

TOWN OF CHESTERFIELD
Chesterfield, South Carolina

FINANCIAL STATEMENTS and
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020

TABLE of CONTENTS

Independent Auditor's Report	Pages 1-2
Basic Financial Statements:	
Statement of Net Position	Page 3
Statement of Activities	Page 4
Balance Sheet - Governmental Funds	Page 5
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	Page 6
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	Page 7
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	Page 8
Statement of Net Position-Proprietary Funds	Page 9
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	Page 10
Statement of Cash Flows - Proprietary Funds	Page 11
Notes to the Financial Statements	Pages 12-31
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	Page 32
Schedule of Town's Contributions	Page 33
Schedule of Town's Proportionate Share of the Net Pension Liability	Page 34
Notes to Required Supplementary Information - Pension Liability	Page 35
Supplemental Information (Optional)	
General Fund	
Statement of Revenues and Expenditures - Budget Compared to Actual	Pages 36-40
Statement of Fines and Assessments	Page 41
Special Revenue Funds	
Combining Statement of Revenues and Expenditures	Page 42-43
Capital Projects Funds	
Combining Statement of Revenues and Expenditures	Page 44-45
Proprietary Funds	
Statement of Revenues and Expenses - Budget Compared to Actual	Pages 46-47
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 <i>Government Auditing Standards</i>	Pages 48-50

TOWN OF CHESTERFIELD, SOUTH CAROLINA

LISTING OF PRINCIPAL OFFICIALS

YEAR ENDED JUNE 30, 2020

Established 1872

MAYOR
Billy H. Cassidy

TOWN COUNCIL MEMBERS

Latonya Myers
John Bittle III
Stephanie H. Cockrell
Nikki Cassidy
Fred D. Rivers

TOWN ADMINISTRATOR

Bill Taylor

TOWN CLERK

Betty Lynn Watson

CANTEY, TILLER, PIERCE & GREEN, LLP

Certified Public Accountants

1204 BROAD STREET • POST OFFICE BOX 862
CAMDEN, SOUTH CAROLINA 29021

PIERCE W. CANTEY, JR., CPA, (1963-2019)
RICHARD C. TILLER, CPA, PFS
JANET M. PIERCE, CPA
HENRY D. GREEN, III, CPA

MEMBER OF AMERICAN INSTITUTE
AND SOUTH CAROLINA ASSOCIATION
OF CERTIFIED PUBLIC ACCOUNTANTS
PH (803) 432-1436/ FX (803) 432-5055

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Town Council
Town of Chesterfield
Chesterfield, South Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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 major funds and the aggregate remaining fund information of Town of Chesterfield, South Carolina as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2020, on our consideration of the Town of Chesterfield, South Carolina's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Town of Chesterfield, South Carolina's internal control over financial reporting and compliance.

Cantey, Tiller, Pierce & Green, LLP

Cantey, Tiller, Pierce and Green, LLP
Camden, South Carolina

November 9, 2020

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

STATEMENT of NET POSITION
June 30, 2020

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 2,349,910	\$ 389,694	\$ 2,739,604
Accrued Interest Receivable	7	5	12
Accounts Receivable, Net	92,760	150,042	242,802
Intergovernmental Receivables	697	-	697
Internal Balances	(17,062)	17,062	-
Other Assets	-	63	63
Total Current Assets	<u>2,426,312</u>	<u>556,866</u>	<u>2,983,178</u>
NON-CURRENT ASSETS			
RESTRICTED ASSETS			
Cash and Cash Equivalents	496,115	203,521	699,636
Customer Deposits Held in Trust	-	63,668	63,668
Total Restricted Assets	<u>496,115</u>	<u>267,189</u>	<u>763,304</u>
CAPITAL ASSETS			
Land and Construction in Progress	145,950	35,973	181,923
Other Capital Assets, Net of Accumulated Depreciation	1,440,615	4,271,596	5,712,211
Total Capital Assets	<u>1,586,565</u>	<u>4,307,569</u>	<u>5,894,134</u>
Total Non-Current Assets	<u>2,082,680</u>	<u>4,574,758</u>	<u>6,657,438</u>
Total Assets	<u>4,508,992</u>	<u>5,131,624</u>	<u>9,640,616</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pension Liability	201,442	-	201,442
Total Deferred Outflows of Resources	<u>201,442</u>	<u>-</u>	<u>201,442</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	49,286	44,874	94,160
Accrued Liabilities	98	-	98
Accrued Interest on Bonds Payable	5,629	3,695	9,324
Current Portion of Long-Term Obligations	70,293	89,329	159,622
Total Current Liabilities	<u>125,306</u>	<u>137,898</u>	<u>263,204</u>
NON-CURRENT LIABILITIES			
Compensated Absences	36,438	-	36,438
Liabilities Payable from Restricted Assets			
Customer Deposits	-	63,668	63,668
Net Pension Liability	958,543	-	958,543
Non-Current Portion of Long-Term Obligations	344,304	2,519,326	2,863,630
Total Non-Current Liabilities	<u>1,339,285</u>	<u>2,582,994</u>	<u>3,922,279</u>
Total Liabilities	<u>1,464,591</u>	<u>2,720,892</u>	<u>4,185,483</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pension Liability	89,592	-	89,592
Deferred Revenue	219,009	-	219,009
Deferred Revenue Held in Restricted Assets	496,115	-	496,115
Total Deferred Inflows of Resources	<u>804,716</u>	<u>-</u>	<u>804,716</u>
NET POSITION			
Net Investment in Capital Assets	1,171,968	1,698,914	2,870,882
Restricted for:			
Debt Service	-	203,521	203,521
Unrestricted	1,269,159	508,297	1,777,456
Total Net Position	<u>\$ 2,441,127</u>	<u>\$ 2,410,732</u>	<u>\$ 4,851,859</u>

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

STATEMENT of ACTIVITIES
For the Year Ended June 30, 2020

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
Governmental Activities							
General Government	\$ 331,784	\$ 418,107	\$ -	\$ 62,166	\$ 148,489	\$ -	\$ 148,489
Public Safety	665,483	130,345	-	-	(535,138)	-	(535,138)
Highways and Streets	348,021	-	-	-	(348,021)	-	(348,021)
Sanitation	225,818	228,083	-	-	2,265	-	2,265
Health and Welfare	81,890	163,994	-	-	82,104	-	82,104
Interest on Long-Term Debt	18,137	-	-	-	(18,137)	-	(18,137)
Total Governmental Activities	<u>1,671,133</u>	<u>940,529</u>	<u>-</u>	<u>62,166</u>	<u>(668,438)</u>	<u>-</u>	<u>(668,438)</u>
Business-Type Activities:							
Water and Sewer Charges	946,194	908,456	-	-	-	(37,738)	(37,738)
Total Business-Type Activities	<u>946,194</u>	<u>908,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,738)</u>	<u>(37,738)</u>
Total Primary Government	<u>\$ 2,617,327</u>	<u>\$ 1,848,985</u>	<u>\$ -</u>	<u>\$ 62,166</u>	<u>(668,438)</u>	<u>(37,738)</u>	<u>(706,176)</u>
					<u>Primary Government</u>		
General Revenues:							
Taxes:							
Property/Other Taxes					689,665	-	689,665
Franchise Taxes (Fees)					73,648	-	73,648
Unrestricted Investment Earnings					2,577	414	2,991
Miscellaneous					50,572	-	50,572
Total General Revenues					<u>816,462</u>	<u>414</u>	<u>816,876</u>
Change in Net Position					148,024	(37,324)	110,700
Net Position, Beginning of Year					<u>2,293,103</u>	<u>2,448,056</u>	<u>4,741,159</u>
Net Position, End of Year					<u>\$ 2,441,127</u>	<u>\$ 2,410,732</u>	<u>\$ 4,851,859</u>

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2020

	General	Special Revenue	Capital Projects	Total
ASSETS				
Cash on Hand and in Banks	\$ 2,160,917	\$ 13,250	\$ 175,743	\$ 2,349,910
Accrued Interest on Investments	6	1	-	7
Taxes and Other Accounts Receivable	507	-	92,253	92,760
Due from Other Funds	30,000	-	16,844	46,844
Due from Chesterfield/Cheraw Industrial Park	-	-	697	697
Restricted Assets				
Cash in Bank	496,115	-	-	496,115
Total Assets	\$ 2,687,545	\$ 13,251	\$ 285,537	\$ 2,986,333
 LIABILITIES, DEFERRED INFLOW and FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 48,284	\$ -	\$ 1,002	\$ 49,286
Payroll Taxes and Employee Benefits	98	-	-	98
Due to Other Funds	-	63,906	-	63,906
Accrued Interest on Bonds Payable	-	-	5,629	5,629
Total Liabilities	48,382	63,906	6,631	118,919
Deferred Inflows of Resources				
Deferred Revenue	218,866	143	-	219,009
Deferred Revenue Held in Restricted Assets	496,115	-	-	496,115
Total Deferred Inflows of Resources	714,981	143	-	715,124
 FUND BALANCE				
Restricted	-	(50,798)	278,906	228,108
Assigned	496,115	-	-	496,115
Unassigned	1,428,067	-	-	1,428,067
Total Fund Balance	1,924,182	(50,798)	278,906	2,152,290
 Total Liabilities and Fund Balance	\$ 2,687,545	\$ 13,251	\$ 285,537	\$ 2,986,333

