock Hill property owners. The York County millage rate includes a countywide 30 mills for schools.



**Schedule 9**  
**City of Rock Hill**  
**Principal Property Tax Payers,**  
**Current Year and Ten Years Ago**

Taxpayer	Tax Year 2022			2012		
	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed
	Value		Value	Value		Value
Ross Dress For Less Inc.*	\$ 9,600,309	1	2.34%			
Comporium Inc.	7,310,256	2	1.79%	\$ 5,636,270	1	2.28%
Amisub of South Carolina Inc.	4,133,559	3	1.01%	3,434,616	2	1.39%
West Shore Riverwalk LLC	2,522,694	4	0.62%			
Triangle Gateway At Rock Hill LLC	2,506,429	5	0.61%			
Rock Hill SI LLC	1,981,580	6	0.48%			
Coroplast Tape Corporation*	1,941,179	7	0.47%			
Atotech USA LLC	1,940,250	8	0.47%	1,953,701	3	0.79%
Southwood Waterford Terrace LLC	1,773,091	9	0.43%			
Piedmont Medical Center	1,693,000	10	0.41%	1,901,910	4	0.77%
Select Income REIT*	1,670,977	11	0.41%			
Lowenstein Partners LLC	1,617,160	12	0.40%			
SL Williams Industrial I LLC	1,410,393	13	0.34%			
Forest Oaks Apartments (SC) Owner LLC	1,381,726	14	0.34%	595,950	19	0.24%
LIT Industrial LP*	1,378,936	15	0.34%			
P B H Paces LLC	1,339,331	16	0.33%			
University Center Facilities III	1,320,797	17	0.32%			
Transaxle Manufacturing of America Corp	1,307,841	18	0.32%	1,108,030	5	0.45%
BRC Rock Hill LLC	1,299,070	19	0.32%			
Windsor Apartment Villas &	1,270,156	20	0.31%			
TTP South Brookstone LLC Etal				1,055,340	6	0.43%
FPRO 401 LCC ET AL				1,018,500	7	0.41%
Whisper Creek Apartments LLC				969,756	8	0.39%
Mallard Pointe LLC				960,402	9	0.39%
Wal-Mart Real Estate Bus Dept.				711,618	10	0.29%
Lexington Rubber Group Inc.				709,710	11	0.29%
SRC Stone Haven Pointe Inc.				697,860	12	0.28%
Triangle Real Estate Cowan Farm LLC				681,444	13	0.28%
Workspace Resources LLC				672,121	14	0.27%
Southwood Realty Company				667,278	15	0.27%
BMA Rock Hill Apartments LLC				663,660	16	0.27%
Hackett Limited Partnership				631,673	17	0.26%
Triangle Real Estate of Gastonia Inc.				618,132	18	0.25%
Crow Rock Hill LTD Partnership				567,606	20	0.23%
<b>Total</b>	<b>\$ 49,398,734</b>		<b>12.07%</b>	<b>\$ 25,255,577</b>		<b>10.23%</b>

Source: York County Auditor's Office

**Schedule 10**  
**City of Rock Hill**  
**Property Tax Levies and Collections**  
Last Ten Fiscal Years

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for the <u>Fiscal Year</u>	Collected within the <u>Fiscal Year of the Levy</u>		Collections in Subsequent <u>Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	Percentage <u>of Levy</u>		<u>Amount</u>	Percentage <u>of Levy</u>
2014	\$ 23,284,958	\$ 21,432,598	92.04%	\$ 1,031,869	\$ 22,464,467	96.48%
2015	24,075,758	22,103,654	91.81%	1,021,683	23,125,337	96.05%
2016	25,196,980	23,725,127	94.16%	780,874	24,506,001	97.26%
2017	26,559,760	24,446,483	92.04%	1,385,874	25,832,357	97.26%
2018	27,276,281	25,591,944	93.82%	703,336	26,295,280	96.40%
2019	28,572,570	27,904,359	97.66%	573,937	28,478,297	99.67%
2020	30,239,558	29,146,315	96.38%	580,363	29,726,678	98.30%
2021	34,511,567	32,991,806	95.60%	1,259,355	34,251,161	99.25%
2022	35,941,034	34,626,294	96.34%	953,297	35,579,590	98.99%
2023	37,784,790	36,671,340	97.05%	855,017	37,526,357	99.32%

Sources: York County Auditor's and Treasurer's Offices

Schedule 11  
City of Rock Hill  
Taxable Sales by Category  
Last Ten Calendar Years

