

**TOWN OF BATESBURG-LEESVILLE
BATESBURG-LEESVILLE, SOUTH CAROLINA**

FINANCIAL STATEMENTS

JUNE 30, 2020

**TOWN OF BATESBURG-LEESVILLE
BATESBURG, SOUTH CAROLINA
FINANCIAL STATEMENTS
JUNE 30, 2020**

TABLE OF CONTENTS

	Page
Independent Auditor’s Report	1-2
Management’s Discussion and Analysis	3-8
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	12
Combined Statement of Revenues, Expenditures, and Changes In Fund Balances - Governmental Funds	13
Reconciliation of Governmental Funds Statements of Revenues, Expenditures, And Changes in Fund Balances with the Statement of Activities	14
Statement of Net Position – Proprietary Fund	15-16
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	17-18
Statement of Cash Flows – Proprietary Fund	19
Statement of Fiduciary Net Position	20
Notes to Financial Statements	21-48
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	49
Budgetary Comparison Schedule – Hospitality Tax Fund	50
Schedule of Changes in the Town’s Total OPEB Liability and Related Ratios	51
Schedule of the Town’s Proportionate Share of the Collective Net Pension Liability (SCRS)	52
Schedule of the Town’s Proportionate Share of the Collective Net Pension Liability (PORS)	53
Schedule of Town’s Contributions (SCRS)	54
Schedule of Town’s Contributions (PORS)	55
Notes to the Required Supplementary Information	56

TOWN OF BATESBURG-LEESVILLE
BATESBURG, SOUTH CAROLINA
FINANCIAL STATEMENTS
JUNE 30, 2020

TABLE OF CONTENTS
(continued)

Other Supplementary Information:

General Fund:

Schedule of Revenues and Expenditures – Budget and Actual	57-62
---	-------

Nonmajor Governmental Funds:

Combining Balance Sheet	63
-------------------------	----

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	64
---	----

Proprietary Fund:

Schedule of Revenues and Expenditures – Budget and Actual	65-69
---	-------

Agency Fund:

Combined Statement of Changes in Assets and Liabilities	70
---	----

Victims' Rights Assistance

Schedule of Court Fines, Assessments, and Surcharges	71
--	----

Independent Auditors' 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>Governmental Auditing Standards</i>	72-73
--	-------

Schedule of Findings and Responses	74-76
---	-------

PARTNERS

C.C. McGregor, CPA
1906–1968

G.D. Skipper, CPA
L.R. Leaphart, Jr, CPA
M.J. Binnicker, CPA
D.L. Richardson, CPA
E.C. Inabinet, CPA

S.S. Luoma, CPA
T.M. McCall, CPA
H.D. Brown, Jr, CPA
L.B. Salley, CPA
D.K. Strickland, CPA

J.P. McGuire, CPA
J.R. Matthews II, CPA
C.D. Hinchee, CPA
G.P. Davis, CPA
H.O. Crider, Jr., CPA

ASSOCIATES

V.K. Laroche, CPA
G.N. Mundy, CPA
M.L. Layman, CPA
P.A. Betette, Jr, CPA

D.M. Herpel, CPA
F.C. Gillam, Jr, CPA
H.S. Mims, CPA
T. Solorzano, CPA

C.W. Bolen, CPA
W.C. Sanders, CPA
C.L.T. Valentine, CPA

*Active Retired

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Town Council
Town of Batesburg-Leesville
Batesburg-Leesville, South Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

COLUMBIA

3830 FOREST DRIVE | PO BOX 135 | COLUMBIA, SC 29202
(803) 787-0003 | FAX (803) 787-2299

ORANGEBURG

1190 BOULEVARD STREET | ORANGEBURG, SC 29115
(803) 536-1015 | FAX (803) 536-1020

BARNWELL

340 FULDNER ROAD | PO BOX 1305 | BARNWELL, SC 29812
(803) 259-1163 | FAX (803) 259-5469

INDEPENDENT AUDITOR'S REPORT
(continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Batesburg-Leesville, 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 conformity 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, major fund budgetary comparison schedules, the schedule of changes in the total OPEB liability and related ratios, and the pension schedules as listed in the table of contents, all be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Batesburg-Leesville, South Carolina's basic financial statements. The combining and individual nonmajor fund financial schedules, the supplemental budgetary comparison schedules, and the schedule of court fines, assessments, and surcharges for victim's services are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the supplemental budgetary comparison schedules, and the schedule of court fines, assessments, and surcharges for victim's services 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 nonmajor fund financial statements, the supplemental budgetary comparison schedules, and the schedule of court fines, assessments, and surcharges for victim's services are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McGregor & Company, L.L.P.

Barnwell, South Carolina
February 4, 2021

**TOWN OF BATESBURG-LEESVILLE
BATESBURG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

The discussion and analysis of the Town of Batesburg-Leesville, South Carolina's financial performance provides an overall narrative review of the Town's financial activities for the year ended June 30, 2020. The intent of this discussion and analysis is to look at the Town's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the Town's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this Town's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the Town's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

- Overall, the Town's net position increased \$230,449, which represents 1.9% increase from fiscal year 2019.
- The Town had overall revenues of \$7,252,473, which included \$3,906,268(49%) in general revenues such as taxes, state revenues, licenses and permits, interest earnings and similar revenues, and \$4,156,205(51%) in charges for services, grants, and contributions.
- The Town had overall expenses of \$7,832,024, with \$4,156,205 offset by program specific charges for services, grants and contributions. General revenues of \$3,906,268 were adequate to provide for remaining cost of \$3,788,473 related to these programs.
- The General Fund alone had \$4,429,523 in revenues, \$4,414,390 in expenditures, and \$90,681 transferred in from the Utility fund. The General Fund's fund balance increased \$105,814 from \$1,478,520 to \$1,583,334.
- Long-term debt decreased overall by \$271,705 during the fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide Financial Statements – The government-wide financial statements (Statement of Net Position and Statement of Activities) are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

In the Statement of Net Position and the Statement of Activities, the Town is divided into two distinct kinds of activities:

Governmental Activities - Most of the Town's programs and services are reported here including fire, police, streets and sanitation.

Business-type Activities - The Town charges fees to help it cover the costs of certain services it provides. The Town's water and wastewater programs are included here.

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

**TOWN OF BATESBURG-LEESVILLE
BATESBURG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

The government-wide financial statements distinguish functions of the Town that are primarily supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include the general fund and other governmental funds. The business-type activities of the Town include the Department of Public Works.

The government-wide financial statements can be found on pages 9-10 of this report.

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

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's current financing requirements. Governmental funds are reported using modified accrual accounting. This method of accounting measures cash and other assets that can be easily converted to cash. The Governmental funds statements provide a detailed short-term view of the Town's operations.

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

Proprietary funds - Services for which the Town charges a fee are generally reported in the proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The Town's Department of Public Works is the only proprietary fund.

Fiduciary funds - The Town is the trustee, or fiduciary, for assets that belong to others. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the Town's own programs. The accrual basis of accounting is used for fiduciary funds. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The Town's Fireman's Fund is the only fiduciary fund.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-48 of this report.

**TOWN OF BATESBURG-LEESVILLE
BATESBURG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further supports the financial statements with a comparison of the Town's budget for the year and other supplementary information required by the State of South Carolina.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position - Net position may serve over time as a useful indicator of government's financial position. In the case of the Town, assets exceeded liabilities by \$12,432,932 as of June 30, 2020.

By far, the largest portion of the Town's net position reflects its investment in capital assets (e.g., land, buildings, building improvements, improvements other than buildings, mobile equipment, and furniture and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to its residents; consequently these assets are not available for future spending.

The Town's financial position is a product of several financial transactions including the net result of activities, the acquisition and payment of debt, and the acquisition and disposal of capital assets.

The following table provides a summary of the Town's net position.

	Statement of Net Position As of June 30, 2020 and 2019					
	Governmental Activities		Business-Type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 2,564,672	\$ 1,891,546	\$ 3,217,980	\$ 3,285,767	\$ 5,782,652	\$ 5,177,313
Capital Assets, net	3,487,897	3,617,090	10,228,702	10,259,526	13,716,599	13,876,616
Total Assets	<u>6,052,569</u>	<u>5,508,636</u>	<u>13,446,682</u>	<u>13,545,293</u>	<u>19,499,251</u>	<u>19,053,929</u>
Deferred outflows of resources	761,865	712,722	197,565	239,271	959,430	951,993
Total Assets and Deferred Outflow	6,814,434	6,221,358	13,644,247	13,784,564	20,458,681	20,005,922
Current liabilities	215,004	194,337	240,214	138,876	455,218	333,213
Long-term liabilities	4,719,698	4,252,283	2,734,965	2,871,330	7,454,663	7,123,613
Total Liabilities	<u>4,934,702</u>	<u>4,446,620</u>	<u>2,975,179</u>	<u>3,010,206</u>	<u>7,909,881</u>	<u>7,456,826</u>
Deferred inflows of resources	85,928	95,139	29,939	40,357	115,867	135,496
Net Position:						
Net investment in capital assets	3,239,373	3,271,862	10,228,702	5,964,118	13,468,075	9,235,980
Restricted	690,012	239,763	746,378	737,059	1,436,390	976,822
Unrestricted (deficit)	(2,135,581)	(1,832,025)	(335,951)	4,032,825	(2,471,532)	2,200,800
Total Net Position	<u>\$ 1,793,804</u>	<u>\$ 1,679,600</u>	<u>\$ 10,639,129</u>	<u>\$ 10,734,002</u>	<u>\$ 12,432,933</u>	<u>\$ 12,413,602</u>

**TOWN OF BATESBURG-LEESVILLE
BATESBURG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Changes in net position - The Town's total revenues for the fiscal year ended June 30, 2020 were \$8,062,474. The total cost of all programs and services was \$7,832,024. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2020 and 2019

Statement of Activities
As of June 30, 2020 and 2019

	Governmental Activities	
	2020	2019
Revenues:		
Program Revenues:		
Fees and charges for services	\$ 894,627	\$ 641,451
Operating grants and contributions	211,003	114,952
	1,105,630	756,403
General Revenues:		
Property taxes	1,926,653	1,832,523
State shared revenue	199,334	163,361
Licenses, permits and fees	1,596,668	1,551,773
Investment earnings	9,652	9,086
Miscellaneous	107,863	280,103
	3,840,170	3,836,846
Total Revenues	4,945,800	4,593,249
Expenses		
Town Council	81,202	51,973
Administration	687,080	524,245
Fire	605,802	565,893
Municipal Court	134,085	113,455
Police	2,267,495	2,316,701
Public Works	711,450	698,276
Fleet Services	148,027	129,473
NonDepartmental	199,071	200,611
Victim's Assistance	10,438	11,085
Hospitality	49,454	-
Total Expenses	4,894,104	4,611,712
Excess (Deficiency) of Revenue before transfers	51,696	(18,463)
Transfers	90,681	-
Increase (Decrease) in net position	\$ 142,377	\$ (18,463)

**TOWN OF BATESBURG-LEESVILLE
BATESBURG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The following table provides a summary of the activity that resulted in changes in net position in business-type activities:

Statement of Activities
As of June 30, 2020 and 2019

	Business-type Activities	
	2020	2019
Revenues:		
Program Revenues:		
Fees and charges for services	\$ 3,050,575	\$ 3,128,758
Capital grants and contributions	-	335,100
General Revenues		
Other	66,099	4,838
Total Revenues	<u>3,116,674</u>	<u>3,468,696</u>
Expenses		
Water	2,937,921	2,774,133
Total expenses	<u>2,937,921</u>	<u>2,774,133</u>
Excess (Deficiency) of Revenue before transfers	178,753	694,563
Transfers	<u>(90,681)</u>	<u>-</u>
Increase (Decrease) in net position	<u>\$ 88,072</u>	<u>\$ 694,563</u>

Governmental Activities – The following table presents the cost of major Town functional activities: general government, police, fire, streets and sanitation, victim's assistance, community development, pass through grants and interest on long-term debt. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

	Total Expense	Net(Expense) Revenue
Town Council	\$ 81,202	\$ (81,202)
Administration	687,080	(687,080)
Police	2,267,495	(1,993,316)
Municipal Court	134,085	(134,085)
Fire	605,802	(605,802)
Public Works	711,450	(383,270)
Fleet Services	148,026	(148,026)
NonDepartmental	199,071	(199,071)
Victim's Assistance	10,438	(4,083)
Hospitality	49,454	447,462
Total expenses	<u>\$ 4,894,103</u>	<u>\$ (3,788,473)</u>

**TOWN OF BATESBURG-LEESVILLE
BATESBURG, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

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

The financial performance of the Town as a whole is reflected in its governmental funds. As the Town completed the year, its governmental funds reported a combined fund balance of \$2,263,639, an increase of \$551,980.