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

RECONCILIATION of the GOVERNMENTAL FUNDS BALANCE SHEET
to the STATEMENT of NET POSITION
June 30, 2020

Total Fund Balance for Governmental Funds		
Total Net Position reported for governmental activities in the statement of net position is different because:		\$ 2,152,290
Capital assets of \$3,947,093 net of accumulated depreciation of \$2,360,528, are not financial resources and, therefore, are not reported in the funds.		1,586,565
Deferred outflows and inflows related to the pension liability are applicable to future periods and therefore are not reported in the governmental funds:		
Deferred outflows-pension		201,442
Deferred inflows-pension		(89,592)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General Obligation Bond	\$ (149,927)	
Governmental Leases Payable	(255,353)	
Notes Payable	(9,317)	
Net Pension Liability	(958,543)	
Compensated Absences	(36,438)	(1,409,578)
Total Net Position of Governmental Activities		<u>\$ 2,441,127</u>

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2020

	General	Special Revenue	Capital Projects	Total
REVENUES				
Taxes	\$ 689,665	\$ -	\$ -	\$ 689,665
Licenses and Permits	418,107	-	-	418,107
Intergovernmental Revenues	73,648	62,166	-	135,814
Charges for Services	392,077	-	-	392,077
Fines and Forfeitures	130,345	-	-	130,345
Miscellaneous	34,981	7,125	8,466	50,572
Interest Income	2,239	133	205	2,577
Total Revenues	1,741,062	69,424	8,671	1,819,157
EXPENDITURES				
Current:				
General Government	253,675	-	1,829	255,504
Public Safety	595,136	-	-	595,136
Highways and Streets	317,401	-	-	317,401
Sanitation	206,413	-	-	206,413
Health and Welfare	57,135	18,802	-	75,937
Capital Outlay	46,778	50,000	-	96,778
Debt Service				
Principal	86,536	-	7,473	94,009
Interest	10,888	-	7,249	18,137
Total Expenditures	1,573,962	68,802	16,551	1,659,315
EXCESS (DEFICIENCY) of REVENUES OVER (UNDER) EXPENDITURES	167,100	622	(7,880)	159,842
FUND BALANCE, Beginning of Year	1,757,082	(51,420)	286,786	1,992,448
FUND BALANCE, End of Year	\$ 1,924,182	\$ (50,798)	\$ 278,906	\$ 2,152,290

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

RECONCILIATION of the GOVERNMENTAL FUNDS STATEMENT of REVENUES, EXPENDITURES,
and CHANGES in FUND BALANCE to the STATEMENT of ACTIVITIES
For the Year Ended June 30, 2020

Net Changes in Fund Balance - Total Governmental Funds

The change in net position reported for governmental activities in the statement of activities is different because: \$ 159,842

Governmental funds report capital 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 depreciation of \$178,028 exceeded net capital outlays of \$96,778. (81,250)

The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The amount of debt repayments for the period are \$94,009 and there was no debt issued. 94,009

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include:

Net increase in compensated absences (5,969)
Net increase in net pension related net liabilities (18,608)

Changes in Net Position of Governmental Activities \$ 148,024

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

STATEMENT of NET POSITION – PROPRIETARY FUNDS
June 30, 2020

ASSETS	
CURRENT ASSETS	
Cash	\$ 389,694
Water and Sewer Accounts Receivable, Net	84,074
Grants Receivable	65,968
Due from Other Funds	17,062
Other Assets	68
Total Current Assets	<u>556,866</u>
NON-CURRENT ASSETS	
RESTRICTED ASSETS	
Cash-Reserve Bond	203,521
Cash-Customer Deposits	63,668
Total Restricted Assets	<u>267,189</u>
CAPITAL ASSETS	
Land	35,973
Improvements	6,083,528
Vehicles	36,045
Water System	3,203,798
Sub-Total	<u>9,359,344</u>
Less Accumulated Depreciation	5,051,775
Total Capital Assets	<u>4,307,569</u>
Total Non-Current Assets	<u>4,574,758</u>
Total Assets	<u>5,131,624</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	44,874
Accrued Interest Payable	3,695
Notes Payable	37,118
Serial Bonds Payable, Current	52,211
Total Current Liabilities	<u>137,898</u>
NON-CURRENT LIABILITIES	
Liabilities Payable from Restricted Assets	
Customers' Deposits	63,668
Notes Payable, Non-Current	78,705
Serial Bonds Payable, Non-Current	2,440,621
Total Non-Current Liabilities	<u>2,582,994</u>
Total Liabilities	<u>2,720,892</u>
NET POSITION	
Net Investment in Capital Assets	1,698,914
Restricted for Debt Service	203,521
Unrestricted	508,297
Total Net Position	<u>\$ 2,410,732</u>

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

STATEMENT of REVENUES, EXPENSES and CHANGES in NET POSITION -
PROPRIETARY FUNDS
For the Year Ended June 30, 2020

OPERATING REVENUES

Water Charges	\$ 380,831
Sewer Service Charges	440,361
Tap-On Fees and Reconnect Charges	16,279
Grant Revenues	65,968
Miscellaneous	5,017
Total Operating Revenues	<u>908,456</u>

OPERATING EXPENSES

Supplies	198,371
Utilities and Telephone	29,301
Professional Services	243,836
Miscellaneous	126,448
Depreciation	242,791
Total Operating Expenses	<u>840,747</u>

Operating Income 67,709

NON-OPERATING INCOME (EXPENSE)

Investment Income	414
Interest Expense	<u>(105,447)</u>
Total Non-operating Income (Expense)	<u>(105,033)</u>

Net Income (37,324)

NET POSITION, Beginning of Year 2,448,056

NET POSITION, End of Year \$ 2,410,732

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

STATEMENT of CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2020

CASH FLOWS from OPERATING ACTIVITIES:	
Cash Received from Customers and Others	\$ 892,638
Cash Payments to Suppliers for Goods and Services	(699,131)
Net Cash Provided by Operating Activities	<u>193,507</u>
CASH FLOWS from CAPITAL and RELATED FINANCING ACTIVITIES:	
Principal Paid on Revenue Bonds	(50,115)
Principal Paid on Leases Payable	(35,704)
Interest Paid on Bonds	(105,447)
Net Cash Used in Capital and Related Financing Activities	<u>(191,266)</u>
CASH FLOWS from INVESTING ACTIVITIES:	
Interest on Investments	414
Net Cash Provided by Investing Activities	<u>414</u>
Net Increase in Cash and Cash Equivalents	2,655
Cash and Cash Equivalents at Beginning of Year	654,228
Cash and Cash Equivalents at End of Year	<u>\$ 656,883</u>
RECONCILIATION of OPERATING INCOME to NET CASH PROVIDED by OPERATING ACTIVITIES:	
Operating Income	\$ 67,709
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	242,791
Changes in Assets and Liabilities:	
(Increase) Decrease in Current Assets	
Accounts Receivable	11,914
Grants Receivable	(10,670)
Due from Other Funds	(17,062)
Increase (Decrease) in Current Liabilities	
Accounts Payable	(79,766)
Accrued Interest Payable	(618)
Due to Other Funds	(20,041)
Customer Deposits	(750)
Net Cash Provided by Operating Activities	<u>\$ 193,507</u>
RECONCILIATION OF CASH FLOWS	
Cash	\$ 389,694
Cash - Reserve Bond	203,521
Cash - Customer Deposits	63,668
	<u>\$ 656,883</u>

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 SUMMARY of ACCOUNTING POLICIES

The Town of Chesterfield was incorporated February 5, 1872, under a charter granted by the Secretary of State of South Carolina. On June 22, 1976, the Town adopted the mayor-council form of government under the provisions of Section 47-20 of the South Carolina Code of Laws, as amended. A new certificate of incorporation was issued on that date. The Town provides the following services as authorized by its charter: public safety (police and fire), street and sanitation, health and welfare, water and sewer and general administrative services.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town is discussed below.

A. Reporting Entity

The financial statements of the Town consist only of the funds of the Town. The Town has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

B. Basic Financial Statements - Government-Wide Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's public safety, streets and sanitation, health and welfare, and general administrative services are classified as governmental activities. The Town's utility services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales taxes, intergovernmental revenues, interest income, etc.).

The Town does not allocate indirect costs. This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position.

NOTE 1 SUMMARY of ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town.