	Calendar Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Merchandise Stores	\$ 133,730,873	\$ 142,346,191	\$ 119,676,464	\$ 73,181,567	\$ 75,790,237	\$ 80,939,127	\$ 70,666,677	\$ 78,373,268	\$ 84,490,273	\$ 78,732,952
Food Stores	56,363,472	69,865,390	66,568,491	52,056,572	53,268,892	55,272,025	54,447,832	58,668,714	59,498,594	63,869,442
Eating and Drinking Places	150,364,106	161,814,698	174,186,435	179,957,331	184,698,038	192,380,896	201,001,853	181,851,939	211,113,815	232,577,192
Miscellaneous retail	107,889,725	114,061,728	113,837,473	100,293,154	107,344,464	111,316,428	108,260,622	112,261,680	127,418,999	140,250,791
Automotive Dealers and Gasoline Service Stations	10,293,049	12,379,597	12,673,083	11,376,598	14,352,230	15,504,991	16,937,231	18,423,567	23,711,545	29,392,719
Communications	53,614,217	50,541,157	128,083,439	222,257,003	213,099,623	228,754,702	232,806,729	257,946,999	261,571,121	260,973,603
Building Materials, Hardware, Garden Supply	13,674,461	15,897,591	20,261,414	21,152,045	19,191,040	19,268,497	19,429,037	29,454,032	29,601,015	44,901,977
Apparel and Accessory stores	45,071,571	45,851,205	46,401,115	47,440,219	48,219,847	45,827,540	43,724,895	30,822,160	40,987,027	39,649,007
Electric, Gas, and Sanitary Services	41,508,716	47,384,315	51,682,368	53,228,781	53,650,975	54,310,062	54,112,331	52,454,567	49,894,502	53,217,086
Wholesale trade-durable goods	4,722,020	5,376,410	11,865,236	22,382,227	21,533,584	21,303,231	21,567,120	24,140,611	29,075,590	29,889,459
Home furniture, furnishings, and equipment	149,015,719	157,953,477	155,903,911	159,450,911	128,931,763	101,902,483	102,146,277	108,469,962	132,048,018	116,940,885
Hotels, rooming houses, camps, and other lodging	26,975,693	31,044,472	32,713,251	35,567,282	34,066,393	36,283,082	37,383,515	25,558,212	37,894,753	41,569,094
Business services	16,677,349	20,521,226	17,759,354	16,177,117	17,051,411	19,251,617	21,047,316	20,072,949	23,217,350	27,212,213
Personal services	2,976,830	3,095,749	3,453,562	3,672,961	3,795,193	3,902,825	3,886,000	4,035,630	4,924,843	5,079,231
Automotive repair and services	4,508,264	4,862,989	5,417,778	5,016,393	4,012,957	3,880,851	4,233,432	5,123,871	10,801,035	15,286,381
Construction special trade contractors	3,078,341	4,907,858	6,366,759	4,650,449	5,320,409	5,751,410	5,267,386	6,418,610	8,670,273	7,167,133
Motion pictures	1,876,346	2,263,952	2,274,774	2,058,787	2,016,175	1,968,261	1,872,868	354,044	571,765	1,179,625
All other	13,838,355	15,381,517	22,655,643	45,936,775	49,536,430	52,784,182	54,315,460	55,045,056	62,957,800	63,199,182
<b>Total</b>	<b>\$ 836,179,109</b>	<b>\$ 905,549,523</b>	<b>\$ 991,780,553</b>	<b>\$ 1,055,856,173</b>	<b>\$ 1,035,879,660</b>	<b>\$ 1,050,602,210</b>	<b>\$ 1,053,106,582</b>	<b>\$ 1,069,475,870</b>	<b>\$ 1,198,448,318</b>	<b>\$ 1,251,087,972</b>

The City has a direct 2% sales tax on prepared foods and a direct 3% sales tax on lodging.

The state sales tax rate on unprepared food items was reduced to 3% effective Oct. 1, 2006

There is no overall direct City sales tax.

\*Information provided by SC Dept of Revenue. Categories were adjusted in 2010 using NAICS numbers.

**Schedule 12**  
**City of Rock Hill**  
**Direct and Overlapping Sales Tax rates**  
**Last Ten Fiscal Years**

Fiscal <u>Year</u>	City Direct <u>Rate</u>	York County <u>County</u>	State of South <u>Carolina</u>
2014	0.0%	1.0%	6.0%
2015	0.0%	1.0%	6.0%
2016	0.0%	1.0%	6.0%
2017	0.0%	1.0%	6.0%
2018	0.0%	1.0%	6.0%
2019	0.0%	1.0%	6.0%
2020	0.0%	1.0%	6.0%
2021	0.0%	1.0%	6.0%
2022	0.0%	1.0%	6.0%
2023	0.0%	1.0%	6.0%

Sources: City and York County Finance Department  
The City implemented a 2% direct sales tax on prepared foods in 2002.  
The City implemented a 3% direct sales tax on lodging in 1998.

**Schedule 13**  
**City of Rock Hill**  
**Principal Sales Tax Remitters**  
**Current Year and 10 Years Ago**

	Tax Year 2022			Tax Year 2012			
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	
City of Rock Hill	\$ 3,725,196	1	4.25%	Retailer	\$ 2,805,100	1	5.50%
Retailer	3,178,826	2	3.63%	City of Rock Hill	2,714,944	2	5.32%
Retailer	3,088,072	3	3.53%	Retailer	2,585,841	3	5.07%
Retailer	3,028,187	4	3.46%	Retailer	1,778,444	4	3.49%
Communications	2,453,208	5	2.80%	Communications	1,708,200	5	3.35%
Retailer	2,300,523	6	2.63%	Communications	1,460,538	6	2.86%
Retailer	1,423,547	7	1.63%	Retailer	1,010,671	7	1.98%
Communications	1,170,462	8	1.34%	Retailer	996,348	8	1.95%
Retailer	1,054,426	9	1.20%	Retailer	985,416	9	1.93%
Retailer	928,773	10	1.06%	Automobile dealer	924,764	10	1.81%
Building supplies	826,849	11	0.94%	Automobile dealer	849,822	11	1.67%
Car rental	708,384	12	0.81%	Retailer	752,425	12	1.47%
Retailer	681,103	13	0.78%	Utility	651,353	13	1.28%
Building supplies	679,072	14	0.78%	Automobile dealer	496,125	14	0.97%
Retailer	666,787	15	0.76%	Medical	481,179	15	0.94%
<b>Total</b>	<b>\$25,913,415.00</b>		<b>29.59%</b>	<b>Total</b>	<b>\$ 20,201,170</b>		<b>39.60%</b>

Source: South Carolina Department of Revenue

Schedule 14  
City of Rock Hill  
Ratios of Outstanding Debt by Type,  
Last Ten Fiscal Years