The General Fund is the principal operating fund of the Town. The increase in fund balance in the General Fund for the fiscal year was \$105,814.

BUDGETARY HIGHLIGHTS

The Town brought in more revenues than anticipated, but spent more than it budgeted. The difference is primarily due to administrative and police department expenditures being higher than expected.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of June 30, 2020, the Town's total capital assets were \$31,243,052 including buildings, water and sewer systems with improvements and various types of equipment necessary to operate the Town. Total accumulated depreciation as of June 30, 2020 was \$17,526,453 and total depreciation expense for the year was \$681,457.

Debt Administration - At June 30, 2020, the Town had \$185,108 outstanding on its general obligation bonds and \$975,000 outstanding on its revenue bonds. Capital leases outstanding was \$63,416. \$285,001 is due within one year on these outstanding debts. The Town also reported \$5,602,165 in net pension liabilities and \$245,794 in other postemployment liabilities.

CURRENT ISSUES

During the next fiscal year, the Town will continue to work on improvements to the water and sewer system of the Town's utilities. The Town will also continue to work on improving the quality of life for residents and businesses through new economic development activities and beautification efforts.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

If you have questions about this report, contact:

Town of Batesburg-Leesville
Post Office Box 2329
Batesburg-Leesville, South Carolina 29070

TOWN OF BATESBURG-LEESVILLE
BATESBURG-LEESVILLE, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		TOTAL
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
ASSETS			
Current Assets			
Cash and equivalents	\$ 1,583,801	\$ 2,171,953	\$ 3,755,754
Receivables			
Property Taxes, net	116,708	-	116,708
State Receivables	70,354	-	70,354
Other Receivables, net	103,797	184,809	288,606
Restricted Cash	690,012	746,378	1,436,390
Inventory	-	89,840	89,840
Total Current Assets	<u>2,564,672</u>	<u>3,192,980</u>	<u>5,757,652</u>
Noncurrent Assets			
Capital Assets			
Land	814,932	237,055	1,051,987
Construction In Progress	-	1,625,953	1,625,953
Streets & Sidewalks	3,007,518	-	3,007,518
Buildings	1,393,087	4,133,056	5,526,143
Machinery & Equipment	3,814,280	1,079,713	4,893,993
Water & Waste System with Improvements	-	15,137,458	15,137,458
Accumulated Depreciation	(5,541,920)	(11,984,533)	(17,526,453)
Total Capital Assets, Net of Depreciation	<u>3,487,897</u>	<u>10,228,702</u>	<u>13,716,599</u>
Bond Issuance Cost, Net	-	25,000	25,000
Total Noncurrent Assets	<u>3,487,897</u>	<u>10,253,702</u>	<u>13,741,599</u>
Total Assets	<u>6,052,569</u>	<u>13,446,682</u>	<u>19,499,251</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow of Resources Related to Pensions	733,486	197,565	931,051
Deferred Outflow of Resources Related to OPEB	28,379	-	28,379
Total Deferred Outflows of Resources	<u>761,865</u>	<u>197,565</u>	<u>959,430</u>
LIABILITIES			
Current Liabilities			
Accounts payable	145,251	188,150	333,401
Accrued salaries, payroll taxes, retirement and withholdings payable	68,730	29,900	98,630
Internal Balances	1,024	(1,024)	-
Unearned Revenue	-	23,188	23,188
Total Current Liabilities	<u>215,005</u>	<u>240,214</u>	<u>455,219</u>
Noncurrent Liabilities			
Due Within One Year:			
Capital Leases	63,416	-	63,416
Bonds Payable	35,329	185,000	220,329
Due In More Than One Year:			
Customer deposits payable	-	181,433	181,433
Compensated Absences	152,368	49,379	201,747
Net Pension Liabilities	4,146,474	1,455,691	5,602,165
Accrued OPEB Liability	172,332	73,462	245,794
Bonds Payable	149,779	790,000	939,779
Total Noncurrent Liabilities	<u>4,719,698</u>	<u>2,734,965</u>	<u>7,454,663</u>
Total Liabilities	<u>4,934,703</u>	<u>2,975,179</u>	<u>7,909,882</u>
DEFERRED INFLOWS OF RESOURCES			
Net Deferred Inflows of Resources Related to Pensions	85,928	29,939	115,867
NET POSITION			
Net investment in capital assets	3,239,373	9,278,702	12,518,075
Restricted	690,012	746,378	1,436,390
Unrestricted	(2,135,582)	614,049	(1,521,533)
Total Net Position	<u>\$ 1,793,803</u>	<u>\$ 10,639,129</u>	<u>\$ 12,432,932</u>

See accompanying notes to financial statements.

**TOWN OF BATESBURG-LEESVILLE
BATESBURG-LEESVILLE, SOUTH CAROLINA
GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Program Activities	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Town Council	\$ 81,202	\$ -	\$ -	\$ -	\$ (81,202)	\$ -	\$ (81,202)
Administration	687,080	-	-	-	(687,080)	-	(687,080)
Fire	605,802	-	-	-	(605,802)	-	(605,802)
Municipal Court	134,085	-	-	-	(134,085)	-	(134,085)
Police	2,267,495	63,176	211,003	-	(1,993,316)	-	(1,993,316)
Public Works	711,450	328,180	-	-	(383,270)	-	(383,270)
Fleet Services	148,027	-	-	-	(148,027)	-	(148,027)
NonDepartmental	199,071	-	-	-	(199,071)	-	(199,071)
Victim's Assistance	10,438	6,355	-	-	(4,083)	-	(4,083)
Community Promotion	49,454	496,916	-	-	447,462	-	447,462
Total Governmental Activities	4,894,103	894,627	211,003	-	(3,788,473)	-	(3,788,473)
Business-type activities:							
Water & Wastewater	2,937,921	3,050,575	-	-	-	112,654	112,654
Total Business-type activities	2,937,921	3,050,575	-	-	-	112,654	112,654
Total Primary Government	\$ 7,832,024	\$ 3,945,202	\$ 211,003	\$ -	(3,788,473)	112,654	(3,675,819)
General Revenues:							
Taxes:							
General Purpose					1,926,653	-	1,926,653
State shared and intergovernmental revenue					199,334	-	199,334
Licenses and permits					1,596,668	-	1,596,668
Unrestricted Interest Earnings					9,652	19,634	29,286
Miscellaneous income					107,862	46,465	154,327
Transfers					90,681	(90,681)	-
Total General Revenues					3,930,850	(24,582)	3,906,268
Change in net position					142,377	88,072	230,449
Net position, beginning of year (as restated)					1,651,426	10,551,057	12,202,483
Net position, end of year					\$ 1,793,803	\$ 10,639,129	\$ 12,432,932

**TOWN OF BATESBURG-LEESVILLE
BATESBURG-LEESVILLE, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>GENERAL</u>	<u>HOSPITALITY TAX FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Assets				
Cash and equivalents	\$ 1,583,559	\$ -	\$ 242	\$ 1,583,801
Receivables				
Property taxes	141,981	-	-	141,981
Estimated uncollectible taxes	(25,273)	-	-	(25,273)
State receivables	70,354	-	-	70,354
Other receivables	103,797	-	-	103,797
Restricted cash	-	690,012	-	690,012
Due from other funds	11,896	-	-	11,896
Total Assets	<u>\$ 1,886,314</u>	<u>\$ 690,012</u>	<u>\$ 242</u>	<u>\$ 2,576,568</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 145,090	\$ -	\$ 161	\$ 145,251
Salary and benefits payable	68,730	-	-	68,730
Due to General Fund	-	-	10,788	10,788
Due to Proprietary Fund	1,024	-	-	1,024
Due to Special Revenue Fund	1,108	-	-	1,108
Total Liabilities	<u>215,952</u>	<u>-</u>	<u>10,949</u>	<u>226,901</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	86,028	-	-	86,028
Total Deferred Inflows of Resources	<u>86,028</u>	<u>-</u>	<u>-</u>	<u>86,028</u>
Fund Balances				
Restricted	-	690,012	-	690,012
Unassigned (Deficit)	1,584,334	-	(10,707)	1,573,627
Total Fund Balances	<u>1,584,334</u>	<u>690,012</u>	<u>(10,707)</u>	<u>2,263,639</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 1,886,314</u>	<u>\$ 690,012</u>	<u>\$ 242</u>	<u>\$ 2,576,568</u>

See accompanying notes to financial statements.

**TOWN OF BATESBURG-LEESVILLE
BATESBURG-LEESVILLE, SOUTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Total Fund Balances - Governmental Funds \$ 2,263,639

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 9,029,817	
Accumulated depreciation is	<u>(5,541,920)</u>	3,487,897

Estimated uncollectible taxes are not available to pay for current period expenditures and, therefore, are considered "unavailable" in the funds.		86,028
---	--	--------

Pension related amounts, including the proportionate share of the collective net pension liability, deferred outflows of resources, and deferred inflows of resources, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Pension amounts at year end consist of:

Aggregate proportionate share of collective net pension liability	(4,146,474)	
Deferred outflows of resources related to pensions	733,486	
Deferred inflows of resources related to pensions	<u>(85,928)</u>	(3,498,916)

Other post-employment benefit (OPEB) related amounts, including the total OPEB liability, deferred outflows of resources, and deferred inflows of resources, are not due and payable in the current period and therefore are not reported as liabilities in the funds. OPEB amounts at year end consist of:

Other post-employment benefits (OPEB) liability	(172,332)	
Deferred outflows of resources related to OPEB	28,379	(143,953)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term liabilities at year end consist of:

Bonds payable	(185,108)	
Capital leases	(63,416)	
Accrued compensated absences	<u>(152,368)</u>	<u>(400,892)</u>

Total Net Position - Governmental Activities \$ 1,793,803

See accompanying notes to financial statements.

**TOWN OF BATESBURG-LEESVILLE
BATESBURG-LEESVILLE, SOUTH CAROLINA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General</u>	<u>Hospitality Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Local Taxes	\$ 1,916,435	\$ -	\$ -	\$ 1,916,435
Licenses, Permits, and Fees	1,596,668	-	-	1,596,668
Fines and Forfeitures	63,176	-	-	63,176
Garbage Fees	328,180	-	-	328,180
State Shared Revenue	199,334	-	-	199,334
Victim's Advocate	-	-	6,355	6,355
Hospitality Tax	-	496,916	-	496,916
Interest Earnings	6,865	2,787	-	9,652
Other Revenue	318,865	-	-	318,865
Total Revenues	<u>4,429,523</u>	<u>499,703</u>	<u>6,355</u>	<u>4,435,878</u>
Expenditures				
Current				
Town Council	77,143	-	-	77,143
Administration	557,052	-	-	557,052
Fire	457,516	-	-	457,516
Municipal Court	123,763	-	-	123,763
Police	1,985,736	-	-	1,985,736
Public Works	647,025	-	-	647,025
Fleet Service	128,805	-	-	128,805
NonDepartmental	191,445	-	-	191,445
Victim's Assistance	-	-	10,438	10,438
Community Promotion	-	49,454	-	49,454
Debt Service				
Principal	96,705	-	-	96,705
Interest	7,626	-	-	7,626
Capital Outlay	141,575	-	-	141,575
Total Expenditures	<u>4,414,390</u>	<u>49,454</u>	<u>10,438</u>	<u>4,474,282</u>
Excess of Revenues Over (Under) Expenditures	<u>15,133</u>	<u>450,249</u>	<u>(4,083)</u>	<u>(38,404)</u>
Other Financing Sources (Uses):				
Operating transfers in (out)	90,681	-	-	90,681
Total Other Financing Sources (Uses)	<u>90,681</u>	<u>-</u>	<u>-</u>	<u>90,681</u>
Net Change in Fund Balance	105,814	450,249	(4,083)	551,980
Fund Balance - Beginning of Year (as restated)	<u>1,478,520</u>	<u>239,763</u>	<u>(6,624)</u>	<u>1,711,659</u>
Fund Balance - End of Year	<u>\$ 1,584,334</u>	<u>\$ 690,012</u>	<u>\$ (10,707)</u>	<u>\$ 2,263,639</u>

See accompanying notes to financial statements.

**TOWN OF BATESBURG-LEESVILLE
BATESBURG-LEESVILLE, SOUTH CAROLINA
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES WITH THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Total Net Change in Fund Balances - Governmental Funds \$ 551,980

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the period:

Capital outlays	\$ 77,830	
Depreciation expense	<u>(225,077)</u>	(147,247)

Repayment of debt principal is an expenditure in the governmental funds, while the repayment reduces long-term liabilities in the statement of net position.