- a. General fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital projects are used to account for financial resources to be used for the acquisition and development of capital facilities (other than those financed by proprietary funds).

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:

- a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

D. Basis of Accounting

The government-wide statement reports using the economic resources measurement focus and the accrual basis of accounting generally include the reclassification or elimination of internal activity (between or within funds). Proprietary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

NOTE 1 SUMMARY of ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial recourses measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include sales and use taxes, motel taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements include revenues and expenses related to the primary, continuing operations of the fund. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

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

E. Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device during the year for the General and Water and Sewer Funds. The General Fund Budget is adopted on a basis substantially consistent with the basis of accounting utilized by that fund. The Water and Sewer Fund budget is adopted on the cash basis.

The Town Council approves by ordinance the budget appropriations by department. Unused appropriations lapse at the end of the year.

The Town does not utilize a formal method of encumbrance accounting and reporting.

The Town has not presented budget information for special revenue funds and capital project funds since budgetary control is maintained on an individual grant basis. Due to timing, this information may not be meaningful.

F. Cash and Investments

For purposes of cash flows, the Town considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Investment Credit Risk - The Town has no investment policy that limits its investment choices other than the limitation of state law. The State of South Carolina General Statutes permits the Town to invest in the following types of instruments:

1. Obligations of the United States, and its agencies, the principal and interest of which is fully guaranteed by the United States.

NOTE 1 SUMMARY of ACCOUNTING POLICIES (Continued)

F. Cash and Investments (Continued)

2. Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to the refinement or graduation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
3. (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or graduation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
4. Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
5. Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificate of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
6. Repurchase agreements when collateralized by securities as set forth in this section.
7. No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (1), (2), (3), and (6) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

G. Inventory

The proprietary fund inventory consists primarily of chemicals and supplies which are recorded at lower of cost or market.

H. Receivables and Allowance for Uncollectible Accounts

The Town positively enforces the property tax collection policies described in Note 1-J.; thus, all property taxes receivable is expected to be fully collectible. Allowance for uncollectible accounts receivable in the enterprise fund at year end is \$74,009 at June 30, 2020.

NOTE 1 SUMMARY of ACCOUNTING POLICIES (Continued)

I. Capital Assets, Depreciation and Amortization

Capital assets are stated at historical cost or estimated historical cost. Donated capital assets are stated at their fair value on the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and Improvements	20 - 60 Years
Mobile Equipment	5 Years
Furniture, Fixtures and Equipment	5 Years

No valuation has been made of plant assets in existence prior to the improvements under the 1960 bond issue and plant assets acquired by the Town prior to May 1, 1949. It is estimated that these assets are fully depreciated at, or prior to June 30, 2020. Depreciation is computed on the known improvements to the system since 1960 and system assets acquired by the Town since May 1, 1949. Cost of extensions to the system is based on estimates by the water superintendent since no records are maintained for the installation of each tap.

The capitalized cost of assets includes not only purchase price or construction cost, but also ancillary charges (such as site preparation and professional fees) and construction-period interest.

J. Revenue Recognition - Property Taxes

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied on real property. Assessment is made by Chesterfield County. The Town provides the County with the tax levy, and the County prints the tax notices for the Town. The tax levy for 2019 was 135 mills. Property taxes are due January 15, with a 15% penalty added January 16. Notice of Levy to Taxes is sent by certified mail to delinquent taxpayers May 1. After May 1, additional costs of collection are added. Property is duly advertised for three consecutive weeks in July and sold for taxes, penalties, and costs of sales on the first Monday in August.

Property tax revenues are recognized when they become available. Available includes those property taxes expected to be collected within sixty days after year end.

K. Compensated Absences

The Town permits employees to accumulate a limited amount of compensated absences. Annual leave will be accrued at the rate of one day for each calendar month worked. Annual leave will be accrued to a maximum of forty-five days. Vacation days accrued past forty-five days are lost if not used within the fiscal year of the Town. Upon termination of employment with the Town, an employee shall be paid for accrued annual leave which has been accrued but not used. Employees will not be paid for accrued annual leave if they resign before they have worked one year.

Sick leave is accrued at the rate of one working day per calendar month to a maximum of ninety days beginning with the first month of employment. Upon termination of employment with the Town, an employee shall not be paid for any sick leave which has been accrued but not used.

NOTE 1 SUMMARY of ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

In the event an employee is required to devote an unusual amount of extra time to the work of the Town, the Mayor may provide for compensatory time off for such an employee.

Accumulated unpaid compensated absences totaled \$36,438 at June 30, 2020 for Town employees. Accumulated unpaid compensated absences are reported as accrued in the government-wide and proprietary financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets these criterion-- pension-related deferrals. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meets these criterion—deferred revenue and pension-related deferrals.

M. Net Position

Net position is classified and presented in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any mortgages, notes payable, or other borrowings, that are attributable to the acquisitions, construction, or improvement of those assets.

Restricted – Consists of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted – All other assets that do not meet the definition of “restricted” or “invested in capital assets”.

N. Fund Balance

The Town has implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on government’s fund balance more transparent. The following classification describes the relative strength of the spending constraints placed on the purpose for which resources can be used:

- Nonspendable fund balance—amounts that are not in a spendable form (such as inventory and prepaid) or are required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision or by enabling legislation.

NOTE 1 SUMMARY of ACCOUNTING POLICIES (Continued)

N. Fund Balance (Continued)

- Committed fund balance—amounts constrained to specific purpose by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes same highest-level action to remove or change the constraint;
- Assigned fund balance—amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose; positive amounts are reported only in the general fund.
- When both restricted and unrestricted resources are available for use, it is the Town’s policy to use restricted resources first, then unrestricted resources as they are needed.

O. General Obligation Bonded Debt Service

The Town levies and collects annually upon all taxable property in the Town an ad valorem tax sufficient to pay the principal of and interest on its general obligation bonds as they respectively mature. The projected annual requirement takes into consideration the following items: the beginning fund balance available, the maintenance of an adequate ending balance, and the maintenance of an allocation rate large enough to satisfy the minimum amounts prescribed by the bond ordinances.

P. Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the Town’s management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Q. Grants

In the normal course of operations, the Town receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 2 CASH AND INVESTMENTS

Deposits are shown at carrying value at June 30, 2020, as follows:

	1	2	3	Bank Balance	Total Carrying Amount
Checking Accounts	\$ 277,864	\$ 681,071	\$ -	\$ 958,935	\$ 1,063,009
Savings Accounts	500,000	952,769	-	1,452,769	1,404,444
Certificates of Deposit	-	1,047,983	-	1,047,983	1,035,120
	<u>\$ 777,864</u>	<u>\$ 2,681,823</u>	<u>\$ -</u>	<u>\$ 3,459,687</u>	3,502,573
Cash on Hand and Other					335
					<u>\$ 3,502,908</u>

NOTE 2 CASH AND INVESTMENTS (Continued)

The Town's deposits are categorized to indicate the level of risk assumed by the Town at year end. Category 1 includes deposits that are insured or collateralized with securities held by the government or its agent in the government's name. Category 2 includes deposits that are collateralized with securities held by pledging financial institution's trust department or agent in the government's name. Category 3 includes uncollateralized deposits or deposits collateralized with securities held by the pledging financial institution or its trust department or agent but not in the Town's name.

Custodial Risk-Deposits - Deposits in financial institutions, reported as components of cash and cash equivalents, had a bank balance of \$3,459,687 at June 30, 2020, that was fully insured by depository insurance or secured with collateral held by the Town's agent in its name.

