

CITY OF ROCK HILL, SOUTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2022

Prepared by:

FINANCE DEPARTMENT

Anne P. Harty, CPA, CGFO
Chief Financial Officer

CITY OF ROCK HILL, SOUTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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January 30, 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, 2022.

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, 2022, 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, 2022, 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 43.16 square miles. The 2021 population of the City is estimated to be 74,102, 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 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 and the City of Rock Hill is below the State of South Carolina (the "State") and National averages. Median household income is significantly higher than the State average. The City is centrally located to all Eastern and Southeastern markets. Rock Hill is part of the Charlotte Metropolitan Area which has a total population of 2.7 million people. The Charlotte/Douglas International Airport, just 30 minutes from Rock Hill, averages 700 daily non-stop flights to 138 destinations all over the world. 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 \$329,111,872, slightly down from \$339,144,038 the previous fiscal year, but significantly above pre-COVID-19 levels.

The City's continuing efforts to invest in itself have also been fruitful. Each of the City's business parks continue to be a magnet for new jobs and diversified economic development. In recent years, the City has added Legacy Business Park and Aspen Business Park.

Long-term financial planning. The City began developing long-range financial plans in 1990. These plans were developed in order 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, City Council has established a priority to build unrestricted, unassigned general fund balance with a goal of \$4 million. This goal was reached in 2019 and has been maintained through fiscal 2022.

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 Cycling Facilities Corporation completed a Velodrome bicycle racing facility as part of a development called the Rock Hill Outdoor Center within the City on property adjacent to the Catawba River. The facility now also includes a mountain biking trail, a cyclocross track, and a BMX racetrack. National cycling events have been held in the Velodrome and more will be held going forward. 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 was recently named as the 2024 World Cup location.

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 very 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 Championships.

Carolina Panthers Practice Facility/Hutchison Tract. During the fiscal year the Carolina Panthers headquarters and practice facility construction was paused. After GT Real Estate Holdings LLC, the team's headquarters organization, formally notified the City in February 2022 it was ending the project and declared bankruptcy in June 2022. In December 2022, Delaware bankruptcy court agreed on a final plan and the City of Rock Hill became the owner of the site. The City is in the process of preparing the site for development.

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, 2021. 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 thirtieth 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 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,

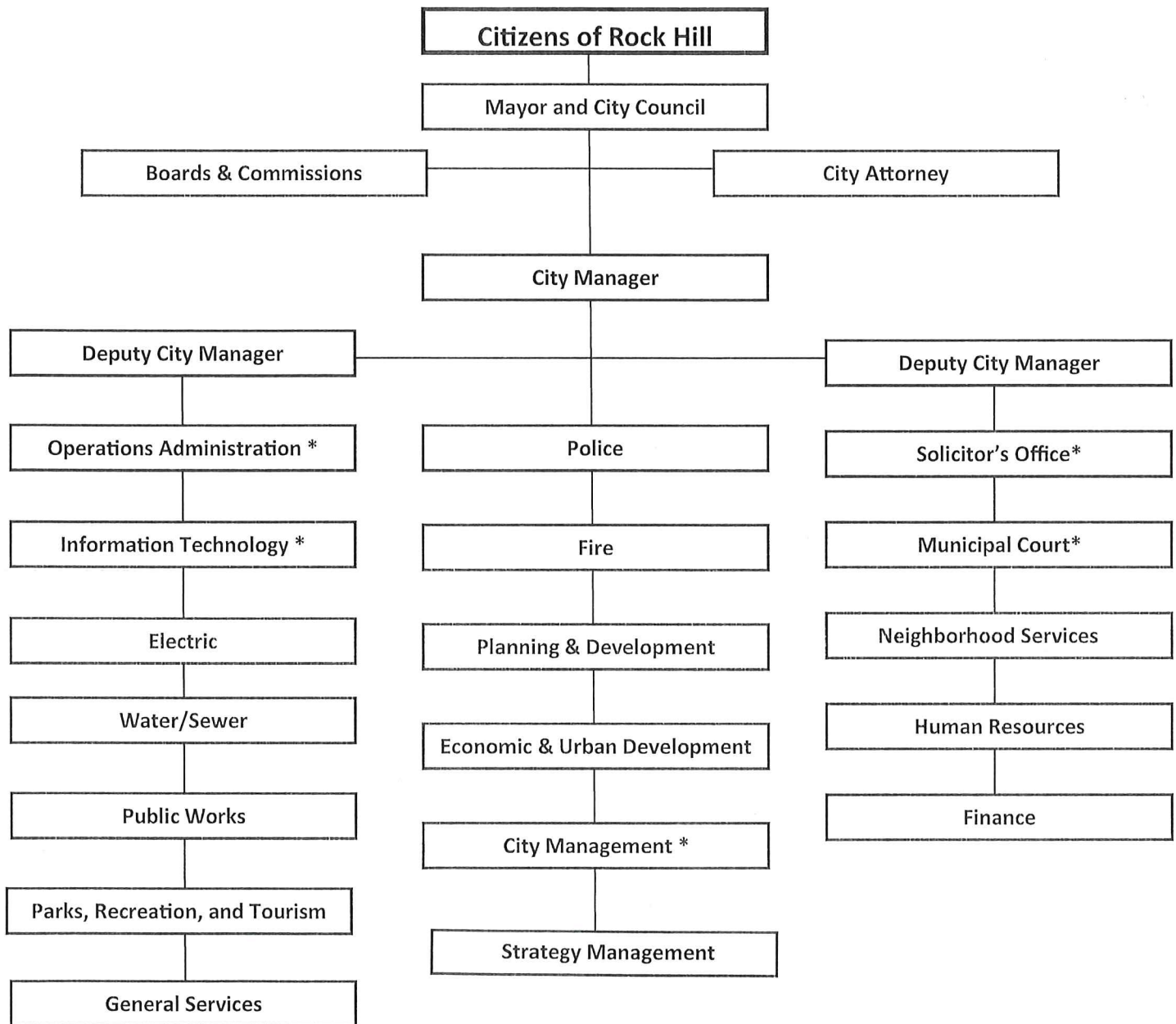


David B. Vebaun, City Manager



Anne P. Harty, CFO

City of Rock Hill Organization Chart



*Denotes divisions within the organization



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, 2021

Christopher P. Morill

Executive Director/CEO

CITY OF ROCK HILL, SOUTH CAROLINA

LIST OF ELECTED AND APPOINTED OFFICIALS JUNE 30, 2022

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. Vehaun, 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, Neighborhood Services Director
Leah Youngblood, Development Services Director
John Taylor, Parks, Recreation and Tourism Director
Jennifer McAdams, Economic Development Director
Cindi Howard, General Services Director
Anne P. Harty, Chief Financial Officer
Lisa Brown, Strategy Management Director
Jeremy Winkler, Government Affairs Director
Spencer & Spencer, P.A., City Attorney

BASIC FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022, 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 2022 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, as of July 1, 2021. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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.

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 January 30, 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.

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".

Columbia, South Carolina
January 30, 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, 2022. 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 \$410,172,657 (*net position*). The City reported negative unrestricted net position of (\$25,475,106). 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 \$19,341,761.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$44,239,718, a decrease of \$4,077,369 from the prior year. Approximately 45.3 percent of the total amount, \$20,058,713, 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 \$20,672,126, or 21.3 percent of the total fund expenditures.
- The City's debt increased slightly to \$414.5 million from \$413.0 million last year as the City issued utility revenue bonds to refund an older issue and new state revolving fund loans for water, wastewater and stormwater projects 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 stormwater.

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 stormwater 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 stormwater 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 33 - 80 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 87 - 93 of this report.

Government-wide Financial Analysis

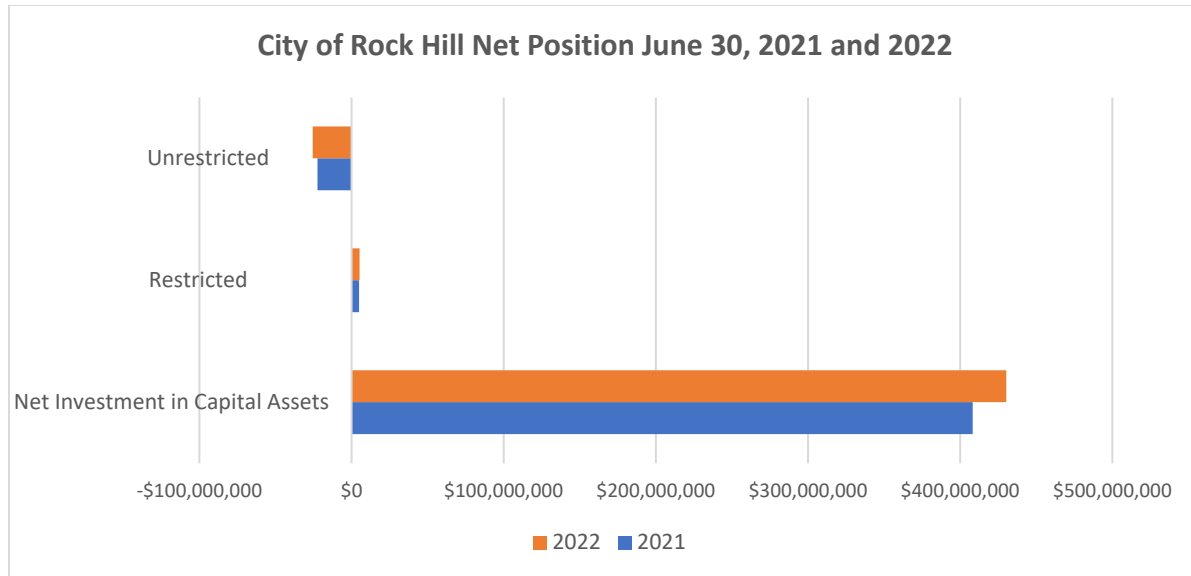
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$410,172,657 at the close of the most recent fiscal year.

City of Rock Hill's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 64,534,471	\$ 64,013,988	\$ 116,094,373	\$ 130,900,341	\$ 180,628,844	\$ 194,914,329
Capital assets	236,670,297	226,001,941	635,301,592	600,897,648	871,971,889	826,899,589
Total assets	301,204,768	290,015,929	751,395,965	731,797,989	1,052,600,733	1,021,813,918
Deferred outflows of resources	18,640,543	19,701,890	5,371,648	5,737,653	24,012,191	25,439,543
Long-term liabilities outstanding	213,894,471	234,727,353	328,314,224	329,225,923	542,208,695	563,953,276
Other liabilities	32,195,725	26,612,009	71,757,233	64,081,494	103,952,958	90,693,503
Total liabilities	246,090,196	261,339,362	400,071,457	393,307,417	646,161,653	654,646,779
Deferred inflows of resources	15,368,655	1,443,738	4,909,959	332,048	20,278,614	1,775,786
Net position:						
Net investment in capital assets	113,601,684	105,260,902	316,756,916	302,946,000	430,358,600	408,206,902
Restricted	5,289,163	4,950,598	-	-	5,289,163	4,950,598
Unrestricted	(60,504,387)	(63,276,781)	35,029,281	40,950,177	(25,475,106)	(22,326,604)
Total net position	\$ 58,386,460	\$ 46,934,719	\$ 351,786,197	\$ 343,896,177	\$ 410,172,657	\$ 390,830,896

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.

Most of the additions to the City's net position were due to contributions of capital assets received from developers, investments in capital assets, and operating income from the electric, water and sewer systems.

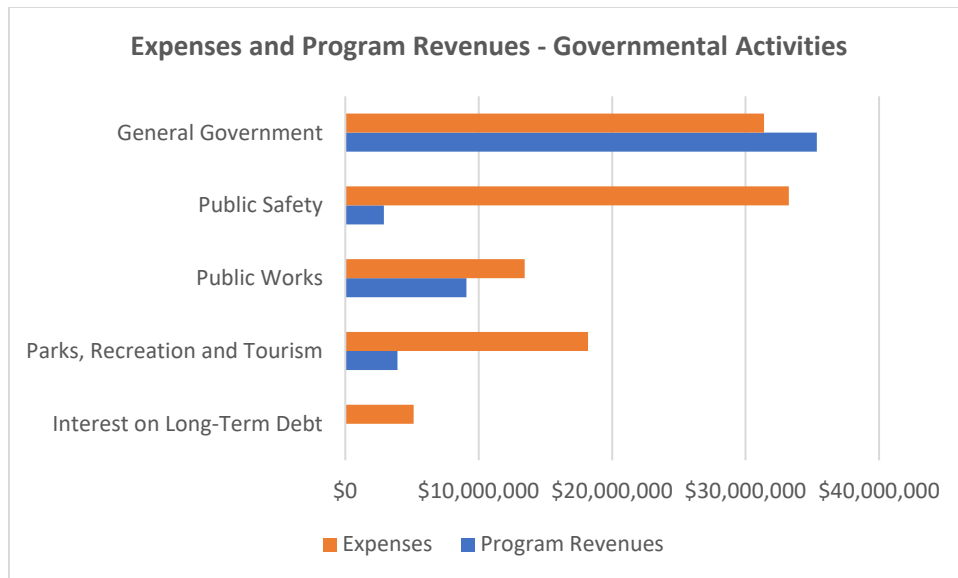


Governmental activities. Governmental activities increased the City’s net position by \$11,451,741 and accounted for 59.2% of the total growth in the net position of the City. Key elements of the decrease are as follows:

- Real property tax revenues leveled off post COVID-19 as a more optimistic budget was adopted for FY2022 than in the previous two years. Actual property taxes collected exceeded FY 2021 revenues by over 3.2 million, a one year 8.7% increase.
- Business license revenues exceeded budget by nearly \$1,600,000 fueled by business expansion, higher business revenues and increased collection efforts by the City.
- Accommodations and hospitality revenues continued their recovery from the COVID-19 pandemic and exceeded budget by over \$630,000 as restaurant sales roared back and more overnight travelers stayed in area hotels.
- Fire impact fees were more than \$900,000 over budget including fees from several large commercial projects, highlighted by the Carolina Panthers training facility property.
- Depreciation of governmental capital assets reduced net position by approximately \$15,114,000.
- The City recorded, as its calculated share of the increased unfunded liabilities of the South Carolina Retirement System and the Police Officer Retirement System, a reduction in total pension expense of just over \$1,750,000 as pension liabilities, net of deferred inflows and deferred outflows, decreased dramatically.
- The liability for accumulated untaken leave for governmental employees increased by \$280,000 primarily related to increased pay rates multiplied by unused leave hours.
- Just under \$22,000,000 of governmental expenditures were capitalized and increased the City’s net position invested in capital assets. In addition to capital expenses using equipment lease proceeds for vehicles, heavy equipment, and fixtures and equipment for the indoor sports arena, construction expenses of just over \$1,500,000 on Project Aspen, \$1,400,000 on the Charlotte Avenue Bridge upgrade and \$7,009,000 on a parking deck in Knowledge Park were the largest of several construction projects. The City was also required to pay a \$1,200,000 match to the SC Department of Transportation for the Celanese / India Hook intersection project. The City has also contributed \$800,000 to SC DOT for the local share of the cost of a new I-77 interchange serving David Hutchison Road. The City’s Transit department bought three new electric buses that cost a total of \$2,400,000. Federal grants paid for 85% of the cost of the buses.
- An addition to the year-end accrual for incurred but not reported (IBNR) employee medical claims of over \$259,000 was not budgeted. Medical claims throughout the year also exceeded budget. Several departments experienced damage claims and vehicle maintenance expenses in excess of their budgets as the City extended the useful lives of its equipment.
- The spiking prices of gasoline and diesel fuel caused budget overages for numerous departments that utilize large numbers of vehicles.

- An increase in employment vacancies, mirroring nationwide trends, created workload problems but had a slight positive financial impact as budgeted funding for unfilled positions went unused.

City of Rock Hill's Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 33,079,971	\$ 31,773,625	\$ 169,009,197	\$ 164,914,038	\$ 202,089,168	\$ 196,687,663
Operating grants and contributions	12,694,018	7,841,994	-	-	12,694,018	7,841,994
Capital grants and contributions	5,439,639	2,391,610	6,663,810	971,716	12,103,449	3,363,326
General Revenues:					-	-
Property taxes	39,208,963	36,276,580	-	-	39,208,963	36,276,580
Accommodations and hospitality taxes	8,043,551	6,741,933	-	-	8,043,551	6,741,933
Investment income	67,858	92,645	302,560	159,528	370,418	252,173
Unrestricted intergovernmental revenue	1,684,953	1,598,539	-	-	1,684,953	1,598,539
Sale of property	-	-	-	-	-	-
Cost of property sold	-	-	-	-	-	-
Miscellaneous	2,815,467	4,327,130	-	-	2,815,467	4,327,130
Total revenues	103,034,420	91,044,056	175,975,567	166,045,282	279,009,987	257,089,338
Expenses						
General government	31,387,901	31,416,931	-	-	31,387,901	31,416,931
Public safety	33,246,571	32,165,506	-	-	33,246,571	32,165,506
Public works	13,446,789	11,089,855	-	-	13,446,789	11,089,855
Parks, recreation & tourism	18,194,220	17,343,913	-	-	18,194,220	17,343,913
Interest on long-term debt	5,121,893	5,922,216	-	-	5,121,893	5,922,216
Electric	-	-	113,298,017	101,985,938	113,298,017	101,985,938
Water	-	-	19,520,448	17,651,225	19,520,448	17,651,225
Sewer	-	-	20,225,948	17,869,861	20,225,948	17,869,861
Stormwater	-	-	5,226,439	4,343,761	5,226,439	4,343,761
Total expenses	101,397,374	97,938,421	158,270,852	141,850,785	259,668,226	239,789,206
Increase (decrease) in net position						
before transfers	1,637,046	(6,894,365)	17,704,715	24,194,497	19,341,761	17,300,132
Transfers	9,814,695	9,930,187	(9,814,695)	(9,930,187)	-	-
Change in net position	11,451,741	3,035,822	7,890,020	14,264,310	19,341,761	17,300,132
Net position -- beginning	46,934,719	43,898,897	343,896,177	329,631,867	390,830,896	322,589,582
Net position -- ending	\$ 58,386,460	\$ 46,934,719	\$ 351,786,197	\$ 343,896,177	\$ 410,172,657	\$ 339,889,714



Business-type activities. Business-type activities increased the City’s net position by \$7,890,020 accounting for 40.8% 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. Key elements of changes other than capital and restricted net position are as follows:

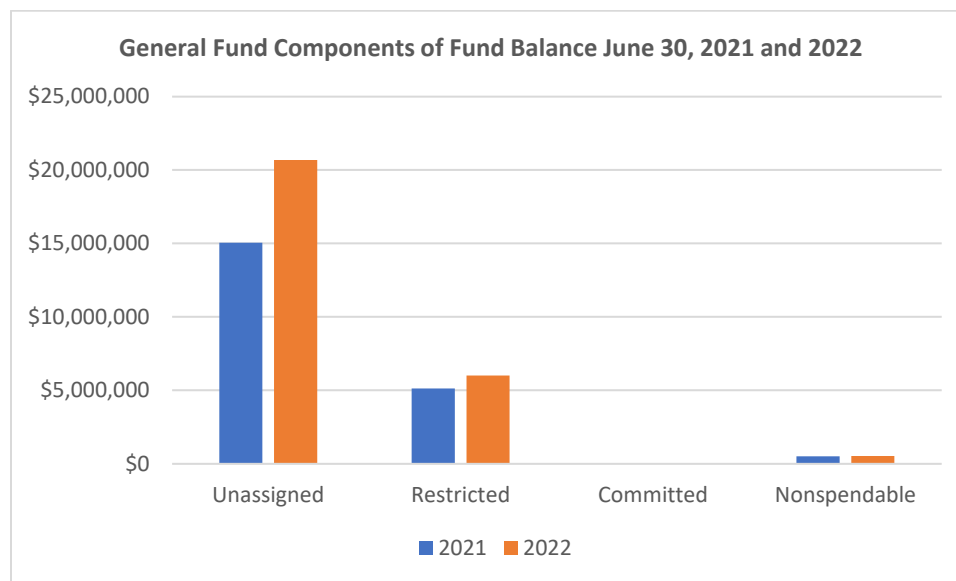
- In both water and wastewater, some amounts budgeted for capital improvements, \$1,600,000 and \$5,400,000, respectively, were not spent as project bids were considered unreasonable or insufficient staff were available to do the work. Some of these unspent funds may be reappropriated in future years for capital improvements.
- Electric “margins,” or total electricity sales minus the cost of purchased power, exceeded budget by about \$4,749,000. Mild weather patterns resulted in retail sales of power about \$1,300,000 under budget. The cost of purchased power, however, was \$6,057,000 under budget, due only in part to lower demand. 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. In total, the City received credits from PMPA totaling more than \$5,000,000 for the year.
- In view of the large multi-year credit returns from PMPA, City Council chose to return some of the excess to all residential electric customers by crediting each customer’s utility billing account for \$200 in September 2021. The total cost of the refunds was \$7,112,000.
- A temporary federally funded program administered through the SC State Housing offered utility bill assistance to individuals having difficulty paying their bills due to COVID-19 issues. The result, for the City was a reduction in bad debts related to uncollectible utility accounts of approximately \$400,000.
- The City incurred significant unbudgeted legal expenses during the negotiation of the Carolina Panthers financing arrangement and the beginning of GT Real Estate Holdings, LLC’s bankruptcy proceedings in order to protect the City’s interests. A settlement agreement was approved by the bankruptcy court in December 2022 and the City became the owner of the property.
- Water sales were strong and exceeded budget by \$307,000. Business pickups and residential growth seemed to cause an increase in water usage.
- Cellular antenna rental charges for antennas installed on water storage towers exceeded budget by \$242,000 as staff were successful in collecting a cumulative rental amount owed from one of the large wireless companies.
- Wastewater charges about came in \$969,000 under budget as the treatment volume from York County was less than anticipated.
- Water and wastewater impact fees were \$383,000 over budget as several large commercial projects broke ground.