Notes payable principal payments		96,705
----------------------------------	--	--------

Because some property taxes will not be collected for several months after the Town's fiscal year-end, they are not considered "available" revenues and are "unavailable" in the governmental funds. Unavailable tax revenues increased by this amount this year.

10,218

Changes in other postemployment benefit (OPEB) liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported through expense by function in the statement of activities.

Change in other postemployment (OPEB) expense		(7,463)
---	--	---------

Pension expense in the statement of activities differs from the amount reported in the governmental funds because the proportionate shares of collective net pension expenses are required to be reported and any contributions made subsequent to the measurement date are to be shown as deferred outflows rather than expenses.

Change in aggregate proportionate share of collective net pension expense	(380,531)	
Change in contributions made subsequent to the measurement date	<u>30,181</u>	(350,350)

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

Accrued compensated absences is reported as an expense in the Statement of Activities and the accrued liability is considered a general long-term liability and, therefore, has no affect on the governmental funds. Accrued compensated absences increased by:

(11,466)

Change in Net Position - Governmental Activities \$ 142,377

**TOWN OF BATESBURG-LEESVILLE
 BATESBURG-LEESVILLE, SOUTH CAROLINA
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2020**

ASSETS

Current Assets

Cash and equivalents	\$	2,171,953
Receivables, net of allowance for uncollectibles		184,809
Restricted cash		746,378
Inventory		89,840
Due From General Fund		1,024
Total Current Assets		3,194,004

Noncurrent assets

Capital Assets:

Land		237,055
Construction in progress		1,625,953
Buildings		4,133,056
Machinery and equipment		1,079,713
Water & wastewater system with improvements		15,137,458
Accumulated depreciation		(11,984,533)
Total Capital Assets		10,228,702
Bond Issuance Cost, net		25,000
Total Noncurrent Assets		10,253,702

TOTAL ASSETS

13,447,706

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources related to pensions		197,565
--	--	---------

LIABILITIES

Current Liabilities

Accounts payable		188,150
Accrued salaries, payroll taxes, retirement and withholdings payable		29,900
Unearned revenue		23,188
Total Current Liabilities		241,238

See accompanying notes to financial statements.

**TOWN OF BATESBURG-LEESVILLE
 BATESBURG-LEESVILLE, SOUTH CAROLINA
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2020**

LIABILITIES (continued)

Noncurrent Liabilities

Due within one year:	
Bonds payable	\$ 185,000
Due in more than one year:	
Customer deposits	181,433
Compensated absences	49,379
Net pension liability	1,455,691
Accrued OPEB liability	73,462
Bonds payable	790,000
Total Noncurrent Liabilities	<u>2,734,965</u>

TOTAL LIABILITIES	<u>2,976,203</u>
--------------------------	------------------

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to pensions	<u>29,939</u>
---	---------------

NET POSITION

Net investment in capital assets	9,278,702
Restricted	746,378
Unrestricted	<u>614,049</u>

TOTAL NET POSITION	<u><u>\$ 10,639,129</u></u>
---------------------------	-----------------------------

See accompanying notes to financial statements.

TOWN OF BATESBURG-LEESVILLE
BATESBURG-LEESVILLE, SOUTH CAROLINA
PROPRIETARY FUND TYPES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

Operating Revenues	\$ 3,050,575
Operating Expenses	
Salaries and wages	789,399
Payroll tax	57,230
Employee insurance	140,075
Alternative water	93,398
Amortization of bond cost	6,250
Bank charges and fees	5,980
Chemicals	169,459
Covid-19	1,383
Depreciation	456,379
DHEC monitoring	15,953
Dues and subscriptions	7,306
Electricity	118,328
Fire and casualty insurance	27,286
Fuel and oil	17,257
Gilbert-Summit water	88,271
SMIRF grant	8,036
Industrial sampling	21,939
Insurance - vehicles	4,561
Insurance - workers compensation	16,456
IT services	13,338
Supplies	50,557
Legal and professional services	60,229
Liability insurance	5,646
Maintenance contracts	22,858
Miscellaneous operating expenditures	18,198
Office supplies	27,757
Permits and fees	8,870
Repairs and maintenance	266,286
Senior assistance fund	14,293
Sludge removal	36,421
Small tools and equipment	5,704
State retirement	103,982
Taxes and licenses	1,427
Telephone and internet	10,320
Training and travel	6,363
Uniforms	9,636
Utilities	147,951
Water/sewer line materials	56,920
Total Operating Expenses	2,911,702

See accompanying notes to financial statements.

**TOWN OF BATESBURG-LEESVILLE
 BATESBURG-LEESVILLE, SOUTH CAROLINA
 PROPRIETARY FUND TYPES
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2020**

Operating Income (Loss)	<u>\$ 138,873</u>
Non Operating Revenues (Expenses)	
Interest earned	19,634
Interest expense	(26,219)
Other income	<u>46,465</u>
Total Non Operating Revenues (Expenses)	<u>39,880</u>
Income (Loss) Before Transfers	178,753
Transfers Out	<u>(90,681)</u>
Change in Net Position	88,072
Net Position - Beginning of year (as restated)	<u>10,551,057</u>
Net Position - End of year	<u><u>\$ 10,639,129</u></u>

See accompanying notes to financial statements.

**TOWN OF BATESBURG-LEESVILLE
 PROPRIETARY FUND TYPES
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2020**

	Water Department
Cash Flows From Operating Activities	
Received from customers for services	\$ 3,087,945
Payments for employee services	(931,443)
Payments to suppliers for goods and services	(1,374,255)
Net Cash Provided By Operating Activities	782,247
Cash Flows From Noncapital Financing Activities	
Other income	46,462
Transfers to general fund	(90,681)
Net Cash Provided (Used) By Noncapital Financing Activities	(44,219)
Cash Flow from Capital and Related Financing Activities	
Capital purchases	(560,018)
Principal payments on notes	(175,000)
Interest payments on notes	(26,219)
Net Cash Provided (Used) By Capital and Related Financing Activities	(761,237)
Cash Flows From Investing Activities	
Investment interest	19,634
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,575)
BEGINNING CASH AND CASH EQUIVALENTS	2,921,906
ENDING CASH AND CASH EQUIVALENTS	\$ 2,918,331
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities</u>	
Operating Income (loss)	\$ 138,873
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	456,379
Net pension liability adjustment	(17,498)
(Increase) Decrease in accounts receivable	33,843
(Increase) Decrease in inventories	55,369
(Increase) Decrease in bond issuance cost, net	6,250
Increase (Decrease) in accounts payable	64,358
Increase (Decrease) in accrued liabilities	8,736
Increase (Decrease) in compensated absences	10,433
Increase (Decrease) in accrued OPEB liability	21,976
Increase (Decrease) in customer deposits	3,528
Net Cash Provided (Used) By Operating Activities	\$ 782,247

See accompanying notes to financial statements.

**TOWN OF BATESBURG-LEESVILLE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020**

	<u>Agency Fund</u>
ASSETS	
Cash	\$ 14,741
LIABILITIES	
Due to Fireman's Organization	14,741
NET POSITION	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

TOWN OF BATESBURG-LEESVILLE, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Batesburg-Leesville (the Town) is a Municipal Corporation governed by an elected mayor and council. Services provided by the Town include public safety (police and fire), sanitation, and water and sewer utility services.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied through governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

- A. The Town's financial statements include all funds over which the Council is considered to be financially accountable. The Town receives funding from local, state, and federal government sources and must comply with requirements of these funding source entities. However, the Town is not included in any other governmental reporting entity because it does not meet the financial accountability criteria for inclusion established by Governmental Accounting Standards Board Statement Number 14 (GASB No. 14). Council members have decision-making authority, the power to designate management, the ability to significantly influence operations and the primary accountability for fiscal matters. The Town receives property tax revenues through its relationship with Lexington and Saluda County.

B. Basis of Presentation

The statements of the Town are presented as follows:

Government-wide Financial Statements- The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the Town, except for fiduciary funds. For the most part, the effect of the interfund activity has been removed from these statements. The statements distinguished between those activities of the Town are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in part by fees charged to external parties.

The government-wide statements are prepared using economies resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better justify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Town and for each function or program of the Town's governmental activities. Direct expense are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, including taxes, which are not classified as program revenues are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

**TOWN OF BATESBURG-LEESVILLE, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (Continued)

Fund Financial Statements- Fund financial statements report detailed information about the Town. The focus of the governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The Town's nonmajor funds include only the victim's rights fund in the current year. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenue and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial sources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Town finances and meets cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

Cash Flow Statement – For the purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with an original maturity of three months or less to be cash equivalent.

C. Measurement Focus and Basis of Accounting

Fund Accounting

The Town uses funds to maintain its financial records during the fiscal year. Fund accounting is designated to demonstrate legal compliance and to aid management by segregating transactions related to certain Town functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Town are grouped into the categories governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds focus on the sources, uses and balance of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is separated as fund balance. The following are the Town's major governmental funds:

General Fund- to account for all financial transactions not properly accounted for in another fund. The Town uses this fund to account for expenditures principally for general government, police, sanitation and fire department activities.

TOWN OF BATESBURG-LEESVILLE, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting (Continued)

Special Revenue Funds- to account for the proceeds of specific revenue sources (other than debt service or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to provide sound financial administration. Goods or service from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies within the government (internal service funds). The Town has no internal service fund.

Within proprietary funds, operating revenues and expenses are presented in the Statement of Revenues, Expenses and Changes in Fund Net Position. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Sales for water and sewer service represent the operating revenue of the Town's proprietary fund. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

Enterprise funds - to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expense, including depreciation) of providing goods or services to the general public on a continuing basis be financed or covered primarily through user charges; or (b) where the governing body has decided that periodical determination or revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Department of Public Works is the Town's only enterprise fund.

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The Town's fiduciary funds consist of agency funds which are custodial in nature and do not involve measurement of results of operation. The agency funds are used to account for amounts held by the fire department.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. In accrual basis accounting, revenues are recognized when earned and expenses are recognized when incurred. Under the modified accrual basis of accounting, revenues and expenditures are recognized when they become measurable and available.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are

TOWN OF BATESBURG-LEESVILLE, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting (Continued)

expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available means expected to be received within sixty days from fiscal year-end.

The Town follows Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions* to account for non-exchange revenues. Nonexchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, donations and entitlements. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Town must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest and grants.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2020, but which have not met the revenue recognition criteria, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of costs, such as depreciation, are not recognizable in governmental funds.

D. Assets, Liabilities and Equity

Cash and Investments - South Carolina statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool (invested in governmental guaranteed securities), obligations of the U.S. Government, and governmental agencies unconditionally guaranteed by the U.S. Government. Investments are recorded at fair market value.

Receivables and Payables - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. On fund financial statements, these receivables and payables, if containing a balance at the end of the fiscal year, are classified as "due from other funds" or "due to other funds" on the balance sheet. These amounts are eliminated in the governmental and business-type activities columns of the statements of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**TOWN OF BATESBURG-LEESVILLE, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Equity (Continued)

Inventory - Under the system of accounting for inventory, materials and supplies are carried in an inventory account at cost, using the first-in, first-out method of accounting and are subsequently charged to expense when consumed.

Prepaid Expenses - Payments made to vendors for services benefiting future periods are recorded as prepaid expenses, using the consumption method. A current asset for the prepaid amount is recorded at the same time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets - General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The cost and accumulated depreciation of property sold or retired are removed from the accounts, and gains and losses, if any, are reflected in revenues or expenditures/expenses for the year. Donated fixed assets are recorded at their fair market values as of the date received. The Town maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

In the enterprise fund, assets acquired or constructed by grants and shared revenues externally restricted for capital acquisitions and construction are reported as revenues in the period received in accordance with Governmental Accounting Standards Board Statement No. 33. In previous years, these assets were accounted for as contributed capital. In connection with the adoptions of GASB No. 34, the balance of contributed capital has been combined with retained earnings to comprise the net assets of the enterprise fund.

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	15-40 years	15-40 years
Water & Sewer Improvements	15-40 years	20-30 years
Buildings & Improvements	15-40 years	15-40 years
Furniture & Equipment	5-10 years	5-10 years
Vehicles	10 years	10 years

TOWN OF BATESBURG-LEESVILLE, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Equity (Continued)

Compensated Absences - The Town reports compensated absences in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. Full-time employees of the Town accrue leave in accordance with the policy detailed in the employee handbook.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the proprietary funds are reported on the proprietary fund financial statements.