Year Ended June 30,	Governmental Activities										
	General	Tax	Limited	MID	SC DHEC	HUD	RH Cycling	SC JEDA	Installment	Deferred	Financed
	Obligation	Increment	Obligation	Assessment	Loan	Section 108	Facilities	Bonds	Purchase	Amounts	Purchases
2014	\$ 17,375,000	\$ 24,960,000	\$ 14,240,000	\$ 2,016,000	\$ 549,526	\$ 1,751,000	\$ 5,000,000	\$ -	\$ -	\$ 1,445,605	\$ 7,464,371
2015	16,430,000	24,220,000	13,370,000	1,945,000	470,030	1,655,000	5,000,000	-	-	1,297,289	9,610,744
2016	15,470,000	30,322,000	20,575,000	1,867,000	389,738	1,556,000	5,000,000	-	-	1,152,226	9,834,601
2017	17,995,000	28,951,000	19,205,000	4,625,000	1,608,640	1,452,000	5,000,000	-	-	1,480,788	9,597,482
2018	16,687,000	29,136,000	25,895,000	4,304,000	1,402,486	1,344,000	-	21,295,000	-	2,130,965	16,601,339
2019	15,430,000	25,961,000	17,915,000	3,959,000	1,194,267	1,232,000	-	21,295,000	28,960,000	1,610,884	13,127,150
2020	15,759,000	36,985,000	16,245,000	4,701,000	983,959	1,115,000	-	21,235,000	28,875,000	1,384,702	15,271,234
2021	12,735,000	35,581,000	14,650,000	4,221,000	795,506	994,000	-	20,990,000	41,476,000	2,955,213	12,050,775
2022	12,265,000	33,923,000	12,845,000	3,731,000	666,206	868,000	-	20,650,000	41,326,000	2,531,745	13,986,278
2023	11,700,000	31,729,000	10,971,000	3,231,000	535,610	737,000	-	19,805,000	66,491,000	2,127,917	15,411,918

Business-type Activities									
Bond	Utilities	State			Total		Percentage		
Anticipation	System	Revolving	Deferred	Capital	Primary	Personal	of Personal		Per
Note	Revenue Bonds	Fund	Amounts	Leases	Government	Income	Income	Population	Capita
\$ -	\$ 124,870,000	\$ 5,445,155	\$ 3,996,620	\$ 4,205,771	\$ 213,319,048	n/a	n/a	69,013	\$ 3,091
-	118,065,000	7,181,891	3,337,763	3,617,973	206,200,690	n/a	n/a	69,967	2,947
-	110,850,000	13,858,447	2,973,105	8,246,368	222,094,485	n/a	n/a	71,548	3,104
-	193,410,000	15,102,307	14,014,939	7,278,783	319,720,939	n/a	n/a	72,937	4,384
-	186,197,000	17,956,749	12,846,117	16,926,397	352,722,053	n/a	n/a	73,068	4,827
-	239,477,000	25,027,572	20,190,994	15,484,236	430,864,103	n/a	n/a	74,309	5,798
-	231,656,000	32,642,600	18,805,169	13,859,040	439,517,704	n/a	n/a	75,048	5,856
20,250,000	223,842,000	57,724,046	17,460,667	13,018,969	478,744,176	n/a	n/a	74,372	6,437
20,440,000	215,995,000	72,195,538	15,705,649	11,696,994	478,825,410	n/a	n/a	74,102	6,462
-	218,257,000	87,993,635	13,519,952	10,385,338	492,895,370	n/a	n/a	75,349	6,541

**Schedule 15**  
**City of Rock Hill**  
**Ratios of General Bonded Debt Outstanding,**  
**Last Ten Fiscal Years**

Year ended	General Bonded Debt Outstanding			Estimated Actual Taxable Value	Percentage Of Actual Taxable Value of		Per Capita
	General Obligation Bonds	Less Debt Service Funds	Total		Property	Population	
<u>June 30,</u>							
2014	\$ 17,375,000	\$ 1,105,782	\$ 16,269,218	\$ 4,452,704,695	0.37%	68,902	\$ 236
2015	16,430,000	940,837	15,489,163	4,577,574,467	0.34%	69,926	222
2016	15,470,000	1,034,714	14,435,286	4,781,775,419	0.30%	71,493	202
2017	17,995,000	1,578,973	16,416,027	4,985,674,181	0.33%	72,937	225
2018	16,687,000	1,381,959	15,305,041	5,128,955,893	0.30%	73,068	209
2019	15,430,000	812,984	14,617,016	5,534,826,509	0.26%	74,309	197
2020	15,759,000	804,810	14,954,190	5,651,928,794	0.26%	75,048	199
2021	12,735,000	815,477	11,919,523	6,626,856,776	0.18%	74,372	160
2022	12,265,000	818,740	11,446,260	6,888,906,190	0.17%	74,102	154
2023	11,700,000	1,366,120	10,333,880	7,321,080,710	0.14%	75,349	137

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
See Schedule 7 for property tax value data.  
Population data can be found in Schedule 19.



**Schedule 16**  
**City of Rock Hill**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2023**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Rock Hill School District #3	\$ 138,480,000	64.17%	\$ 88,866,866
York County General Obligation Debt	99,372,159	22.27%	22,128,755
<b>Other Debt</b>			
Rock Hill School District #3	-	64.17%	-
Subtotal, overlapping debt	237,852,159		110,995,621
<b>City direct debt</b>	162,739,445	100.00%	<u>162,739,445</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 273,735,066</u></u>

Sources: Assessed value used to estimate applicable percentages provided by the York County Tax Assessor.  
Debt outstanding provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Rock Hill. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident - and therefore responsible for repaying the debt - of each overlapping government.