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 \$44,239,718, a decrease of \$4,077,369 from the prior fiscal year. Much of the decrease in fund balance resulted from the use of bond proceeds issued previous years. Approximately 45.7 percent of total fund balance, \$20,058,713, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. Unassigned fund balance increased by \$5,012,168 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 or 5) bond issue construction/capital lease 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 \$20,672,126, while total fund balance was \$27,205,903. 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 21.3 percent of total general fund expenditures, while total fund balance represents 28.1 percent of those same expenditures.

Total fund balance of the City's general fund increased by \$6,525,965 during the current fiscal year. The most significant factors in this net increase are as follows:

- As described above, the increase in the year-end accrual for incurred but not reported (IBNR) employee medical claims of over \$259,000 is not routinely budgeted, because the accrual can go up or down from year to year. Claims expenses throughout the year also exceeded budget and were shared among all departments.

- Property tax revenues exceeded budget by \$1,231,000 as discussed above in governmental activities. Some taxes originally budgeted in the general fund are now recorded in the new Consolidated TIF fund, which explains why the budget versus actual schedule for the general fund shows actual tax revenue under budget.
- Business license revenues exceeded budget by \$1,700,000 as discussed above.
- Accommodations and hospitality revenues continued their recovery from the COVID-19 pandemic and exceeded budget by over \$630,000.
- During the current fiscal year, the City applied \$990,000 in unspent prior capital lease proceeds to current year lease debt service payments, reducing current debt service costs for all departments that had budgeted lease payments.

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 stormwater operations at the end of the fiscal year amounted to \$35,029,281. The total growth in net position was \$7,890,020. 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, 2022.

As described above, property taxes and business license revenues and local food, beverage and hotel taxes exceeded budget expectations.

On the expenditure side, health claims, vehicle maintenance, workers compensation claims and the cost of fuel negatively affected budgetary results in several departments. Capital expenditures include the purchase of over \$3,546,611 of vehicles and other equipment acquired using capital leases. Since the proceeds from the capital leases (including unspent proceeds from a prior year's lease) 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 exceeded budget.

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, 2022, amounts to \$430,358,600 (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 5.4 percent (a 7.9 percent increase for governmental activities and a 4.6 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" began construction.
- The City started Project Aspen and neared completion of the Charlotte Avenue Bridge upgrade during the year.
- The City completed several other infrastructure projects in Knowledge Park.
- Over \$3,000,000 of electric, water, sewer and stormwater capital assets were added by developers and donated to the City.
- 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	
	2022	2021	2022	2021	2022	2021
Land	\$ 3,002,309	\$ 3,190,888	\$ 9,681,117	\$ 8,926,102	\$ 12,683,426	\$ 12,116,990
Buildings and land improvements	84,263,888	87,481,831	27,583,193	29,016,317	111,847,081	116,498,148
Machinery, equipment and vehicles	21,154,934	19,395,376	3,598,412	3,278,341	24,753,346	22,673,717
Infrastructure	111,140,725	112,053,718	-	-	111,140,725	112,053,718
Utility distribution and collections systems	-	-	398,954,213	387,247,155	398,954,213	387,247,155
Construction in progress	17,108,441	3,880,128	195,484,657	172,429,733	212,593,098	176,309,861
Total	\$ 236,670,297	\$ 226,001,941	\$ 635,301,592	\$ 600,897,648	\$ 871,971,889	\$ 826,899,589

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 \$414,464,744. Of this amount \$12,265,000 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, stormwater 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	
	2022	2021	2022	2021	2022	2021
Tax increment bonds	\$ 33,923,000	\$ 35,581,000	\$ -	\$ -	\$ 33,923,000	\$ 35,581,000
General obligation bonds	12,265,000	12,735,000	-	-	12,265,000	12,735,000
Limited obligation bonds	12,845,000	14,650,000	-	-	12,845,000	14,650,000
Municipal improvement district bonds	3,731,000	4,221,000	-	-	3,731,000	4,221,000
HUD Section 108 loan	868,000	994,000	-	-	868,000	994,000
SC DHEC HUD loan	666,206	795,506	-	-	666,206	795,506
Installment purchase revenue bonds	41,326,000	41,476,000	-	-	41,326,000	41,476,000
SC JEDA bonds	20,650,000	20,990,000	-	-	20,650,000	20,990,000
Utility revenue bonds	-	-	215,995,000	223,842,000	215,995,000	223,842,000
State revolving fund loans	-	-	72,195,538	57,724,046	72,195,538	57,724,046
Total	\$ 126,274,206	\$ 131,442,506	\$ 288,190,538	\$ 281,566,046	\$ 414,464,744	\$ 413,008,552

The City's total bonded debt increased by \$1,456,192 during the current fiscal year. Aside from the normal payment of existing bonds, the City issued \$16,460,651 of state revolving fund loans for improvements to its water, wastewater and stormwater facilities, \$18,558,000 in combined utility system revenue bonds to refund all of its outstanding 2012A bonds, as well as additional capital lease debt for vehicles and heavy equipment acquisition.

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 "A3" 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 \$30,661,389, which was \$18,396,389 more than the City's outstanding general obligation debt on June 30, 2022.

Additional information on the City's long-term debt can be found in Note 7 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 4.0% as of June 2022. As our citizens communicate to City Council that pandemic-related layoffs and pay reductions have limited personal resources, the City has tried to manage costs and minimize rate increases going forward. The City developed a budget for 2022/2023 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 has per capita personal income of \$46,667. 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 2022/2023 budget year, the City enacted a 2.9% increase in wastewater rates to fund capital projects and flow equalization. Sanitation and Electric rates were unchanged. Water rates were increased by 11.0% to fund capital projects. Stormwater rates were increased by 5%.
- The 2022/2023 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 2022/2023 fiscal year. Amounts available for appropriation in the general fund are \$79.67 million, an increase of 9.8 percent over the final fiscal year 2021/2022 budget. For the 2022/2023 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 2022/2023 fiscal year.

As for the City's business-type activities, we expect that future results will remain stable in fiscal year 2023. 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 tirelessly to ensure that none of these fees outpaced the Consumer Price Index. City staff performs regular studies to compare Rock Hill's rates with 27 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 the Finance Department, City of Rock Hill, PO Box 11706, Rock Hill, South Carolina, 29731-1706.

CITY OF ROCK HILL, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2022

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Cash and cash equivalents	\$ 35,008,651	\$ 43,760,941	\$ 78,769,592	\$ 984,416
Investments	11,080	-	11,080	-
Receivables (net of allowance for uncollectibles):				
Taxes and assessments	2,236,641	-	2,236,641	-
Intergovernmental	620,740	-	620,740	111,424
Utility accounts	-	22,953,736	22,953,736	-
Leases	1,367,334	1,159,643	2,526,977	-
Other	3,191,508	4,504,250	7,695,758	687,888
Internal balances	(93,913)	93,913	-	-
Due from component unit	932,409	-	932,409	-
Prepaid expenses	-	293,517	293,517	-
Inventories	523,524	7,134,905	7,658,429	-
Real estate held for sale	-	-	-	3,395,785
Restricted assets:				
Cash and cash equivalents	20,736,497	36,193,468	56,929,965	-
Capital assets not being depreciated:	20,110,750	205,165,774	225,276,524	-
Capital assets, net of accumulated depreciation:	216,559,547	430,135,818	646,695,365	-
Total assets	301,204,768	751,395,965	1,052,600,733	5,179,513
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension charges	15,441,921	4,278,022	19,719,943	-
Deferred other post-employment benefit charges	1,931,810	597,497	2,529,307	-
Deferred charge on refunding	1,266,812	496,129	1,762,941	-
Total deferred outflows of resources	18,640,543	5,371,648	24,012,191	-
LIABILITIES				
Accounts payable and accrued liabilities	9,774,698	19,108,070	28,882,768	28,968
Due to primary government	-	-	-	932,409
Utility deposits	-	4,179,224	4,179,224	-
Accrued interest payable	796,495	4,194,275	4,990,770	-
Contract retainage payable	128,538	9,478,643	9,607,181	-
Reimbursements payable to developers	636,832	-	636,832	-
Unearned revenues	6,898,054	-	6,898,054	687,888
Current portion of long-term liabilities	13,961,108	34,797,021	48,758,129	-
Noncurrent liabilities:				
Net pension liability	68,520,288	22,370,903	90,891,191	-
Net other post-employment benefit liability	8,832,910	2,781,609	11,614,519	-
Noncurrent portion of long-term liabilities	136,541,273	303,161,712	439,702,985	-
Total liabilities	246,090,196	400,071,457	646,161,653	1,649,265
DEFERRED INFLOWS OF RESOURCES				
Lease receipts	1,314,850	1,137,419	2,452,269	-
Deferred pension charges	12,449,966	3,308,433	15,758,399	-
Deferred other post-employment benefit charges	1,603,839	464,107	2,067,946	-
Total deferred inflows of resources	15,368,655	4,909,959	20,278,614	-
NET POSITION				
Net investment in capital assets	113,601,684	316,756,916	430,358,600	-
Restricted for:				
Debt service	840,890	-	840,890	-
Federal and state grant programs	312,716	-	312,716	-
Accommodations and hospitality	2,991,940	-	2,991,940	-
Law enforcement	211,332	-	211,332	-
Perpetual care				
Expendable	907,285	-	907,285	-
Nonexpendable	25,000	-	25,000	-
Unrestricted	(60,504,387)	35,029,281	(25,475,106)	3,530,248
Total net position	\$ 58,386,460	\$ 351,786,197	\$ 410,172,657	\$ 3,530,248

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

CITY OF ROCK HILL, SOUTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities:								
General government	\$ 31,387,901	\$ 20,708,385	\$ 9,691,941	\$ 4,939,639	\$ 3,952,064	\$ -	\$ 3,952,064	\$ -
Public safety	33,246,571	2,111,830	780,431	-	(30,354,310)	-	(30,354,310)	-
Public works	13,446,789	9,074,480	-	-	(4,372,309)	-	(4,372,309)	-
Parks, recreation and tourism	18,194,220	1,185,276	2,221,646	500,000	(14,287,298)	-	(14,287,298)	-
Interest on long-term debt	5,121,893	-	-	-	(5,121,893)	-	(5,121,893)	-
Total governmental activities	101,397,374	33,079,971	12,694,018	5,439,639	(50,183,746)	-	(50,183,746)	-
Business-type activities:								
Electric	113,298,017	109,288,360	-	2,551,697	-	(1,457,960)	(1,457,960)	-
Water	19,520,448	24,474,673	-	636,492	-	5,590,717	5,590,717	-
Sewer	20,225,948	30,736,219	-	1,088,821	-	11,599,092	11,599,092	-
Stormwater	5,226,439	4,509,945	-	2,386,800	-	1,670,306	1,670,306	-
Total business-type activities	158,270,852	169,009,197	-	6,663,810	-	17,402,155	17,402,155	-
Total primary government	\$ 259,668,226	\$ 202,089,168	\$ 12,694,018	\$ 12,103,449	(50,183,746)	17,402,155	(32,781,591)	-
Component unit:								
Housing Development Corporation of Rock Hill	\$ 811,359	\$ -	\$ 1,357,461	\$ -	-	-	-	546,102
General revenues:								
Property taxes					39,208,963	-	39,208,963	-
Accommodations and hospitality taxes					8,043,551	-	8,043,551	-
Investment income					67,858	302,560	370,418	62
Unrestricted intergovernmental revenue					1,684,953	-	1,684,953	-
Miscellaneous					2,815,467	-	2,815,467	-
Transfers					9,814,695	(9,814,695)	-	-
Total general revenues and transfers					61,635,487	(9,512,135)	52,123,352	62
Change in net position					11,451,741	7,890,020	19,341,761	546,164
Net position, beginning of year					46,934,719	343,896,177	390,830,896	2,984,084
Net position, end of year					\$ 58,386,460	\$ 351,786,197	\$ 410,172,657	\$ 3,530,248

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

CITY OF ROCK HILL, SOUTH CAROLINA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2022

	General	Consolidated TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 28,064,932	\$ -	\$ 6,943,719	\$ 35,008,651
Investments	11,080	-	-	11,080
Receivables, net of allowances for uncollectible accounts:				
Taxes and assessments	2,236,641	-	-	2,236,641
Intergovernmental	-	-	620,740	620,740
Leases	1,367,334	-	-	1,367,334
Other	2,694,697	82,535	414,276	3,191,508
Due from other funds	185,048	-	-	185,048
Due from component unit	79,771	-	852,638	932,409
Inventories and prepaids	523,524	-	-	523,524
Restricted assets:				
Cash and cash equivalents	3,471,161	-	17,265,336	20,736,497
Total assets	<u>\$ 38,634,188</u>	<u>\$ 82,535</u>	<u>\$ 26,096,709</u>	<u>\$ 64,813,432</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 7,848,208	\$ 1,800	\$ 1,924,690	\$ 9,774,698
Due to other funds	-	58,585	220,376	278,961
Contract retainage payable	47,278	-	81,260	128,538
Unearned revenues	39,336	-	6,858,718	6,898,054
Reimbursements payable to developers	636,832	-	-	636,832
Total liabilities	<u>8,571,654</u>	<u>60,385</u>	<u>9,085,044</u>	<u>17,717,083</u>
DEFERRED INFLOWS OF RESOURCES				
Lease receipts	1,314,850	-	-	1,314,850
Unavailable revenue - property taxes	1,541,781	-	-	1,541,781
	<u>2,856,631</u>	<u>-</u>	<u>-</u>	<u>2,856,631</u>
FUND BALANCES				
Non-spendable:				
Inventory and prepaids	523,524	-	-	523,524
Donated restricted principal	-	-	25,000	25,000
Restricted for:				
Federal and state grant programs	25,900	-	286,816	312,716
Debt service	-	22,150	818,740	840,890
Law enforcement	211,332	-	-	211,332
Capital projects	2,089,908	-	16,253,410	18,343,318
Accommodations tax projects	2,991,940	-	-	2,991,940
Constrained by external donors	691,173	-	241,112	932,285
Unassigned	20,672,126	-	(613,413)	20,058,713
Total fund balances	<u>27,205,903</u>	<u>22,150</u>	<u>17,011,665</u>	<u>44,239,718</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 38,634,188</u>	<u>\$ 82,535</u>	<u>\$ 26,096,709</u>	<u>\$ 64,813,432</u>

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

CITY OF ROCK HILL, SOUTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

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

Total fund balances - governmental funds		\$ 44,239,718
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		236,670,297
Revenues in the Statement of Activities that do not provide current financial resources are reported as unavailable revenues in the funds.		1,541,781
Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. These deferred outflows of resources consist of pension and OPEB related experience differences, assumption changes, investment return differences, changes in proportionate share of contributions, and contributions subsequent to the measurement date.		17,373,731
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds, notes and loans payable	\$ (126,274,206)	
Unamortized premiums and discounts on bonds	(2,531,745)	
Financed purchases	(13,986,278)	
Unamortized deferred charges on refundings	1,266,812	
Compensated absences payable	(7,710,152)	
Net other postemployment benefits liability	(8,832,910)	
Net pension liability	<u>(68,520,288)</u>	
Total long-term liabilities		(226,588,767)
Deferred inflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds. These deferred inflows of resources consist of pension and OPEB related experience differences, assumption changes, investment return differences, changes in proportionate share of contributions.		(14,053,805)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		<u>(796,495)</u>
Net position of governmental activities		<u><u>\$ 58,386,460</u></u>

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

CITY OF ROCK HILL, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General	Consolidated TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 36,014,781	\$ 3,012,885	\$ -	\$ 39,027,666
Accommodations and hospitality taxes	8,043,551	-	-	8,043,551
Licenses and permits	15,130,072	-	-	15,130,072
Fines and forfeitures	529,465	-	-	529,465
Intergovernmental	9,402,144	-	5,948,177	15,350,321
Charges for services	15,079,529	-	-	15,079,529
Impact fees	-	-	1,439,962	1,439,962
Investment earnings	23,619	-	44,239	67,858
Other	4,448,689	-	276,970	4,725,659
Total revenues	<u>88,671,850</u>	<u>3,012,885</u>	<u>7,709,348</u>	<u>99,394,083</u>
Expenditures				
Current:				
General government	20,080,186	573,276	3,940,542	24,594,004
Public safety	30,785,029	-	417,155	31,202,184
Public works	11,697,932	-	-	11,697,932
Parks, recreation and tourism	15,526,970	-	104,945	15,631,915
Capital outlay	8,772,278	-	12,726,447	21,498,725
Debt service:				
Principal	7,124,590	843,300	389,000	8,356,890
Interest and fees	2,853,408	1,829,026	746,156	5,428,590
Total expenditures	<u>96,840,393</u>	<u>3,245,602</u>	<u>18,324,245</u>	<u>118,410,240</u>
Deficiency of revenues under expenditures	<u>(8,168,543)</u>	<u>(232,717)</u>	<u>(10,614,897)</u>	<u>(19,016,157)</u>
Other financing sources (uses):				
Transfers in	9,789,112	244,280	-	10,033,392
Transfers out	(218,697)	-	-	(218,697)
Issuance of finance purchases payable	5,124,093	-	-	5,124,093
Total other financing sources, net	<u>14,694,508</u>	<u>244,280</u>	<u>-</u>	<u>14,938,788</u>
Net change in fund balances	6,525,965	11,563	(10,614,897)	(4,077,369)
Fund balance, beginning of year	<u>20,679,938</u>	<u>10,587</u>	<u>27,626,562</u>	<u>48,317,087</u>
Fund balance, end of year	<u>\$ 27,205,903</u>	<u>\$ 22,150</u>	<u>\$ 17,011,665</u>	<u>\$ 44,239,718</u>

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

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 FISCAL YEAR ENDED JUNE 30, 2022

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

Net change in fund balances - total governmental funds.	\$	(4,077,369)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 22,868,594		
Depreciation expense	<u>(15,114,326)</u>		7,754,268

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.			2,914,088
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			181,297
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of 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 deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of the principal of long-term debt	\$ 8,356,890		
Issuance of financed purchases payable	(5,124,093)		
Amortization of premium/discount on long-term debt	423,468		
Amortization of the refunding deferral amount on the refunding bonds	<u>(155,268)</u>		3,500,997

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.