In general, payable and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgements, the noncurrent portion of capital leases and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from the government funds are not recognized as a liability in the fund financial statements until due.

Deferred Outflows and Inflows of Resources - In addition to assets, the Statement of Net 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 future period(s) and will not be recognized as an outflow of resources (expense) until then. The Town’s one item that meets the criteria for this category is deferrals relating to pensions.

In addition to liabilities, The Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial section, *Deferred Inflows of Resources*, represent acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Town’s one item that qualifies for reporting in this category is deferral relating to pensions.

TOWN OF BATESBURG-LEESVILLE, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Equity (Continued)

Pensions - For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as that reported in the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance, Equity and Net Position - The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

1. Nonspendable, such as fund balance associated with inventories and prepaids,
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determine by a formal action of the Council,
4. Assigned fund balance classification is intended to be used by to government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in other classifications.

Unless specifically designated otherwise, fund expenditures are from restricted fund balance to the extent of the restricted fund balance revenue, followed by committed fund balance, assigned fund balance, and unassigned fund balance respectively.

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

**TOWN OF BATESBURG-LEESVILLE, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Equity (Continued)

Interfund Activity - Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental funds and enterprise balances are eliminated.

Exchange transactions between funds are reported as revenue in the seller funds and as expenditures/expenses in the purchaser funds. Flow of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds responsible for particular expenditures/expense to the funds that initially paid for them are not presented on the financial statements

Operating Revenues and Expenses - Operating revenues are those that are generated directly from the primary activity of the proprietary funds. For the Town, those revenues consist of sales of water and sewer service to customers

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the Town's financial position and results of operations and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Bond Issuance Costs - Bond issuance costs from the issuance of the 2015 Bonds are capitalized and amortized over the term of the bond using the straight line method.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Accounting - State statutes require a budget for operation be approved before any expenditures are made. The Council will usually approve the operating budget in May for the fiscal year beginning July 1. A budget is adopted by July 1 of each fiscal year for the General Fund and Special Revenue Funds, on the same modified accrual basis used to reflect actual revenues and expenditures in the fund financial statements. Budget and actual comparisons are presented in the accompanying fund financial statements for the general and special revenue funds. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts adopted in the original appropriations. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended budget issued during the year ended June 30, 2020. All general fund and special revenue appropriations lapse at the fiscal year end. The Town adopted a budget that addressed expenditures at the department level. The Town applies restricted resources when an expense is incurred for purposed for which both restricted and unrestricted net asset are available.

General fund expenditures exceeded budget appropriations by \$207,764. However, actual general fund revenues also exceeded budgeted amounts by \$327,548.

TOWN OF BATESBURG-LEESVILLE, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - CASH AND INVESTMENTS:

Cash is maintained in demand deposit or savings accounts or certificates of deposits.

At June 30, 2020, the carrying amount of the Town's deposits was \$5,206,885 and the bank balance was \$5,227,347.

Restricted Cash

Certain proceeds of the Enterprise Fund Revenue Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by the applicable bond covenants. Funds reserved for the payment of principal and interest on bonds are deposited in the bond redemption and cushion accounts as provided by legal requirements of the various bond issues. These accounts have met the various legal requirements. A monthly fee is charged to customers, which is restricted for capital improvements. These funds are set aside as capital needs. The accounts and balances are as follows:

USDA Reserve	\$564,653
Customer Water Deposits	<u>181,725</u>
	<u>\$746,378</u>

Hospitality taxes collected by the Town are restricted. These funds will be used to fund the operation and maintenance of current and future tourism related facilities, promote quality of life, tourism, recreation, and more. The restricted balance as of June 30, 2020 is \$690,013.

Concentration of Credit Risk

The Towns investment policy currently does not involve investment in any individual issuers.

Custodial credit risk-deposits

In the case of deposits, this is the risk that in the event of bank failure, the Towns deposits may not be returned to it. It is the policy of the Town to obtain adequate collateral on all deposits that exceed FDIC insurance coverage. As of June 30, 2020, \$-0- was exposed to custodial credit risk because it was uninsured and uncollateralized.

NOTE 4 - PROPERTY TAXES

Property tax levies have a tax calendar from October 1 to September 30 each fiscal year; however, motor vehicle taxes are levied each month. Real property collections start September 30 and continue to January 15 with no penalty. A three percent penalty of ten percent, and collections March 17 and after are collected with a fifteen percent penalty and are in execution.

Property tax revenues are recognized when they become available. Available means when due or past due, and receivable means within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Delinquent tax payments, received throughout the year, are recognized as revenue in the year received, except for those received within 60 days of year-end, which are recognized as revenue as of June 30, 2020.

TOWN OF BATESBURG-LEESVILLE, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - ACCOUNTS RECEIVABLE

Water and Sewer accounts receivable of \$184,809 is net of an allowance for uncollectibles of \$6,027.

NOTE 6- CAPITAL ASSETS

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

	Balance as restated June 30, 2019	Transfers	Additions	Deletions	Balance June 30, 2020
Governmental activities					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 814,932	\$ -	\$ -	\$ -	\$ 814,932
<i>Capital assets, being depreciated:</i>					
Streets and sidewalks	2,977,518	-	30,000	-	3,007,518
Buildings and improvements	1,393,087	-	-	-	1,393,087
Vehicles and equipment	3,766,450	-	47,830	-	3,814,280
<i>Total capital assets being depreciated</i>	<u>8,137,055</u>	<u>-</u>	<u>77,830</u>	<u>-</u>	<u>8,214,885</u>
<i>Less accumulated depreciation for:</i>					
Streets and sidewalks	(1,992,976)	-	(30,795)	-	(2,023,771)
Buildings and improvements	(350,769)	-	(34,079)	-	(384,848)
Vehicles and equipment	(2,973,097)	-	(160,204)	-	(3,133,301)
<i>Total accumulated depreciation</i>	<u>(5,316,842)</u>	<u>-</u>	<u>(225,078)</u>	<u>-</u>	<u>(5,541,920)</u>
<i>Total capital assets being depreciated, net</i>	<u>2,820,213</u>	<u>-</u>	<u>(147,248)</u>	<u>-</u>	<u>2,672,965</u>
Governmental activities capital assets, net	<u>\$ 3,635,145</u>	<u>\$ -</u>	<u>\$ (147,248)</u>	<u>\$ -</u>	<u>\$ 3,487,897</u>

**TOWN OF BATESBURG-LEESVILLE, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 6 - CAPITAL ASSETS (continued)

	Balance as restated June 30, 2019	Transfers	Additions	Deletions	Balance June 30, 2020
Business-type activities					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 237,055	\$ -	\$ -	\$ -	\$ 237,055
Construction in process	1,310,846	-	315,108	-	1,625,954
	<u>1,547,901</u>	<u>-</u>	<u>315,108</u>	<u>-</u>	<u>1,863,009</u>
 <i>Capital assets, being depreciated:</i>					
Water and wastewater system with improvements	15,808,030	-	76,868	-	15,884,898
Buildings	3,394,831	-	-	-	3,394,831
Vehicles and equipment	902,455	-	168,042	-	1,070,497
<i>Total capital assets being depreciated</i>	<u>20,105,316</u>	<u>-</u>	<u>244,910</u>	<u>-</u>	<u>20,350,226</u>
<i>Less accumulated depreciation</i>	<u>(11,528,154)</u>	<u>-</u>	<u>(456,379)</u>	<u>-</u>	<u>(11,984,533)</u>
<i>Total capital assets being depreciated, net</i>	<u>8,577,162</u>	<u>-</u>	<u>(211,469)</u>	<u>-</u>	<u>8,365,693</u>
Net Property, Plant and Equipment	<u>\$ 10,125,063</u>	<u>\$ -</u>	<u>\$ 103,639</u>	<u>\$ -</u>	<u>\$ 10,228,702</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Administrative	\$ 51,424
Police	89,961
Fire	47,990
Public works and fleet	<u>35,703</u>
Total depreciation expense - governmental activities	<u>\$ 225,078</u>

Depreciation expense for business-type activities was \$456,379 for the year ended June 30, 2020.

**TOWN OF BATESBURG-LEESVILLE, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 7 - LONG-TERM DEBT:

The following is a summary of changes in long-term debt for the year ended June 30, 2020:

	Balance				Balance
	July 1, 2019	Additions	Deletions		June 30, 2020
Capital Leases	\$ 125,600	\$ -	\$ 62,184	\$	63,416
General Obligation Bond	219,629	-	34,521		185,108
Compensated Absences	140,900	11,468	-		152,368
Total	\$ 486,129	\$ 11,468	\$ 96,705	\$	400,892

Capital Lease

The Town is obligated under one non-cancelable lease accounted for as a capital lease. The following is a schedule of future minimum lease payments under the capital lease, together with the net value of the minimum lease payments as of June 30, 2020.

Fiscal year ending June 30

Minimum lease payments for all capital leases	
2021	\$64,672
Less: Amount representing interest at the Town's incremental borrowing rate	(1,256)
Present value of minimum lease payments	<u>\$63,416</u>

General Obligation Bond

2015 Series - The series requires annual payments of \$39,661, accrues interest at 2.34% and matures in April 2025. The loan is collateralized by a lien on the Town Hall.

General obligation bond debt service to maturity, including interest of \$13,196, is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 35,329	\$ 4,332	\$ 39,661
2022	36,156	3,505	39,661
2023	37,002	2,659	39,661
2024	37,868	1,793	39,661
2025	38,753	907	39,660
Total	\$ 185,108	\$ 13,196	\$ 198,304

**TOWN OF BATESBURG-LEESVILLE, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 8 - LONG-TERM DEBT- ENTERPRISE FUND

Revenue Bonds - The Town issued a bond where the Town pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
2015 Series	\$ 1,150,000	\$ -	\$ 175,000	\$ 975,000
Total	<u>\$ 1,150,000</u>	<u>\$ -</u>	<u>\$ 175,000</u>	<u>\$ 975,000</u>

2015 Series - The series requires annual payments of varying amounts and semi-annual interest payments, accrues interest at 2.28% and matures in March 2025. The loan is collateralized by a lien on the waterworks and sewer system.

Revenue bond debt service to maturity, including interest of \$67,830 is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 185,000	\$ 22,230	\$ 207,230
2022	190,000	18,012	208,012
2023	195,000	13,680	208,680
2024	200,000	9,234	209,234
2025	205,000	4,674	209,674
Total	<u>\$ 975,000</u>	<u>\$ 67,830</u>	<u>\$ 1,042,830</u>

Bond issuance costs of \$62,500 are being amortized over the life of the bond.

NOTE 9 - DEFERRED COMPENSATION/SALARY DEFERRAL PLAN

The Town employees may participate in the 457, 403(b) and/or 401(k) deferred compensation plans available to the state and local government employees through the state public employee retirement system. These programs are administered by a state approved nongovernmental third party.

**TOWN OF BATESBURG-LEESVILLE
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - RETIREMENT BENEFITS (continued)

General Information

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

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

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publically 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 State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the S.C. General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account

**TOWN OF BATESBURG-LEESVILLE
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - RETIREMENT BENEFITS (continued)

administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

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

Membership

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

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- State ORP- As an alternative membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the SC General Assembly beginning with the November 2012 general election have the option to participate in the State ORP. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party record keepers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes. Contribution to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP vendor for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.
- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire or to serve as a peace officer employed by the Department of Corrections, and 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 earn at least \$200 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 of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

**TOWN OF BATESBURG-LEESVILLE
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - RETIREMENT BENEFITS (continued)

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.

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

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

Contributions

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

**TOWN OF BATESBURG-LEESVILLE
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - RETIREMENT BENEFITS (continued)

to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028. Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July 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 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

Required employee contribution rates are as follows:

SCRS	Fiscal Year 2020	Fiscal Year 2019
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
State ORP Employee		
Employee	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

• Required employer contributions rates are as follows:

SCRS	Fiscal Year 2020	Fiscal Year 2019
Employee Class Two	15.41%	14.41%
Employee Class Three	15.41%	14.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP Employee		
Employee'	15.41%	14.41%
Employer Death Benefit	0.15%	0.15%
PORS		
Employee Class Two	17.84%	16.84%
Employee Class Three	17.84%	16.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

**TOWN OF BATESBURG-LEESVILLE
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - RETIREMENT BENEFITS (continued)

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 the June 30, 2019 measurement date:

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases	3.0% - 12.5%	3.5% - 9.5%
Includes inflation at	2.25%	2.25%
Benefits adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. This 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.