(1) For debt repaid, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

**Schedule 17**  
**City of Rock Hill**  
**Legal Debt Margin Information,**  
**Last Ten Fiscal Years**

**Legal Debt Margin Calculation for Fiscal Year 2022**

Assessed value*	\$ 409,398,904
Debt limit (8% of assessed value)	32,751,912
Debt applicable to limit	<u>(11,700,000)</u>
Legal debt margin	<u><u>\$ 21,051,912</u></u>

	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt Limit (8% of assessed value)	\$ 19,788,617	\$ 20,485,314	\$ 21,593,091	\$ 22,633,542	\$ 23,015,163	\$ 24,379,601	\$ 25,528,650	\$ 29,668,817	\$ 30,661,389	\$ 32,751,912
Total net debt applicable to limit	<u>(17,375,000)</u>	<u>(16,430,000)</u>	<u>(15,470,000)</u>	<u>(17,995,000)</u>	<u>(16,687,000)</u>	<u>(15,430,000)</u>	<u>(15,759,000)</u>	<u>(12,735,000)</u>	<u>(12,265,000)</u>	<u>(11,700,000)</u>
Legal debt margin	<u>\$ 2,413,617</u>	<u>\$ 4,055,314</u>	<u>\$ 6,123,091</u>	<u>\$ 4,638,542</u>	<u>\$ 6,493,080</u>	<u>\$ 8,929,973</u>	<u>\$ 9,769,650</u>	<u>\$ 16,933,817</u>	<u>\$ 18,396,389</u>	<u>\$ 21,051,912</u>
Total net debt applicable to the limit as a percentage of the debt limit	87.80%	80.20%	71.64%	79.51%	72.50%	63.34%	61.73%	42.92%	40.00%	35.72%

**Schedule 18**  
**City of Rock Hill**  
**Pledged-Revenue Coverage,**  
**Last Ten Fiscal Years**

Combined Utility System Revenue Bonds						
Year Ended <u>June 30.</u>	Utility Service <u>Charges</u>	Less: Operating <u>Expenses</u>	Net Available <u>Revenue</u>	Debt Service		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2014	\$ 129,541,707	\$ 100,920,719	\$ 28,620,988	\$ 6,253,754	\$ 4,532,555	2.65
2015	137,205,789	108,722,872	28,482,917	7,172,500	4,399,799	2.46
2016	147,318,401	113,279,457	34,038,944	7,583,875	5,123,998	2.68
2017	154,073,473	118,125,324	35,948,149	7,989,094	6,795,292	2.43
2018	160,255,669	117,909,918	42,345,751	7,177,500	7,951,357	2.80
2019	162,055,650	112,375,137	49,680,513	6,907,000	7,996,075	3.33
2020	163,313,191	106,854,977	56,458,214	8,027,417	9,542,297	3.21
2021	160,516,006	109,678,465	50,837,541	7,884,500	9,259,595	2.97
2022	164,499,252	127,110,653	37,388,599	7,955,000	9,024,534	2.20
2023	162,033,615	125,753,030	36,280,585	8,764,000	8,320,181	2.12

Notes: Details to the city's outstanding debt can be found in the notes to the financial statements.  
Operating expenses do not include interest, depreciation, or amortization expenses.

**Schedule 19**  
**City of Rock Hill**  
**Demographic and Economic Statistics,**  
**Last Ten Years**

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2014	68,902	n/a	n/a	n/a	16,979	7.0%
2015	69,926	n/a	\$ 42,694	32.9	17,195	6.6%
2016	71,493	n/a	n/a	n/a	17,304	5.8%
2017	72,937	n/a	n/a	n/a	17,874	5.0%
2018	73,068	n/a	n/a	n/a	17,650	3.9%
2019	74,309	n/a	n/a	n/a	17,554	3.6%
2020	75,048	n/a	46,667	30-34	n/a	10.7%
2021	74,372	n/a	n/a	n/a	n/a	5.4%
2022	74,102	n/a	n/a	n/a	16,707	3.9%
2023	75,349	n/a	n/a	n/a	n/a	3.9%

Sources:

\*Population estimates provided by US Census are as of July 1 of that fiscal year (2011 - 2019)

\*Per capita personal income is for York County (latest available information)

\*Unemployment information is provided by the US Bureau of Labor ([www.bls.gov](http://www.bls.gov))

School enrollment provided by the Rock Hill School District

n/a = not available

**Schedule 20**  
**City of Rock Hill**  
**Principal Industrial Employers,**  
**Current Year and Ten Years Ago**

<u>Employer</u>	<u>2023</u>			<u>2013</u>			
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	
Atlas Copco Compressors, Inc.	400	1	0.95%	Tyco Electronics	320	1	0.98%
Transaxle	201	2	0.48%	West Marine	285	2	0.87%
3D Systems	199	3	0.47%	Physicians Choice Lat	235	3	0.72%
Coroplast	170	4	0.40%	Springs Creative	180	4	0.55%
Qure Medical	163	5	0.39%	Southeastern Indus	170	5	0.52%
Oldcastle Glass	145	6	0.34%	Atotech USA, Inc	163	6	0.50%
C-A-T Resources, LLC	135	7	0.32%	3D Systems	162	7	0.49%
Sherer Dental	115	8	0.27%	Qure Medical	162	8	0.49%
Casual Cushion	113	9	0.27%	PFG Customized Distri	155	9	0.47%
Atotech Usa, Inc	106	10	0.25%	Transaxle	150	10	0.46%
Total	<u>1,747</u>		<u>4.13%</u>		<u>1,982</u>		<u>6.05%</u>

Source: York County Economic Development ([www.yorkcountyed.com](http://www.yorkcountyed.com))

**Schedule 21**  
**City of Rock Hill**  
**Full-time-Equivalent City Government Employees by Function/Program,**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
General Government										
General services	66.5	70.5	72.0	72.0	76.5	82.5	83.0	91.0	91.5	93.5
Finance	40.5	42.5	45.0	45.0	25.0	25.0	35.0	34.5	40.5	40.5
Human resources	8.0	9.0	10.0	10.0	9.0	9.0	9.0	9.0	9.0	9.5
Housing and neighborhood services	14.5	18.5	18.5	18.5	20.5	20.5	20.5	20.5	20.5	15.0
Transit System						14.0	14.0	19.5	20.5	20.5
Police	191.5	197.5	202.0	203.0	204.0	204.0	205.0	210.0	210.0	210.0
Fire	123.0	124.0	124.0	124.0	124.0	124.0	139.0	139.0	140	140.5
Planning and Development	33.0	34.0	35.0	35.0	36.0	36.0	36.0	37.0	39	40
Public works	69.5	64.5	65.0	65.0	65.5	66.0	66.0	66.0	69	69
Property maintenance										
Parks, recreation, and tourism	108.0	110.0	115.5	115.5	115.5	136.0	136.0	139.5	142	142
Urban development and housing	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24	24
Economic and urban development	12.5	12.0	12.0	12.0	12.0	12.0	12.0	12.0	14.5	14.5
Stormwater	14.0	14.0	14.0	15.0	14.0	19.0	19.0	19.0	19	19
Electricity	73.5	89.5	94.0	94.0	110.0	114.0	104.0	103.0	102	102
Water	33.0	29.5	30.5	32.5	33.5	37.5	38.5	40.5	41.5	44.5
Wastewater	37.0	37.0	39.0	39.0	39.0	42.0	44.0	48.0	50	52
<b>Total</b>	<b>848.5</b>	<b>876.5</b>	<b>900.5</b>	<b>904.5</b>	<b>908.5</b>	<b>965.5</b>	<b>985.0</b>	<b>1012.5</b>	<b>1033.0</b>	<b>1036.5</b>