Net pension liability, net of related deferred outflows and inflows of resources	\$ 1,753,413		
Compensated absences	(280,726)		
Accrued interest on long-term debt	38,497		
Other postemployment benefits liability, net of related deferred outflows and inflows of resources	<u>(332,724)</u>		<u>1,178,460</u>

Change in net position of governmental activities	\$	<u><u>11,451,741</u></u>
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CITY OF ROCK HILL, SOUTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property taxes	\$ 36,340,254	\$ 36,014,781	\$ (325,473)
Accommodations and hospitality taxes	7,432,548	8,043,551	611,003
Licenses and permits	13,525,000	15,130,072	1,605,072
Fines and forfeitures	545,000	529,465	(15,535)
Intergovernmental	3,712,985	9,402,144	5,689,159
Charges for services	15,149,982	15,079,529	(70,453)
Investment earnings	63,393	23,619	(39,774)
Other	3,997,032	4,448,689	451,657
Total revenues	<u>80,766,194</u>	<u>88,671,850</u>	<u>7,905,656</u>
Expenditures:			
Current:			
General government	21,011,613	20,080,186	931,427
Public safety	28,735,396	30,785,029	(2,049,633)
Public works	11,456,318	11,697,932	(241,614)
Parks, recreation and tourism	14,780,012	15,526,970	(746,958)
Capital outlay:			
Operating budget capital	62,080	8,772,278	(8,710,198)
Debt service:			
Principal	10,447,578	7,124,590	3,322,988
Interest and fees	4,184,976	2,853,408	1,331,568
Total expenditures	<u>90,677,973</u>	<u>96,840,393</u>	<u>(6,162,420)</u>
Deficiency of revenues under expenditures	<u>(9,911,779)</u>	<u>(8,168,543)</u>	<u>1,743,236</u>
Other financing sources (uses):			
Transfers in	9,911,779	9,789,112	(122,667)
Transfers out	-	(218,697)	(218,697)
Issuance of financed purchases payable	-	5,124,093	5,124,093
Total other financing sources, net	<u>9,911,779</u>	<u>14,694,508</u>	<u>4,782,729</u>
Net change in fund balances	-	6,525,965	6,525,965
Fund balance, beginning of year	<u>20,679,938</u>	<u>20,679,938</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 20,679,938</u></u>	<u><u>\$ 27,205,903</u></u>	<u><u>\$ 6,525,965</u></u>

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

CITY OF ROCK HILL, SOUTH CAROLINA

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2022

	Business-type Activities - Enterprise Funds		
	Electric, Water and Sewer	Nonmajor Stormwater	Totals
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 41,850,801	\$ 1,910,140	\$ 43,760,941
Receivables, net of allowance for uncollectible accounts:			
Utility accounts	22,953,736	-	22,953,736
Leases	1,159,643	-	1,159,643
Other	4,504,250	-	4,504,250
Due from other funds	93,913	-	93,913
Prepaid expenses	291,123	2,394	293,517
Inventories	7,134,905	-	7,134,905
Restricted cash and cash equivalents	35,462,656	730,812	36,193,468
Total current assets	<u>113,451,027</u>	<u>2,643,346</u>	<u>116,094,373</u>
NONCURRENT ASSETS			
Capital assets, net of accumulated depreciation	407,103,243	23,032,575	430,135,818
Land	8,767,922	913,195	9,681,117
Construction in progress	191,251,157	4,233,500	195,484,657
Total noncurrent assets	<u>607,122,322</u>	<u>28,179,270</u>	<u>635,301,592</u>
Total assets	<u>720,573,349</u>	<u>30,822,616</u>	<u>751,395,965</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension charges	3,983,690	294,332	4,278,022
Deferred OPEB charges	548,232	49,265	597,497
Deferred charge on refunding	496,129	-	496,129
Total deferred outflows of resources	<u>5,028,051</u>	<u>343,597</u>	<u>5,371,648</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	18,442,690	665,380	19,108,070
Utility deposits	4,179,224	-	4,179,224
Accrued interest payable	4,142,393	51,882	4,194,275
Contract retainage payable	9,170,235	308,408	9,478,643
Current portion of long-term obligations	33,584,142	1,212,879	34,797,021
Total current liabilities	<u>69,518,684</u>	<u>2,238,549</u>	<u>71,757,233</u>
NONCURRENT LIABILITIES			
Net pension liability	20,831,765	1,539,138	22,370,903
Net OPEB liability	2,566,714	214,895	2,781,609
Noncurrent liabilities due in more than one year	291,142,090	12,019,622	303,161,712
Total noncurrent liabilities	<u>314,540,569</u>	<u>13,773,655</u>	<u>328,314,224</u>
Total liabilities	<u>384,059,253</u>	<u>16,012,204</u>	<u>400,071,457</u>
DEFERRED INFLOWS OF RESOURCES			
Lease receipts	1,137,419	-	1,137,419
Deferred pension credits	3,080,810	227,623	3,308,433
Deferred OPEB charges	423,488	40,619	464,107
Total deferred inflows of resources	<u>4,641,717</u>	<u>268,242</u>	<u>4,909,959</u>
NET POSITION			
Net investment in capital assets	301,944,986	14,811,930	316,756,916
Unrestricted	34,955,444	73,837	35,029,281
Total net position	<u>\$ 336,900,430</u>	<u>\$ 14,885,767</u>	<u>\$ 351,786,197</u>

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

CITY OF ROCK HILL, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds		
	Electric, Water and Sewer	Nonmajor Stormwater	Totals
OPERATING REVENUES			
Electric sales	\$ 104,421,242	\$ -	\$ 104,421,242
Water sales	23,213,388	-	23,213,388
Sewer charges	28,967,883	-	28,967,883
Impact fees	1,584,565	-	1,584,565
Stormwater charges	-	4,484,259	4,484,259
Other user charges	6,312,174	25,686	6,337,860
Total operating revenues	<u>164,499,252</u>	<u>4,509,945</u>	<u>169,009,197</u>
OPERATING EXPENSES			
Purchased power	79,815,152	-	79,815,152
System operations	33,780,236	2,110,660	35,890,896
Depreciation and amortization	17,435,299	1,550,204	18,985,503
General and administrative	13,515,265	1,252,613	14,767,878
Total operating expenses	<u>144,545,952</u>	<u>4,913,477</u>	<u>149,459,429</u>
Operating income (loss)	<u>19,953,300</u>	<u>(403,532)</u>	<u>19,549,768</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	296,553	6,007	302,560
Interest expense	(8,498,461)	(312,962)	(8,811,423)
Intergovernmental revenue	2,252,638	1,000,000	3,252,638
Total nonoperating revenues (expenses), net	<u>(5,949,270)</u>	<u>693,045</u>	<u>(5,256,225)</u>
Income before contributions and transfers	14,004,030	289,513	14,293,543
CAPITAL CONTRIBUTIONS	2,024,372	1,386,800	3,411,172
TRANSFERS			
Transfers out	(9,814,695)	-	(9,814,695)
Total transfers	<u>(9,814,695)</u>	<u>-</u>	<u>(9,814,695)</u>
Change in net position	6,213,707	1,676,313	7,890,020
NET POSITION, beginning of year	<u>330,686,723</u>	<u>13,209,454</u>	<u>343,896,177</u>
NET POSITION, end of year	<u>\$ 336,900,430</u>	<u>\$ 14,885,767</u>	<u>\$ 351,786,197</u>

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

CITY OF ROCK HILL, SOUTH CAROLINA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds		
	Electric, Water and Sewer	Nonmajor Stormwater	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 152,063,113	\$ 4,484,259	\$ 156,547,372
Cash payments to employees for services	(16,920,168)	(1,196,710)	(18,116,878)
Cash payments to other suppliers of goods or services	(107,645,519)	(1,834,174)	(109,479,693)
Other operating cash receipts	6,312,174	25,686	6,337,860
Net cash provided by operating activities	<u>33,809,600</u>	<u>1,479,061</u>	<u>35,288,661</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Impact fees	1,584,565	-	1,584,565
Transfers to other funds	(9,814,695)	-	(9,814,695)
Net cash used in noncapital financing activities	<u>(8,230,130)</u>	<u>-</u>	<u>(8,230,130)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(44,252,383)	(2,388,210)	(46,640,593)
Proceeds from sale of capital assets	-	2,014	2,014
Issuance of bonds and notes	38,998,000	-	38,998,000
Issuance of state revolving loans	13,564,525	2,896,126	16,460,651
Payment of utility revenue bonds	(46,655,000)	-	(46,655,000)
Payment of state revolving loans	(1,289,250)	(699,908)	(1,989,158)
Payment of financed purchases payable	(2,089,990)	(307,890)	(2,397,880)
Interest paid on bonds, loans and financed purchases payable	(10,815,622)	(295,685)	(11,111,307)
Cash received from other governments	2,252,638	1,000,000	3,252,638
Net cash provided by (used in) capital and related financing activities	<u>(50,287,082)</u>	<u>206,447</u>	<u>(50,080,635)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	296,553	6,007	302,560
Net cash provided by investing activities	<u>296,553</u>	<u>6,007</u>	<u>302,560</u>
Change in cash and cash equivalents	(24,411,059)	1,691,515	(22,719,544)
Cash and cash equivalents:			
Beginning of year	101,724,516	949,437	102,673,953
End of year	<u>\$ 77,313,457</u>	<u>\$ 2,640,952</u>	<u>\$ 79,954,409</u>
RECONCILIATION TO STATEMENT OF NET POSITION			
Cash and cash equivalents	\$ 41,850,801	\$ 1,910,140	\$ 43,760,941
Restricted cash and cash equivalents	35,462,656	730,812	36,193,468
Total cash and cash equivalents	<u>\$ 77,313,457</u>	<u>\$ 2,640,952</u>	<u>\$ 79,954,409</u>

(Continued)

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

CITY OF ROCK HILL, SOUTH CAROLINA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds		
	Electric, Water and Sewer	Nonmajor Stormwater	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 19,953,300	\$ (403,532)	\$ 19,549,768
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	17,435,299	1,550,204	18,985,503
Impact fees	(1,584,565)	-	(1,584,565)
(Increase) decrease in:			
Utility receivables	(270,533)	-	(270,533)
Lease receivables	149,969	-	149,969
Other receivables	(4,227,495)	-	(4,227,495)
Prepaid expenses	(104,105)	-	(104,105)
Deferred outflows related to pension and OPEB	141,959	(35,137)	106,822
Inventories	(2,038,357)	-	(2,038,357)
Internal balances	(111,049)	(2,394)	(113,443)
Increase (decrease) in:			
Accounts payable and accrued liabilities	4,519,374	63,761	4,583,135
Utility deposits	(19,148)	-	(19,148)
Deferred inflows related to leases	(172,193)	-	(172,193)
Deferred inflows related to pension and OPEB	3,192,802	247,690	3,440,492
Net pension and OPEB liabilities	(3,069,981)	24,488	(3,045,493)
Compensated absences	14,323	33,981	48,304
Net cash provided by operating activities	<u>\$ 33,809,600</u>	<u>\$ 1,479,061</u>	<u>\$ 35,288,661</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributions of capital assets from developers	\$ 2,024,372	\$ 1,386,800	\$ 3,411,172
Financed purchases issued for acquisition of capital assets	299,200	776,705	1,075,905
	<u>\$ 2,323,572</u>	<u>\$ 2,163,505</u>	<u>\$ 4,487,077</u>

CITY OF ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

NOTE 1. 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.

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 of the 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discretely Presented Component Unit (Continued)

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 judgement, 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 and Neighborhood Services Department at 155 Johnston Street, Rock Hill, SC 29730.

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 the UCFC III is completely under the control of the City and receives all of 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 the 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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.

Assets, Liabilities, Deferred Outflows, Deferred Inflows and Net Position or Fund Balance

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."

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows, Deferred Inflows and Net Position or Fund Balance (Continued)

2. Receivables and Payables (Continued)

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 2021 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 (e.g., roads, bridges, sidewalks, and similar items), 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 in excess of 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows, Deferred Inflows and Net Position or Fund Balance (Continued)

5. Capital Assets (Continued)

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 and infrastructure assets of the primary government is depreciated 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
Stormwater plant in service	30 years
Vehicles and equipment	5 to 10 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows, Deferred Inflows and Net Position or Fund Balance (Continued)

7. Leases

Lessor (Continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows, Deferred Inflows and Net Position or Fund Balance (Continued)

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 County reports deferred inflows from lease receipts, and amortized into lease revenues over the remaining life of the lease.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows, Deferred Inflows and Net Position or Fund Balance (Continued)

9. Deferred Outflows and Inflows of Resources (Continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows, Deferred Inflows and Net Position or Fund Balance (Continued)

10. Fund Balance (Continued)

Committed (Continued) - 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, 2022, 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, 2022, the Other Federal Fund, Operational Capital Fund, and the 2019 General Obligation Bonds Fund reported deficit fund balances of \$225,082, \$381,866 and \$6,465, respectively. These deficit fund balances will be replenished in future years by reimbursement of grant expenditures and transfers from other funds.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows, Deferred Inflows and Net Position or Fund Balance (Continued)

11. 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. The details of net investment in capital assets are as follows:

	Governmental Activities	Business-type Activities
Capital assets, net of depreciation	\$ 236,670,297	\$ 635,301,592
Deduct capital-related debt		
Bonds, notes and loans	(126,274,206)	(308,630,538)
Premiums and discounts	(2,531,745)	(15,705,649)
Deferred charges on bond refundings	1,266,812	496,129
Financed purchases	(13,986,278)	(11,696,994)
Contract retainage payable	(128,538)	(9,478,643)
Add: unspent debt proceeds	18,585,342	26,471,019
Net investment in capital assets	<u>\$ 113,601,684</u>	<u>\$ 316,756,916</u>

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

In accordance with the State of South Carolina General Statutes, the City prepares an annual balanced budget ordinance. The City adopts annual budgets for the general and enterprise funds using the modified accrual basis. An annual budget for the special revenue funds is not adopted as sufficient budgetary control is achieved through the legal restrictions included in the various grant agreements. The City's special revenue funds consist of three general ledger funds that are used solely to account for various Federal grants. An annual operating budget for the capital projects funds is not adopted as its revenues and expenditures are adopted on a project basis. Appropriations for the general and enterprise funds lapse at the end of the budget year.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

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 all 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 individually. During May and June, 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.

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, 2022, no encumbrances were recorded.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Total deposits and investments at June 30, 2022, are summarized below:

	Primary Government
<u>Statement of Net Position</u>	
Cash and cash equivalents	\$ 78,769,592
Investments	11,080
Cash and cash equivalents - restricted	56,929,965
Total	<u>\$ 135,710,637</u>
<u>Disclosure, Deposits and Investments</u>	
Carrying value of deposits	
Held by State Treasurer	\$ 108,401,729
Other	27,286,320
Investments, reported amount	
Certificates of deposit	11,080
Cash on hand	11,508
Total disclosure, deposits and investments	<u>\$ 135,710,637</u>

Custodial Credit Risk

This is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City's policy regarding cash custodial credit risk is to require the banks with which the City maintains deposits to collateralize or insure the City's funds. As of June 30, 2022, the carrying amount of the City's deposits was \$27,286,320 and the bank balance was \$27,237,572. All of the City's deposits at year-end were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust departments in the City's name.

As of June 30, 2022, the City has the following investments:

Investment Type	Fair Value	Investment 1 to 5 years
Certificates of deposit	\$ 11,080	\$ 11,080
	<u>\$ 11,080</u>	<u>\$ 11,080</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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Credit Risk

This is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. The City has no investment policy that would further limit its investment choices other than state law. The City is invested in the LGIP and a certificate of deposit. The LGIP is not rated, but generally, investments in this pool are collateralized by debt securities in corporate obligations, state or political subdivision obligations of investment grade or higher quality and in federal agency securities.

Interest Rate Risk

This is the risk that the fair value of securities in the portfolio will fall due to changes in the market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk

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

Custodial Credit Risk

This is the risk that, in the event of a failure of the counterparty, the City may not be able to recover the value of investments, or collateral securities that are in possession of an outside party. The City has no investment policy that would further limit its investment choices other than state law.

NOTE 4. RECEIVABLES

Receivables at June 30, 2022, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental			Enterprise
	General	Consolidated TIF	Nonmajor Funds	Electric, Water, Sewer
Receivables				
Property taxes and assessments	\$ 4,523,969	\$ -	\$ -	\$ -
Intergovernmental	-	-	620,740	-
Utility accounts	-	-	-	23,520,089
Leases	1,367,334	-	-	1,159,643
Court fines	4,609,398	-	-	-
Other	2,746,953	82,535	414,276	5,566,402
Gross receivables	13,247,654	82,535	1,035,016	30,246,134
Less: allowance for uncollectible accounts	(6,948,982)	-	-	(1,628,505)
Net total receivables	<u>\$ 6,298,672</u>	<u>\$ 82,535</u>	<u>\$ 1,035,016</u>	<u>\$ 28,617,629</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES (CONTINUED)

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.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, is as follows:

Governmental activities:

Asset Class	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 3,190,888	\$ 24,198	\$ (335,648)	\$ 122,871	\$ 3,002,309
Construction in progress	3,880,128	15,247,340	(206,500)	(1,812,527)	17,108,441
Total capital assets, not being depreciated	<u>7,071,016</u>	<u>15,271,538</u>	<u>(542,148)</u>	<u>(1,689,656)</u>	<u>20,110,750</u>
Capital assets, being depreciated					
Buildings and improvements	83,376,386	-	-	-	83,376,386
Land improvements	44,598,300	28,146	-	-	44,626,446
Infrastructure	175,328,650	3,459,040	-	941,231	179,728,921
Machinery and equipment	64,678,231	7,568,910	(1,418,998)	748,425	71,576,568
Furniture and fixtures	2,590,394	-	-	-	2,590,394
Total capital assets, being depreciated	<u>370,571,961</u>	<u>11,056,096</u>	<u>(1,418,998)</u>	<u>1,689,656</u>	<u>381,898,715</u>
Less accumulated depreciation for:					
Buildings and improvements	(28,531,069)	(2,417,585)	-	-	(30,948,654)
Land improvements	(11,961,786)	(828,504)	-	-	(12,790,290)
Infrastructure	(63,274,931)	(5,313,265)	-	-	(68,588,196)
Machinery and equipment	(46,562,351)	(6,395,254)	1,416,194	-	(51,541,411)
Furniture and fixtures	(1,310,899)	(159,718)	-	-	(1,470,617)
Total accumulated depreciation	<u>(151,641,036)</u>	<u>(15,114,326)</u>	<u>1,416,194</u>	<u>-</u>	<u>(165,339,168)</u>
Total capital assets being depreciated, net	<u>218,930,925</u>	<u>(4,058,230)</u>	<u>(2,804)</u>	<u>1,689,656</u>	<u>216,559,547</u>
Governmental capital asset activities, net	<u>\$ 226,001,941</u>	<u>\$ 11,213,308</u>	<u>\$ (544,952)</u>	<u>\$ -</u>	<u>\$ 236,670,297</u>

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

Governmental activities:

General government	\$ 7,985,341
Public safety	2,614,476
Public works	1,860,438
Parks, recreation and tourism	2,654,071
Total depreciation expense- governmental activities	<u><u>\$ 15,114,326</u></u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

Business-type activities:

Asset Class	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 8,926,102	\$ -	\$ -	\$ 755,015	\$ 9,681,117
Construction in progress	172,429,733	44,078,261	(2,014)	(21,021,323)	195,484,657
Total capital assets, not being depreciated	181,355,835	44,078,261	(2,014)	(20,266,308)	205,165,774
Capital assets, being depreciated					
Electric plant in service	231,498,530	3,701,862	-	6,105,254	241,305,646
Water plant in service	163,485,768	713,389	-	11,575,972	175,775,129
Sewer plant in service	172,212,215	1,331,074	-	1,838,561	175,381,850
Stormwater plant in service	33,497,081	1,386,800	-	746,521	35,630,402
Buildings	66,417,423	-	-	-	66,417,423
Machinery and equipment	21,225,924	1,920,892	(340,635)	-	22,806,181
Total capital assets, being depreciated	688,336,941	9,054,017	(340,635)	20,266,308	717,316,631
Less accumulated depreciation for:					
Electric plant in service	(83,642,228)	(6,653,431)	-	-	(90,295,659)
Water plant in service	(50,752,734)	(3,874,986)	-	-	(54,627,720)
Sewer plant in service	(66,517,963)	(4,022,477)	-	-	(70,540,440)
Stormwater plant in service	(12,533,513)	(1,141,481)	-	-	(13,674,994)
Buildings	(37,401,106)	(1,433,124)	-	-	(38,834,230)
Machinery and equipment	(17,947,584)	(1,600,821)	340,635	-	(19,207,770)
Total accumulated depreciation	(268,795,128)	(18,726,320)	340,635	-	(287,180,813)
Total capital assets being depreciated, net	419,541,813	(9,672,303)	-	20,266,308	430,135,818
Business-type capital asset activities, net	\$ 600,897,648	\$ 34,405,958	\$ (2,014)	\$ -	\$ 635,301,592

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

Business-type activities:

Electric	\$ 7,757,169
Water	4,681,116
Sewer	4,737,831
Stormwater	1,550,204
Total depreciation expense- business-type activities	\$ 18,726,320

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payables as of June 30, 2022, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 126,463
General Fund	Consolidated TIF Fund	58,585
Electric, Water, Sewer Fund	Nonmajor Governmental Funds	93,913
Total transfers		\$ 278,961

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

A summary of transfers between funds as of June 30, 2022, is below:

Transfer In	Transfer Out	Amount
General Fund	Electric, Water, Sewer Fund	\$ 9,789,112
Consolidated TIF Fund	General Fund	218,697
Consolidated TIF Fund	Electric, Water, Sewer Fund	25,583
		<u>\$ 10,033,392</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.