Assumptions used in the determination for the June 30, 2019, TPL are as follows:

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

**TOWN OF BATESBURG-LEESVILLE
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - RETIREMENT BENEFITS (continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 68 less that System's fiduciary net position. At June 30, 2020, the Town reported a liability of \$3,057,034 for its proportionate share of the SCRS' net pension liability. The Town's proportion measured as of June 30, 2020 was 0.013388%. Approximately, 48%, or 1,455,691 of liability was allocated to the proprietary fund. At June 30, 2020, the Town reported a liability of \$2,545,131 for its proportionate share of the PORS' net pension liability. The Town's proportion measured as of June 30, 2020 was 0.088806%. Governmental activities and business-type activities reported \$4,146,474 and \$1,455,691, respectively, for its shares of the total pension liability.

Long-term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation as 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 by adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return set in statute and used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	LT Expected Portfolio Real Rate of Return
Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	LT 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 Option 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	3.0%	11.15%	0.16%
Opportunistic	8.0%		
GTAA/Risk Parity	7.0%	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
Credit	15.0%		
Mixed Credit	4.0%	3.14%	0.13%

**TOWN OF BATESBURG-LEESVILLE
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - RETIREMENT BENEFITS (continued)

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	100.0%		5.41%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.66%

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2020, the Town recognized pension expense for SCRS of \$401,354. \$93,345 was allocated to the business-type activities and \$308,009 to the governmental activities. The Town recognized pension expense for PORS of \$373,142, all reported in governmental activities. 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
Water & Sewer Fund – SCRS		
Difference between expected and actual experience	\$ 1,000	\$ 10,457
Assumption changes	29,334	-
Net difference between projected and actual earnings on pension plan investments	12,889	-
Deferred amounts from changes in proportionate share and differences between employer contributions & proportionate share of total plan employer contributions	43,499	19,482
Contributions subsequent to the measurement date	110,843	-
Total	\$ 197,565	\$ 29,939

**TOWN OF BATESBURG-LEESVILLE
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - RETIREMENT BENEFITS (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
General Fund - SCRS		
Difference between expected and actual experience	\$ 1,101	\$ 11,504
Assumption changes	32,270	-
Net difference between projected and actual earnings on pension plan investments	14,177	-
Deferred amounts from changes in proportionate share and differences between employer contributions & proportionate share of total plan employer contributions	47,851	21,431
Contributions subsequent to the measurement date	121,933	-
Total	\$ 217,332	\$ 32,935
General Fund – PORS		
Difference between expected and actual experience	\$ 52,333	\$ 18,810
Assumption changes	100,927	-
Net difference between projected and actual earnings on pension plan investments	32,271	-
Deferred amounts from changes in proportionate share and differences between employer contributions & proportionate share of total plan employer contributions	94,207	34,184
Contributions subsequent to the measurement date	236,415	-
Total	\$ 516,153	\$ 52,994

Amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized in pension expense as follows:

	SCRS Water & Sewer	SCRS Town	PORS
Measurement Period Ending June 30,			
2020	\$ 48,896	\$ 53,788	\$ 130,591
2021	(9,574)	(10,531)	44,780
2022	12,203	13,424	34,552
2023	5,257	5,782	16,821
Net balance of Deferred Outflows/(Inflows) of Resources	\$ 56,782	\$ 62,463	\$ 226,744

**TOWN OF BATESBURG-LEESVILLE
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - RETIREMENT BENEFITS (continued)

Sensitivity Analysis

The following table presents the collective net pension liability of the participating employers calculated using the discount rate of 7.25 percent, as well as what the employers' net pension liability 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
Svstem	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	\$3,851,225	\$3,057,034	\$2,394,238
PORS	\$3,449,252	\$2,545,132	\$1,804,422

Since certain expense items are recognized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts will increase Pension Expense they are labeled Deferred Outflows of Resources. If they serve to reduce Pension Expense they are labeled Deferred Inflows of Resources. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions or inputs and investment gains and losses are recognized over a fixed five year period.

Discount Rate

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

NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Background

Beginning in fiscal year ended June 30, 2020, the Town of Batesburg-Leesville implemented Governmental Accounting Standards Board (GASB) Statement No. 75 which replaced the requirements of Statement No. 45 for the accounting and financial reporting of other postemployment benefits (OPEB) other than pensions offered to retirees. This scope of this statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related deferred outflows and inflows of resources, note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. An implicit rate subsidy is an inherent subsidy of retiree healthcare costs by active employee healthcare costs when healthcare premiums paid by retirees and actives are the same. Under the current health plan, described in the next paragraph, healthcare premiums paid by retirees and actives are the same. The true healthcare costs for retirees are, on average, greater than active employees' healthcare costs. Thus, if both subgroups pay the same per-capita premium for their benefits, retirees are paying less than they would if their premiums were calculated solely based on retiree-only expected healthcare costs. With an implicit rate subsidy, the active employee premiums are subsidizing the retiree premiums, and that

**TOWN OF BATESBURG-LEESVILLE
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

subsidization creates a liability that needs to be recognized.

Plan Description

The State Insurance Benefits Program, a community-rated plan with respect to local subdivisions which is managed by the South Carolina Public Employee Benefit Authority (PEBA), offers a variety of plans to active employees, retirees and survivors. The health, dental, Basic Life and Basic Long Term Disability plans are the core benefits the participating local subdivision must provide to each employee by paying a minimum contribution for each plan. A local subdivision or entity is defined as any employer, other than a state agency or public school district, that has the South Carolina General Assembly's approval to participate in the state insurance benefits program. More specifically, Section 1-11-720 of the 1976 South Carolina Code of Laws, as amended, gives specified local government organizations the right to participate in the state insurance benefits program.

The Town of Batesburg-Leesville must offer all eligible employees the entire package of state insurance benefits and allow employees to refuse all or any part of the benefits package. The Town must ensure that all covered employees, retirees and their dependents meet the eligibility guidelines established by the S.C. PEBA or set forth in Section 1-11-730 of the 1976 S.C. Code of Laws, as amended. The Town must contribute, for its active employees, no less than the same percentage the state contributes toward the premiums for active employees of state agencies and public school districts.

Benefits Provided

Under the State Insurance Benefits Program, each local subdivision develops its own policy for funding retiree insurance premiums for its eligible retirees. Therefore, The Town of Batesburg-Leesville has the option to choose the amount, if any, it wishes to contribute toward health and dental coverage for its eligible retirees. Healthcare benefits are available to eligible participants under the South Carolina PEBA state health plan. The Town requires retirees to pay 100% of their premiums. The fact that the Town does not contribute toward retiree premiums is irrelevant when considering the implicit rate subsidy because the contribution is a matter of employer policy and is outside the scope of GASB Statement No. 75. Currently, the Town has elected not to pre-fund OPEB liabilities and to fund healthcare benefits on a pay-as-you-go basis. These benefits consist of an inherent rate insurance subsidy that retirees will receive by staying on the employer provided health plan. Retirees will reimburse the Town of Batesburg-Leesville for the insurance premiums charged. The liability and expense amounts are only included on the Statement of Net Position and Statements of Activities.

Employees Covered by Benefit Terms

Active Participants	112
Retired Participants	<u>1</u>
Total	<u>113</u>

Total OPEB Liability

The Town's total OPEB liability of \$245,794 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

**TOWN OF BATESBURG-LEESVILLE
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Cost Method – Individual entry age normal level percent of salary

Dates of Calculations

Actuarial valuation: June 30, 2020

Census Date: June 30, 2020

Measurement Date: June 30, 2020

Reporting Date: June 30, 2020

Employees Included in the Calculations – All active employees who are potentially eligible to receive medical benefits as a retiree. Former employees and their spouses or their survivors who are receiving benefits.

Discount Rate – Pursuant to GASB 75, for unfunded plans the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The Bond Buyer's 20 bond index is often cited as an appropriate benchmark. A discount rate of 2.21% was used for the June 30, 2020 actuarial valuation.

Inflation Rate – 2.25% per year

Salary Increase Rate – 2.50% per year

Retirement Rates – The rates used for the July 1, 2019 SCRS Valuation.

Mortality Rates – The rates used for the July 1, 2019 SCRS Valuation.

Disability Rates – None assumed.

Termination Rates – The rates used for the July 1, 2019 SCRS Valuation.

Per Capita Claims Costs – Per Capita Claims Costs include medical, dental and prescription drug coverages and were developed based on the June 30, 2018 SC OPEB Valuation.

Healthcare Trend – The healthcare trend rates are based on the rates used for the June 30, 2018 SC OPEB Valuation.

Election Percentage – It is assumed that 48% of eligible retirees and 12% of spouses will elect to receive coverage upon retirement.

Marriage Percentage – 80% of active employees are assumed to be married at retirement. Female spouses are assumed to be 3 years younger than their husbands.

**TOWN OF BATESBURG-LEESVILLE
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Changes in the Total OPEB Liability

Balance at June 30, 2019	<u>\$ 187,977</u>
Changes for the year	
Service cost	25,446
Interest	6,471
Changes of assumptions or other inputs	32,126
Implicit rate subsidy fulfillment	<u>(6,226)</u>
Net changes	<u>57,817</u>
 Balance at June 30, 2020	 <u><u>\$ 245,794</u></u>

The total OPEB liability was allocated as follows:

Governmental Activities	\$ 172,332
Business-Type Activities	<u>73,462</u>
Total	<u>\$ 245,794</u>

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

The following presents the total OPEB liability, calculated using the discount rate of 2.21%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.21%) or 1-percentage point higher (3.21%) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$273,483	\$245,794	\$220,499

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare trend rates:

	1% Decrease	Current Rates	1% Increase
Total OPEB Liability	\$209,292	\$245,794	\$291,205

**TOWN OF BATESBURG-LEESVILLE
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Town recognized OPEB expense of \$35,664. The following table provides a summary of the deferred inflows and outflows as of June 30, 2020.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$28,379	\$ -

Collective amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future years as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year Ended June 30		
2021	\$ 3,747	\$ -
2022	3,747	-
2023	3,747	-
2024	3,747	-
2025	3,747	-
Thereafter	<u>9,644</u>	-
Total	<u>\$ 28,379</u>	<u>\$ -</u>

NOTE 12 - RISK MANAGEMENT

The Town is a member of the South Carolina Local Government Assurance Group, which is a self-funded health benefits program. In this program, the Town is part of a pool of local governments for the determination of rates. Each member of the SCLGAG accepts responsibility for normal claims expense. Catastrophic claims over \$100,000 per individual per year are reinsured through an insurance company. Upon termination of participation in the SCLGAG, all unpaid claims of the Town's employees and aggregate losses on the Town's account from current and previous years will be the responsibility of the Town.

NOTE 13 - TAX ABATEMENTS

The Town has implemented GASB Statement 77, Tax Abatements. The primary objective of the Statement is to disclose the extent of the tax abatement agreements currently outstanding. Lexington and Saluda Counties are responsible for collecting tax revenues to cover operating expenses of the Town. To encourage specific development or spending, the Town may offer certain tax abatements. There are currently tax abatements totaling \$30,373 in the Town of Batesburg-Leesville.

NOTE 14 - SUBSEQUENT EVENTS

After June 30, 2020, the Town did not have any subsequent events through the report date, which is the date that the financial statements were available to be issued.

TOWN OF BATESBURG-LEESVILLE
NOTES TO FINANCIAL STATEMENTS

NOTE 15 - CORONAVIRUS (COVID-19)

On March 11, 2020, the World Health Organization (WHO) classified the COVID-19 outbreak as a pandemic and recommended containment and mitigation measures worldwide. As of the date of our report, we cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact the Town's financial position, operations, and cash flows in fiscal year 2021.