Source: City Finance Department

Notes: a full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).

Part-time positions are considered to be .5 of a full time equivalent.

Source: City of Rock Hill Budget Office

**Schedule 22**  
**City of Rock Hill**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General government										
Building permits issued	941	1,238	924	948	943	921	915	979	950	948
Police										
Physical arrests	5,442	3,865	3,940	3,635	3,624	3,509	3,373	3,227	3,127	3,429
Parking violations	152	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Traffic violations	8,030	6,302	8,372	7,292	7,287	7,850	6,309	5,407	4,174	4,033
Fire										
Medical calls answered	4,229	4,237	4,281	4,254	3,960	3,458	3,584	3,469	5,545	5,736
Fire and other responses	2,679	2,555	2,827	3,266	3,860	4,480	4,267	4,631	4,055	3,851
Inspections	3,234	4,130	4,359	5,018	4,116	5,585	3,035	4,421	5,742	6,801
Refuse collection										
Materials managed (tons)	35,312	35,267	37,924	38,012	40,222	40,662	40,770	41,898	48,013	43,566
Other public works										
Street resurfacing (center line miles)	7.66	7.40	2.37	2.78	3.27	1.95	3.60	0.22	1.55	3.37
New streets accepted (miles)	2.72	1.37	0.84	1.57	3.71	2.52	1.09	0.76	3.17	1.30
Parks, recreation and tourism										
Registered program participation	323,912	548,000	580,761	593,372	557,668	470,786	386,258	473,155	419,822	473,571
Electric										
Total mwh sales	810,073	813,164	838,403	856,352	850,964	849,164	839,050	837,496	842,549	831,213
Water										
Average daily consumptions (mgd)	15.73	18.50	19.21	20.51	20.50	21.23	20.65	21.64	23.55	23.72
Peak daily consumption (mgd)	22.97	29.86	20.48	30.62	29.08	29.44	29.61	44.70	48.00	34.00
Sewer										
Average daily treatment (mgd)	10.54	10.01	11.17	9.87	10.36	12.22	12.19	12.19	11.31	12.10
Peak daily treatment (mgd)	30.32	29.85	33.23	26.15	21.44	30.90	39.86	27.52	22.65	27.76

\* based on available data

\*\*numbers are down because of system upgrades

**Schedule 23**  
**City of Rock Hill**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Neighborhood substations	2	2	2	2	2	2	2	2	2	2
Police vehicles	187	180	173	177	181	179	180	183	184	181
Fire stations	6	6	6	6	6	6	6	6	6	6
Refuse collection										
Collection trucks	52	53	58	55	56	57	57	58	62	62
Other public works										
Streets (miles)	218	219	220	221	225	228	229	230	233	234
Street lights	6,256	6,198	6,160	5,844	5,839	5,490	5,033	4,820	9,891	10,023
Parks, recreation and tourism										
Acreage	442	588	588	588	592	592	595	595	595	615
Parks	31	31	31	31	31	31	31	31	31	32
Neighborhood centers	4	4	4	4	4	4	4	4	4	4
Electric										
Miles of electric lines	618	619	624	636	640	643	643	647	654	657
Number of delivery substations	6	6	8	8	8	8	8	8	8	8
Number of poles	25,650	25,377	25,459	25,151	25,747	25,653	23,310	23,323	23,491	23,447
Water										
Miles of water lines	508	507	507	512	516	525	550	554	654	667
Fire hydrants	2,959	2,972	2,980	3,035	3,058	3,106	3,184	3,236	3,862	3,316
Storage capacity (millions of gallons)	6	6	8	8	8	8	8	8	8	8
Sewer										
Miles of sanitary sewers	483	482	483	487	490	494	491	492	565	569
Treatment capacity (millions of gallons)	20	20	20	20	20	20	20	20	20	20