NOTE 7. LONG-TERM LIABILITIES

A summary of long-term liabilities for governmental activities as of June 30, 2022, is as follows:

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
2015 Riverwalk Tax Increment Bonds	\$ 5,483,000	\$ -	\$ (622,000)	\$ 4,861,000	\$ 640,000
2015B Riverwalk Tax Increment Bonds	4,890,000	-	(472,000)	4,418,000	488,000
2020A Downtown Tax Increment Bonds	17,266,000	-	(402,000)	16,864,000	729,000
2020B Textile Corridor Tax Increment Bonds	7,942,000	-	(162,000)	7,780,000	337,000
2019 Riverwalk MID Assessment Bonds	4,221,000	-	(490,000)	3,731,000	500,000
2013A General Obligation Bonds	1,220,000	-	(85,000)	1,135,000	85,000
2013B General Obligation Bonds	760,000	-	(385,000)	375,000	375,000
2021 General Obligation Bonds	10,755,000	-	-	10,755,000	105,000
2013 Limited Obligation Bonds	7,480,000	-	(1,140,000)	6,340,000	1,195,000
2016 Limited Obligation Bonds	5,685,000	-	(520,000)	5,165,000	530,000
2017 Limited Obligation Bonds	1,485,000	-	(145,000)	1,340,000	149,000
HUD Section 108 Loan	994,000	-	(126,000)	868,000	131,000
SC Dept of Health and Environmental Control	795,506	-	(129,300)	666,206	130,595
South Carolina JEDA Tax Exempt, 2018A	20,810,000	-	(160,000)	20,650,000	845,000
South Carolina JEDA Taxable, 2018B	180,000	-	(180,000)	-	-
Installment Purchase Revenue Bonds, 2018A	15,615,000	-	(90,000)	15,525,000	90,000
Installment Purchase Revenue Bonds, 2018B	13,175,000	-	(60,000)	13,115,000	415,000
Installment Purchase Revenue Bonds, 2020	12,686,000	-	-	12,686,000	-
Premium	3,181,031	-	(438,882)	2,742,149	-
Discount	(225,818)	-	15,414	(210,404)	-
Total bonds payable	134,397,719	-	(5,591,768)	128,805,951	6,744,595
Compensated absences	7,429,426	4,277,906	(3,997,180)	7,710,152	4,148,216
Financed purchase payables	12,050,775	5,124,093	(3,188,590)	13,986,278	3,068,297
Net pension liability	82,359,236	14,751,643	(28,590,591)	68,520,288	-
Net other postemployment benefit liability	9,930,797	956,515	(2,054,402)	8,832,910	-
Governmental activities:					
Long-term liabilities	<u>\$ 246,167,953</u>	<u>\$ 25,110,157</u>	<u>\$ (43,422,531)</u>	<u>\$ 227,855,579</u>	<u>\$ 13,961,108</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

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.

A summary of long-term liabilities for business-type activities as of June 30, 2022, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Business-type activities:					
Bonds payable:					
Utility revenue bonds, Series 2012A	\$ 20,930,000	\$ -	\$ (20,930,000)	\$ -	\$ -
Utility revenue bonds, Series 2012B	12,125,000	-	(380,000)	11,745,000	395,000
Utility revenue bonds, Series 2016	88,220,000	-	(1,670,000)	86,550,000	1,760,000
Utility revenue bonds, Series 2017	7,011,000	-	(888,000)	6,123,000	914,000
Utility revenue bonds, Series 2019	74,395,000	-	(1,080,000)	73,315,000	1,135,000
Utility revenue bonds, Series 2020	21,161,000	-	(1,457,000)	19,704,000	1,577,000
Utility revenue bonds, Series 2022A	-	18,558,000	-	18,558,000	2,724,000
State Revolving Fund loans - Laurel St. and Tank	3,409,611	-	(198,396)	3,211,215	202,193
State Revolving Fund loans - High Service Pump	3,271,740	-	(204,282)	3,067,458	207,827
State Revolving Fund loans - Lake Intake/Treatment	15,110,683	150,866	(725,270)	14,536,279	740,621
State Revolving Fund loans - Mt. Gallant Water	3,548,058	-	(161,302)	3,386,756	164,716
State Revolving Fund loans - WWTP Headworks	22,813,935	13,413,659	-	36,227,594	305,662
State Revolving Fund loans - Stormwater 2006	1,592,242	-	(304,321)	1,287,921	311,226
State Revolving Fund loans - Stormwater 2007	880,197	-	(159,761)	720,436	163,386
State Revolving Fund loans - Stormwater 2015	3,027,621	-	(96,788)	2,930,833	98,739
State Revolving Fund loans - Stormwater 2017	4,069,958	-	(104,645)	3,965,313	122,214
State Revolving Fund loans - Stormwater 2022	-	2,896,126	(34,393)	2,861,733	139,735
Premium	17,517,370	-	(1,811,721)	15,705,649	-
Discount	(56,703)	-	56,703	-	-
Total bonds payable	299,026,712	35,018,651	(30,149,176)	303,896,187	10,961,319
Compensated absences	1,877,248	1,186,328	(1,138,024)	1,925,552	1,169,473
Financed purchase payables	13,018,969	1,075,905	(2,397,880)	11,696,994	2,226,229
Net pension liability	25,098,534	9,834,430	(12,562,061)	22,370,903	-
Net other postemployment benefit liability	3,099,471	637,677	(955,539)	2,781,609	-
Business-type activities:					
Long-term liabilities	\$ 342,120,934	\$ 47,752,991	\$ (47,202,680)	\$ 342,671,245	\$ 14,357,021

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Financed Purchase Payables

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, 2022, are as follows:

Year Ending June 30	Governmental		Business-type	
	Principal	Interest	Principal	Interest
2023	\$ 3,068,297	\$ 260,902	\$ 2,226,229	\$ 1,186,885
2024	2,957,999	199,192	2,242,095	1,113,409
2025	2,357,242	146,221	2,215,025	1,037,414
2026	2,158,386	105,101	2,102,630	958,837
2027	1,410,589	67,412	1,464,402	877,533
2028 - 2031	2,033,765	65,389	1,446,613	206,699
Total	\$ 13,986,278	\$ 844,217	\$ 11,696,994	\$ 5,380,777

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, 2022, was \$152,766,000.

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

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. At June 30, 2022, \$8,420,000 of 2013A and 2013B defeased bonds remain outstanding. 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

The debt service requirements to maturity for obligations related to governmental activities obligations at June 30, 2022, 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
2023	\$ 565,000	\$ 472,193	\$ 2,194,000	\$ 1,186,885	\$ 130,595	\$ 6,336	\$ 131,000	\$ 39,479
2024	1,165,000	456,568	2,268,000	1,113,409	131,906	5,027	136,000	32,589
2025	780,000	399,218	2,344,000	1,037,414	133,228	3,704	142,000	25,333
2026	815,000	361,118	2,424,000	958,837	134,564	2,369	147,000	17,710
2027	860,000	321,318	2,504,000	877,533	135,913	1,020	312,000	7,486
2028 - 2032	4,955,000	934,637	10,171,000	3,153,995	-	-	-	-
2033 - 2037	3,125,000	151,412	8,265,000	1,611,913	-	-	-	-
2038 - 2039	-	-	3,753,000	206,699	-	-	-	-
Total	\$ 12,265,000	\$ 3,096,464	\$33,923,000	\$ 10,146,685	\$ 666,206	\$ 18,456	\$ 868,000	\$ 122,597

Year Ending June 30	Limited Obligation Bonds		SC JEDA 2018		Riverwalk MID A Bonds		Installment Purchase Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 1,874,000	\$ 463,885	\$ 845,000	\$ 830,650	\$ 500,000	\$ 77,232	\$ 505,000	\$ 1,591,961
2024	1,954,000	388,360	885,000	788,400	512,000	66,882	1,255,000	1,572,103
2025	1,719,000	309,220	930,000	744,150	522,000	56,283	1,310,000	1,517,496
2026	1,025,000	242,196	975,000	697,650	532,000	45,478	2,106,000	1,466,470
2027	1,060,000	210,288	1,025,000	648,900	544,000	34,465	2,183,000	1,385,591
2028 - 2032	4,788,000	542,228	5,830,000	2,541,650	1,121,000	34,941	12,292,000	5,570,775
2033 - 2037	425,000	21,250	6,990,000	1,377,587	-	-	14,907,000	2,957,117
2038 - 2039	-	-	3,170,000	183,325	-	-	6,768,000	384,567
Total	\$ 12,845,000	\$ 2,177,427	\$20,650,000	\$ 7,812,312	\$ 3,731,000	\$ 315,281	\$41,326,000	\$ 16,446,080

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%.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

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 capital lease 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 area, 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

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.

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, 2022, was \$328,822,598.

The debt service requirements to maturity for obligations related to business-type activities obligations at June 30, 2022, are as follows:

Year Ending June 30	Utility Revenue Bonds		State Revolving Fund Loans			
	Electric, Water, Sewer		Electric, Water, Sewer		Stormwater	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 8,505,000	\$ 8,142,436	\$ 1,621,019	\$ 865,753	\$ 835,300	\$ 289,958
2024	8,546,000	8,059,208	2,584,643	1,897,464	853,798	271,460
2025	8,887,000	7,767,410	2,644,452	1,837,654	872,710	252,549
2026	8,979,000	7,462,904	2,705,676	1,776,431	892,044	233,214
2027	9,348,000	7,122,614	2,768,355	1,713,761	436,939	217,060
2028 - 2032	49,170,000	30,010,088	14,835,192	7,575,632	2,093,353	953,864
2033 - 2037	43,845,000	20,305,898	15,915,368	5,778,678	2,328,470	718,746
2038 - 2042	37,365,000	12,219,306	11,546,291	3,993,895	1,874,736	320,511
2043 - 2047	34,630,000	5,794,375	5,808,306	1,595,455	1,435,599	76,402
2048 - 2052	6,720,000	406,000	-	-	143,287	1,291
Total	\$215,995,000	\$107,290,239	\$60,429,302	\$27,034,723	\$11,766,236	\$3,335,055

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%.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Business-type Activities (Continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Business-type Activities (Continued)

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.

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 \$11,766,236 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 \$3,067,458 for water plant high service pumping modifications, \$3,211,215 for the Laurel Street water lines and a new elevated water storage tank, \$14,536,279 for Lake Wylie intake facilities and the water treatment plant, \$3,386,756 for Mt. Gallant Road water improvements and \$36,227,594 Wastewater Treatment Plant Headworks project. The loans are secured by water revenues and will be paid back in quarterly installments of \$455,415 through February 1, 2049, 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, 2022, the Lake Wylie intake facilities loan has not been fully drawn down.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. SHORT-TERM DEBT

Business-type Activities

In fiscal year 2022, the City issued \$20,240,000 in Bonds Anticipation Notes to finance the initial costs prior to the 2022A Utility Systems Revenue Bond. The note has a one-year maturity and carries an interest rate of 0.6%. The note was refunded in October 2022.

A summary of short-term debt as of June 30, 2022, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Business-type activities:					
Bonds payable:					
Bond Anticipation Note	\$ 20,250,000	\$ 20,440,000	\$ (20,250,000)	\$ 20,440,000	\$ 20,440,000
Business-type activity					
Short-term debt	<u>\$ 20,250,000</u>	<u>\$ 20,440,000</u>	<u>\$ (20,250,000)</u>	<u>\$ 20,440,000</u>	<u>\$ 20,440,000</u>

NOTE 9. OTHER INFORMATION

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 \$100,000 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 occurrence. 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

In addition to the pension benefits described in Note 11, 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 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, 2022, measurement date of December 31, 2021, the Plan membership consisted of the following:

Active participants	891
Retirees and beneficiaries currently receiving benefits	149
Total	<u>1,040</u>

Benefits Provided & Contributions

Health care and dental insurance are offered in the City's Other Post-employment Benefit (OPEB) 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 disabled before normal retirement age is eligible to receive the same health insurance coverage explained above.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Benefits Provided & Contributions (Continued)

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	-

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Investment Policy (Continued)

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, 2021 (the measurement date), the annual money weighted rate of return on investments, net of investment expense, was 4.75 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, 2021 (the measurement date), were as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	\$ 20,388,688	\$ 7,358,420	\$ 13,030,268
Changes for the year:			
Service cost	694,297	-	694,297
Interest	952,968	-	952,968
Administrative expenses	-	(1,250)	1,250
Difference between expected and actual experience	(2,000,057)	-	(2,000,057)
Assumption changes	(203,173)	-	(203,173)
Contributions - employer	-	1,034,500	(1,034,500)
Net investment income	-	(173,466)	173,466
Benefit payments, including refunds of employee contributions	(660,074)	(660,074)	-
Net changes	(1,216,039)	199,710	(1,415,749)
Balances, end of year	\$ 19,172,649	\$ 7,558,130	\$ 11,614,519

The City's fiduciary net position as a percentage of the the total OPEB liability

39.42%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.75%
Long-term expected rate of return on OPEB investments	4.75%, net of investment expenses, including inflation
Healthcare cost trend rate:	7.00% - 4.50%, Ultimate Trend in 2031 (Pre-Medicare)
Inflation rate	2.25%
Salary increase:	3.00% to 10.50%, including inflation
Participation rate:	95% for eligible retirees 20% for spouses

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

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

Mortality rates were based on the RP-2014 Mortality Table for Employees with a 95% 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

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>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed income:			
U.S. Government Agency	57.50%	4.50%	2.59%
U.S. Government MBS, CMO, CMBS	40.00%	5.25%	2.10%
Cash and cash equivalents	2.50%	2.50%	0.06%
Total	<u>100.00%</u>		<u>4.75%</u>

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.

The discount rate used to measure the TOL as of the Measurement Date was 4.75%. 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 DEC 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

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 not be depleted.

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.

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.

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following exhibit presents the net OPEB liability of the Plan, calculated using current health care cost trend rates, as well as what the Plan's net OPEB liability 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.

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates		
1% Decrease (6.0% decreasing to 3.50%)	Current Healthcare Cost Trend Rates (7.00% decreasing to 4.50%)	1% Increase (8.0% decreasing to 5.50%)
\$ 9,934,910	\$ 11,614,519	\$ 13,647,547

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

The following exhibits present the net OPEB liability of the Plan, calculated using the discount rate of 4.75%, as well as what the Plan's net OPEB liability 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:

Sensitivity of the Net OPEB Liability to Changes in the Discount Rates		
1% Decrease (3.75%)	Discount Rate (4.75%)	1% Increase (5.75%)
\$ 14,101,051	\$ 11,614,519	\$ 9,483,570

Deferred Outflows and Inflows 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 six-year period.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,093,541	\$ 1,888,019
Changes of assumptions	408,948	179,927
Net difference between projected and actual earnings on OPEB plan investments	409,757	-
City contributions subsequent to the measurement date	617,061	-
Total	<u>\$ 2,529,307</u>	<u>\$ 2,067,946</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Deferred Outflows and Inflows of Resources (Continued)

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

Year ended June 30:

2023	\$	121,397
2024		81,340
2025		87,751
2026		98,752
2027		(32,974)
Thereafter		(511,966)
	\$	<u>(155,700)</u>

The City made contributions of \$617,061 subsequent to the measurement date of December 31, 2021, but within the fiscal year ended June 30, 2022, which will be recognized as a reduction in OPEB expense in fiscal year June 30, 2023.

Total OPEB expense for the City as of June 30, 2022, was \$1,431,191.

NOTE 11. EMPLOYEE RETIREMENT PLANS AND PENSION PLANS

Retirement Plan

Overview:

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. EMPLOYEE RETIREMENT PLANS AND PENSION PLANS (CONTINUED)

Retirement Plan (Continued)

Overview (Continued):

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, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR of the state.

Plan Description:

The 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 described below.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. EMPLOYEE RETIREMENT PLANS AND PENSION PLANS (CONTINUED)

Retirement Plan (Continued)

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

South Carolina Police Officers Retirement System - 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. EMPLOYEE RETIREMENT PLANS AND PENSION PLANS (CONTINUED)

Retirement Plan (Continued)

Benefits (Continued):

South Carolina 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. EMPLOYEE RETIREMENT PLANS AND PENSION PLANS (CONTINUED)

Retirement Plan (Continued)

Contributions (Continued)

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, 2022, the City contributed \$6,113,707 to the SCRS plan and \$3,173,688 to the PORS plan.

Required employee contribution rates for the year ended June 30, 2022, are as follows:

South Carolina Retirement System

Employee class two	9.00% of earnable compensation
Employee class three	9.00% of earnable compensation

South Carolina Police Officers Retirement System

Employee class two	9.75% of earnable compensation
Employee class three	9.75% of earnable compensation

Required employer contribution rates for the year ended June 30, 2022, are as follows:

South Carolina Retirement System

Employer class two	16.41% of earnable compensation
Employer class three	16.41% of earnable compensation
Employer incidental death benefit	0.15% of earnable compensation

South Carolina Police Officers Retirement System

Employer class two	18.84% of earnable compensation
Employer class three	18.84% of earnable compensation
Employer incidental death benefit	0.20% of earnable compensation
Employer accidental death program	0.20% of earnable compensation

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. EMPLOYEE RETIREMENT PLANS AND PENSION PLANS (CONTINUED)

Retirement Plan (Continued)

Net Pension Liability:

The June 30, 2021, (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, 2020, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board, which utilized membership data as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2021, 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, 2022, (measurement date of June 30, 2021), 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	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	City's Proportionate Share of the Collective Net Pension Liability
SCRS	\$ 164,033,539	\$ 99,644,010	\$ 64,389,529	60.7%	0.297531%
PORS	\$ 89,453,412	\$ 62,951,750	\$ 26,501,662	70.4%	1.030025%

Actuarial Assumptions and Methods:

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. EMPLOYEE RETIREMENT PLANS AND PENSION PLANS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued):

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2020, valuations for SCRS and PORS.

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

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumption. The 2020 Public Retirees of South Carolina Mortality table (2016 PRSC) was developed using the System's mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

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

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table on the following page.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. EMPLOYEE RETIREMENT PLANS AND PENSION PLANS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued):

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity	9.0%	9.68%	0.87%
Private Debt	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real estate	9.0%	6.01%	0.54%
Infrastructure	3.0%	5.08%	0.15%
	100.0%		
	Total expected real return		5.18%
	Inflation for actuarial purposes		2.25%
	Total expected nominal return		7.43%

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.

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

Sensitivity of the Net Position Liability to Changes in the Discount Rate				
	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)	
SCRS	\$ 94,222,964	\$ 64,389,529	\$ 60,828,442	
PORS	\$ 45,219,194	\$ 26,501,662	\$ 25,276,235	

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. EMPLOYEE RETIREMENT PLANS AND PENSION PLANS (CONTINUED)

Retirement Plan (Continued)

Pension Expense:

For the year ended June 30, 2022, the City recognized its proportionate share of collective pension expense of \$4,701,808 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 \$205,654 for a total of \$4,907,462 for the SCRS plan. Additionally, for the year ended June 30, 2022, the City recognized its proportionate share of collective pension expense of \$2,899,287 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 \$155,680 for a total of \$3,054,967 for the PORS plan. Total pension expense for the City, included for both the SCRS and PORS plans, was \$7,962,429

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

At June 30, 2022, 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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,096,800	\$ 86,902
Changes of assumptions	3,524,472	-
Net difference between projected and actual earnings on pension plan investments	-	9,353,429
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,578,330	82,237
Employer contributions subsequent to the measurement date	<u>6,113,707</u>	<u>-</u>
Total	<u>\$ 12,313,309</u>	<u>\$ 9,522,568</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. EMPLOYEE RETIREMENT PLANS AND PENSION PLANS (CONTINUED)

Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):

PORS	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 901,564	\$ 82,536
Changes of assumptions	1,890,224	-
Net difference between projected and actual earnings on pension plan investments	-	5,941,553
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,441,158	211,742
Employer contributions subsequent to the measurement date	<u>3,173,688</u>	<u>-</u>
Total	<u>\$ 7,406,634</u>	<u>\$ 6,235,831</u>

City contributions subsequent to the measurement date of \$6,113,707 and \$3,173,688 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, 2023. 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>
2023	\$ 270,658	\$ (8,152)
2024	521,680	180,037
2025	(615,370)	(121,950)
2026	(3,499,934)	(2,052,820)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. COMMITMENT AND CONTINGENCIES

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, 2022, the outstanding commitments total \$28,294,910 in the enterprise funds and \$2,336,876 in the capital projects funds.

Contingencies

The City has a long-term agreement to purchase electrical power from the 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, 2022, the cost of power purchased under this agreement amounted to \$71,094,660 (the remainder of the City's wholesale power cost of \$1,608,455 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.