NOTE 16 – RESTATEMENTS

The Town determined that it had not properly recorded the total OPEB liability under GASB No. 75 in the prior year. Adjustments also had to be made to properly capitalize assets, record additional accounts payable, record property taxes receivable, and to record unearned revenue relating to the property taxes receivable. As it related to governmental activities, business-type activities, proprietary fund, and the general fund, adjustments to beginning net position and beginning fund balance were required. See details of restatements below:

Net position for governmental activities at June 30, 2019 was restated as follows:

Previous balance at June 30, 2019	\$ 1,679,599
Add total OPEB liability under GASB No. 75	(136,491)
Adjustment to properly capitalize assets	18,056
Add delinquent taxes receivable, net of allowance for uncollectibles	<u>90,262</u>
Restated balance at June 30, 2019	<u>\$ 1,651,426</u>

Net position for business-type activities at June 30, 2019 was restated as follows:

Previous balance at June 30, 2019	\$ 10,734,001
Add total OPEB liability under GASB No. 75	(51,486)
Adjustment to properly capitalize assets, net of accumulated depreciation	(103,213)
Adjustment to properly accrue expenses	<u>(28,245)</u>
Restated balance at June 30, 2019	<u>\$ 10,551,057</u>

**TOWN OF BATESBURG-LEESVILLE
NOTES TO FINANCIAL STATEMENTS**

NOTE 16 – RESTATEMENTS (continued)

Net position for the proprietary fund at June 30, 2019 was restated as follows:

Previous balance at June 30, 2019	\$ 10,734,001
Add total OPEB liability under GASB No. 75	(51,486)
Adjustment to properly capitalize assets, net of accumulated depreciation	(103,213)
Adjustment to properly accrue expenses	<u>(28,245)</u>
Restated balance at June 30, 2019	<u>\$ 10,551,057</u>

Fund balance for the general fund at June 30, 2019 was restated as follows:

Previous balance at June 30, 2019	\$ 1,464,069
Add delinquent taxes receivable, net of allowance for uncollectibles	90,262
Add unearned revenue for property taxes receivable	<u>(75,811)</u>
Restated balance at June 30, 2019	<u>\$ 1,478,520</u>

**TOWN OF BATESBURG-LEESVILLE
 BATESBURG-LEESVILLE, SOUTH CAROLINA
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2020**

	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 1,825,500	\$ 1,916,435	\$ 90,935
Licenses, permits and fees	1,446,475	1,596,668	150,193
Fines and forfeitures	85,000	63,176	(21,824)
Garbage fees	338,000	328,180	(9,820)
Other local sources	211,000	325,730	114,730
State sources	196,000	199,334	3,334
Total Revenues	4,101,975	4,429,523	327,548
Expenditures			
Town council	86,500	77,143	9,357
Administrative and general	502,400	557,052	(54,652)
Fire	469,600	457,516	12,084
Municipal court	119,400	123,763	(4,363)
Police	1,869,750	1,985,736	(115,986)
Public works	638,456	647,025	(8,569)
Fleet	137,170	128,805	8,365
Non-departmental	227,900	191,445	36,455
Debt service:			
Principal	84,550	96,705	(12,155)
Interest	-	7,626	(7,626)
Capital outlay	70,900	141,575	(70,675)
Total Expenditures	4,206,626	4,414,390	(207,764)
Excess of Revenues Over (Under) Expenditures	(104,651)	15,133	119,784
Other Financing Sources (Uses):			
Operating transfers in (out)	70,851	90,681	19,830
Total	70,851	90,681	19,830
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Financing Sources (Uses)	\$ (33,800)	105,814	\$ 139,614
Fund Balance - Beginning of Year (as restated)		1,478,520	
Fund Balance - End of Year		\$ 1,584,334	

**TOWN OF BATESBURG-LEESVILLE
 BATESBURG-LEESVILLE, SOUTH CAROLINA
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 HOSPITALITY TAX
 FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Hospitality Tax	\$ 475,000	\$ 496,916	\$ 21,916
Interest	-	2,787	2,787
Total Revenues	<u>475,000</u>	<u>499,703</u>	<u>24,703</u>
Expenditures			
Community promotion	<u>475,000</u>	<u>49,454</u>	<u>425,546</u>
Total Expenditures	<u>475,000</u>	<u>49,454</u>	<u>425,546</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -</u>	450,249	<u>\$ 450,249</u>
Fund Balance - Beginning of Year		<u>239,763</u>	
Fund Balance - End of Year		<u>\$ 690,012</u>	

**TOWN OF BATESBURG-LEESVILLE
BATESBURG-LEESVILLE, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOWN'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB Liability										
Service cost	\$ 25,446	NA*								
Interest cost	6,471	NA*								
Changes in benefit terms	-	NA*								
Effect of economic/demographic gains or losses	-	NA*								
Changes in assumptions or other inputs	32,126	NA*								
Benefit payments	-	NA*								
Implicit rate subsidy fulfillment	(6,226)	NA*								
Net change in total OPEB liability	<u>\$ 57,817</u>	NA*								
Total OPEB liability - beginning	<u>187,977</u>	NA*								
Total OPEB liability - ending	<u>\$ 245,794</u>	NA*								
Covered-employee payroll	2,546,950	NA*								
Total OPEB liability as a percentage of covered-employee payroll	9.65%	NA*								

NA* - Not Available

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.
--

**TOWN OF BATESBURG-LEESVILLE
 BATESBURG-LEESVILLE, SOUTH CAROLINA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY (SCRS)
 LAST 10 FISCAL YEARS
 FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Town's proportion of the net pension liability (asset)	0.013388%	0.012912%	0.013304%	0.013057%	0.012483%	0.012461%	NA*	NA*	NA*	NA*
Town's proportionate share of the net pension liability (asset)	\$3,057,034	\$2,893,224	\$2,994,944	\$2,788,956	\$2,367,461	\$2,235,059	NA*	NA*	NA*	NA*
Town's covered-employee payroll	\$1,413,736	\$1,413,736	\$1,338,068	\$1,156,096	\$1,264,412	\$1,170,430	NA*	NA*	NA*	NA*
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	216.24%	204.65%	223.83%	241.24%	187.24%	190.96%	NA*	NA*	NA*	NA*
Plan fiduciary net position as a percentage of the total pension liability	54.40%	54.10%	53.30%	52.90%	57.00%	59.90%	NA*	NA*	NA*	NA*

NA* - Not Available

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.
--

**TOWN OF BATESBURG-LEESVILLE
 BATESBURG-LEESVILLE, SOUTH CAROLINA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY (PORS)
 LAST 10 FISCAL YEARS
 FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Town's proportion of the net pension liability (asset)	0.088806%	0.083902%	0.085850%	0.087080%	0.086830%	0.088870%	NA*	NA*	NA*	NA*
Town's proportionate share of the net pension liability (asset)	\$2,545,131	\$2,377,406	\$2,351,858	\$2,208,737	\$1,892,500	\$1,842,292	NA*	NA*	NA*	NA*
Town's covered-employee payroll	\$1,288,098	\$1,288,098	\$1,161,333	\$1,156,096	\$1,110,135	\$1,075,739	NA*	NA*	NA*	NA*
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	197.59%	184.57%	202.51%	191.05%	170.47%	171.26%	NA*	NA*	NA*	NA*
Plan fiduciary net position as a percentage of the total pension liability	62.70%	61.70%	60.90%	60.40%	64.60%	67.50%	NA*	NA*	NA*	NA*

NA* - Not Available

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**TOWN OF BATESBURG-LEESVILLE
 BATESBURG-LEESVILLE, SOUTH CAROLINA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE TOWN'S CONTRIBUTIONS (SCRS)
 LAST 10 FISCAL YEARS
 FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 205,840	\$ 203,719	\$ 179,435	\$ 153,145	\$ 137,920	\$ 125,821	NA*	NA*	NA*	NA*
Contributions in relation to the contractually required contribution	<u>(205,840)</u>	<u>(203,719)</u>	<u>(179,435)</u>	<u>(153,145)</u>	<u>(137,920)</u>	<u>(125,821)</u>	NA*	NA*	NA*	NA*
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
Town's covered-employee payroll	\$ 1,413,736	\$ 1,413,736	\$ 1,338,068	\$ 1,156,096	\$ 1,264,412	\$ 1,170,430	NA*	NA*	NA*	NA*
Contributions as a percentage of covered-employee payroll	14.56%	14.41%	13.41%	13.25%	10.91%	10.75%	NA*	NA*	NA*	NA*

NA* - Not Available

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.
--

**TOWN OF BATESBURG-LEESVILLE
 BATESBURG-LEESVILLE, SOUTH CAROLINA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE TOWN'S CONTRIBUTIONS (PORS)
 LAST 10 FISCAL YEARS
 FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 222,068	\$ 216,916	\$ 183,955	\$ 160,004	\$ 148,092	\$ 139,954	NA*	NA*	NA*	NA*
Contributions in relation to the contractually required contribution	<u>(222,068)</u>	<u>(216,916)</u>	<u>(183,955)</u>	<u>(160,004)</u>	<u>(148,092)</u>	<u>(139,954)</u>	<u>NA*</u>	<u>NA*</u>	<u>NA*</u>	<u>NA*</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
Town's covered-employee payroll	\$ 1,288,098	\$ 1,288,098	\$ 1,161,333	\$ 1,156,096	\$ 1,110,135	\$ 1,075,739	NA*	NA*	NA*	NA*
Contributions as a percentage of covered-employee payroll	17.24%	16.84%	15.84%	13.84%	13.34%	13.01%	NA*	NA*	NA*	NA*

NA* - Not Available

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

TOWN OF BATESBURG-LEESVILLE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

NOTE 1 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

There were no differences between actual and expected experience. The discount rate assumption was decreased from 3.50% to 2.21%.

NOTE 2 - PENSIONS

On April 25, 2017, Governor Henry McMaster signed into law the Retirement Funding and Administration Act of 2017 which became effective on July 1, 2017. This legislation increased the employer and employee contribution rates established a ceiling on the employee contribution rate, lowered the assumed rate of return, required a scheduled reduction of the funding period, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the Retirement System Investment Commission (RSIC) and PEBA as co-trustees.

The legislation lowered the assumed rate of return to 7.25 percent effective July 1, 2017. The new rate continued and was included in the calculation of the rollforward pension liability as of the measurement date of June 30, 2019.

The inflation rate used in the current calculation of the pension liability was 2.25%.

**TOWN OF BATESBURG-LEESVILLE
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020**

	<u>Original Budgeted Amounts</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Local Sources:			
Property taxes:			
Current	\$ 1,743,500	\$ 1,783,952	\$ 40,452
Delinquent	82,000	132,483	50,483
	<u>1,825,500</u>	<u>1,916,435</u>	<u>90,935</u>
Licenses, permits and fees:			
Business licenses	900,000	934,359	34,359
Franchise fees	478,175	481,072	2,897
E-911 reimbursements	20,000	148,804	128,804
Permits	48,300	32,433	(15,867)
	<u>1,446,475</u>	<u>1,596,668</u>	<u>150,193</u>
Other local sources:			
Fines and forfeitures	85,000	63,176	(21,824)
Garbage fees	338,000	328,180	(9,820)
Special revenue	45,000	79,491	34,491
Rent	11,000	8,010	(2,990)
School resource officer reimbursement	66,000	116,417	50,417
Police restricted funds	10,000	3,803	(6,197)
Police extra duty reimbursement	10,000	16,558	6,558
Safer Grant reimbursement	59,000	94,586	35,586
Interest income	8,500	6,865	(1,635)
Miscellaneous	1,500	-	(1,500)
	<u>634,000</u>	<u>717,086</u>	<u>83,086</u>
Total	<u>3,905,975</u>	<u>4,230,189</u>	<u>324,214</u>
State Sources:			
Accommodations tax	13,000	9,790	(3,210)
State shared and intergovernmental revenue	30,000	30,000	-
Merchants inventory	32,000	32,416	416
Local government fund	121,000	127,128	6,128
Total	<u>196,000</u>	<u>199,334</u>	<u>3,334</u>
Total Revenues	<u>\$ 4,101,975</u>	<u>\$ 4,429,523</u>	<u>\$ 327,548</u>

TOWN OF BATESBURG-LEESVILLE
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020

	<u>Original Budgeted Amounts</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:			
Town Council			
Salaries and wages	\$ 29,400	\$ 25,800	\$ 3,600
Insurance - workers compensation	100	(218)	318
Payroll tax	2,300	1,952	348
Advertising	1,200	4,192	(2,992)
Legal and professional services	28,800	28,819	(19)
State retirement	2,000	2,915	(915)
Training and travel	18,200	8,872	9,328
Miscellaneous operating expenditures	1,500	1,276	224
Election expenditures	3,000	3,535	(535)
Total	<u>86,500</u>	<u>77,143</u>	<u>9,357</u>
Administrative and General:			
Salaries and wages - executive	306,000	341,811	(35,811)
Employee insurance	33,000	34,894	(1,894)
Dues and subscriptions	1,700	797	903
Insurance - workers compensation	1,000	2,512	(1,512)
Insurance - fire and casualty	3,200	3,262	(62)
Payroll tax	25,000	24,842	158
Postage	2,500	2,263	237
Office supplies	7,800	8,555	(755)
State retirement	43,000	53,914	(10,914)
Training and travel	5,000	1,902	3,098
Miscellaneous operating expenditures	12,700	4,316	8,384
Repairs and maintenance	4,500	3,396	1,104
Master plan study	-	29,978	(29,978)
Maintenance contracts	7,300	6,794	506
Building inspection	36,000	24,844	11,156
Telephone	11,000	10,487	513
Utilities	2,700	2,485	215
Total	<u>502,400</u>	<u>557,052</u>	<u>(54,652)</u>