Schedule 24

CITY OF ROCK HILL, SOUTH CAROLINA

PRINCIPAL ELECTRIC CUSTOMERS

YEAR ENDED JUNE 30, 2023

Customer	Type of Business	Consumption (Kwh)	Amount Billed	Percentage of Total Billed
CITY OF ROCK HILL	MUNICIPAL GOVERNMENT	41,368,379	\$ 5,158,324	5.20%
ROCK HILL SCHOOL DIST	PRIMARY/SECONDARY EDUCATION	22,922,558	2,473,999	2.49%
ROSS DRESS FOR LESS INC	DISTRIBUTION	20,599,636	2,373,315	2.39%
PIEDMONT MEDICAL CTR	HOSPITAL	16,091,746	1,690,358	1.70%
WALMART STORES INC	DEPARTMENT STORE	11,749,171	1,365,406	1.38%
COMPORIUM \ ROCK HILL TELEPHONE CO	TELEPHONE/CABLE TV	10,266,360	1,138,956	1.15%
FOOD LION	GROCERY STORE	8,173,030	931,439	0.94%
QURE MEDICAL ROCK HILL	HEALTHCARE	8,412,235	914,472	0.92%
KOPPERS PERFORMANCE CHEMICALS	MANUFACTURING	9,664,002	772,343	0.78%
YORK TECHNICAL COLLEGE	TECHNICAL COLLEGE	5,730,993	748,772	0.75%
WINTHROP UNIVERSITY	UNIVERSITY	4,988,319	681,076	0.69%
3 D SYSTEMS, CORP	MANUFACTURING	6,598,314	661,321	0.67%
OLD CASTLE BUILDING ENVELOPE	BUILDING MATERIALS	4,719,297	613,773	0.62%
PUBLIX SUPER MARKETS INC	GROCERY STORE	5,230,985	573,668	0.58%
ATOTECH USA INC	MANUFACTURING	6,870,025	552,583	0.56%
OERLIKON BALZERS COATING USA INC.	MANUFACTURING	5,123,012	548,242	0.55%
TRANSAXLE MANUFACTURING OF AMERICA	TRACTOR DRIVETRAIN PARTS	4,589,624	501,727	0.51%
PERFORMANCE FOOD GROUP	DISTRIBUTION	4,186,385	490,012	0.49%
COROPLAST TAPE CORPORATION	MANUFACTURING	3,561,368	430,318	0.43%
QUIKTRIP CORPORATION	GAS STATION	3,626,434	405,575	0.41%
		<u>204,471,873</u>	<u>\$ 23,025,679</u>	<u>23.20%</u>

Schedule 25

CITY OF ROCK HILL, SOUTH CAROLINA

PRINCIPAL WATER CUSTOMERS

YEAR ENDED JUNE 30, 2023

Customer	Type of Business	Consumption (Gallons)	Amount Billed	Percentage of Total Billed
YORK COUNTY	COUNTY GOVERNMENT	1,948,803,859	\$ 4,578,351	18.66%
TOWN OF FORT MILL	MUNICIPAL GOVERNMENT	1,097,344,570	2,597,293	10.58%
CITY OF YORK	MUNICIPAL GOVERNMENT	609,450,000	1,438,941	5.86%
YORK CTY PARKS & REC	COUNTY GOVERNMENT	505,823,482	1,183,046	4.82%
WINTHROP UNIVERSITY	UNIVERSITY	88,059,198	221,911	0.90%
POWERS PROPERTIES	CONSTRUCTION	42,945,426	176,037	0.72%
CITY OF ROCK HILL	MUNICIPAL GOVERNMENT	45,670,717	160,015	0.65%
WILLOW GLEN APARTMENTS	APARTMENTS	34,755,916	136,932	0.56%
NEW INDY	MANUFACTURER	49,257,685	125,598	0.51%
ROCK HILL SCHOOL DIST	SCHOOL DISTRICT	22,148,936	124,433	0.51%
PIEDMONT MEDICAL CTR	HOSPITAL	39,352,601	116,003	0.47%
PACES RIVER APARTMENTS	APARTMENTS	13,065,592	97,266	0.40%
STONE HAVEN POINTE	APARTMENTS	10,870,538	84,923	0.35%
WESTMINISTER BROOKSTONE LLC	APARTMENTS	10,360,419	68,213	0.28%
PBI PERFORMANCE PRODUCTS, INC	MANUFACTURER	30,109,094	65,628	0.27%
GABLE OAKS OWNER LLC	APARTMENTS	7,110,641	65,583	0.27%
GALLERIA ROCK HILL, LLC	APARTMENTS	11,677,279	56,489	0.23%
BLUE GRANITE WATER COMPANY	UTILITY	4,245,029	55,944	0.23%
THE VILLAS OF RIVERVIEW	APARTMENTS	16,315,914	55,423	0.23%
CM TUCKER LUMBER OF ROCK HILL LLC	MANUFACTURER	17,654,969	52,131	0.21%
		<u>4,605,021,865</u>	<u>\$ 11,460,160</u>	<u>46.70%</u>

**Schedule 26**  
**CITY OF ROCK HILL, SOUTH CAROLINA**

PRINCIPAL WASTEWATER CUSTOMERS  
YEAR ENDED JUNE 30, 2023

Customer	Type of Business	Consumption (Gallons)	Amount Billed	Percentage of Total Billed
YORK COUNTY	COUNTY GOVERNMENT	1,602,321,500	\$ 7,213,721	26.81%
TEGA CAY	MUNICIPAL GOVERNMENT	198,321,012	913,625	3.40%
CITY OF ROCK HILL	MUNICIPAL GOVERNMENT	97,507,435	652,606	2.43%
ROCK HILL SCHOOL	PRIMARY, SECONDARY EDUCATION	17,234,496	264,649	0.98%
PIEDMONT MEDICAL CTR	HOSPITAL	36,794,807	195,573	0.73%
POWERS PROPERTY	MANUFACTURING	36,168,115	161,914	0.60%
WINTHROP UNIVERSITY	UNIVERSITY	24,243,817	161,630	0.60%
PBI PERFORMANCE PRODUCTS, INC	MANUFACTURING	20,084,292	153,452	0.57%
ROCK HILL HOLDINGS 96 LLC WILLOW GLEN	HOUSING	29,039,529	143,691	0.53%
CITY OF ROCK HILL	MUNICIPAL GOVERNMENT	7,765,998	114,388	0.43%
CYTEC ENGINEERED MATERIALS	MANUFACTURING	14,578,822	66,759	0.25%
THE VILLAS OF RIVERVIEW	APARTMENTS	14,289,101	65,845	0.24%
PARK POINTE VILLAGE	APARTMENTS	5,294,169	61,812	0.23%
PACES RIVER APARTMENTS	APARTMENTS	10,788,046	58,535	0.22%
POSSEHL CONNECTOR SERVICES, INC	MANUFACTURING	10,659,898	56,337	0.21%
NA VION BKE SPRING ARBOR LLC	RETIREMENT COMMUNITY	4,146,507	56,269	0.21%
OLD CASTLE BUILDING ENVELOPE	APARTMENTS	5,045,110	52,071	0.19%
GALLERIA ROCK HILL, LLC	APARTMENTS	9,528,839	50,917	0.19%
STONE HAVEN POINTE	APARTMENTS	9,958,664	46,838	0.17%
FLYING J	GAS STATION	5,168,988	44,634	0.17%
		2,158,939,145	\$ 10,535,266	39.15%