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 \$125,000. In such cases, the reinsurer pays the excess on an individual claim basis.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. COMMITMENT AND CONTINGENCIES (CONTINUED)

Contingencies (Continued)

The claims liability reported in the general fund at June 30, 2022, is based on the requirements of GASB 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, 2022, or earlier. The liability for medical claims, \$728,804, 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	Claims Incurred	Claims Paid	Unpaid Claims End of Year
2021	\$ 895,230	\$ 9,523,739	\$ 9,949,497	\$ 469,472
2022	\$ 469,472	\$ 11,838,272	\$ 11,578,940	\$ 728,804

NOTE 13. TAX ABATEMENTS

Infrastructure Reimbursement Agreement

The City, acting by and through its City Council is authorized by Sections 4-1-75 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 4-1-70 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, 2022, the City reimbursed the following property taxes under this program:

Program	Amount Reimbursed
MSI Forks, Inc.	\$ 27,554

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13. TAX ABATEMENTS (CONTINUED)

Fee in Lieu of Taxes

The City of Rock Hill enters into property tax abatements 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 their jurisdictions. The abatements may be granted to any business located within or promising to locate within the jurisdiction.

For the fiscal year ended June 30, 2022, the City taxes abated through Fee in Lieu of Tax agreements were as follows:

Name	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year	City Ad Valorem Tax without a FILOT
Bradman lake Inc.	49.0%	\$ 695	\$ 1,419
CIP Real Estate LLC	10.8%	3,096	28,785
Composite Resources Inc.	46.3%	1,320	2,851
Core Autosport LLC	36.7%	912	2,487
Coroplast Tape Corporation	47.9%	136,831	285,835
CR Manufacturing LLC	46.4%	3,512	7,566
Crystal Distribution Inc.	46.4%	7,465	16,086
ES Reit I LLC	14.8%	6,446	43,505
Exel Inc.	41.2%	5,795	14,050
Goldenrod Inc.	59.9%	131,011	218,873
Linde Hydraulics Corporation	75.2%	11,333	15,068
Lit Industrial LP	6.3%	8,846	140,424
McKesson Medical Surgical Inc.	17.8%	26,925	151,115
MS International USA Inc.	59.9%	41,086	68,640
Obrien Rock Hill LLC	46.4%	24,586	52,979
Oerlikon Balzers Coating USA Inc	0.0%	19,900	42,858
PFG Customized South Carolina LLC	27.9%	23,926	85,725
Possehl Connector Services SC	47.6%	9,889	20,765
Power Technique North America LLC	59.9%	27,175	45,400
Pulcra Chemicals LLC	47.3%	24,319	51,367
Retford Investments LLC	48.3%	14	29
RH Apex LLC	46.5%	49,856	107,272
Riverwalk GRH TKC LLC	14.8%	6,426	43,363
Ross Dress for Less INC.	4.3%	39,853	931,818
Select Income Reit	9.3%	16,256	175,701
The Hartz Group Inc.	6.3%	3,796	59,925
Transaxle Manufacturing of America Corp.	47.6%	109,335	229,773
Winbro Group Technologies LLC	47.4%	18,306	38,594
Workspace Resources LLC	46.4%	33,105	71,314
33D Systems Corporation	10.5%	2,395	22,773
3D Systems Inc.	48.2%	1,802	3,742
		<u>\$ 796,212</u>	<u>\$ 2,980,102</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14. 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 stormwater management. The majority of enterprise fund activities are financed by user charges. The following provides detail information for the electric, water, sewer and stormwater operations for the year ended June 30, 2022:

	Electric	Water	Sewer	Stormwater	Total
Operating revenues					
Sales and primary service charges	\$ 104,421,242	\$ 23,213,388	\$ 28,967,883	\$ 4,484,259	\$ 161,086,772
Impact fees	-	561,215	1,023,350	-	1,584,565
Other user charges	4,867,118	700,070	744,986	25,686	6,337,860
Total operating revenues	<u>109,288,360</u>	<u>24,474,673</u>	<u>30,736,219</u>	<u>4,509,945</u>	<u>169,009,197</u>
Operating expenses					
Purchased power	79,815,152	-	-	-	79,815,152
System operations	14,382,408	9,601,267	9,796,561	2,110,660	35,890,896
Depreciation and amortization	8,016,352	4,681,116	4,737,831	1,550,204	18,985,503
General and administrative	6,834,874	2,688,527	3,991,864	1,252,613	14,767,878
Total operating expenses	<u>109,048,786</u>	<u>16,970,910</u>	<u>18,526,256</u>	<u>4,913,477</u>	<u>149,459,429</u>
Operating income	<u>239,574</u>	<u>7,503,763</u>	<u>12,209,963</u>	<u>(403,532)</u>	<u>19,549,768</u>
Nonoperating revenues (expenses)					
Interest income	294,045	-	2,508	6,007	302,560
Interest expense	(4,249,231)	(2,549,538)	(1,699,692)	(312,962)	(8,811,423)
Government grants	2,252,638	-	-	1,000,000	3,252,638
Total nonoperating expenses, net	<u>(1,702,548)</u>	<u>(2,549,538)</u>	<u>(1,697,184)</u>	<u>693,045</u>	<u>(5,256,225)</u>
Income before contributions and transfers	(1,462,974)	4,954,225	10,512,779	289,513	14,293,543
Capital contributions from developers	299,059	636,492	1,088,821	1,386,800	3,411,172
Transfers to other funds	<u>(1,946,546)</u>	<u>(3,502,158)</u>	<u>(4,365,991)</u>	<u>-</u>	<u>(9,814,695)</u>
Change in net position	<u>\$ (3,110,461)</u>	<u>\$ 2,088,559</u>	<u>\$ 7,235,609</u>	<u>\$ 1,676,313</u>	<u>\$ 7,890,020</u>

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 PLAN 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
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	228.43%	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%

South Carolina Police Officers Retirement System

Plan Year Ended June 30,	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	1.030025%	\$ 26,501,662	\$ 15,488,376	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 actuarially required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll	
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%	

South Carolina Police Officers Retirement System						
Fiscal Year Ended June 30,	Actuarially required contribution	Contributions in relation to the actuarially required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll	
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	18.04%	
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, 2022

Actuarial assumptions used in determining the statutorily required contributions are as follows:

System	SCRS	PORS
Calculation date	July 1, 2019	July 1, 2019
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	5-year smoothed	5-year smoothed
Amortization method	Level % of pay	Level % of pay
Amortization period	28-year maximum, closed	28-year maximum, closed
Investment return	7.25%	7.25%
Inflation	2.25%	2.25%
Salary increases	3.00% plus step-rate increases for members with less than 21 years of service	3.50% plus step-rate increases for members with less than 15 years of service
Mortality	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Males rates multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non-educators and 98% for educators.	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Males rates multiplied by 125% and female rates are multiplied by 111%.

CITY OF ROCK HILL, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY FOR THE YEAR ENDED JUNE 30,

Fiscal year ending June 30,	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 694,297	\$ 672,403	\$ 533,397	\$ 516,569	\$ 500,277
Interest	952,968	911,483	776,558	742,713	709,560
Differences between expected and actual experience	(2,000,057)	(150,509)	1,412,931	88,620	243,919
Changes in assumptions or other inputs	(203,173)	-	615,834	-	-
Benefit payments	(660,074)	(462,243)	(533,322)	(735,087)	(776,024)
Net change in total OPEB liability	(1,216,039)	971,134	2,805,398	612,815	677,732
Total OPEB liability - beginning	20,388,688	19,417,554	16,612,156	15,999,341	15,321,609
Total OPEB liability - ending (a)	<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>
Plan fiduciary net position					
Contributions - employer	\$ 1,034,500	\$ 836,669	\$ 906,859	\$ 1,450,330	\$ 1,512,693
Net investment income	(173,466)	393,545	321,357	60,192	122,922
Benefit payments *	(660,074)	(462,243)	(533,322)	(735,087)	(776,024)
Administrative expense	(1,250)	(10,307)	-	-	(23,586)
Net change in plan fiduciary net position	199,710	757,664	694,894	775,435	836,005
Plan fiduciary net position - beginning	7,358,420	6,600,756	5,905,862	5,130,427	4,294,422
Plan fiduciary net position - ending (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>
City's net OPEB liability - ending (a) - (b)	<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>
Plan fiduciary net position as a percentage of the total OPEB liability	39.42%	36.09%	33.99%	35.99%	32.07%
Covered payroll	\$ 46,576,185	\$ 41,042,633	\$ 41,042,633	\$ 38,529,475	\$ 38,529,475
Net OPEB liability as a percentage of covered payroll	24.94%	31.75%	31.23%	27.79%	28.21%

CITY OF ROCK HILL, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE CITY'S OPEB CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30,

Fiscal year ending June 30,	2022	2021	2020	2019	2018
Actuarially determined employer contribution (ADEC)	\$ 1,433,265	\$ 1,418,333	\$ 1,268,656	\$ 1,126,552	\$ 1,015,787
Contributions in relation to the ADEC	1,034,500	836,669	906,859	1,450,330	1,512,693
Contribution deficiency (excess)	<u>\$ 398,765</u>	<u>\$ 581,664</u>	<u>\$ 361,797</u>	<u>\$ (323,778)</u>	<u>\$ (496,906)</u>
Covered payroll	\$ 45,100,348	\$ 40,188,650	\$ 39,380,760	\$ 37,046,159	\$ 34,748,029
Contributions as a percentage of covered payroll	2.29%	2.08%	2.30%	3.91%	4.35%

Notes to the Schedule:

(1) Actuarial Assumptions

Valuation Date	December 31, 2020
Measurement Date	December 31, 2021
Employer's Reporting Date	June 30, 2022
Cost Method	Entry Age Normal
Assumed Rate of Return on Investments	4.75%, net of investment expenses, including inflation
Projected Salary Increases	3.00% to 10.50%, including 2.25% for inflation
Cost-of-living Adjustment	None
Health Care Cost Trends:	
Pre-Medicare	7.00% for 2021, decreasing to an ultimate rate of 4.50% by 2031

(2) The schedule will present 10 years of information once it is accumulated.

* For years following the actuarial valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent valuation.

CITY OF ROCK HILL, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
FOR THE YEAR ENDED JUNE 30,**

Fiscal year ending June 30,	2022	2021	2020	2019	2018
Annual money weighted rate of return, net of investment expenses	4.75%	6.10%	5.52%	4.73%	-1.24%

SUPPLEMENTARY INFORMATION

CITY OF ROCK HILL, SOUTH CAROLINA

NONMAJOR 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 Block 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. Program 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.

2009 Riverwalk TIF Bonds – This fund is used to account for the proceeds of the 2009 Red River Tax Increment Financing bonds and the expenditure of proceeds on utility and infrastructure improvements in the Riverwalk development area.

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.

2008 Textile Corridor TIF Bonds – This fund is used to account for the proceeds of the 2008 Textile Corridor Tax Increment Financing bonds and the expenditure of proceeds on infrastructure improvements in the former Rock Hill Printing and Finishing area.

2019 IPRB Parking Deck Bonds – This fund was established by the City in 2019 to primarily issue debt in the form of installment purchase revenue bonds for construction of a multilevel parking deck near the new indoor sports arena.

2020 IPRB Revenue Bonds – This fund is used to account for the proceeds of the 2020 installment purchase revenue bonds and the expenditures of proceeds on a parking deck in Knowledge Park.

CITY OF ROCK HILL, SOUTH CAROLINA

NONMAJOR FUNDS

Capital Projects Funds (Continued)

2015 Riverwalk MID Bonds – This fund is used to account for the proceeds of the 2015 Riverwalk Municipal Improvement District bonds and the expenditure of proceeds on utility and infrastructure improvements in the Riverwalk development area.

2017 Downtown TIF Bonds – This fund is used to account for the proceeds of the 2017 Downtown Tax Increment Financing bonds and the expenditure of proceeds on roadway and sidewalk improvements.

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.

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.

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.

CITY OF ROCK HILL, SOUTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue				Capital Projects					
	Community Development Block Grant	H.O.M.E. Program	Other Federal	Total Special Revenue Funds	Operational Capital	2012 Riverwalk MID A bonds	2015 Riverwalk MID A bonds	2016 Riverwalk MID A bonds	2019 Riverwalk MID A bonds	2009 Riverwalk TIF bonds
ASSETS										
Cash and cash equivalents	\$ 100,023	\$ 211,816	\$ 4,965,229	\$ 5,277,068	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,484
Receivables (net of allowances for uncollectible accounts):										
Intergovernmental	557	-	532,826	533,383	87,357	-	-	-	-	-
Due from component unit	-	-	852,638	852,638	-	-	-	-	-	-
Other	265,917	148,359	-	414,276	-	-	-	-	-	-
Restricted assets:										
Cash and cash equivalents	-	-	-	-	-	12,223	26,915	160,080	2,414,477	818,740
Total assets	<u>\$ 366,497</u>	<u>\$ 360,175</u>	<u>\$ 6,350,693</u>	<u>\$ 7,077,365</u>	<u>\$ 87,357</u>	<u>\$ 12,223</u>	<u>\$ 26,915</u>	<u>\$ 160,080</u>	<u>\$ 2,414,477</u>	<u>\$ 823,224</u>
LIABILITIES										
Accounts payable and accrued liabilities	\$ 25,580	\$ -	\$ 131,333	\$ 156,913	\$ 269,455	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	118,508	-	-	-	-	-
Contract retainage payable	-	-	-	-	81,260	-	-	-	-	-
Unearned revenues	265,917	148,359	6,444,442	6,858,718	-	-	-	-	-	-
Total liabilities	<u>291,497</u>	<u>148,359</u>	<u>6,575,775</u>	<u>7,015,631</u>	<u>469,223</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT)										
Non-spendable fund balance:										
Donated restricted principal	-	-	-	-	-	-	-	-	-	-
Restricted fund balance:										
Federal and state grant programs	75,000	211,816	-	286,816	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	818,740
Capital projects	-	-	-	-	-	12,223	26,915	160,080	2,414,477	4,484
Restricted by external donors	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(225,082)	(225,082)	(381,866)	-	-	-	-	-
Total fund balances (deficit)	<u>75,000</u>	<u>211,816</u>	<u>(225,082)</u>	<u>61,734</u>	<u>(381,866)</u>	<u>12,223</u>	<u>26,915</u>	<u>160,080</u>	<u>2,414,477</u>	<u>823,224</u>
Total liabilities and fund balances (deficit)	<u>\$ 366,497</u>	<u>\$ 360,175</u>	<u>\$ 6,350,693</u>	<u>\$ 7,077,365</u>	<u>\$ 87,357</u>	<u>\$ 12,223</u>	<u>\$ 26,915</u>	<u>\$ 160,080</u>	<u>\$ 2,414,477</u>	<u>\$ 823,224</u>

(Continued)

	Capital Projects								Permanent Fund	Total Nonmajor Governmental Funds
	2017 Textile Corridor Infrastructure TIF bonds	2020 Downtown TIF bonds	2020 Textile Corridor TIF bonds	2019 General Obligation bonds	2020 IPRB Revenue Bonds	2019 IPRB Parking Deck Bonds	Fire Impact Fees	Total Capital Projects Funds	Beautification	
ASSETS										
Cash and cash equivalents	\$ -	\$ 125,144	\$ -	\$ -	\$ -	\$ 93,949	\$ 1,176,962	\$ 1,400,539	\$ 266,112	\$ 6,943,719
Receivables (net of allowances for uncollectible accounts):										
Intergovernmental	-	-	-	-	-	-	-	87,357	-	620,740
Due from component unit	-	-	-	-	-	-	-	-	-	852,638
Other	-	-	-	-	-	-	-	-	-	414,276
Restricted assets:										
Cash and cash equivalents	586,121	6,631,739	2,151,768	1,491	4,461,782	-	-	17,265,336	-	17,265,336
Total assets	<u>\$ 586,121</u>	<u>\$ 6,756,883</u>	<u>\$ 2,151,768</u>	<u>\$ 1,491</u>	<u>\$ 4,461,782</u>	<u>\$ 93,949</u>	<u>\$ 1,176,962</u>	<u>\$ 18,753,232</u>	<u>\$ 266,112</u>	<u>\$ 26,096,709</u>
LIABILITIES										
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 3,640	\$ -	\$ 1,494,682	\$ -	\$ -	\$ 1,767,777	\$ -	\$ 1,924,690
Due to other funds	-	-	-	7,956	-	93,912	-	220,376	-	220,376
Contract retainage payable	-	-	-	-	-	-	-	81,260	-	81,260
Unearned revenues	-	-	-	-	-	-	-	-	-	6,858,718
Total liabilities	<u>-</u>	<u>-</u>	<u>3,640</u>	<u>7,956</u>	<u>1,494,682</u>	<u>93,912</u>	<u>-</u>	<u>2,069,413</u>	<u>-</u>	<u>9,085,044</u>
FUND BALANCES (DEFICIT)										
Non-spendable fund balance:										
Donated restricted principal	-	-	-	-	-	-	-	-	25,000	25,000
Restricted fund balance:										
Federal and state grant programs	-	-	-	-	-	-	-	-	-	286,816
Debt service	-	-	-	-	-	-	-	818,740	-	818,740
Capital projects	586,121	6,756,883	2,148,128	-	2,967,100	37	1,176,962	16,253,410	-	16,253,410
Restricted by external donors	-	-	-	-	-	-	-	-	241,112	241,112
Unassigned	-	-	-	(6,465)	-	-	-	(388,331)	-	(613,413)
Total fund balances (deficit)	<u>586,121</u>	<u>6,756,883</u>	<u>2,148,128</u>	<u>(6,465)</u>	<u>2,967,100</u>	<u>37</u>	<u>1,176,962</u>	<u>16,683,819</u>	<u>266,112</u>	<u>17,011,665</u>
Total liabilities and fund balances (deficit)	<u>\$ 586,121</u>	<u>\$ 6,756,883</u>	<u>\$ 2,151,768</u>	<u>\$ 1,491</u>	<u>\$ 4,461,782</u>	<u>\$ 93,949</u>	<u>\$ 1,176,962</u>	<u>\$ 18,753,232</u>	<u>\$ 266,112</u>	<u>\$ 26,096,709</u>

CITY OF ROCK HILL, SOUTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Special Revenue				Capital Projects					
	Community Development Block Grant	H.O.M.E. Program	Other Federal	Total Special Revenue Funds	Operational Capital	2012 Riverwalk MID A bonds	2015 Riverwalk MID A Bonds	2016 Riverwalk MID A Bonds	2019 Riverwalk MID A Bonds	2009 Riverwalk TIF Bonds
Revenues:										
Intergovernmental revenue	\$ 645,414	\$ -	\$ 4,125,335	\$ 4,770,749	\$ 1,177,428	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-	-	-	-	-	6,261	272
Impact fees	-	-	-	-	-	-	-	-	-	-
Other	-	4,686	-	4,686	253,184	-	-	-	-	-
Total revenues	<u>645,414</u>	<u>4,686</u>	<u>4,125,335</u>	<u>4,775,435</u>	<u>1,430,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,261</u>	<u>272</u>
Expenditures:										
Current:										
General government	472,235	-	3,468,307	3,940,542	-	-	-	-	-	-
Public safety	-	-	417,155	417,155	-	-	-	-	-	-
Recreation	-	-	104,945	104,945	-	-	-	-	-	-
Capital outlay	-	-	357,728	357,728	2,081,226	-	-	-	-	-
Debt service:										
Principal	126,000	-	-	126,000	-	-	-	-	-	-
Interest	47,179	-	-	47,179	-	-	-	-	-	-
Total expenditures	<u>645,414</u>	<u>-</u>	<u>4,348,135</u>	<u>4,993,549</u>	<u>2,081,226</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	4,686	(222,800)	(218,114)	(650,614)	-	-	-	6,261	272
Fund balances (deficit), beginning	<u>75,000</u>	<u>207,130</u>	<u>(2,282)</u>	<u>279,848</u>	<u>268,748</u>	<u>12,223</u>	<u>26,915</u>	<u>160,080</u>	<u>2,408,216</u>	<u>822,952</u>
Fund balances (deficit), ending	<u>\$ 75,000</u>	<u>\$ 211,816</u>	<u>\$ (225,082)</u>	<u>\$ 61,734</u>	<u>\$ (381,866)</u>	<u>\$ 12,223</u>	<u>\$ 26,915</u>	<u>\$ 160,080</u>	<u>\$ 2,414,477</u>	<u>\$ 823,224</u>

(Continued)