A reconciliation of cash and cash equivalents at June 30, 2020 as shown in the combined Statement of Net Position for the primary government follows:

Petty Cash and Other	\$ 335
Carrying Amount of Deposits	<u>3,502,573</u>
Total	<u><u>\$ 3,502,908</u></u>
Cash and Cash Equivalents	\$ 2,739,604
Cash and Cash Equivalents - Restricted	<u>763,304</u>
Total	<u><u>\$ 3,502,908</u></u>

NOTE 3 CAPITAL ASSETS

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
GOVERNMENTAL ACTIVITIES:				
Capital Assets not Being Depreciated:				
Land and Improvements	\$ 145,950	\$ -	\$ -	\$ 145,950
Total Capital Assets not Being Depreciated	<u>145,950</u>	<u>-</u>	<u>-</u>	<u>145,950</u>
Other Capital Assets:				
Land Improvements	29,993	-	-	29,993
Buildings and Improvements	1,298,183	-	-	1,298,183
Equipment	961,506	-	-	961,506
Furniture and Fixtures	50,568	-	-	50,568
Automotive Equipment	521,203	96,778	-	617,981
Streets, Sidewalks, Etc.	842,912	-	-	842,912
Total Other Capital Assets at Historical Cost	<u>3,704,365</u>	<u>96,778</u>	<u>-</u>	<u>3,801,143</u>

NOTE 3 CAPITAL ASSETS (Continued)

Less Accumulated Depreciation for:			
Buildings and Improvements	(505,118)	(29,516)	- (534,634)
Equipment	(819,651)	(49,492)	- (869,143)
Furniture and Fixtures	(47,937)	(4,800)	- (52,737)
Automotive Equipment	(239,255)	(47,564)	- (286,819)
Land Improvements	(29,993)	-	- (29,993)
Streets, Sidewalks, Etc.	(540,546)	(46,656)	- (587,202)
Total Accumulated Depreciation	(2,182,500)	(178,028)	- (2,360,528)
Other Capital Assets, Net	1,521,865	(81,250)	- 1,440,615
Governmental Activities Capital Assets, Net	<u>\$ 1,667,815</u>	<u>\$ (81,250)</u>	<u>\$ - \$ 1,586,565</u>

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
BUSINESS-TYPE ACTIVITIES:				
Capital Assets not Being Depreciated:				
Land and Improvements	\$ 35,973	\$ -	\$ -	\$ 35,973
Total Capital Assets not Being Depreciated	<u>35,973</u>	<u>-</u>	<u>-</u>	<u>35,973</u>
Other Capital Assets:				
Improvements	6,083,528	-	-	6,083,528
Vehicles	36,045	-	-	36,045
Water System	3,203,798	-	-	3,203,798
Total Other Capital Assets at Historical Cost	<u>9,323,371</u>	<u>-</u>	<u>-</u>	<u>9,323,371</u>
Less Accumulated Depreciation	<u>(4,808,985)</u>	<u>(242,790)</u>	<u>-</u>	<u>(5,051,775)</u>
Other Capital Assets, Net	<u>4,514,386</u>	<u>(242,790)</u>	<u>-</u>	<u>4,271,596</u>
Business-Type Activities Capital Assets, Net	<u>\$ 4,550,359</u>	<u>\$ (242,790)</u>	<u>\$ -</u>	<u>\$ 4,307,569</u>

Depreciation expense for the year ended June 30, 2020, was charged to functions as follows:

GOVERNMENT ACTIVITIES:	
General Government	\$ 51,703
Public Safety	70,347
Highways and Streets	30,620
Sanitation	19,405
Health and Welfare	5,953
Total Governmental Activities Depreciation Expense	<u>\$ 178,028</u>
BUSINESS-TYPE ACTIVITIES:	
Water and Sewer System	\$ 242,790
Total Business-Type Activities Depreciation Expense	<u>\$ 242,790</u>

NOTE 4 CHANGES IN LONG-TERM DEBT-PROPRIETARY FUND

The following is a summary of the long-term liability activity of the proprietary fund for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020	Payable Within One Year
<u>Serial Bonds Payable</u>					
1994 Revenue Bond payable to FmHA in monthly installments of \$2,356 and maturing November, 2034, including interest at 5.25%	\$ 298,364	\$ -	\$ 12,915	\$ 285,449	\$ 13,608
2011A Revenue Bond Payable to USDA in monthly payments of \$919 and maturing May 13, 2051, including interest at 4.375%	188,124	-	2,854	185,270	2,990
2011B Revenue Bond Payable to USDA in monthly payments of \$9,240 and maturing June 13, 2051, including interest at 3.75%	2,056,459	-	34,346	2,022,113	35,613
Sub-Total	<u>2,542,947</u>	<u>-</u>	<u>50,115</u>	<u>2,492,832</u>	<u>52,211</u>
<u>Notes Payable</u>					
Lease-purchase financing payable to Branch Banking and Trust Company in annual payments of \$41,705 and maturing April 25, 2023, including interest at 3.96%	151,527	-	35,704	115,823	37,118
Sub-Total	<u>151,527</u>	<u>-</u>	<u>35,704</u>	<u>115,823</u>	<u>37,118</u>
Total Proprietary Fund Long-Term Debt	<u>\$ 2,694,474</u>	<u>\$ -</u>	<u>\$ 85,819</u>	<u>\$ 2,608,655</u>	<u>\$ 89,329</u>

The annual requirements to amortize notes payable as of June 30, 2020 are:

	1994 Revenue Bond		2011B Revenue Bond		2011A Revenue Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 13,608	\$ 14,664	\$ 35,613	\$ 75,267	\$ 2,990	\$ 8,038
2022	14,340	13,932	36,972	73,908	3,124	7,904
2023	15,111	13,161	38,383	72,497	3,263	7,765
2024	15,924	12,348	39,847	71,033	3,409	7,619
2025	16,780	11,492	41,367	69,513	3,561	7,467
2025-2029	98,450	42,910	231,748	322,652	20,337	34,803
2030-2034	111,236	13,648	279,460	274,940	25,300	29,840
2035-2039	-	-	336,995	217,405	31,474	23,666
2040-2044	-	-	406,375	148,025	39,155	15,985
2045-2049	-	-	490,038	64,362	48,709	6,431
2050-2051	-	-	85,315	1,432	3,948	35
Total	<u>\$ 285,449</u>	<u>\$ 122,155</u>	<u>\$ 2,022,113</u>	<u>\$ 1,391,034</u>	<u>\$ 185,270</u>	<u>\$ 149,553</u>

NOTE 4 CHANGES IN LONG-TERM DEBT-PROPRIETARY FUND (Continued)

	BB&T Lease Payable		Totals	
	Principal	Interest	Principal	Interest
2021	\$ 37,118	\$ 4,587	\$ 89,329	\$ 102,556
2022	38,588	3,117	93,024	98,861
2023	40,117	1,588	96,874	95,011
2024	-	-	59,180	91,000
2025	-	-	61,708	88,472
2025-2029	-	-	350,535	400,365
2030-2034	-	-	415,996	318,428
2035-2039	-	-	368,469	241,071
2040-2044	-	-	445,530	164,010
2045-2049	-	-	538,747	70,793
2050-2051	-	-	89,263	1,467
Total	<u>\$ 115,823</u>	<u>\$ 9,292</u>	<u>\$ 2,608,655</u>	<u>\$ 1,672,034</u>

The Town has complied with all significant covenants.

NOTE 5 CHANGES in GOVERNMENTAL FUND DEBT

A summary of the governmental fund debt as June 30, 2020 is as follows:

General Obligation Bond, \$12,449, Annually for 30 years at 4.125% Interest, Matures 8/3/37	\$ 149,927
Lease Obligation Payable, \$31,333 Annually at 3.99% Interest, Matures 7/15/21	60,267
Lease Obligation Payable, \$29,400 Annually at 2.46% Interest, Matures 6/30/27	186,953
Lease Obligation Payable, \$17,392 Annually at 2.16% Interest, Matures 7/12/20	8,133
Notes Payable, \$208.5 Monthly at 4.5% Interest, Matures 7/12/24	9,317
Total Bonds, Notes and Lease Obligations Payable	<u>414,597</u>
Liability for Compensated Absences	36,438
Total Governmental Fund Long-Term Debt	<u>\$ 451,035</u>

The following is a summary of the governmental fund debt activity for the year ended June 30, 2020:

	Balance			Payable	
	6/30/2019	Additions	Deductions	Balance 6/30/2020	Within One Year
Capital Leases	\$ 341,311	\$ -	\$ 85,958	\$ 255,353	\$ 61,906
Notes Payable	11,350	-	2,033	9,317	2,123
General Obligation Bond	155,945	-	6,018	149,927	6,264
Total Bonds, Notes, and Leases Payable	<u>508,606</u>	<u>-</u>	<u>94,009</u>	<u>414,597</u>	<u>\$ 70,293</u>
Compensated Absences	<u>30,469</u>	<u>5,969</u>	<u>-</u>	<u>36,438</u>	
Total Governmental Activities Long-Term Debt	<u>\$ 539,075</u>	<u>\$ 5,969</u>	<u>\$ 94,009</u>	<u>\$ 451,035</u>	

NOTE 5 CHANGES in GOVERNMENTAL FUND DEBT (Continued)

The annual debt service requirements to maturity, including principal and interest as of June 30, 2020 are as follows:

	Government Obligation Bond		Lease Obligation 2012 Fire Truck	
	Principal	Interest	Principal	Interest
2021	\$ 6,264	\$ 6,184	\$ 28,973	\$ 2,359
2022	6,523	5,926	31,294	1,203
2023	6,792	5,657	-	-
2024	7,072	5,376	-	-
2025	7,364	5,085	-	-
2026-2030	41,632	20,611	-	-
2031-2035	50,960	11,721	-	-
2036-2039	23,320	2,379	-	-
Total	<u>\$ 149,927</u>	<u>\$ 62,939</u>	<u>\$ 60,267</u>	<u>\$ 3,562</u>