TOWN OF BATESBURG-LEESVILLE
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020

	Original Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Fire:			
Salaries and wages	\$ 229,500	\$ 222,637	\$ 6,863
Employee insurance	27,700	34,001	(6,301)
Due and subscriptions	3,000	2,436	564
Insurance - workers compensation	18,000	18,696	(696)
Insurance - vehicle	11,000	11,151	(151)
Insurance - general liability	4,000	3,806	194
Payroll tax	21,000	18,623	2,377
Office supplies	4,100	4,510	(410)
Fire prevention	1,000	1,363	(363)
State retirement	39,500	42,975	(3,475)
Physicals and immunizations	5,500	1,032	4,468
Firemen's compensation	34,000	33,903	97
Training and travel	2,500	1,529	971
Repairs and maintenance	26,700	23,803	2,897
Fuel and oil	11,000	9,047	1,953
Maintenance contracts	6,100	6,331	(231)
Miscellaneous operating expenditures	500	535	(35)
Uniforms	2,500	1,740	760
Electricity	10,500	8,445	2,055
Telecommunications	10,000	9,949	51
Telephone	1,500	1,004	496
Total	469,600	457,516	12,084
Municipal Court:			
Salaries and wages	76,000	78,358	(2,358)
Employee insurance	17,500	20,096	(2,596)
Workers compensation insurance	300	204	96
State retirement	10,200	12,371	(2,171)
Payroll tax	5,500	5,375	125
Maintenance contracts	1,900	502	1,398
Indigent defense	6,000	6,000	-
Jury	300	280	20
Jury travel and expense	1,200	-	1,200
Judge training and travel	500	577	(77)
Total	119,400	123,763	(4,363)

TOWN OF BATESBURG-LEESVILLE
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020

	Original Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Police:			
Salaries and wages	\$ 1,110,000	\$ 1,193,751	\$ (83,751)
Extra duty pay	10,000	16,488	(6,488)
Employee insurance	133,000	138,110	(5,110)
Dues and subscriptions	1,200	1,850	(650)
Insurance - workers compensation	39,000	36,930	2,070
Insurance - general liability	7,350	10,767	(3,417)
Insurance - vehicle	18,200	20,200	(2,000)
Payroll tax	87,000	88,231	(1,231)
E-911 dispatch	18,000	21,151	(3,151)
Office supplies	13,300	14,463	(1,163)
Uniforms	13,000	13,921	(921)
State retirement	185,000	207,405	(22,405)
Training and travel	3,000	3,671	(671)
Miscellaneous operating expenditures	5,100	7,175	(2,075)
Repairs and maintenance	42,500	51,604	(9,104)
Maintenance contracts	20,000	19,337	663
Professional supplies	1,700	1,102	598
Fuel and oil	60,000	50,935	9,065
Jail supplies	2,500	2,202	298
Firing range supplies	6,000	5,991	9
Fines - state	45,000	35,499	9,501
Canine patrol	1,500	599	901
DJJ	400	450	(50)
Police restricted expenditures	10,000	9,745	255
Electricity	16,000	12,507	3,493
Telephone	16,500	16,532	(32)
Police equipment	4,500	5,119	(619)
Total	1,869,750	1,985,736	(115,986)
Public Works			
Salaries and wages	141,000	145,825	(4,825)
Overtime and summer help	12,656	8,296	4,360
Employee insurance	25,500	29,380	(3,880)
Garbage collections	343,000	349,717	(6,717)
Office supplies	300	-	300
Insurance - general liability	550	520	30
Insurance - workers compensation	20,400	17,268	3,132
Insurance - vehicle	3,500	4,031	(531)
Miscellaneous operating expenditures	1,200	1,221	(21)
Fuel and oil	17,500	18,164	(664)
State retirement	22,000	22,814	(814)
Payroll tax	11,700	10,990	710

TOWN OF BATESBURG-LEESVILLE
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020

	Original Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Public Works (continued)			
Landfill maintenance	\$ 1,000	\$ 1,000	\$ -
Vector control	1,600	1,629	(29)
Safety equipment	1,200	1,224	(24)
Small hand tools	1,500	1,504	(4)
Repairs and maintenance	22,400	19,634	2,766
Street signs	500	-	500
Telephone	650	555	95
Utilities	6,300	5,135	1,165
Uniforms	4,000	2,324	1,676
Palmetto pride	-	5,793	(5,793)
	<hr/>	<hr/>	<hr/>
Total	638,456	647,025	(8,569)
	<hr/>	<hr/>	<hr/>
Fleet:			
Salaries and wages	77,600	71,750	5,850
Employee insurance	20,000	20,563	(563)
Insurance - workers compensation	4,000	3,712	288
Insurance - general liability	460	472	(12)
Insurance - vehicle	400	364	36
Payroll tax	6,000	4,980	1,020
Office supplies	1,600	1,825	(225)
State retirement	11,400	11,017	383
Repairs and maintenance	1,500	1,295	205
Small hand tools	2,500	2,246	254
Shop supplies	4,500	4,442	58
Safety equipment	350	303	47
Uniforms	1,500	1,913	(413)
Fuel and oil	1,100	1,098	2
Electricity	1,700	1,651	49
Telephone	360	360	-
Propane	2,000	746	1,254
Miscellaneous operating expenditures	200	68	132
	<hr/>	<hr/>	<hr/>
Total	137,170	128,805	8,365
	<hr/>	<hr/>	<hr/>
Non-Departmental:			
Covid-19 expenditures	-	3,271	(3,271)
IT services	11,000	11,987	(987)
Community notification system	2,100	2,067	33
Town equipment/vehicle GPS	5,800	5,756	44

TOWN OF BATESBURG-LEESVILLE
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020

	Original Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Non-Departmental (continued)			
Tax collection	\$ 10,000	\$ 9,923	\$ 77
Town events	5,000	4,147	853
Memberships and dues	6,400	6,871	(471)
Miscellaneous expenditures	4,500	6,010	(1,510)
Street lights	107,000	105,992	1,008
Penalties and bank fees	300	819	(519)
Merit pool/cost of living	42,500	-	42,500
State sales use tax	300	108	192
General liability	33,000	34,494	(1,494)
Total	227,900	191,445	36,455
Debt Service:			
Principal payment	84,550	96,705	(12,155)
Interest	-	7,626	(7,626)
Total	84,550	104,331	(19,781)
Capital Outlays:			
Fire	30,900	52,261	(21,361)
Police	7,000	56,372	(49,372)
Fleet	3,000	2,942	58
Public works	30,000	30,000	-
Total	70,900	141,575	(70,675)
Total Expenditures	4,206,626	4,414,390	(207,764)
Excess of Revenues Over (Under) Expenditures	(104,651)	15,133	119,784
Other Financing Sources (Uses):			
Operating transfers in (out)	70,851	90,681	19,830
Total Other Financing Sources (Uses)	70,851	90,681	19,830
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (33,800)	105,814	\$ 139,614
Fund Balance, Beginning of Year (as restated)		1,478,520	
Fund Balance, End of Year		\$ 1,584,334	

**TOWN OF BATESBURG-LEESVILLE
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020**

	Victim's Rights Fund	Total
	<hr/>	<hr/>
ASSETS		
Cash and equivalents	\$ 242	\$ 242
	<hr/>	<hr/>
TOTAL ASSETS	\$ 242	\$ 242
	<hr/> <hr/>	<hr/> <hr/>
 LIABILITIES AND FUND BALANCES		
Accounts payable	\$ 161	\$ 161
Due to General Fund	10,788	10,788
	<hr/>	<hr/>
Total Liabilities	10,949	10,949
	<hr/>	<hr/>
Fund Balances		
Unassigned (Deficit)	(10,707)	(10,707)
Total Fund Balances	(10,707)	(10,707)
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ 242	\$ 242
	<hr/> <hr/>	<hr/> <hr/>

**TOWN OF BATESBURG-LEESVILLE
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020**

	Victim's Rights Fund	Total
REVENUES		
Special assessments	\$ 6,355	\$ 6,355
TOTAL REVENUES	6,355	6,355
EXPENDITURES		
Police	10,438	10,438
TOTAL EXPENDITURES	10,438	10,438
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,083)	(4,083)
FUND BALANCE, BEGINNING OF YEAR	(6,624)	(6,624)
FUND BALANCE (DEFICIT), END OF YEAR	\$ (10,707)	\$ (10,707)

**TOWN OF BATESBURG-LEESVILLE
 PROPRIETARY FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Operating Revenues:			
Water	\$ 2,234,500	\$ 2,157,894	\$ (76,606)
Wastewater	872,000	808,172	(63,828)
Fees	89,800	84,509	(5,291)
Total Operating Revenues	<u>3,196,300</u>	<u>3,050,575</u>	<u>(145,725)</u>
Operating Expenses:			
Utility Administration			
Salaries and wages	60,000	70,014	(10,014)
Payroll tax	4,700	5,214	(514)
Employee insurance	5,200	5,015	185
Alternative water	-	93,398	(93,398)
Dues and subscriptions	500	315	185
Gilbert-Summit water	60,000	88,271	(28,271)
Insurance - vehicles	450	433	17
Insurance - workers compensation	500	77	423
Legal and professional services	45,000	32,410	12,590
Miscellaneous operating expenses	100	39	61
New water plant	-	2,260	(2,260)
Office supplies	2,200	368	1,832
Repairs and maintenance	300	738	(438)
State retirement	8,500	9,302	(802)
Telephone and internet	650	512	138
Training and travel	1,000	411	589
Total	<u>189,100</u>	<u>308,777</u>	<u>(119,677)</u>
Water Operations/Maintenance			
Salaries and wages	200,500	219,088	(18,588)
Payroll tax	16,000	15,991	9
Employee insurance	25,500	32,508	(7,008)
Chemicals	95,000	116,047	(21,047)
DHEC monitoring	16,500	15,953	547
Dues and subscriptions	200	120	80
Electricity	140,000	115,843	24,157

**TOWN OF BATESBURG-LEESVILLE
 PROPRIETARY FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Water Operations/Maintenance (continued)			
Fire and casualty insurance	\$ 9,000	\$ 10,144	\$ (1,144)
Improvements	12,500	-	12,500
Insurance - workers compensation	6,900	6,644	256
Lab supplies	26,000	23,779	2,221
Miscellaneous operating expenses	1,700	4,105	(2,405)
Propane	750	750	-
Repairs and maintenance	67,000	52,199	14,801
Safety equipment	800	49	751
Small hand tools	300	-	300
State retirement	28,000	28,832	(832)
Telephone and internet	2,500	2,377	123
Training and travel	2,000	2,688	(688)
Uniforms	4,000	2,734	1,266
Total	655,150	649,850	5,300
Billing Office Operations/Maintenance			
Salaries and wages	101,000	104,547	(3,547)
Payroll tax	7,700	7,378	322
Employee insurance	28,000	26,805	1,195
Dues and subscriptions	100	-	100
Electricity	2,700	2,485	215
Fire and casualty insurance	650	664	(14)
Insurance - workers compensation	400	400	-
Maintenance contracts	21,000	17,705	3,295
Miscellaneous operating expenses	300	300	-
Office supplies	25,900	24,481	1,419
Repairs and maintenance	4,150	3,284	866
State retirement	15,000	13,747	1,253
Telephone and internet	5,900	5,727	173
Training and travel	500	45	455
Total	213,300	207,568	5,732
Wastewater			
Salaries and wages	181,000	207,833	(26,833)
Payroll tax	14,500	15,027	(527)