	Capital Projects							Permanent Fund	Total Nonmajor Governmental Funds
	2017 Textile Corridor Infrastructure TIF bonds	2020 Downtown TIF bonds	2020 Textile Corridor TIF bonds	2019 General Obligation Bonds	2020 IPRB Revenue Bonds	2019 IPRB Parking Deck Bonds	Fire Impact Fees	Total Capital Projects Funds	Beautification
Revenues:									
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,177,428	\$ -
Investment earnings	1,860	22,300	8,462	886	3,293	37	-	43,371	868
Impact fees	-	-	-	-	-	-	1,439,962	1,439,962	-
Other	-	-	-	-	-	-	-	253,184	19,100
Total revenues	<u>1,860</u>	<u>22,300</u>	<u>8,462</u>	<u>886</u>	<u>3,293</u>	<u>37</u>	<u>1,439,962</u>	<u>2,913,945</u>	<u>19,968</u>
Expenditures:									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	915,903	1,442,952	7,928,638	-	-	12,368,719	-
Debt service:									
Principal	-	-	-	-	-	-	263,000	263,000	-
Interest	-	207,661	142,350	-	348,966	-	-	698,977	-
Total expenditures	<u>-</u>	<u>207,661</u>	<u>1,058,253</u>	<u>1,442,952</u>	<u>8,277,604</u>	<u>-</u>	<u>263,000</u>	<u>13,330,696</u>	<u>-</u>
Net change in fund balances	1,860	(185,361)	(1,049,791)	(1,442,066)	(8,274,311)	37	1,176,962	(10,416,751)	19,968
Fund balances (deficit), beginning	<u>584,261</u>	<u>6,942,244</u>	<u>3,197,919</u>	<u>1,435,601</u>	<u>11,241,411</u>	<u>-</u>	<u>-</u>	<u>27,100,570</u>	<u>246,144</u>
Fund balances (deficit), ending	<u>\$ 586,121</u>	<u>\$ 6,756,883</u>	<u>\$ 2,148,128</u>	<u>\$ (6,465)</u>	<u>\$ 2,967,100</u>	<u>\$ 37</u>	<u>\$ 1,176,962</u>	<u>\$ 16,683,819</u>	<u>\$ 266,112</u>

CITY OF ROCK HILL, SOUTH CAROLINA

ENTERPRISE FUND ELECTRIC, WATER AND SEWER SCHEDULE OF REVENUES AND EXPENSES - BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance with Final Budget Positive (Negative)
OPERATING REVENUES			
Electric sales	\$ 105,729,325	\$ 104,421,242	\$ (1,308,083)
Water sales	22,844,561	23,213,388	368,827
Sewer charges	29,937,344	28,967,883	(969,461)
Impact fees	1,200,000	1,584,565	384,565
Other user charges	5,165,447	6,312,174	1,146,727
Total operating revenues	<u>164,876,677</u>	<u>164,499,252</u>	<u>(377,425)</u>
NONOPERATING REVENUES			
Intergovernmental revenue	250,000	2,252,638	2,002,638
Interest income	<u>250,000</u>	<u>296,553</u>	<u>46,553</u>
Total revenues	<u>165,376,677</u>	<u>167,048,443</u>	<u>1,671,766</u>
EXPENSES			
Electric system	107,898,449	105,703,431	2,195,018
Water system	21,495,737	21,935,593	(439,856)
Sewer system	<u>26,657,477</u>	<u>20,898,216</u>	<u>5,759,261</u>
Total expenses	<u>156,051,663</u>	<u>148,537,240</u>	<u>7,514,423</u>
Excess of revenues over expenses	9,325,014	18,511,203	9,186,189
Transfers to other funds	<u>(9,325,014)</u>	<u>(9,814,695)</u>	<u>(489,681)</u>
Excess of revenues over expenses and transfers	<u>\$ -</u>	<u>8,696,508</u>	<u>\$ 8,696,508</u>
ADJUSTMENTS TO AGREE TO FULL ACCRUAL BASIS:			
Depreciation and amortization		(17,435,299)	
Pension and OPEB expenses		(264,780)	
Payment of bond and financed purchases principal		3,924,127	
Contributions of capital assets from developers		2,024,372	
Capitalized expenditures		<u>9,268,779</u>	
Increase in net position, full accrual basis		<u>\$ 6,213,707</u>	

CITY OF ROCK HILL, SOUTH CAROLINA

ENTERPRISE FUND STORMWATER SCHEDULE OF REVENUES AND EXPENSES - BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance with Final Budget Positive (Negative)
OPERATING REVENUES			
Stormwater charges	\$ 4,544,970	\$ 4,484,259	\$ (60,711)
Other user charges	10,000	25,686	15,686
Total operating revenues	<u>4,554,970</u>	<u>4,509,945</u>	<u>(45,025)</u>
NONOPERATING REVENUES			
Intergovernmental revenue	-	1,000,000	1,000,000
Interest income	-	6,007	6,007
	<u>-</u>	<u>1,006,007</u>	<u>1,006,007</u>
Total revenues	<u>4,554,970</u>	<u>5,515,952</u>	<u>960,982</u>
EXPENSES			
Stormwater system	<u>4,554,970</u>	<u>6,835,202</u>	<u>(2,280,232)</u>
Total expenses	<u>4,554,970</u>	<u>6,835,202</u>	<u>(2,280,232)</u>
Deficiency of revenues under expenses	<u>\$ -</u>	<u>(1,319,250)</u>	<u>\$ (1,319,250)</u>
ADJUSTMENTS TO AGREE TO FULL ACCRUAL BASIS:			
Depreciation		(1,550,204)	
Pension and OPEB expenses		(237,041)	
Payment of bond and financed purchases principal		1,007,798	
Contributions of capital assets from developers		1,386,800	
Capitalized expenditures		<u>2,388,210</u>	
Increase in net position, full accrual basis		<u>\$ 1,676,313</u>	

CITY OF ROCK HILL, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
FOR THE YEAR ENDED JUNE 30, 2022

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected	\$ -	\$ -	\$ 993,658	\$ 993,658
Court fines and assessments remitted to State Treasurer	-	-	576,498	576,498
Total Court Fines and Assessments retained	\$ -	\$ -	\$ 417,160	\$ 417,160
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	\$ -	\$ -	\$ 23,129	\$ 23,129
Assessments retained	-	-	51,781	51,781
Total Surcharges and Assessments retained for victim services	\$ -	\$ -	\$ 74,910	\$ 74,910

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	\$ -	\$ -	\$ -
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer	-	-	-
Victim Service Assessments Retained by City/County Treasurer	51,781	-	51,781
Victim Service Surcharges Retained by City/County Treasurer	23,129	-	23,129
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)	\$ 74,910	\$ -	\$ 74,910

CITY OF ROCK HILL, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
FOR THE YEAR ENDED JUNE 30, 2022

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	\$ 74,684	\$ -	\$ 74,684
Operating Expenditures	226	-	226
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)	\$ 74,910	\$ -	\$ 74,910
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	-	-	-
Less: Prior Year Fund Deficit Repayment	-	-	-
Carryforward Deficit – End of Year	\$ -	\$ -	\$ -

CITY OF ROCK HILL, SOUTH CAROLINA

SCHEDULE OF BUDGETED TO ACTUAL COSTS - SMTF FOR THE FISCAL YEAR ENDED JUNE 30, 2022

OPT Program Agreement #
Agreement period:

Actual Cost

Performance period:

ADA CAPITAL

Bus Standard 35ft. (Expansion)

TOTAL CAPITAL PURCHASES

TOTAL SMTF PROGRAMMING

PT-22H299-07							
July 1, 2021 - June 30, 2022							
Program Budget	Section 5339 - Grant # SC-2020-017 01		SMTF		Local		Total Budget
	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	
@ June 30, 2022	Jul '20 - Jun '21	Jul '21 - Jun '22	Jul '20 - Jun '21	Jul '21 - Jun '22	Jul '20 - Jun '21	Jul '21 - Jun '22	Balance
\$ 3,296,870	\$ -	\$ 2,402,432	\$ -	\$ 128,610	\$ -	\$ 359,018	\$ 406,810
3,296,870	-	2,402,432	-	128,610	-	359,018	406,810
\$ 3,296,870	\$ -	\$ 2,402,432	\$ -	\$ 128,610	\$ -	\$ 359,018	\$ 406,810

Approved Budget	\$ 3,296,870
Agreement period to date - Federal Costs	2,402,432
Agreement period to date - State Costs	128,610
Agreement period to date - Local Costs	359,018
Budget over Actual	<u>\$ 406,810</u>

CITY OF ROCK HILL, SOUTH CAROLINA

STATISTICAL SECTION

FOR THE YEAR ENDED JUNE 30, 2021

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.

Page

Financial Trends96 - 103

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity.....104 - 110

These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.

Debt Capacity.....113 - 115

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.

Demographic and Economic Information 116 and 117

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information118 - 124

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.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive 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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 85,203,209	\$ 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
Restricted	10,311,861	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
Unrestricted	(4,944,202)	(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)
Total governmental activities net position	\$ 90,570,868	\$ 41,861,847	\$ 46,139,694	\$ 45,428,166	\$ 45,410,690	\$ 42,916,993	\$ 51,118,600	\$ 44,560,338	\$ 46,934,719	\$ 58,386,460
Business-type activities										
Net investment in capital assets	\$ 213,297,864	\$ 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
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	19,084,887	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
Total business-type activities net position	\$ 232,382,751	\$ 227,471,669	\$ 235,057,400	\$ 246,643,997	\$ 261,473,572	\$ 279,672,589	\$ 302,207,660	\$ 329,631,867	\$ 343,896,177	\$ 351,786,197
Primary government										
Net investment in capital assets	\$ 298,501,073	\$ 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
Restricted	10,311,861	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
Unrestricted	14,140,685	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)
Total primary government net position	\$ 322,953,619	\$ 333,920,235	\$ 281,197,094	\$ 292,072,163	\$ 306,884,262	\$ 322,589,582	\$ 353,326,260	\$ 374,192,205	\$ 390,830,896	\$ 410,172,657

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 23,834,624	\$ 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
Public safety	22,035,420	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
Public works	8,921,477	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
Parks, recreation and tourism	10,633,963	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
Housing assistance	81,883	303,431	-	-	-	-	-	-	-	-
Interest on long-term debt	2,301,269	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
Total governmental activities expenses	67,808,636	68,282,679	71,415,518	75,411,967	81,471,209	81,358,617	83,595,898	95,102,559	97,938,421	101,397,374
Business-type activities:										
Electric	85,619,086	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
Water	11,546,373	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
Sewer	14,718,278	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
Stormwater	2,455,159	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
Total business-type activities expenses	114,338,896	119,164,288	128,222,374	133,883,539	139,421,540	138,322,327	138,827,131	135,113,279	141,850,785	158,270,852
Total primary government expenses	\$ 182,147,532	\$ 187,446,967	\$ 199,637,892	\$ 209,295,506	\$ 220,892,749	\$ 219,680,944	\$ 222,423,029	\$ 230,215,838	\$ 239,789,206	\$ 259,668,226
Program Revenues (see Schedule 3)										
Governmental activities:										
Charges for services:										
General government	\$ 11,327,726	\$ 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
Public Safety	1,230,123	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
Public works	6,823,372	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
Parks, recreation and tourism	1,757,943	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
Operating grants and contributions	6,371,418	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
Capital grants and contributions	3,899,967	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
Total governmental activities program revenues	31,410,549	33,495,595	35,473,170	33,251,168	38,551,854	40,728,721	43,567,500	37,467,099	42,007,229	51,213,628
Business-type activities:										
Charges for services:										
Electric	85,048,006	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
Water	13,397,066	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
Sewer	19,363,498	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
Stormwater	2,552,668	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
Operating grants and contributions	304,178	1,369,284	2,492,707	1,802,336	-	902,445	-	-	-	-
Capital grants and contributions	1,208,821	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
Total business-type activities program revenues	121,874,237	134,758,679	141,505,180	151,240,077	160,662,765	166,429,211	167,583,205	169,905,805	165,885,754	175,673,007
Total primary government program revenues	\$ 153,284,786	\$ 168,254,274	\$ 176,978,350	\$ 184,491,245	\$ 199,214,619	\$ 207,157,932	\$ 211,150,705	\$ 207,372,904	\$ 207,892,983	\$ 226,886,635

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

Schedule 2 (cont.)

City of Rock Hill

Changes in Net Position, Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (Expense)/Revenue										
Governmental activities	\$ (36,398,087)	\$ (34,787,084)	\$ (35,942,348)	\$ (42,160,799)	\$ (42,919,355)	\$ (40,629,896)	\$ (40,028,398)	\$ (57,635,460)	\$ (55,931,192)	\$ (50,183,746)
Business-type activities	7,535,341	15,594,391	13,282,806	17,356,538	21,241,225	28,106,884	28,756,074	34,792,526	24,034,969	17,402,155
Total primary government net expense	(28,862,746)	(19,192,693)	(22,659,542)	(24,804,261)	(21,678,130)	(12,523,012)	(11,272,324)	(22,842,934)	(31,896,223)	(32,781,591)
General revenues and other changes in net position										
Governmental activities										
Taxes	29,507,369	29,576,841	30,767,372	31,817,777	33,405,655	35,546,380	36,382,475	37,239,311	43,018,513	47,252,514
Investment income	88,918	228,660	311,224	238,284	233,364	60,011	837,204	504,625	92,645	67,858
Unrestricted intergovernmental revenue	1,427,289	1,435,504	1,496,795	1,448,089	1,515,042	1,494,235	1,512,601	1,568,475	1,598,539	1,684,953
Miscellaneous	585,550	751,383	1,117,911	1,615,471	2,700,279	817,626	920,835	1,925,071	4,327,130	2,815,467
Sale of property	-	-	-	-	-	-	-	331,176	-	-
Transfers	6,133,276	6,394,463	6,526,893	6,329,651	7,309,495	7,878,970	8,576,890	9,508,540	9,930,187	9,814,695
Total governmental activities	37,742,402	38,386,851	40,220,195	41,449,272	45,163,835	45,797,222	48,230,005	51,077,198	58,967,014	61,635,487
Business-type activities										
Investment income	613,735	669,102	829,818	559,710	1,032,829	380,598	2,355,887	2,140,221	159,528	302,560
Transfers	(6,133,276)	(6,394,463)	(6,526,893)	(6,329,651)	(7,309,495)	(7,878,970)	(8,576,890)	(9,508,540)	(9,930,187)	(9,814,695)
Total business-type activities	(5,519,541)	(5,725,361)	(5,697,075)	(5,769,941)	(6,276,666)	(7,498,372)	(6,221,003)	(7,368,319)	(9,770,659)	(9,512,135)
Changes in Net Position										
Governmental activities	1,344,315	3,599,767	4,277,847	(711,527)	2,244,480	5,167,326	8,201,607	(6,558,262)	3,035,822	11,451,741
Business-type activities	2,015,800	9,869,030	7,585,731	11,586,597	14,964,559	20,608,512	22,535,071	27,424,207	14,264,310	7,890,020
Total primary government	\$ 3,360,115	\$ 13,468,797	\$ 11,863,578	\$ 10,875,070	\$ 17,209,039	\$ 25,775,838	\$ 30,736,678	\$ 20,865,945	\$ 17,300,132	\$ 19,341,761

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
General government	\$ 19,322,838	\$ 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
Public safety	2,196,650	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
Public works	6,923,083	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
Parks, recreation and tourism	2,791,282	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
Subtotal governmental activities	31,233,853	33,495,595	35,473,170	33,251,168	38,551,854	40,728,721	43,567,500	37,467,099	42,007,229	51,213,628
Business-type activities:										
Electric	85,352,184	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
Water	13,953,972	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
Sewer	20,015,413	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
Stormwater	2,552,668	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
Subtotal business-type activities	121,874,237	134,758,679	141,505,180	151,240,077	160,662,765	166,429,211	167,583,205	169,905,805	165,885,754	175,673,007
Total primary government	\$ 153,108,090	\$ 168,254,274	\$ 176,978,350	\$ 184,491,245	\$ 199,214,619	\$ 207,157,932	\$ 211,150,705	\$ 207,372,904	\$ 207,892,983	\$ 226,886,635

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)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nondisposable	\$ 216,384	\$ 243,682	\$ 264,986	\$ 257,307	\$ 292,592	\$ 294,971	\$ 325,241	\$ 456,744	\$ 510,676	\$ 523,524
Restricted	1,042,157	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
Committed	5,317,840	4,153,893	6,040,775	164,385	289,151	-	-	382,388	-	-
Unassigned	2,658,080	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
Total general fund	\$ 9,234,461	\$ 7,887,041	\$ 10,654,206	\$ 7,729,215	\$ 8,076,467	\$ 15,517,562	\$ 14,415,321	\$ 12,622,545	\$ 20,679,938	\$ 27,205,903
All Other Governmental Funds										
Nondisposable	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Restricted	10,637,865	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
Committed	49,100	73,650	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(34,834)	(87,778)	(177,060)	-	(2,282)	(613,413)
Total all other governmental funds	\$ 10,711,965	\$ 7,373,447	\$ 3,824,203	\$ 10,790,736	\$ 8,181,103	\$ 22,938,260	\$ 26,371,709	\$ 28,880,878	\$ 27,637,149	\$ 17,011,665

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes (see Schedule 6)	\$ 29,477,799	\$ 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
Licenses and permits	8,791,708	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
Fines and forfeitures	867,011	739,249	774,118	758,245	578,222	495,552	509,801	464,297	562,402	529,465
Intergovernmental	8,569,564	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
Charges for services	10,523,984	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
Impact fees	242,306	460,651	608,538	372,978	485,070	805,076	614,902	434,470	833,478	1,439,962
Investment earnings	48,100	9,423	73,979	10,143	14,721	60,014	837,201	504,623	92,645	67,858
Lease revenue	560,000	560,000	560,000	560,000	560,000	135,025	-	-	-	-
Management fees	289,950	289,950	289,950	289,950	289,950	-	-	-	-	-
Program income	931,726	573,326	212,815	156,848	168,353	644,145	782,202	999,549	15,670	-
Other revenues	2,598,496	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
Total revenues	62,900,644	65,234,294	67,918,270	66,974,941	74,175,054	72,893,725	79,607,714	77,874,480	90,951,601	99,394,083
Expenditures										
General government	18,653,955	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
Public safety	20,543,255	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
Public works	7,053,907	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
Parks, recreation and tourism	9,610,995	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
Housing assistance	81,883	303,431	-	-	-	-	-	-	-	-
Capital outlay	11,412,376	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
Debt service										
Principal	2,648,621	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
Interest and fees	2,213,287	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
Costs of issuance	-	-	-	220,300	185,500	760,673	552,989	489,507	523,012	-
Capital lease payments	1,992,439	2,380,589	2,850,500	3,292,579	3,534,068	2,837,439	8,950,624	3,739,916	5,134,491	-
Total expenditures	74,210,718	90,642,492	81,237,054	88,840,971	95,055,373	96,586,875	119,815,947	120,793,112	97,483,225	118,410,240
Deficiency of revenues under expenditures	\$ (11,310,074)	\$ (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)

Schedule 5 (cont.)
City of Rock Hill
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Other Financing Sources (Uses)										
Transfers in	\$ 7,327,653	\$ 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
Transfers out	(1,194,377)	(951,060)	(511,241)	(275,590)	(297,851)	-	(551,155)	(650,340)	(2,609,250)	(218,697)
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	-
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	-	-
New markets tax credit financing issued	-	-	-	-	-	-	-	-	-	-
SC DHEC loans issued	-	-	-	-	1,500,000	-	-	-	-	-
Limited obligation bonds issued	15,160,000	-	-	8,100,000	-	8,125,000	-	-	-	-
Municipal improvement district bonds issued	2,080,000	-	-	7,500,000	3,105,000	-	-	5,215,000	-	-
Premium on bonds issued	2,128,601	-	-	-	-	855,811	-	-	-	-
Payment to refunded bond escrow agent	(11,674,261)	(6,995,000)	(8,885,000)	-	-	(3,800,000)	-	(4,050,000)	(12,378,000)	-
Proceeds from TIF bonds	-	-	-	-	-	-	-	-	-	-
Proceeds from HUD Section 108 loan	-	-	-	-	-	-	-	-	-	-
SC JEDA bonds issued	-	-	-	-	-	21,295,000	-	-	-	-
Issuance of finance purchases payable	9,437,456	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
Capital leases refunded	(5,675,720)	-	-	-	-	-	-	-	-	-
Total other financing sources	17,589,352	20,722,260	11,475,173	25,907,572	18,617,938	45,891,402	42,539,441	43,635,025	24,197,875	14,938,788
Net change in fund balances	\$ 6,279,278	\$ (4,685,938)	\$ (1,843,611)	\$ 4,041,542	\$ (2,262,381)	\$ 22,198,252	\$ 2,331,208	\$ 716,393	\$ 17,666,251	\$ (4,077,369)
Debt service as a percentage of noncapital expenditures	10.91%	14.07%	13.06%	13.34%	14.39%	14.46%	29.13%	20.11%	17.76%	14.4%

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 June 30,	Property	Hospitality / Accommodations	Total
2013	\$ 25,024,261	\$ 4,453,538	\$ 29,477,799
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