	Lease Obligation 2017 Fire Truck		Notes Payable King Land	
	Principal	Interest	Principal	Interest
2021	\$ 24,800	\$ 4,599	\$ 2,123	\$ 379
2022	25,410	3,988	2,224	278
2023	26,035	3,364	2,326	176
2024	26,035	3,364	2,644	(142)
2025	26,676	3,364	-	-
2026-2030	57,997	3,527	-	-
Total	<u>\$ 186,953</u>	<u>\$ 22,206</u>	<u>\$ 9,317</u>	<u>\$ 691</u>

	Police Vehicles		Total	
	Principal	Interest	Principal	Interest
2021	\$ 8,133	\$ 277	\$ 70,293	\$ 13,798
2022	-	-	65,451	11,395
2023	-	-	35,153	9,197
2024	-	-	35,751	8,598
2025	-	-	34,040	8,449
2026-2030	-	-	99,629	24,138
2031-2035	-	-	50,960	11,721
2036-2039	-	-	23,320	2,379
Total	<u>\$ 8,133</u>	<u>\$ 277</u>	<u>\$ 414,597</u>	<u>\$ 89,675</u>

NOTE 6 INTERFUND RECEIVABLES and PAYABLE

The following is a summary of amounts due from and due to other funds at June 30, 2020:

	Net Due From Governmental Activities	Net Due to Business-Type Activities
General	\$ 30,000	\$ -
Special Revenue	(63,906)	-
Capital Projects	16,844	17,062
	<u>\$ (17,062)</u>	<u>\$ 17,062</u>

NOTE 7 COMPONENTS OF RESTRICTED ASSETS

Certain assets of the Town have been restricted for debt service, and customer deposits. These assets, which consist of cash and short-term investments at June 30, 2020 were as follows:

	General Fund	Proprietary Fund Type
Restricted Assets		
Reserve for Victim Assistance and Fines	\$ 56,040	\$ -
Reserve for Hospitality Tax	243,420	-
Local Option Sale Tax	196,104	-
Bail Bonds Deposited	551	-
Customer Deposits	-	63,668
Reserve for Cushion	-	203,521
Total Restricted Assets	<u>\$ 496,115</u>	<u>\$ 267,189</u>
Payable from Restricted Assets	<u>\$ 496,115</u>	<u>\$ 267,189</u>

NOTE 8 RETIREMENT PLANS

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the Retirement Systems Investment Commission ("RSIC") and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/deductions from the System fiduciary net position have been determined on the accrual basis of accounting as they are reported by the System 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.

NOTE 8 RETIREMENT PLANS (Continued)

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR 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 comprehensive annual financial report of the state.

Plan Descriptions

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

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

Membership

SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 9012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

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

Plan Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend 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/current annual salary. A brief summary of the benefit terms for each system is presented below.

NOTE 8 RETIREMENT PLANS (Continued)

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

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

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

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

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the PEBA Board, are insufficient to maintain the period set in statute, the PEBA Board shall increase employer contribution rates, as necessary. After June 30, 2027, 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 eighty-five percent, then the PEBA Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the PEBA Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent.

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for the SCRS and the PORS, respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for the SCRS and 21.24 percent for the PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty-year amortization period.

NOTE 8 RETIREMENT PLANS (Continued)

As noted earlier, both employees and the Town are required to contribute to the Plans at rates established and as amended by the PEBA. The Town's contributions are actuarially determined but are communicated to and paid by the Town as a percentage of the employees' annual eligible compensation. Required employer and employee contribution rates are as follows:

	<u>SCRS Rates</u>	<u>PORS Rates</u>
Employer Contribution Rate		
Retirement	15.41%	17.84%
Incidental Death Benefit	0.15%	0.20%
Accidental Death Contributions	0.00%	0.20%
Total	<u>15.56%</u>	<u>18.24%</u>
Employee Contribution Rate	<u>9.00%</u>	<u>9.75%</u>

The required contributions and percentages of amounts contributed to the Plans were as follows:

Year Ended	SCRS Contributions		PORS Contributions		Total
	Required	%Contributed	Required	%Contributed	
June 30					
2020	\$ 40,014	100%	\$ 38,687	100%	\$ 78,701

Eligible payrolls covered under the Plans were as follows:

Year Ended	SCRS Payroll	PORS Payroll	Total
June 30			
2020	\$ 257,162	\$ 212,101	\$ 469,263

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, 2015.

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

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2019.

	SCRS	PORS
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (Varies by service)	3.5% to 9.5% (Varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

NOTE 8 RETIREMENT PLANS (Continued)

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

Long-Term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2019 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 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

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

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

NOTE 8 RETIREMENT PLANS (Continued)

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

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

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

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

At June 30, 2020, the Town reported a liability of \$584,818 and \$373,725 for its proportionate share of the net pension liability for the SCRS and PORS, respectively. The net pension liability was measured as of July 1, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The Town's proportion was .0026 % for the SCRS and .0130% for the PORS.

For the year ended June 30, 2020, the Town recognized pension expense of \$46,662 and \$51,363 for SCRS and PORS, respectively. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience Liability Experience	\$ -	\$ 89,592
Town Contributions Subsequent to the Measurement Date	122,024	-
Total	\$ 79,418	\$ -
	\$ 201,442	\$ 89,592

NOTE 8 RETIREMENT PLANS (Continued)

The \$79,418 of deferred outflows of resources resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Measurement Period <u>Year Ended June 30,</u>	Fiscal Year <u>Ended June 30</u>	
2020	2021	\$17,644
2021	2022	(2,041)
2022	2023	12,516
2023	2024	4,313

Discount Rate

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

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7.25 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

	Discount Rate	Town's Proportionate Share of Net Pension Liability
1% Decrease	6.25%	\$ 1,243,234
Current Discount Rate	7.25%	\$ 958,543
1% Increase	8.25%	\$ 722,983

Pension Plan Fiduciary Net Position

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

NOTE 9 SHARED GRANT with TOWN of CHESTERFIELD

In an effort to attract quality industry into the Chesterfield/Chesterfield area, the two Towns applied for a joint grant where they could combine their efforts and resources to develop an industrial park project primarily by developing infrastructure for water and sewer. The portion attributed to the Town of Chesterfield is reported under "Capital Projects Funds".

NOTE 10 RISK MANAGEMENT

The Town is participating in a Public Entity Risk Pools for Property and Casualty Insurance. The Town has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund ("SCMIRF") and the South Carolina Municipal Insurance Trust ("SCMIT"), which are public entity risk pools currently operating as a common risk management and insurance program for general risk insurance and workers compensation, respectively. The Town pays an annual premium to SCMIRF for its general risk insurance. For the year ended June 30, 2020, the Town made premium payments totaling approximately \$57,190. SCMIRF is self-sustaining through member premiums and reinsures through commercial companies. SCMIRF's net position from its most recently issued audited financial statements at December 31, 2019, totaled approximately \$14,252,828. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

The Town pays an annual premium to SCMIT for its workers compensation insurance. For the year ended June 30, 2020, the Town made premium payments totaling approximately \$8,466. The Trust uses reinsurance agreements to reduce its exposure to large workers' compensation losses. SCMIT's net position from its most recently issued audited financial statements at December 31, 2019, totaled approximately \$62,792,405. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

NOTE 11 CONTINGENT LIABILITIES AND COMMITMENTS

The Town is periodically the subject of litigation by a variety of plaintiffs. The Town's management believes that such amounts claimed by these plaintiffs, net of the applicable insurance coverage, are immaterial.

The Town receives financial assistance from various federal, state, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the Town at June 30, 2020.

NOTE 12 SUBSEQUENT EVENTS

The Town evaluated all events or transactions that occurred after June 30, 2020, through the date of November 9, 2020 when the Town issued these financial statements. During this period, the Town did not have any material subsequent events that required recognition in the Town's disclosures to the June 30, 2020, financial statements.