**Schedule 27**

**CITY OF ROCK HILL, SOUTH CAROLINA**

PRINCIPAL STORMWATER CUSTOMERS  
YEAR ENDED JUNE 30, 2023

Customer	Type of Business	Amount Billed	Percentage of Total Billed
CITY OF ROCK HILL	MUNICIPAL GOVERNMENT	\$ 322,709	6.48%
RH SCHOOL DIST	PRIMARY/SECONDARY EDUCATION	193,666	3.89%
WINTHROP UNIVERSITY	UNIVERSITY	116,916	2.35%
ROSS DRESS FOR LESS INC	WAREHOUSE	93,122	1.87%
WAL-MART STORES INC.	DEPARTMENT STORE	42,835	0.86%
ACTS RETIREMENT LIFE COMMUNITIES	APARTMENTS	42,291	0.85%
YORK TECHNICAL COLLEGE	TECHNICAL EDUCATION	37,868	0.76%
DHL SUPPLY CHAIN	DISTRIBUTION CENTER	33,278	0.67%
POWER TECHNIQUE NORTH AMERICA LLC	MANUFACTURING	27,272	0.55%
MARTIN-MARIETTA MATERIAL	MANUFACTURING	25,570	0.51%
COMPORIUM WIRELESS	COMMUNICATIONS	23,785	0.48%
PIEDMONT MEDICAL CENTER EMS	HOSPITAL	23,252	0.47%
WATERFORD GOLF CLUB	COUNTRY CLUB/GOLF COURSE	23,249	0.47%
GALLERIA ROCK HILL	SHOPPING CENTER	22,544	0.45%
SCENTSY INC	RETAIL	19,512	0.39%
LGI HOMES - SC, LLC	REAL ESTATE	19,358	0.39%
RIVERWALK MASTER PROPERTY ASSOC.	PROPERTY DEVELOPER	19,144	0.38%
LOGISTICS PLUS INC	WAREHOUSE	17,814	0.36%
STAG INDUSTRIAL/ROCK HILL 2 LLC	WAREHOUSE	16,943	0.34%
CMD PRESERVE LLC	HOUSING	15,988	0.32%
		<u>\$ 1,137,116</u>	<u>22.82%</u>

## Compliance Section

**City of Rock Hill**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Grant Identification Number	Expenditures FY23
<b>U.S. Department of the Treasury</b>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	n/a	\$ 4,272,155
Emergency Rental Assistance (ERA1) Housing Stability Grant	21.023	n/a	445,608
<b>Total US Department of the Treasury</b>			4,717,763
<b>U.S. Department of Housing and Urban Development</b>			
Community Development Block Grant Entitlement Grants Cluster			
Community Development Block Grant	14.218	n/a	644,640
<b>Total Community Development Block Grant Entitlement Grants Cluster</b>			644,640
<b>Total Department of Housing and Urban Development</b>			644,640
<b>United States Environmental Protection Agency (EPA)</b>			
Brownfield Assessment and Cleanup Grant	66.818	n/a	45,672
			45,672
<b>(Passed through the South Carolina Water Quality Revolving Fund Authority)</b>			
Clean Water State Revolving Fund Cluster			
Wastewater Treatment Plant Headworks SRF project	66.458	n/a	7,863,038
<b>Total Clean Water State Revolving Fund Cluster</b>			7,863,038
<b>(Passed through the SCDHEC)</b>			
Watershed Based Plan Grant	66.468	n/a	43,810
<b>Total U.S. Environmental Protection Agency</b>			7,952,520
<b>Department of Energy</b>			
<b>(Passed through SC Office of Regulatory Staff)</b>			
A-004-23MG	81.041	n/a	4,764
A-008-22 Mini Grant Electric Vehicle Chargers	81.041	n/a	3,816
<b>Total Department of Energy</b>			8,580
<b>U.S. Department of Justice</b>			
Bulletproof Vest Partnership Program	16.607	n/a	6,774
			6,774
<b>(Passed through SC Department of Justice)</b>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	n/a	56,241
			56,241
Body Worn Camera Award	16.835	n/a	110,376
			110,376
<b>(Passed through the SC Attorney General's Office)</b>			
Crime Victim Assistance/Discretionary Grants	16.575	n/a	33,247
			33,247
<b>Total Department of Justice</b>			206,638
<b>Department of Transportation</b>			
Airport Improvement Program	20.106	n/a	23,254
			23,254
Federal Transit Cluster			
5307 Transit Services: Operations and Capital	20.507	SC-2019-030	434,616
5339 Buses and Bus Facilities Formula Grant	20.507	SC-2020-017	53,085
5307 Urbanized Area Formula Grants	20.507	SC-2023-004	29,631
5307 Urbanized Area Formula Grants	20.507	SC-2023-005	664,087
COVID-19 - 5307 Urbanized Area Formula Grant	20.507	SC-2022-024	19,116
5307 Urbanized Area Formula Grants	20.507	SC-2021-038	72,379
5307 Urbanized Area Formula Grants	20.507	SC-2019-014	102,976
CARES ACT 5307 Urbanized Area Formula Grant	20.507	SC-2022-025	19,857
5339 Buses and Bus Facilities Formula Grant	20.526	SC-2020-017	220,324
<b>Total Federal Transit Cluster</b>			1,616,071
<b>(Passed through the South Carolina Department of Transportation)</b>			
RFATS (PL112 funds)	20.205	UPWP2010-2011	288,945
White Street Project LPA -15-14 PO27256	20.205	n/a	61,681
Celanese-India Hook Project (PO27981)	20.205	n/a	146,466
			497,092
<b>(Passed through State Department of Public Safety)</b>			
Law Enforcement Network Grant (LEN)	20.614	n/a	8,973
			8,973
<b>Total U.S. Department of Transportation</b>			2,145,390