Schedule 7
City of Rock Hill
Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Tax Years

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Less: Tax-exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2013	\$ 125,218,189	\$ 96,379,699	\$ 21,474,355	\$ (3,646,660)	\$ 239,425,583	93.5	\$ 4,358,506,768	5.49%
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%

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

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

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	
2013	93.5	193.4	94.5	381.4
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

Source: York County Auditor's Office

Notes: Overlapping rates are those of local and county governments that apply to property owners 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 2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Ross Dress for Less Inc *	\$ 9,539,730	1	2.47%			
Comporium Inc	6,979,776	2	1.81%	\$ 5,366,980	1	2.32%
Amisub of S C Inc	5,648,785	3	1.46%	3,524,593	2	1.52%
West Shore Riverwalk LLC	2,522,694	4	0.65%			
Atotech USA LLC	1,942,560	5	0.50%	2,067,772	3	0.89%
Graybul Waterford Terrace LP	1,711,409	6	0.44%			
Lowenstein Partners LLC	1,617,162	7	0.42%			
Coroplast Tape Corporation *	1,593,623	8	0.41%			
SL Williams Industrial LLC	1,410,393	9	0.37%			
Lit Industrial LP *	1,407,255	10	0.36%			
Forest Oaks Apartments (SC)	1,381,726	11	0.36%			
P B H Paces LLC	1,339,331	12	0.35%			
McKesson Medical Surgical Inc *	1,328,238	13	0.34%			
Transaxle Manufacturing of America Corp *	1,288,110	14	0.33%	1,223,777	5	0.53%
Rock Hill Holdings 267 LLC	1,235,860	15	0.32%			
TTP South Brookstone LLC ETAL	1,234,921	16	0.32%	917,688	7	0.40%
Whisper Creek Apartments LLC	1,213,883	17	0.31%	909,288	8	0.39%
Gable Oaks Owner LLC	1,152,981	18	0.30%			
Mallard Pointe LLC	1,136,050	19	0.29%	870,000	9	0.38%
Bre Knight SH SC Owner LLC	1,133,277	20	0.29%			
Piedmont Medical Center				1,625,399	4	0.70%
FPRO 401 LCC ET AL				954,560	6	0.41%
Osmose Inc.				741,130	10	0.32%
Southwood Realty Company				736,914	11	0.32%
Wal-Mart Real Estate Bus Dept.				711,612	12	0.31%
Schweitzer Aircraft Leasing				696,410	13	0.30%
BMA Rock Hill Apartments LLC				692,520	14	0.30%
Transaction Network Services				689,390	15	0.30%
Wal-Mart Stores East LP				673,410	16	0.29%
Oerlikon Balzers Coating USA Inc.				642,530	17	0.28%
Lexington Rubber Group Inc.				636,990	18	0.28%
Triangle Real Estate of Gastonia Inc.				592,560	19	0.26%
KDC Carolina Investments				592,478	20	0.26%
Total	\$ 46,817,764		12.14%	\$ 24,866,001		10.75%

Source: York County Auditor's Office

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 22,538,940	\$ 21,461,360	95.22%	\$ 702,099	\$ 22,163,459	98.33%
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	35,579,591	98.99%

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Merchandise Stores	\$ 135,976,922	\$ 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
Food Stores	49,169,854	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
Eating and Drinking Places	144,103,844	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
Miscellaneous retail	98,094,898	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
Automotive Dealers and Gasoline Service Stations	8,126,361	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
Communications	55,521,087	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
Building Materials, Hardware, Garden Supply	12,699,032	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
Apparel and Accessory stores	43,882,924	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
Electric, Gas, and Sanitary Services	38,784,915	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
Wholesale trade-durable goods	5,458,367	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
Home furniture, furnishings, and equipment	136,906,999	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
Hotels, rooming houses, camps, and other lodging	26,594,718	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
Business services	14,915,199	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
Personal services	3,088,534	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
Automotive repair and services	3,568,630	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
Construction special trade contractors	3,346,853	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
Motion pictures	1,816,681	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
All other	13,619,246	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
Total	\$ 795,675,064	\$ 836,179,109	\$ 905,549,523	\$ 991,780,553	\$ 1,055,856,173	\$ 1,035,879,660	\$ 1,050,602,210	\$ 1,053,106,582	\$ 1,069,475,870	\$ 1,198,448,318

Note - 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.

Source - 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 Year	City Direct Rate	York County	State of South Carolina
2013	0.0%	1.0%	6.0%
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%

Sources: City and York County Finance Department

Note - 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 2021				Tax Year 2012			
Tax Remitter	Tax Liability	Rank	Percentage of Total	Tax Remitter	Tax Liability	Rank	Percentage of Total
City of Rock Hill	\$ 3,492,615	1	4.67%	Retailer	\$ 2,805,100	1	5.50%
Retailer	3,267,661	2	4.36%	City of Rock Hill	2,714,944	2	5.32%
Retailer	3,142,784	3	4.20%	Retailer	2,585,841	3	5.07%
Communications	3,008,835	4	4.02%	Retailer	1,778,444	4	3.49%
Retailer	2,683,876	5	3.59%	Communications	1,708,200	5	3.35%
Retailer	2,646,869	6	3.54%	Communications	1,460,538	6	2.86%
Retailer	1,535,252	7	2.05%	Retailer	1,010,671	7	1.98%
Utility	1,159,605	8	1.55%	Retailer	996,348	8	1.95%
Communications	1,152,980	9	1.54%	Retailer	985,416	9	1.93%
Retailer	1,021,883	10	1.36%	Automobile dealer	924,764	10	1.81%
Retailer	983,205	11	1.31%	Automobile dealer	849,822	11	1.67%
Retailer	692,603	12	0.93%	Retailer	752,425	12	1.47%
Retailer	678,090	13	0.91%	Utility	651,353	13	1.28%
Retailer	629,195	14	0.84%	Automobile dealer	496,125	14	0.97%
Retailer	610,114	15	0.81%	Medical	481,179	15	0.94%
Total	<u>\$ 26,705,569</u>		<u>35.67%</u>	Total	<u>\$ 20,201,170</u>		<u>39.60%</u>

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

Governmental Activities

Year Ended June 30,	General Obligation Bonds	Tax Increment Bonds	Certificates of Participation	Limited Obligation Bonds	MID Assessment Bonds	SC DHEC Loan	HUD Section 108 Loan	RH Cycling Facilities Loan	SC JEDA Bonds	Installment Purchase Rev Bonds	Deferred Amounts
2013	\$ 16,405,000	\$ 16,265,000	\$ -	\$ 15,160,000	\$ 2,080,000	\$ 628,233	\$ 1,843,000	\$ 5,000,000	\$ -	\$ -	\$ 1,579,465
2014	17,375,000	24,960,000	-	14,240,000	2,016,000	549,526	1,751,000	5,000,000	-	-	1,445,605
2015	16,430,000	24,220,000	-	13,370,000	1,945,000	470,030	1,655,000	5,000,000	-	-	1,297,289
2016	15,470,000	30,322,000	-	20,575,000	1,867,000	389,738	1,556,000	5,000,000	-	-	1,152,226
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
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
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
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
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
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

**Governmental
Activities
(Continued)**

Business-type Activities

Year Ended June 30,	Financed Purchases	Bond Anticipation Note	Utilities System Revenue Bonds	State Revolving Fund	Deferred Amounts	Financed Purchases	Total Primary Government	Personal Income	Percentage of Personal Income	Population	Per Capita
2013	\$ 7,139,758	\$ -	\$ 122,135,000	\$ 5,832,985	\$ 4,289,476	\$ 5,003,374	\$ 203,361,291	n/a	n/a	68,094	\$ 2,986
2014	7,464,371	-	124,870,000	5,445,155	3,996,620	4,205,771	213,319,048	n/a	n/a	69,013	3,091
2015	9,610,744	-	118,065,000	7,181,891	3,337,763	3,617,973	206,200,690	n/a	n/a	69,967	2,947
2016	9,834,601	-	110,850,000	13,858,447	2,973,105	8,246,368	222,094,485	n/a	n/a	71,548	3,104
2017	9,597,482	-	193,410,000	15,102,307	14,014,939	7,278,783	319,720,939	n/a	n/a	72,937	4,384
2018	16,601,339	-	186,197,000	17,956,749	12,846,117	16,926,397	352,722,053	n/a	n/a	73,068	4,827
2019	13,127,150	-	239,477,000	25,027,572	20,190,994	15,484,236	430,864,103	n/a	n/a	74,309	5,798
2020	15,271,234	-	231,656,000	32,642,600	18,805,169	13,859,040	439,517,704	n/a	n/a	75,048	5,856
2021	12,050,775	20,250,000	223,842,000	57,724,045	17,460,667	13,018,969	478,744,175	n/a	n/a	74,372	6,437
2022	13,986,278	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

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

General Bonded Debt Outstanding				Estimated Actual Taxable Value	Percentage Of Actual Taxable Value of Property	Population	Per Capita
Year ended June 30,	General Obligation Bonds	Less: Debt Service Funds	Net				
2013	\$ 16,405,000	\$ 1,105,741	\$ 17,510,741	\$ 4,358,506,768	0.03%	68,111	\$ 241
2014	17,375,000	1,105,782	18,480,782	4,452,704,695	0.02%	68,902	252
2015	16,430,000	940,837	17,370,837	4,577,574,467	0.02%	69,926	235
2016	15,470,000	1,034,714	16,504,714	4,781,775,419	0.02%	71,493	216
2017	17,995,000	1,578,973	19,573,973	4,985,674,181	0.03%	72,937	247
2018	16,687,000	1,381,959	18,068,959	5,128,955,893	0.03%	73,068	228
2019	15,430,000	812,984	16,242,984	5,534,826,509	0.01%	74,309	208
2020	15,759,000	804,810	16,563,810	5,651,928,794	0.01%	75,048	210
2021	12,735,000	815,477	13,550,477	6,644,827,357	0.01%	74,372	171
2022	12,265,000	818,740	13,083,740	6,888,906,190	0.01%	74,102	177

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, 2022

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Rock Hill School District #3	\$ 147,705,000	64.98%	\$ 95,980,377
York County General Obligation Debt	113,195,000	22.94%	28,962,210
Other Debt			
Rock Hill School District #3	-	64.98%	-
Subtotal, overlapping debt	260,900,000		121,942,494
City direct debt	142,792,229	100.00%	<u>142,792,229</u>
Total direct and overlapping debt			<u><u>\$ 264,734,723</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*	\$ 383,267,362
Debt limit (8% of assessed value)	30,661,389
Debt applicable to limit	<u>(12,265,000)</u>
Legal debt margin	<u><u>\$ 18,396,389</u></u>

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit (8% of assessed value)	\$ 19,518,092	\$ 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
Total net debt applicable to limit	<u>(16,405,000)</u>	<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>
Legal debt margin	<u>\$ 3,113,092</u>	<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>
Total net debt applicable to the limit as a percentage of the debt limit	84.05%	87.80%	80.20%	71.64%	79.51%	72.50%	63.34%	61.73%	42.92%	40.00%

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

Year Ended June 30,	Combined Utility System Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2013	\$ 117,808,570	\$ 95,255,246	\$ 22,553,324	\$ 5,995,000	\$ 5,567,055	1.95
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	104,624,911	55,891,095	7,884,500	9,259,595	3.26
2022	164,499,252	127,110,653	37,388,599	7,955,000	9,024,534	2.20

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

Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2013	68,111	n/a	n/a	n/a	16,980	9.4%
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	10.4%
2021	74,372	n/a	n/a	n/a	n/a	5.4%
2022	74,102	n/a	n/a	n/a	n/a	4.0%

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 as of 2019 (latest available information)

*Unemployment information is provided by the US Bureau of Labor (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

	2022		
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Atlas Copco Compressors, Inc.	400	1	0.97%
Transaxle	245	2	0.59%
3D Systems	199	3	0.48%
QMD	173	4	0.42%
Coroplace	170	5	0.41%
C.A.T. Resources	135	6	0.33%
Oldcastle Glass	115	7	0.28%
Sherer Dental	115	8	0.28%
Casual Cushion	113	9	0.27%
N/A	N/A	10	-
Total	<u>1,665</u>		<u>2.47%</u>

	2013		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Tyco Electronics	451	1	1.32%
West Marine	285	2	0.83%
Southeastern Industrial Machinery	170	3	0.50%
Atotech USA, Inc.	163	4	0.48%
Springs Creative	147	5	0.43%
Lexington Medical	136	6	0.40%
Beacon Medaes	135	7	0.39%
PFG Customized Distribution	135	8	0.39%
Atlas Copco Compressors, Inc.	120	9	0.35%
TerexAmida Industries Inc	116	10	0.34%
	<u>1,742</u>		<u>5.09%</u>

Source: York County Economic Development (www.yorkcountyed.com)
N/A - Data not available in the current year.

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

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
General services	65.5	66.5	70.5	72.0	72.0	76.5	82.5	83.0	91.0	91.5
Finance	44.5	40.5	42.5	45.0	45.0	25.0	25.0	35.0	34.5	40.5
Human resources	8.0	8.0	9.0	10.0	10.0	9.0	9.0	9.0	9.0	9.0
Housing and neighborhood services	14.5	14.5	18.5	18.5	18.5	20.5	20.5	20.5	20.5	20.5
Transit System							14.0	14.0	19.5	20.5
Police	184.5	191.5	197.5	202.0	203.0	204.0	204.0	205.0	210.0	210.0
Fire	122.0	123.0	124.0	124.0	124.0	124.0	124.0	139.0	139.0	140
Planning and Development	33.0	33.0	34.0	35.0	35.0	36.0	36.0	36.0	37.0	39
Public works	69.5	69.5	64.5	65.0	65.0	65.5	66.0	66.0	66.0	69
Property maintenance										
Parks, recreation, and tourism	106.0	108.0	110.0	115.5	115.5	115.5	136.0	136.0	139.5	142
Urban development and housing	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24
Economic and urban development	12.5	12.5	12.0	12.0	12.0	12.0	12.0	12.0	12.0	14.5
Stormwater	14.0	14.0	14.0	14.0	15.0	14.0	19.0	19.0	19.0	19
Electricity	69.5	73.5	89.5	94.0	94.0	110.0	114.0	104.0	103.0	102
Water	33.0	33.0	29.5	30.5	32.5	33.5	37.5	38.5	40.5	41.5
Wastewater	37.0	37.0	37.0	39.0	39.0	39.0	42.0	44.0	48.0	50
Total	837.5	848.5	876.5	900.5	904.5	908.5	965.5	985.0	1012.5	1033.0

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government										
Building permits issued	918	941	1,238	924	948	943	921	915	979	950
Police										
Physical arrests	4,893	5,442	3,865	3,940	3,635	3,624	3,509	3,373	3,227	3,127
Parking violations	280	152	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Traffic violations	10,525	8,030	6,302	8,372	7,292	7,287	7,850	6,309	5,407	4,174
Fire										
Medical calls answered	4,287	4,229	4,237	4,281	4,254	3,960	3,458	3,584	3,469	5,545
Fire and other responses	2,688	2,679	2,555	2,827	3,266	3,860	4,480	4,267	4,631	4,055
Inspections	2,135	3,234	4,130	4,359	5,018	4,116	5,585	3,035	4,421	4,896
Refuse collection										
Materials managed (tons)	33,173	35,312	35,267	37,924	38,012	40,222	40,662	40,770	41,898	48,013
Other public works										
Street resurfacing (center line miles)	3.89	7.66	7.40	2.37	2.78	3.27	1.95	3.60	0.22	1.55
New streets accepted (miles)	-	2.72	1.37	0.84	1.57	3.71	2.52	1.09	0.76	3.17
Parks, recreation and tourism										
Registered program participation	357,197	323,912	548,000	580,761	593,372	557,668	470,786	386,258	473,155	419,822
Electric										
Total mwh sales	765,881	810,073	813,164	838,403	856,352	850,964	849,164	839,050	837,496	842,549
Water										
Average daily consumptions (mgd)	14.36	15.73	18.50	19.21	20.51	20.50	21.23	20.65	21.64	23.55
Peak daily consumption (mgd)	22.00	22.97	29.86	20.48	30.62	29.08	29.44	29.61	44.70	48.00
Sewer										
Average daily treatment (mgd)	9.79	10.54	10.01	11.17	9.87	10.36	12.22	12.19	12.19	11.31
Peak daily treatment (mgd)	23.34	30.32	29.85	33.23	26.15	21.44	30.90	39.86	27.52	22.65

* 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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	179	187	180	173	177	181	179	180	183	184
Fire stations	6	6	6	6	6	6	6	6	6	6
Refuse collection										
Collection trucks	55	52	53	58	55	56	57	57	58	62
Other public works										
Streets (miles)	215	218	219	220	221	225	228	229	230	233
Street lights	6,537	6,256	6,198	6,160	5,844	5,839	5,490	5,033	4,820	
Parks, recreation and tourism										
Acreage	426	442	588	588	588	592	592	595	595	595
Parks	31	31	31	31	31	31	31	31	31	31
Neighborhood centers	4	4	4	4	4	4	4	4	4	4
Electric										
Miles of electric lines	610	618	619	624	636	640	643	643	647	654
Number of delivery substations	6	6	6	8	8	8	8	8	8	8
Number of poles	25,234	25,650	25,377	25,459	25,151	25,747	25,653	23,310	23,323	23,491
Water										
Miles of water lines	504	508	507	507	512	516	525	550	554	654
Fire hydrants	2,929	2,959	2,972	2,980	3,035	3,058	3,106	3,184	3,236	3,862
Storage capacity (millions of gallons)	6	6	6	8	8	8	8	8	8	8
Sewer										
Miles of sanitary sewers	480	483	482	483	487	490	494	491	492	565
Treatment capacity (millions of gallons)	20	20	20	20	20	20	20	20	20	20

Schedule 24
City of Rock Hill
Principal Electric Customers
Year Ended June 30, 2022

Customer	Type of Business	Consumption (Kwh)	Amount Billed	Percentage of Total Billed
CITY OF ROCK HILL	MUNICIPAL GOVERNMENT	\$ 46,572,016	\$ 5,169,335	4.97%
R H SCHOOL DIST	PRIMARY/SECONDARY EDUCATION	26,310,293	2,789,534	2.68%
ROSS DRESS FOR LESS	DISTRIBUTION	23,360,509	2,430,891	2.34%
PIEDMONT MEDICAL	HOSPITAL	18,072,113	1,727,814	1.66%
WALMART STORES INC	DEPARTMENT STORE	13,159,387	1,376,841	1.32%
COMPORIUM	TELEPHONE/CABLE TV	10,424,523	1,145,047	1.10%
FOOD LION	GROCERY STORE	9,439,869	956,238	0.92%
KOPPERS PERFORMANCE CHEMICALS	MANUFACTURING	9,582,554	777,333	0.75%
YORK TECHNICAL COLLEGE	TECHNICAL COLLEGE	6,259,592	714,980	0.69%
3 D SYSTEMS, CORP	MANUFACTURING	7,309,586	664,823	0.64%
WINTHROP UNIVERSITY	UNIVERSITY	5,370,471	656,492	0.63%
OLD CASTLE BUILDING ENVELOPE	BUILDING MATERIALS	4,965,307	622,739	0.60%
PUBLIX SUPER MARKETS	GROCERY STORE	5,885,824	583,088	0.56%
TRANSAXLE MANUFACTURING OF AMERICA	TRACTOR DRIVETRAIN PARTS	5,132,394	546,704	0.53%
OERLIKON BALZERS COATING USA INC.	MANUFACTURING	5,392,129	530,357	0.51%
Q MEDICAL LLC DBA QURE MEDICAL RH	HEALTHCARE	5,665,895	529,013	0.51%
ATOTECH USA INC	MANUFACTURING	6,289,129	510,443	0.49%
PERFORMANCE FOOD GROUP	DISTRIBUTION	4,726,681	490,989	0.47%
MCDONALDS	RESTAURANT	4,019,811	411,660	0.40%
QUIKTRIP CORPORATION	GAS STATION	3,985,875	401,024	0.39%
		<u>\$ 221,923,959</u>	<u>\$ 23,035,346</u>	<u>22.14%</u>