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a pandemic. The COVID-19 outbreak in the United States has resulted in a significant impact on the economy and the financial markets. It is unknown at this time what other impacts could occur due to the COVID-19 outbreak and how these may affect the Town's financial condition and results of operations in the future. The Town will closely monitor this situation in the months ahead and will make appropriate adjustments to its future operating expenditures/expenses if necessary.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

GENERAL FUND
STATEMENT of REVENUES, EXPENDITURES and CHANGES in
FUND BALANCE - BUDGET (GAAP BASIS) and ACTUAL
For the Year Ended June 30, 2020

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 679,143	\$ 679,143	\$ 689,665	\$ 10,522
Licenses and Permits	379,300	379,300	418,107	38,807
Intergovernmental Revenues	53,078	53,078	73,648	20,570
Charge for Services	380,230	380,230	392,077	11,847
Fines and Forfeits	102,000	102,000	130,345	28,345
Miscellaneous	18,085	18,085	34,981	16,896
Interest Income	1,000	1,000	2,239	1,239
Total Revenues	1,612,836	1,612,836	1,741,062	128,226
EXPENDITURES				
General Government	255,930	255,930	253,675	2,255
Public Safety	564,684	564,684	595,136	(30,452)
Highways and Streets	354,545	354,545	317,401	37,144
Sanitation	225,125	225,125	206,413	18,712
Health and Welfare	111,977	111,977	57,135	54,842
Capital Outlay	4,410	4,410	46,778	(42,368)
Debt Service				
Principal	96,165	96,165	86,536	9,629
Interest	-	-	10,888	(10,888)
Total Expenditures	1,612,836	1,612,836	1,573,962	38,874
EXCESS of REVENUES over EXPENDITURES	\$ -	\$ -	167,100	\$ 167,100
FUND BALANCE, Beginning of Year			1,757,082	
FUND BALANCE, End of Year			\$ 1,924,182	

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN OF CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

SCHEDULE of TOWN'S CONTRIBUTIONS
South Carolina Retirement System
Years Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
Statutorily Required Contributions	\$ 78,701	\$ 71,608	\$ 60,987	\$ 56,231	\$ 51,937	\$ 52,473
Contributions in Relation to Statutorily Required Contributions	78,701	71,608	60,987	56,231	51,937	52,473
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reporting Unit's Covered-Employee Payroll	\$ 469,263	\$ 459,592	\$ 417,686	\$ 446,120	\$ 436,670	\$ 445,501
Contributions as a Percentage of Covered Employee Payroll	16.8%	15.6%	14.6%	12.6%	11.9%	11.8%

Until a full 10-year trend is compiled, the Town will present information for those years which information is available.

TOWN OF CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

SCHEDULE of TOWN'S PROPORTIONATE
SHARE of the NET PENSION LIABILITY
South Carolina Retirement System
Years Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Reporting Unit's Proportion of South Carolina Retirement System Net Pension Liability (%)	0.0026%	0.0024%	0.0026%	0.0029%	0.0029%	0.0033%
Reporting Unit's Proportion of Police Officers Retirement System Net Pension Liability (%)	0.0130%	0.0127%	0.0140%	0.0125%	0.0137%	0.0140%
Reporting Unit's Proportionate Share of Net Pension Liability	<u>\$ 958,543</u>	<u>\$ 882,386</u>	<u>\$ 958,493</u>	<u>\$ 928,662</u>	<u>\$ 856,579</u>	<u>\$ 837,223</u>
Reporting Unit's Covered Employee Payroll	<u>\$ 469,263</u>	<u>\$ 459,592</u>	<u>\$ 417,686</u>	<u>\$ 446,120</u>	<u>\$ 436,670</u>	<u>\$ 445,501</u>
Reporting Unit's Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll (%)	204.3%	192.0%	229.5%	208.2%	196.2%	187.9%

Until a full 10-year trend is compiled, the Town will present information for those years which information is available.

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

NOTES to REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
Year Ended June 30, 2020

Note 1 Valuation Date – Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.

Note 2 Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Pay
Remaining Amortization Period	25 Years, Open
Asset Valuation Method	5-Year Smoothing Market
Inflation	2.25%
Salary Increases	3.0% - 12.5% (SCRS), 3.5%-9.5% (PORS)
Investment Return	7.25%
Mortality	2016 PRSC, Projected at Scale AA from Year 2016

Note 3 Changes in Benefits – No changes were made to the benefit terms during the fiscal year ended June 30, 2019 (the measurement year).

Note 4 Changes in Assumptions – No changes were made to the actual assumptions utilized during the fiscal year ended June 30, 2019 (the measurement year).

SUPPLEMENTAL INFORMATION (OPTIONAL)

GENERAL FUND

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

GENERAL FUND
STATEMENT of REVENUES and EXPENDITURES - BUDGET COMPARED to ACTUAL
For the Year Ended June 30, 2020

	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
<u>Property Tax</u>			
Current Property Tax	\$ 239,885	\$ 227,033	\$ (12,852)
Vehicle Taxes	36,830	35,579	(1,251)
Homestead Exemption	33,750	35,684	1,934
Local Option Sales Tax	180,000	273,362	93,362
Local Accommodation Tax	1,178	1,285	107
Motor Carrier Tax	100,000	61,375	(38,625)
Manufacturing Tax Exemption	4,000	6,300	2,300
Local Hospitality Tax	83,500	49,047	(34,453)
Total Property Tax	<u>679,143</u>	<u>689,665</u>	<u>10,522</u>
<u>License and Franchise Fees</u>			
Business License Insurance	200,000	204,441	4,441
Business and Professional Licenses	31,700	53,418	21,718
Business License - Telecommunications	7,300	7,346	46
Business License - Broker Tax	2,100	2,314	214
Business License - Contract	12,000	11,901	(99)
Traffic Safety	5,000	5,000	-
Progress Energy Agreement	108,000	118,883	10,883
Lynches River Agreement	4,200	4,992	792
Sandhill Telephone	9,000	9,812	812
Total License and Franchise Fees	<u>379,300</u>	<u>418,107</u>	<u>38,807</u>
<u>State Shared Revenue</u>			
Merchant Inventory Tax	8,078	8,078	-
State Shared	30,000	34,900	4,900
Accommodations Tax	15,000	30,670	15,670
Total State Shared Revenue	<u>53,078</u>	<u>73,648</u>	<u>20,570</u>
<u>Fire Protection</u>			
Fire Protection	125,000	125,000	-
Fire Protection Fees-Tax Exempt	65	65	-
Total Fire Protection	<u>125,065</u>	<u>125,065</u>	<u>-</u>
<u>Garbage Fees</u>			
Garbage Fees	227,000	228,083	1,083
Total Garbage Fees	<u>227,000</u>	<u>228,083</u>	<u>1,083</u>
<u>Rental Fees</u>			
Rent - Guardian Ad Litem	4,200	4,200	-
Rent - Perry Clinic	9,000	18,000	9,000
Rent - Visitor's Center	7,465	7,371	(94)
Rent - Hut	800	2,605	1,805
Rent - Duke Energy	6,700	6,753	53
Total Rental Fees	<u>28,165</u>	<u>38,929</u>	<u>10,764</u>

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

GENERAL FUND
STATEMENT of REVENUES and EXPENDITURES - BUDGET COMPARED to ACTUAL
For the Year Ended June 30, 2020

REVENUES (Continued)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Fines</u>			
Fines and Costs	100,000	127,645	27,645
Victim's Assistance	2,000	1,550	(450)
Restitution	-	1,150	1,150
Total Fines and Costs	<u>102,000</u>	<u>130,345</u>	<u>28,345</u>
<u>Miscellaneous</u>			
Commerce Park Maintenance	360	360	-
Yard Sales	25	30	5
Miscellaneous	13,500	27,661	14,161
Property Sale Surplus	1,000	1,035	35
Phone-Capital Credit-Administration	2,300	2,044	(256)
Phone-Capital Credit-Police	900	775	(125)
Phone-Capital Credit-Fire	-	551	551
Donations	-	2,525	2,525
Total Miscellaneous	<u>18,085</u>	<u>34,981</u>	<u>16,896</u>
<u>Interest</u>			
Interest Earned	1,000	2,239	1,239
Total Interest	<u>1,000</u>	<u>2,239</u>	<u>1,239</u>
TOTAL REVENUES	<u>1,612,836</u>	<u>1,741,062</u>	<u>128,226</u>
 EXPENDITURES			
<u>General Government</u>			
Salaries	124,320	124,441	(121)
Social Security	9,520	9,235	285
Group Hospitalization	26,600	25,422	1,178
Retirement	16,040	16,216	(176)
Workman's Compensation	650	502	148
Auto Expenses (Mayor)	2,000	1,404	596
Utilities	6,000	5,596	404
Telephone	7,000	7,516	(516)
Insurance and Bonds	9,000	9,084	(84)
Office Supplies	3,000	3,051	(51)
Office Equipment (Repair and Maintenance)	1,200	1,372	(172)
Building Cleaning	300	175	125
Building Maintenance	3,000	811	2,189
Equipment Replacement	2,000	-	2,000
Training, Travel, Conferences	9,700	3,026	6,674
Membership Fees	1,200	933	267
Professional Services	34,000	44,633	(10,633)
Advertisements	400	258	142
Total General Government	<u>255,930</u>	<u>253,675</u>	<u>2,255</u>

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

GENERAL FUND
STATEMENT of REVENUES and EXPENDITURES - BUDGET COMPARED to ACTUAL
For the Year Ended June 30, 2020