**City of Rock Hill**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Grant Identification Number	Expenditures FY23
<b><u>National Endowment for the Arts</u></b>			
Arts Engagement in American Communities grant	45.024	n/a	1,567
<b>Total National Endowment for the Arts</b>			<u>1,567</u>
<b><u>U.S. Department of the Interior</u></b>			
(Passed through National Park Service) Federal Historic Preservation	15.904	n/a	19,916
<b>Total U.S. Department of the Interior</b>			<u>19,916</u>
<b><u>U.S. Department of Homeland Security</u></b>			
(Passed through SC Emergency Management) FEMA Assistance to Firefighters Grant	97.044	EMW-2019-FG-004	9,114
			<u>9,114</u>
Homeland Security Grant Program	97.067	20SHSP09	12,351
Homeland Security Grant Program	97.067	21SHSP15	17,053
Homeland Security Grant Program	97.067	21SHSP08	380,848
Homeland Security Grant Program	97.067	21SHSP22	9,192
Homeland Security Grant Program	97.067	22SHSP19	808
Homeland Security Grant Program	97.067	22SHSP12	12,608
Homeland Security Grant Program	97.067	22SHSP26	990
			<u>433,850</u>
<b>Total U.S. Department of Homeland Security</b>			<u>442,964</u>
<b><u>Department of Health and Human Services</u></b>			
Community Programs to Improve Minority Health Grant	93.137	n/a	1,339,609
<b>Total Department of Health and Human Services</b>			<u>1,339,609</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 17,479,587</u>

**CITY OF ROCK HILL, SOUTH CAROLINA**

Notes to Schedule of Expenditures of Federal Awards

June 30, 2023

**1. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Rock Hill, South Carolina (the "City") and is prepared on the accrual basis of accounting.

**Program Type Determination**

Type A programs are defined as federal programs with federal expenditures exceeding \$750,000. The threshold of \$750,000 was used in distinguishing between Type A and Type B programs.

**Method of Major Program Selection**

The risk-based approach was used in the selection of federal programs to be tested as major programs. The City did not qualify as a low-risk auditee for the fiscal year ended June 30, 2023.

**2. DE MINIMIS INDIRECT COST RATE**

The City chose not to use the ten percent de Minimis cost rate for the year ended June 30, 2023.





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

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To the Honorable Mayor and  
Members of City Council  
Rock Hill, South Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Rock Hill, South Carolina** (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 28, 2023. Our report includes a reference to an emphasis of matter related to the change in accounting principle resulting from the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

**Report on Internal Control over Financial Reporting**

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

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

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

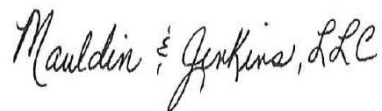
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**Report on Compliance and Other Matters**

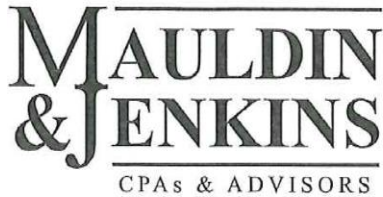
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

**Purpose of this Report**

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



Columbia, South Carolina  
December 28, 2023



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

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To the Honorable Mayor and  
Members of City Council  
Rock Hill, South Carolina

### Report on Compliance for the Major Federal Program

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

We have audited the **City of Rock Hill, South Carolina's** (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended June 30, 2023. The City's major federal program are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

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

#### *Responsibilities of Management for Compliance*

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

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

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

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

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

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



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**Report on Internal Control over Compliance**

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

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

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

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

*Mauldin & Jenkins, LLC*

Columbia, South Carolina  
December 28, 2023

**CITY OF ROCK HILL, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**SECTION I**  
**SUMMARY OF AUDIT RESULTS**

**Financial Statements**

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

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

Significant deficiencies identified? \_\_\_ Yes X None Reported

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

**Federal Awards**

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

Significant deficiencies identified? \_\_\_ Yes X None reported

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

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

Identification of major programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	<b>U.S. Department of the Treasury –</b> COVID-19 Coronavirus State and Local Fiscal Recovery Funds
66.458	<b>U.S. Environmental Protection Agency –</b> <b>Passed through the S.C. Water Quality Revolving Fund Authority</b> Clean Water State Revolving Fund Cluster Capitalization Grants for Clean Water State Revolving Funds
93.137	<b>U.S. Department of Health and Human Services –</b> Community Programs to Improve Minority Health Grant

**CITY OF ROCK HILL, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**SECTION I**  
**SUMMARY OF AUDIT RESULTS (CONTINUED)**

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

Auditee qualified as low-risk auditee?  Yes  No

**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS**

None reported.

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

None reported.

**SECTION IV**  
**SCHEDULE OF PRIOR YEAR FINDINGS**

**2022-001. Year-end Financial Closeout and Reporting**

**Criteria:** The year-end financial close is a process designed to ensure the City can accurately and efficiently produce the data required for its annual financial statements.

**Condition:** Certain accounting, reporting, and reconciling procedures were not performed timely and reviewed by management during the fiscal year which required a significant effort to close the City's 2022 fiscal year. Significant audit adjustments were determined and required to be recorded to correct year end balances of the City due to errors and untimely reconciliations during the annual financial closeout process.

**Status:** Resolved.

**2022-002. Preparation of Schedule of Expenditures of Federal Awards**

**Criteria:** 2 CFR 200.302(b)(1) states that all nonfederal entities must identify in its accounts all federal awards received and expended. The schedule of expenditures of federal awards (SEFA), as required by 2 CFR 200.510(b), should be derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements for the City.

**Condition:** Internal controls were not in place to accurately report and ultimately reconcile the expenditures reported on the SEFA to the City's underlying accounting records.

**Status:** Resolved.