Schedule 25
City of Rock Hill
Principal Water Customers
Year Ended June 30, 2022

Customer	Type of Business	Consumption (Gallons)	Amount Billed	Percentage of Total Billed
YORK COUNTY	COUNTY GOVERNMENT	\$ 2,258,598,889	\$ 5,225,642	22.63%
TOWN OF FORT MILL	MUNICIPAL GOVERNMENT	1,238,954,662	2,862,109	12.39%
CITY OF YORK	MUNICIPAL GOVERNMENT	518,924,000	1,198,828	5.19%
WINTHROP UNIVERSITY	UNIVERSITY	70,844,806	190,521	0.83%
POWERS CONSTRUCTION	CONSTRUCTION	38,414,344	170,410	0.74%
CITY OF ROCK HILL	MUNICIPAL GOVERNMENT	35,587,344	132,490	0.57%
R H SCHOOL DIST	PRIMARY/SECONDARY EDUCATION	20,409,221	120,409	0.52%
THE VILLAS OF RIVERVIEW	APARTMENTS	36,094,111	120,308	0.52%
NEW INDY	MANUFACTURER	48,341,991	113,020	0.49%
PACES RIVER APARTMENTS	APARTMENTS	11,847,837	108,452	0.47%
STONE HAVEN POINTE	APARTMENTS	9,996,370	81,706	0.35%
PIEDMONT MEDICAL CTR	HOSPITAL	29,502,187	80,930	0.35%
WESTMINISTER BROOKSTONE	APARTMENTS	8,477,614	64,800	0.28%
GABLE OAKS OWNER LLC	APARTMENTS	6,606,710	57,800	0.25%
BLUE GRANITE WATER COMPANY	UTILITY	3,663,317	48,051	0.21%
GALLERIA PT ASSOC	APARTMENTS	9,780,416	47,815	0.21%
FOREST OAKS APTS	APARTMENTS	9,795,887	44,772	0.19%
CATAWBA NATION	HOUSING	18,317,279	43,492	0.19%
PBI PERFORMANCE PRODUCTS	MANUFACTURER	19,208,939	42,932	0.19%
WALK2CAMPUS PROPERTIES	APARTMENTS	7,668,398	41,070	0.19%
		<u>\$ 4,401,034,322</u>	<u>\$ 10,795,557</u>	<u>46.76%</u>

Schedule 26
City of Rock Hill
Principal Wastewater Customers
Year Ended June 30, 2022

Customer	Type of Business	Consumption (Gallons)	Amount Billed	Percentage of Total Billed
YORK COUNTY	COUNTY GOVERNMENT	2,683,670,164	\$ 7,649,830	27.56%
TEGA CAY (CITY)	MUNICIPAL GOVERNMENT	167,999,001	740,452	2.67%
CITY OF ROCK HILL	MUNICIPAL GOVERNMENT	26,324,565	683,051	2.46%
R H SCHOOL DIST	PRIMARY/SECONDARY EDUCATION	14,670,653	233,533	0.84%
LOWENSTEIN MANAGER LLC	REAL ESTATE	5,682,253	204,476	0.74%
PBI PERFORMANCE PRODUCTS, INC	MANUFACTURING	37,846,774	171,411	0.62%
WINTHROP UNIVERSITY	UNIVERSITY	33,101,506	162,390	0.58%
GABRIEL PHENOXIES INC	MANUFACTURING	37,956,464	132,908	0.48%
THE VILLAS	APARTMENTS	28,456,594	131,972	0.48%
POWERS CONSTRUCTION	APARTMENTS	28,749,291	129,996	0.47%
SOUTHWOOD REALTY	APARTMENTS	26,045,474	121,016	0.44%
PIEDMONT MEDICAL CTR	HOSPITAL	20,653,576	113,360	0.41%
INCHEM CORP	MANUFACTURING	23,527,432	110,323	0.40%
CYTEC ENGINEERED MATERIALS	MANUFACTURING	32,497,875	107,282	0.39%
ACTS RETIREMENT LIFE COMMUNITIES INC DBA	APARTMENTS	4,977,443	56,136	0.20%
QUALITY INN AND SUITES	HOTEL	10,639,178	53,354	0.19%
WALK2CAMPUS PROPERTIES	APARTMENTS	7,661,962	49,741	0.18%
PACES RIVER LLC	APARTMENTS	9,891,018	49,729	0.18%
CATAWBA INDIAN NATION GREEN EARTH	HOUSING	12,641,830	44,887	0.16%
FLYING J	GAS STATION	4,935,967	44,886	0.16%
		<u>3,217,929,021</u>	<u>\$ 10,990,732</u>	<u>39.59%</u>

Schedule 27
City of Rock Hill
Principal Stormwater Customers
Year Ended June 30, 2022

Customer	Type of Business	Amount Billed	Percentage of Total Billed
CITY OF ROCK HILL	MUNICIPAL GOVERNMENT	\$ 281,334	6.28%
RH SCHOOL DIST	PRIMARY/SECONDARY EDUCATION	176,437	3.94%
WINTHROP UNIVERSITY	UNIVERSITY	107,802	2.41%
ROSS DRESS FOR LESS INC	WAREHOUSE	87,503	1.95%
ACTS RETIREMENT LIFE COMMUNITIES INC	APARTMENTS	41,426	0.93%
WAL-MART STORES INC.	DEPARTMENT STORE	39,490	0.88%
YORK TECHNICAL COLLEGE	TECHNICAL EDUCATION	34,756	0.78%
DHL SUPPLY CHAIN	DISTRIBUTION CENTER	30,682	0.69%
THE GREENS OF ROCK HILL	PROPERTY DEVELOPER	25,830	0.58%
GT REAL ESTATE HOLDINGS LLC	PROPERTY DEVELOPER	22,951	0.51%
GALLERIA ROCK HILL	SHOPPING CENTER	22,647	0.51%
COMPORIUM WIRELESS	COMMUNICATIONS	22,006	0.49%
MARTIN-MARIETTA MATERIAL	MANUFACTURING	21,708	0.48%
PIEDMONT MEDICAL CENTER EMS	HOSPITAL	21,435	0.48%
WATERFORD GOLF CLUB	COUNTRY CLUB/GOLF COURSE	21,435	0.48%
POWER TECHNIQUE NORTH AMERICA LLC	MANUFACTURING	19,015	0.42%
SCENTSY INC	RETAIL	17,990	0.40%
RIVERWALK MASTER PROPERTY ASSOCIATION	PROPERTY DEVELOPER	15,895	0.36%
CMD PRESERVE LLC	HOUSING	14,732	0.33%
FOOD LION, LLC	GROCERY STORE	14,557	0.33%
		<u>\$ 1,039,631</u>	<u>23.23%</u>

COMPLIANCE SECTION

CITY OF ROCK HILL, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Grant Identification Number	Expenditures	Passed through to Subrecipients
<u>U.S. Department of the Treasury</u>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 4,727,038	\$ -
Total U.S. Department of the Treasury			<u>4,727,038</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development</u>				
Community Development Block Grant Entitlement Grants Cluster				
Community Development Block Grant	14.218	N/A	645,414	-
Total Community Development Block Grant Entitlement Grants Cluster			<u>645,414</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>645,414</u>	<u>-</u>
<u>U.S. Environmental Protection Agency</u>				
Brownfield Assessment and Cleanup Grant	66.818		114,894	-
			<u>114,894</u>	<u>-</u>
(Passed through the South Carolina Water Quality Revolving Fund Authority)				
Clean Water State Revolving Fund Cluster				
Capitalization Grants for Clean Water State Revolving Funds	66.458	1-224-19-393-33	6,723,745	-
Total Clean Water State Revolving Fund Cluster			<u>6,723,745</u>	<u>-</u>
Total U.S. Environmental Protection Agency			<u>6,838,639</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	N/A	16,588	-
			<u>16,588</u>	<u>-</u>
Bulletproof Vest Partnership Program	16.607	N/A	17,118	-
			<u>17,118</u>	<u>-</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	46,162	-
(Passed through the South Carolina Department of Justice)				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	32,069	-
			<u>78,231</u>	<u>-</u>
Body Worn Camera Grant	16.835	N/A	85,147	-
			<u>85,147</u>	<u>-</u>
(Passed through the South Carolina Attorney General's Office)				
Crime Victim Assistance/Discretionary Grants	16.575	N/A	39,216	-
			<u>39,216</u>	<u>-</u>
Total U.S. Department of Justice			<u>236,300</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
COVID-19 - Airport Improvement Program	20.106	N/A	23,000	-
Airport Improvement Program	20.106	N/A	6,485	-
			<u>29,485</u>	<u>-</u>
Federal Transit Cluster				
5307 Capital Cost of Contracting	20.507	SC-2022-022	6,227	-
COVID-19 - 5307 Urbanized Area Formula Grant	20.507	SC-2022-024	59,699	-
5307 Urbanized Area Formula Grant	20.507	SC-2021-038	24,725	-
COVID-19 - 5307 Operations and Capital	20.507	SC 2020-021	1,785,339	-
5307 Transit Services: Operations and Capital	20.507	SC 2019-030	21,353	-
5307 Capital Cost of Contracting	20.507	SC 2018-014	1,768	-
(Passed through the South Carolina Department of Transportation)				
COVID-19 - 5339 Buses and Bus Facilities Formula Grant	20.526	SC 2020-017	2,245,935	-
5339 Buses and Bus Facilities Formula Grant	20.526	SC 2020-017	156,497	-
			<u>2,402,432</u>	<u>-</u>
Total Federal Transit Cluster			<u>4,301,543</u>	<u>-</u>
(Passed through the South Carolina Department of Transportation)				
Highway Planning and Construction Cluster				
RFATS (PL112 funds)	20.205	UPWP2010-2011	196,332	-
White Street Project LPA -15-14 PO27256	20.205	N/A	85,762	-
Total Highway Planning and Construction Cluster			<u>282,094</u>	<u>-</u>

(Continued)

CITY OF ROCK HILL, SOUTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Grant Identification Number	Expenditures	Passed through to Subrecipients
(Passed through the South Carolina Department of Public Safety)				
Law Enforcement Network Grant (LEN)	20.614	N/A	\$ 4,364	\$ -
Total U.S. Department of Transportation			<u>4,617,486</u>	<u>-</u>
 <u>U.S. Department of Homeland Security</u>				
(Passed through the South Carolina Emergency Management Division)				
FEMA Staffing for Adequate Fire and Emergency Responses (SAFER) Grant	97.083	EMW-2017-FH-00285	155,742	-
			<u>155,742</u>	<u>-</u>
Assistance to Firefighters Grant	97.044	EMW-2019-FG-00449	4,338	-
Assistance to Firefighters Grant	97.044	EMW-2019-FP-00124	51,228	-
Assistance to Firefighters Grant	97.044	EMW-2018-FP-00338	10,929	-
			<u>66,495</u>	<u>-</u>
Homeland Security Grant Program	97.067	19SHSP23	2,204	-
Homeland Security Grant Program	97.067	20SHSP25	59,192	-
Homeland Security Grant Program	97.067	20SHSP16	32,283	-
Homeland Security Grant Program	97.067	21SHSP15	27,947	-
Homeland Security Grant Program	97.067	21SHSP08	1,190	-
Homeland Security Grant Program	97.067	21SHSP22	808	-
			<u>123,624</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>345,861</u>	<u>-</u>
 <u>U.S. Department of Health and Human Services</u>				
Community Programs to Improve Minority Health Grant	93.137	N/A	495,290	-
Total U.S. Department of Health and Human Services			<u>495,290</u>	<u>-</u>
 <u>U.S. Department of the Interior</u>				
(Passed through the National Park Service)				
Federal Historic Preservation Grant	15.904	N/A	7,132	-
Total U.S. Department of the Interior			<u>7,132</u>	<u>-</u>
 <u>National Endowment for the Arts</u>				
Arts Engagement in American Communities Grant	45.024	N/A	75,000	-
Total National Endowment for the Arts			<u>75,000</u>	<u>-</u>
 Total Expenditures of Federal Awards			<u>\$ 17,988,160</u>	<u>\$ -</u>

CITY OF ROCK HILL, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The 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 qualified as a low-risk auditee for the fiscal year ended June 30, 2022.

NOTE 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, 2022.

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

**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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 30, 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. 87, Leases.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be material weaknesses.

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*.

City of Rock Hill, South Carolina's Response to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the company name clearly legible.

Columbia, South Carolina
January 30, 2023



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

**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, 2022. 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 program for the year ended June 30, 2022.

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.

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.

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
January 30, 2023

CITY OF ROCK HILL, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

☒ Yes ☐ No

Significant deficiencies identified?

☐ Yes ☒ None Reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major programs:

Material weaknesses identified?

☐ Yes ☒ No

Significant deficiencies identified?

☐ Yes ☒ No

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ Yes ☒ No

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

U.S. Department of Transportation –

Federal Transit Cluster

20.507

5307 Capital Cost of Contracting

20.507

5307 Transit Services: Operations and Capital

20.507

COVID-19 - 5307 Operations and Capital

20.507

COVID-19 - 5307 Urbanized Area Formula Grant

Passed through the S.C. Department of Transportation

20.526

COVID-19 - 5339 Buses and Buse Facilities

U.S. Environmental Protection Agency –

Passed through the S.C. Water Quality Revolving Fund Authority

Clean Water State Revolving Fund Cluster

66.458

Capitalization Grants for Clean Water State Revolving
Funds

CITY OF ROCK HILL, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION I SUMMARY OF AUDIT RESULTS (CONTINUED)

Identification of major programs (Continued):

CFDA Number

21.027

Name of Federal Program or Cluster

U.S. Department of the Treasury –

COVID-19 Coronavirus State and Local Fiscal Recovery
Funds

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

Auditee qualified as low-risk auditee? X Yes No

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

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. The nature of the adjustments required are as follows:

- During our testing of accounts payable and accrued liabilities at the City, it was discovered that the City had not properly accrued multiple expenditures/expenses resulting in significant adjusting journal entries. Entries in the amount of \$532,337, \$1,494,684 and \$49,154 were required to properly state accounts payable for the General Fund, the 2020 IPRB Revenue Bonds and the Electric, Water and Sewer Fund, respectively.
- During our testing of capital assets for the City, a significant audit adjustment of \$235,790 was required to properly reflect current year depreciation expense for the Electric, Water and Sewer Fund.
- During our testing of the City's receivables, we noted management failed to record certain accounts receivable resulting in significant adjusting journal entries. Entries in the amount of \$2,195,935 were required to properly state intergovernmental receivables in the Electric, Water and Sewer Fund.

CITY OF ROCK HILL, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS (CONTINUED)

2022-001. Year-end Financial Closeout and Reporting (Continued)

- Additionally, material audit adjustments were required due to untimely reconciling and closeout procedures, ultimately delaying the overall audit process. Significant net audit adjustments of \$2,555,242, \$2,972,170 and \$1,070,904 in the General Fund, Other Federal Grants Fund, and the Electric, Water and Sewer Fund were required to properly close out the City's funds.

Context: We addressed these matters with City management, who worked diligently to determine the propriety of all respective details and reconciliations as of and for the year ended June 30, 2022.

Effect: The ultimate effect of the above condition is the potential for errors and irregularities to occur and not be detected and corrected in a timely manner, resulting in significant audit adjustments and delays in producing the City's audited financial statements.

Cause: Sufficient internal controls were not in place relating to the year-end financial close and reporting process. The City did not properly account for certain activities, or prepare and review all reconciliations and year-end closeout procedures typically required in an effective control environment.

Recommendation: We recommend the City consider a variety of options to address the above condition. In no particular order, the City needs to look at the respective staffing of the accounting function and determine if an adequate number of qualified people are currently available to address the condition. The City also needs to consider and evaluate its strengths and weaknesses relative to the accounting function, and take measures to address the concerns noted above with a goal of providing timely recording, reconciling, and reporting of the City's financial operations.

Views of Management and Planned Corrective Action: We will continue to review and improve policies and procedures to avoid financial statement adjustments after audit fieldwork has begun. Management will also evaluate the number of staff assigned to the Accounting Division as there have been no additions to the staff in over 25 years. Due to the increased complexity of the City's operations, the Finance Department will also conduct cross-training to improve the timeliness and accuracy of processing and posting the accounting transactions.

Accounts payable invoices in the amount of \$467,783 were received by the City after audit fieldwork had begun and were recorded by the City. In the future, the City will thoroughly discuss these situations with the Auditor prior to recording a payable. There were two invoices totaling \$113,708 and \$1,494,684 dated and paid in July 2022 for capital asset work performed in June 2022. In the future, a second staff member will review post yearend activity in order to ensure all payables are recorded.

There was a transaction in the amount of \$235,790 identified and posted after audit fieldwork that impacted capital assets and accumulated depreciation. This impacted the financial statement footnotes. In the future, an additional review will take place to ensure capital assets and accumulated depreciation are correct prior to the beginning of audit fieldwork.

CITY OF ROCK HILL, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II
FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS (CONTINUED)

2022-001. Year-end Financial Closeout and Reporting (Continued)

Views of Management and Planned Corrective Action (Continued):

The City submitted loan draw requests in July, August, and September 2022. As a result, a miscellaneous receivable from SC SRF and a corresponding SC SRF loan payable occurred after June 30, 2022. Staff was aware of pending SC SRF loan draws but did not consider this a loan until the funds were paid by the SC SRF. The City acknowledges that GAAP requires accrual and will study this particular situation further and will also make this review part of our future financial statement closing procedures.

Adjustments of \$2,555,242 and \$2,972,170 were reclassifications of grant expenses posted by staff after audit fieldwork had begun. In the future accounting staff will work with grants staff to reconcile grant related transactions at least quarterly and post these transactions prior to the beginning of audit fieldwork.

An adjustment of \$1,070,904 was an entry to estimate uncollectible receivables which was posted by staff after audit fieldwork had begun. This item is on the staff's checklist and in the future, staff will ensure estimates are recorded prior to the beginning of audit fieldwork.

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.

Context: During the testing of the SEFA, it was noted the City had improperly included \$352,704 of nonfederal expenditures, and as such, a material audit adjusting entry was required to ensure the SEFA was properly stated in relation to the City's financial statements as of June 30, 2022.

Effect: Ultimately the City was able to provide the necessary underlying records to support the expenditures reported on the SEFA resulting in significant changes in the nature and number of major federal programs subject to audit for the fiscal year ended June 30, 2022.

Cause: The City did not have internal controls in place to accurately and timely provide the SEFA.

CITY OF ROCK HILL, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS (CONTINUED)

2022-002. Preparation of Schedule of Expenditures of Federal Awards (Continued)

Recommendation: We recommend the City establish procedures to ensure all federal grant expenditures are included in the SEFA (on an accrual basis) and that assistance listing numbers are reported correctly and in a timely manner. The City should utilize the City's general ledger system to separately track the expenditures which are program eligible in project codes to aid the City personnel with accurately and timely preparation of the SEFA.

Views of Responsible Officials and Planned Corrective Action: The City's intended use of \$352,704 expended in FY2022 for the purchase of property adjacent to the Operations Center changed after staff had prepared the Schedule of Expenditures of Federal Awards (SEFA) report. Because the planned use of the property changed, the City refunded the Federal Transit Authority funds in FY2023. Staff asked the auditors to adjust the SEFA to reflect the refund. In the future, the Accounting and Grants Divisions will work closely together on future SEFA reporting to ensure accuracy prior to audit fieldwork. In the future, the City will also discuss these situations with the Auditor to ensure correct reporting in the correct period.

SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV SCHEDULE OF PRIOR YEAR FINDINGS

None reported.



MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE FISCAL YEAR ENDED JUNE 30, 2022

2022-001 Year-end Financial Closeout and Reporting

Name of Contact Person Responsible for the Corrective Action Plane: Anne P. Harty Chief Financial Officer

Prior to June 30, 2023, the City will review and improve policies and procedures to avoid financial statement adjustments after audit fieldwork has begun.

Prior to June 30, 2023, the City will meet with Audit staff and managers to gain a better understanding of expectations related to City identified adjustments required once fieldwork has begun.

Prior to June 30, 2023, the City will evaluate the number of staff assigned to the Accounting Division. Staff has begun transitioning one Accountant from the City Budget Division to the Accounting Division.

Prior to June 30, 2023, due to the increased complexity of the City's operations, the Finance Department will meet with Grants Division staff and will conduct cross-training to improve the timeliness and accuracy of processing and posting the accounting transactions.

Anticipated Completion Date: Fiscal Year 2023.

2022-002 Preparation of Schedule of Expenditures of Federal Awards

Name of Contact Person Responsible for the Corrective Action Plane: Anne P. Harty Chief Financial Officer

The City's intended use of \$352,704 expended in FY2022 for the purchase of property adjacent to the Operations Center changed after staff had prepared the Schedule of Expenditures of Federal Awards (SEFA) report. Because the planned use of the property changed, the City refunded the Federal Transit Authority funds in FY2023.

Prior to June 30, 2023, the City will meet with Audit staff and managers to discuss communication prior to posting of transactions.

Prior to June 30, 2023, the City will meet with Audit staff and managers to gain a better understanding of expectations and proper communication related to adjustments posted after fieldwork has begun.

Prior to June 30, 2023, due to the increased complexity of the City's operations, the Finance Department will meet with Grants Division staff and will conduct cross-training to improve the background and timeliness of processing the accounting transactions.

Anticipated Completion Date: Fiscal Year 2023.