	Revised Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (Continued)			
<u>Police Department</u>			
Salaries	217,168	229,888	(12,720)
Social Security	16,615	17,613	(998)
Group Hospitalization	39,406	49,165	(9,759)
Retirement	39,155	41,391	(2,236)
Workman's Compensation	6,000	5,210	790
Auto Expense	25,000	22,297	2,703
Utilities	2,500	2,081	419
Telephone	10,000	10,505	(505)
Telephone Park Camera	100	-	100
Insurance and Bonds	21,800	28,901	(7,101)
Office Supplies	2,500	1,304	1,196
Office Equipment (Repairs and Maintenance)	1,000	435	565
Police and I.D. Supplies	3,000	2,572	428
Building Cleaning	500	85	415
Building Maintenance	5,000	307	4,693
Equipment Replacement	1,500	1,336	164
Equipment -Body Camera & Storage	7,000	-	7,000
Radio Service Contract	1,500	1,320	180
Uniforms	4,000	3,374	626
Uniforms-Vests	1,000	811	189
Prisoners Board	7,000	4,810	2,190
Fine Assessments	50,000	64,684	(14,684)
Victim Assistance	650	1,550	(900)
Training, Meals, Travel	4,500	2,632	1,868
Membership Fees	1,000	640	360
1033 Program Surplus	500	545	(45)
Professional Fees	5,000	1,559	3,441
Advertising	500	68	432
Drug Buys	200	-	200
Total Police Department	<u>474,094</u>	<u>495,083</u>	<u>(20,989)</u>
<u>Fire Department</u>			
Salaries	30,000	25,670	4,330
Social Security	2,500	1,936	564
Medical Insurance	1,000	469	531
Retirement	4,700	4,373	327
Workman's Compensation	1,390	1,196	194
Truck Expense	6,600	19,739	(13,139)
Utilities and Heat	3,500	3,099	401
Telephone	2,000	4,640	(2,640)
Insurance and Bonds	6,900	7,799	(899)
Specialized Department Supply	10,000	4,892	5,108
Building Maintenance	1,000	10,179	(9,179)
Equipment Replacement	5,000	2,609	2,391
Hydrant/Line Maintenance	1,000	1,000	-
Radio Service Contract	1,500	560	940
Uniforms and Turn Out Gear	3,000	3,541	(541)
Training, Travel, Meals	1,500	1,211	289
Fire Fighter Physicals	6,000	5,280	720
Membership Fees	2,500	1,830	670
Professional Services	500	30	470
Total Fire Department	<u>90,590</u>	<u>100,053</u>	<u>(9,463)</u>

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

GENERAL FUND
STATEMENT of REVENUES and EXPENDITURES - BUDGET COMPARED to ACTUAL
For the Year Ended June 30, 2020

	Revised Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (Continued)			
<u>Public Properties</u>			
Salaries	110,280	109,467	813
Social Security	8,440	8,222	218
Group Hospitalization	26,500	25,268	1,232
Retirement	15,400	15,236	164
Workman's Compensation	1,200	873	327
Truck Expense	11,000	12,295	(1,295)
Utilities	108,600	109,474	(874)
Utilities-Christmas	3,525	-	3,525
Telephone	7,500	5,404	2,096
Insurance and Bonds	26,000	9,920	16,080
Supplies	4,000	322	3,678
Building Cleaning	2,000	330	1,670
Building Maintenance and Other	16,550	8,730	7,820
Banner Installation	1,500	2,491	(991)
Christmas Lights	4,000	3,104	896
Equipment Replacement	5,500	4,789	711
Uniforms	2,200	1,380	820
Travel, Training, Conferences	250	-	250
Advertisements	100	96	4
Total Streets	354,545	317,401	37,144
<u>Sanitation</u>			
Salaries	10,240	10,469	(229)
Social Security	790	739	51
Group Hospitalization	3,220	2,956	264
Retirement	1,600	1,536	64
Workman's Compensation	950	480	470
Truck Expense	5,000	2,442	2,558
Insurance and Bonds	1,500	1,219	281
Supplies	250	3,366	(3,116)
Equipment Replacement	2,000	-	2,000
Uniforms	1,000	964	36
Solid Waste Contract	198,500	182,122	16,378
Advertisements	75	120	(45)
Total Sanitation	225,125	206,413	18,712
<u>Municipal Court</u>			
Salaries	9,160	5,142	4,018
Social Security	1,850	393	1,457
Retirement	3,750	666	3,084
Workman's Compensation	310	205	105
Jurors	600	-	600
Telephone	420	-	420
Insurance and Bonds	300	276	24
Office Supplies	1,000	1,341	(341)
Public Defenders Fees	1,000	-	1,000
Travel, Training, Conferences	500	216	284
Miscellaneous	780	-	780
Membership Fees	200	95	105
Professional Services	15,600	14,705	895
Restitution	-	1,150	(1,150)
Advertisements	-	68	(68)
Total Municipal Court	35,470	24,257	11,213

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

GENERAL FUND
STATEMENT of REVENUES and EXPENDITURES - BUDGET COMPARED to ACTUAL
For the Year Ended June 30, 2020

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (Continued)			
<u>Parks and Recreation</u>			
Hospitality Tax	27,495	12,143	15,352
YMCA	12,500	9,829	2,671
Total Parks and Recreation	<u>39,995</u>	<u>21,972</u>	<u>18,023</u>
<u>Various</u>			
Election	750	1,692	(942)
Library	16,300	5,436	10,864
Contingent	19,462	3,778	15,684
Total Various	<u>36,512</u>	<u>10,906</u>	<u>25,606</u>
<u>Capital Outlay</u>			
Capital Outlay-General Government	-	46,778	(46,778)
Capital Outlay-Fire	4,410	-	4,410
Total Capital Outlay	<u>4,410</u>	<u>46,778</u>	<u>(42,368)</u>
<u>Debt Service</u>			
Principal	96,165	86,536	9,629
Interest	-	10,888	(10,888)
Total Debt Service	<u>96,165</u>	<u>97,424</u>	<u>(1,259)</u>
 TOTAL EXPENDITURES	 <u>1,612,836</u>	 <u>1,573,962</u>	 <u>38,874</u>
 EXCESS of REVENUES OVER EXPENDITURES	 <u>\$ -</u>	 <u>\$ 167,100</u>	 <u>\$ 167,100</u>

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

STATEMENT of FINES and ASSESSMENTS
For the Year Ended June 30, 2020

Fines Collected	\$ 64,111
Assessments and Surcharges Collected	64,684
Assessments and Surcharges for Victim's Assistance	<u>7,069</u>
Total Fines, Assessments and Surcharges	<u><u>\$ 135,864</u></u>
Fines and Fees Retained by Town	\$ 64,111
Assessments and Surcharges Retained by Town For Victim's Services	<u>7,069</u>
Total Fines, Assessments and Surcharges Retained by Town	<u><u>\$ 71,180</u></u>
Total Assessments and Surcharges Remitted to State Treasurer	<u><u>\$ 64,684</u></u>
Assessments and Surcharges Retained by Town For Victim's Services	\$ 7,069
Victim Services Expenditures	<u>1,551</u>
Funds Available for Carry-Forward	5,518
Funds Unused Prior Year	<u>50,522</u>
Funds to Carry-forward to Next Year	<u><u>\$ 56,040</u></u>

Note: This schedule is required by SC 14-1-208E and is an annual reconciliation of amounts collected and remitted to the State Treasurer on the State Treasurer's monthly Remittance Form.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used by the Town to account for the accumulation and disbursement of restricted resources. The following is a description of the Town's Special Revenue Funds:

Fire 1% - To account for allocation of Fire 1% funds

Old Courthouse - To account for restricted funds to be used to renovate the old courthouse.

Community Development - To account for funds restricted for old revenue sharing program.

Accommodation Tax Funds - To account for grant for recreation

Police, Fire and Public Works (PW) Grants - To account for various state grants

COVID 19 - To account for various grants related to COVID 19

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

SPECIAL REVENUE FUNDS
COMBINING STATEMENT of REVENUES and EXPENDITURES
For the Year Ended June 30, 2020

	Fire 1% Fund	Old Courthouse	Community Development	Accom. Tax Funds	Police, Fire and PW Grant	COVID-19	Total
REVENUES							
Grant Income	\$ 8,369	\$ -	\$ -	\$ -	\$ 52,820	\$ 977	\$ 62,166
Local Donations	-	-	-	7,125	-	-	7,125
Interest	-	-	133	-	-	-	133
Total Revenues	<u>8,369</u>	<u>-</u>	<u>133</u>	<u>7,125</u>	<u>52,820</u>	<u>977</u>	<u>69,424</u>
EXPENDITURES							
Special Activities	<u>7,875</u>	<u>-</u>	<u>-</u>	<u>7,130</u>	<u>52,820</u>	<u>977</u>	<u>68,802</u>
Total Expenditures	<u>7,875</u>	<u>-</u>	<u>-</u>	<u>7,130</u>	<u>52,820</u>	<u>977</u>	<u>68,802</u>
EXCESS (DEFICIENCY) of REVENUES over (under) EXPENDITURES	494	-	133	(5)	-	-	622
BEGINNING FUND BALANCE	<u>406</u>	<u>(63,907)</u>	<u>12,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(51,420)</u>
ENDING FUND BALANCE	<u>\$ 900</u>	<u>\$ (63,907)</u>	<u>\$ 12,214</u>	<u>\$ (5)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50,798)</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CAPITAL PROJECTS FUNDS

The Capital Project Funds account for all resources used for the acquisition and/or construction of major capital facilities by the Town. The following is a description of the Town's Capital Project Funds:

Cheraw/Chesterfield Industrial Park - This fund is used to account for a joint venture with Chesterfield to develop an industrial park.

Economic Development Fund - This fund is used to account for capital improvements funded by various sources.

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

CAPITAL PROJECTS FUNDS
COMBINING STATEMENT of REVENUES and EXPENDITURES
For the Year Ended June 30, 2020

	Cheraw/ Chesterfield Industrial Park	Economic Development Fund	Total
REVENUE			
Other Income	\$ 195	\$ 8,271	\$ 8,466
Interest	-	205	205
Total Revenue	195	8,476	8,671
EXPENDITURES			
General Government	1,814	15	1,829
Debt Service			
Principal	-	7,473	7,473
Interest	-	7,249	7,249
Total Expenditures	1,814	14,737	16,551
OTHER FINANCING SOURCES (USES)			
Financing Proceeds	-	-	-
Total Other Financing Sources (Uses)	-	-	-
EXCESS (DEFICIENCY) of REVENUES OVER (UNDER) EXPENDITURES	(1,619)	(6,261)	(7,880)
BEGINNING FUND BALANCE	2,316	284,470	286,786
ENDING FUND BALANCE	\$ 697	\$ 278,209	\$ 278,906

PROPRIETARY FUNDS

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

PROPRIETARY FUND
STATEMENT of REVENUES and EXPENSES - BUDGET COMPARED to ACTUAL
For the Year Ended June 30, 2020

	Water and Sewer Fund				Variance Favorable (Unfavorable)
	Budget	Water Actual	Sewer Actual	Total Actual	
OPERATING REVENUES					
Water Charges	\$ 377,500	\$ 366,087	\$ -	\$ 366,087	\$ (11,413)
DHEC Fees	3,600	3,340	424	3,764	164
Sewer Service	431,500	-	434,926	434,926	3,426
Late Charges	8,900	5,083	5,011	10,094	1,194
Standby Charge Sprinklers	6,000	6,321	-	6,321	321
Tap Fees - Water	2,000	5,786	-	5,786	3,786
Tap Fees - Sewer	2,000	-	1,024	1,024	(976)
Reconnect Fees	8,000	4,806	4,663	9,469	1,469
Grant Income	-	-	65,968	65,968	65,968
Other Income	700	3,193	1,824	5,017	4,317
Total Operating Revenues	840,200	394,616	513,840	908,456	68,256
OPERATING EXPENSES					
<u>Supplies and Line Repairs</u>					
Administration Costs	30,000	29,313	-	29,313	687
Maintenance to System	87,000	94,393	-	94,393	(7,393)
Supplies - Water	72,000	74,665	-	74,665	(2,665)
Total Supplies and Line Repairs	189,000	198,371	-	198,371	(9,371)
<u>Certificate Cost and Membership Fees</u>					
Certificate Cost and Membership Fees	4,120	4,142	-	4,142	(22)
Total Certificate Cost and Membership Fees	4,120	4,142	-	4,142	(22)
<u>Utilities</u>					
Electricity - Water and Sewer Distribution	600	1,085	-	1,085	(485)
Electricity - Wastewater Treatment	9,000	-	13,150	13,150	(4,150)
Electricity - Sewer	20,000	-	15,066	15,066	4,934
Total Utilities	29,600	1,085	28,216	29,301	299
<u>Office Supplies</u>					
Office Supplies	4,000	5,598	-	5,598	(1,598)
Total Office Supplies	4,000	5,598	-	5,598	(1,598)
<u>Insurance and Bonds</u>					
Insurance and Bonds	2,100	1,899	816	2,715	(615)
Total Insurance and Bonds	2,100	1,899	816	2,715	(615)
<u>Professional Services</u>					
Professional Services	111,050	-	243,836	243,836	(132,786)
Total Professional Services	111,050	-	243,836	243,836	(132,786)
<u>Other Expenses</u>					
Bad Check Fees	200	110	-	110	90
Travel and Related	1,600	-	237	237	1,363
Membership Fees	350	696	-	696	(346)
Telephone	9,000	-	9,550	9,550	(550)
Contingent	73,900	-	-	-	73,900
Hurricane Florence	-	-	103,400	103,400	(103,400)
Total Other Expenses	85,050	806	113,187	113,993	(28,943)

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD
Chesterfield, South Carolina

PROPRIETARY FUND
STATEMENT of REVENUES and EXPENSES - BUDGET COMPARED to ACTUAL
For the Year Ended June 30, 2020

	Water and Sewer Fund				Variance Favorable (Unfavorable)
	Budget	Water Actual	Sewer Actual	Total Actual	
OPERATING EXPENSES (Continued)					
Depreciation					
Depreciation	-	72,870	169,921	242,791	(242,791)
Total Depreciation	-	72,870	169,921	242,791	(242,791)
TOTAL OPERATING EXPENSES	424,920	284,771	555,976	840,747	(415,827)
OPERATING INCOME (LOSS)	415,280	109,845	(42,136)	67,709	(347,571)
NON-OPERATING INCOME (EXPENSE)					
Investment Income	100	414	-	414	314
Interest Expense	(290,027)	(21,083)	(84,364)	(105,447)	184,580
Total Non-operating Income (Expense)	(289,927)	(20,669)	(84,364)	(105,033)	184,894
CHANGE in NET POSITION	\$ 125,353	\$ 89,176	\$ (126,500)	\$ (37,324)	\$ (162,677)

CANTEY, TILLER, PIERCE & GREEN, LLP

Certified Public Accountants

1204 BROAD STREET • POST OFFICE BOX 862
CAMDEN, SOUTH CAROLINA 29021

PIERCE W. CANTEY, JR., CPA, (1963-2019)
RICHARD C. TILLER, CPA, PFS
JANET M. PIERCE, CPA
HENRY D. GREEN, III, CPA

MEMBER OF AMERICAN INSTITUTE
AND SOUTH CAROLINA ASSOCIATION
OF CERTIFIED PUBLIC ACCOUNTANTS
PH (803) 432-1436/ FX (803) 432-5055

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

Honorable Mayor and
Members of the Town Council
Town of Chesterfield
Chesterfield, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business- type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Chesterfield, South Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Town of Chesterfield, South Carolina's basic financial statements and have issued our report thereon dated November 9, 2020.

Internal Control over Financial Reporting

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

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

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

Findings and Responses

Financial Statement Preparation

Condition – Based on the experience level of the accounting staff at the Town of Chesterfield, South Carolina, we drafted the financial statement and note disclosures.

Criteria – The financial statements are the responsibility of the Town.

Cause – The accounting staff of the accounting firm drafts the financial statements and note disclosures.

Effect – The accounting staff firm drafting the financial statements requires additional procedures to be completed by management to ensure that management takes responsibility for the financial statements.

Recommendation – Management is provided with a preliminary draft and asked that they review the financial statements to determine the completeness and accuracy of the financial information. Management has reviewed the financial statements and approved them. Subsequent to approval, a final report was issued.

Response – Management will review the financial statements to determine the completeness and accuracy of the financial information and then approve the report.

Separation of Duties

Condition – During our audit we reviewed procedures over transaction cycles related to receipting, cash disbursements, utility billing, and payroll and found the Town to have limited segregation of duties related to the disbursements cycle.

Criteria – Adequate separation of duties calls for clear segregation of functions such as receipts, disbursements, recording, custody of assets, transaction authorization, and performance monitoring.

Cause – The accounting staff of the Town maintains and controls the check stock, prepares checks, records disbursements, prepares deposits and posts to general ledger.

Effect – The existence of this limited segregation of duties increases the risk of misstatement or fraud.

Recommendation – While we recognize the number of staff is not large enough to eliminate these deficiencies entirely, we believe the risk can be reduced by another person reviewing cancelled checks, unopened bank statements and bank reconciliations.

Response – Considering the lack of separation of responsibility, Council and management maintains an awareness of the internal control structure when making accounting and administrative decisions to ensure that reasonably adequate policies and procedures exist and are maintained.

Compliance and Other Matters

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

Town of Chesterfield, South Carolina's Response to Findings

Town of Chesterfield, South Carolina's response to the findings identified in our audit is described above. Town of Chesterfield, South Carolina's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Other Matters

We noted certain other matters that were reported to management of the Town of Chesterfield, South Carolina in separate letter dated November 9, 2020.

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.

Cantey, Tiller, Pierce & Green, LLP

Cantey, Tiller, Pierce and Green, LLP
Camden, South Carolina

November 9, 2020