**TOWN OF BATESBURG-LEESVILLE
 PROPRIETARY FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Wastewater (continued)			
Employee insurance	\$ 15,500	\$ 34,722	\$ (19,222)
Chemicals	29,000	53,412	(24,412)
Dues and subscriptions	200	535	(335)
Fire and casualty insurance	15,500	16,479	(979)
Fuel and oil	4,000	4,401	(401)
Improvements	12,500	-	12,500
Industrial sampling	12,000	21,939	(9,939)
Insurance - vehicles	1,500	1,387	113
Insurance - workers compensation	6,600	5,343	1,257
Janitorial supplies	500	714	(214)
Lab supplies	15,000	26,064	(11,064)
Maintenance contracts	4,500	5,153	(653)
Miscellaneous operating expenses	4,200	6,397	(2,197)
Office supplies	1,500	840	660
Permits and fees	3,000	8,870	(5,870)
Repairs and maintenance	230,368	192,577	37,791
Safety equipment	1,500	1,727	(227)
Sludge removal	75,000	36,421	38,579
Small hand tools	2,000	2,013	(13)
State retirement	26,600	27,394	(794)
Telephone and internet	1,600	1,398	202
Training and travel	2,500	2,467	33
Uniforms	3,500	3,673	(173)
Utilities	135,000	147,950	(12,950)
Total	799,068	824,737	(25,669)
Utilities Maintenance			
Salaries and wages	172,000	187,917	(15,917)
Payroll tax	13,000	13,621	(621)
Employee insurance	33,000	41,025	(8,025)
Fuel and oil	11,500	12,106	(606)
SMIRF grant	-	8,036	(8,036)
Insurance - vehicles	2,800	2,742	58
Insurance - workers compensation	5,600	3,992	1,608
Miscellaneous operating expenses	3,700	4,182	(482)
Repairs and maintenance	12,500	15,227	(2,727)

**TOWN OF BATESBURG-LEESVILLE
 PROPRIETARY FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Utilities Maintenance (continued)			
Safety equipment	\$ 2,000	\$ 282	\$ 1,718
Small hand tools	1,200	865	335
State retirement	25,500	24,707	793
Telephone and internet	850	306	544
Training and travel	750	753	(3)
Uniforms	3,800	3,229	571
Water/sewer line materials	63,000	56,920	6,080
Total	351,200	375,910	(24,710)
Non-Departmental			
Amortization of bond cost	-	6,250	(6,250)
Bank charges and fees	4,800	5,980	(1,180)
Bond principal and interest	201,300	-	201,300
Community notification system	2,100	2,067	33
Cost of living	17,000	-	17,000
Covid-19	-	1,383	(1,383)
Depreciation	-	456,379	(456,379)
Equipment	800	768	32
Fees/credit card payments	1,300	-	1,300
General obligation bond payment	19,850	-	19,850
IT services	12,500	13,338	(838)
Legal services	15,000	15,000	-
Liability insurance	5,000	5,646	(646)
Memberships and dues	6,300	6,336	(36)
Miscellaneous	3,400	3,173	227
Professional services	13,500	12,819	681
Senior assistance fund	14,400	14,293	107
Taxes and licenses	3,500	1,427	2,073
Total	320,750	544,859	(224,109)
Total Operating Expenses	2,528,568	2,911,702	(383,134)
Operating Income (Loss)	667,732	138,873	(528,859)

**TOWN OF BATESBURG-LEESVILLE
 PROPRIETARY FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Non Operating Revenues (Expenses)			
Interest income	\$ 22,000	\$ 19,634	\$ (2,366)
Interest expense	-	(26,219)	(26,219)
Other income	1,500	46,465	44,965
	<hr/>	<hr/>	<hr/>
Total Non Operating Revenues (Expenses)	23,500	39,880	16,380
	<hr/>	<hr/>	<hr/>
Income (Loss) Before Other Financing Sources	691,232	178,753	(512,479)
Other Financing Sources (Uses):			
Operating transfers in (out)	(70,851)	(90,681)	(19,830)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(70,851)	(90,681)	(19,830)
	<hr/>	<hr/>	<hr/>
Net Income	\$ 620,381	\$ 88,072	\$ (532,309)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**TOWN OF BATESBURG-LEESVILLE
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
FIREMAN'S INSURANCE FUND				
Assets				
Cash	\$ 11,376	\$ 11,427	\$ (8,062)	\$ 14,741
Liabilities				
Due to Fireman's Organization	\$ 11,376	\$ 11,427	\$ (8,062)	\$ 14,741

TOWN OF BATESBURG-LEESVILLE
SCHEDULE OF COURT FINES, ASSESSMENTS, AND SURCHARGES
YEAR ENDED JUNE 30, 2020

FOR THE STATE TREASURER'S OFFICE

COUNTY/MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected	\$ -	\$ -	\$ 63,177	\$ 63,177
Court fines and assessments remitted to State Treasurer	-	-	(36,499)	(36,499)
Total Court Fines and Assessments retained	\$ -	\$ -	\$ 26,678	\$ 26,678
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	\$ -	\$ -	\$ 3,073	\$ 3,073
Assessments retained	-	-	3,282	3,282
Total Surcharges and Assessments retained for victim services	\$ -	\$ -	\$ 6,355	\$ 6,355

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from previous year - beginning balance	\$ (6,624)	\$ -	\$ (6,624)
Victim Service revenue			
Victim Service Fines Retained by City/County Treasurer	-	-	-
Victim Service Assessments Retained by City/County Treasurer	3,282	-	3,282
Victim Service Surcharges Retained by City/County Treasurer	3,073	-	3,073
Interest Earned	-	-	-
Grant Funds Received			
Grant from:	-	-	-
General Funds Transferred to Victim Service Fund	-	-	-
Contribution Received from Victim Service Contracts:			
(1) Town of	-	-	-
(2) Town of	-	-	-
(3) City of	-	-	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	\$ (269)	\$ -	\$ (269)
Expenditures for Victim Service Program			
Salaries and Benefits	\$ 10,438	\$ -	\$ 10,438
Operating Expenditures	-	-	-
Victim Service Contract(s):			
(1) Entity's Name	-	-	-
(2) Entity's Name	-	-	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	-	-	-
(2) Rape Crisis Center:	-	-	-
(3) Other local direct crime victims service agency:	-	-	-
Transferred to General Fund	-	-	-
Total Expenditures from Victim Service Fund/Program(B)	\$ 10,438	\$ -	\$ 10,438
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	(10,707)	-	(10,707)
Less: Prior Year Fund Deficit Repayment	-	-	-
Carryforward Funds - End of Year	\$ (10,707)	\$ -	\$ (10,707)

PARTNERS

C.C. McGregor, CPA
1906–1968

G.D. Skipper, CPA
L.R. Leaphart, Jr, CPA
M.J. Binnicker, CPA

D.L. Richardson, CPA
E.C. Inabinet, CPA

S.S. Luoma, CPA
T.M. McCall, CPA
H.D. Brown, Jr, CPA
L.B. Salley, CPA
D.K. Strickland, CPA

J.P. McGuire, CPA
J.R. Matthews II, CPA
C.D. Hinchee, CPA
G.P. Davis, CPA
H.O. Crider, Jr., CPA

ASSOCIATES

V.K. Laroche, CPA
G.N. Mundy, CPA
M.L. Layman, CPA
P.A. Betette, Jr, CPA

D.M. Herpel, CPA
F.C. Gillam, Jr, CPA
H.S. Mims, CPA
T. Solorzano, CPA

C.W. Bolen, CPA
W.C. Sanders, CPA
C.L.T. Valentine, CPA

*Active Retired

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*

The Honorable Mayor and Town Council
Town of Batesburg-Leesville
Batesburg-Leesville, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Batesburg-Leesville, South Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Batesburg-Leesville, South Carolina's basic financial statements and have issued our report thereon dated February 4, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Batesburg-Leesville, South Carolina's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Batesburg-Leesville, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness the Town of Batesburg-Leesville, 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 and significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. We consider the deficiencies described in the accompanying schedule of findings and responses as 20-01 through 20-04 to be material weaknesses.

COLUMBIA

3830 FOREST DRIVE | PO BOX 135 | COLUMBIA, SC 29202
(803) 787-0003 | FAX (803) 787-2299

ORANGEBURG

1190 BOULEVARD STREET | ORANGEBURG, SC 29115
(803) 536-1015 | FAX (803) 536-1020

BARNWELL

340 FULDNER ROAD | PO BOX 1305 | BARNWELL, SC 29812
(803) 259-1163 | FAX (803) 259-5469

**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*
(Continued)**

Compliance and Other Matters

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

Purpose of this Report

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

McGregor & Company, L.L.P.

Barnwell, South Carolina
February 4, 2021

**TOWN OF BATESBURG-LEESVILLE
BATESBURG-LEESVILLE, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2020**

FINANCIAL STATEMENT FINDINGS:

MATERIAL WEAKNESSES

20-01 Taxes Receivable

Condition – It was noted that there was no carryforward of property taxes receivable at July 1, 2019, which resulted in a restatement of the beginning fund balance for the general fund and net position for governmental activities.

Criteria – Governmental accounting standards require that, under the modified accrual basis of accounting, governmental funds should recognize revenues in the accounting period in which they become measurable and available. “Available” as it applies to property taxes is defined as “due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. This time period as it applies to the Town is 60 days.

Effect – The Town has not reported property taxes receivable, along with the related allowance of uncollectible accounts, which is reported by the Counties. The Town also has not reported the amount of “unavailable” revenues that is reported as part of showing this transaction on the modified accrual basis of accounting. This resulted in a material restatement of beginning balances.

Recommendation – The Town should report these amounts to be in compliance with governmental accounting standards.

Management’s Response – The Town has restated for prior amounts and will recognize these amounts in the current year and all subsequent years.

20-02 Other Postemployment Benefits (“OPEB”) Liability

Condition – There was no carryforward amount indicating that the total OPEB liability under GASB No. 75 was recorded at June 30, 2019, which resulted in a restatement of the beginning net position for governmental activities and business-type activities.

Criteria – Governmental accounting standards require that, in financial statements using the economic resources measurement focus and accrual basis of accounting, a liability be recognized equal to the net OPEB liability. The net OPEB liability is required to be measured as of a date no earlier than the end of the employer’s prior fiscal year and no later than the end of the employer’s current fiscal year, consistently applied from period to period. The OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB, that are required to be reported by an employer, primarily result from changes in the components of the net OPEB liability. Standards require that most changes in the net OPEB liability be included in OPEB expense in the period of change.

**TOWN OF BATESBURG-LEESVILLE
BATESBURG-LEESVILLE, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2020**

FINANCIAL STATEMENT FINDINGS: (continued)

MATERIAL WEAKNESSES (continued)

20-02 Other Postemployment Benefits (“OPEB”) Liability (continued)

Effect – The Town has not recognized a liability equal to the net OPEB liability, actuarially determined. Based on an actuarial study conducted in January 2021, it was determined that the liability calculated for the prior period was material to the financial statements. This resulted in a material restatement beginning balances.

Recommendation – The Town should annually consult with an actuary to assist in calculating the Town’s OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense that is required to be reported in accordance with government accounting standards.

Management’s Response – The Town has hired an actuary to perform a valuation to determine the July 1, 2019 OPEB liability which was rolled forward to provide the current year’s OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense. The Town has restated these amounts and will recognize these amounts in the current year and all subsequent years.

20-03 Capital Assets

Condition – It was noted during current year testing that multiple capital assets were not properly capitalized and depreciated (if applicable) at June 30, 2019. More specifically, the industrial park project that was completed during fiscal year 2017 was never transferred out of construction in progress and depreciated. These omissions resulted in a restatement of the beginning net position for governmental and business-type activities.

Criteria – Government accounting standards require that capital assets be reported at historical cost, estimated fair value if donated, and depreciated over their useful lives. The Town maintains a capitalization threshold of \$5,000 meaning that individual items less than \$5,000 will be expensed.

Effect – The Town has not maintained its depreciation schedule in accordance with its capitalization policy and did not transfer assets out of construction in progress when complete and placed into service, at which time depreciation should have begun. This resulted in a material restatement to beginning balances.

Recommendation – The Town should ensure that assets are capitalized in accordance with its capitalization policy and in the proper period. The Town should ensure that assets are transferred out of construction in progress and depreciated when placed in service.

Management’s Response – The Town will ensure that assets are capitalized in accordance with Town policy and monitor in-service dates.

**TOWN OF BATESBURG-LEESVILLE
BATESBURG-LEESVILLE, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2020**

FINANCIAL STATEMENT FINDINGS: (continued)

MATERIAL WEAKNESSES (continued)

20-04 Accounts Payable

Condition – During our testing of capital assets and the review of transactions in the current year, it was noted that multiple capital items were not accrued as accounts payable at June 30, 2019, which resulted in a restatement of the beginning net position for the proprietary fund.

Criteria – Governmental accounting standards require a government to accrue a governmental fund liability and expenditure for most expenditures and transfers in the period in which the government incurs the liability.

Effect – The Town did not accrue certain expenditures in the period in which it incurred the liabilities. This resulted in a restatement to beginning balances.

Recommendation – The Town should accrue all liabilities and expenditures in the period in which the government incurs the liability.

Management’s Response – The Town will ensure that it accrues all liabilities and expenditures in the periods in which it incurs the liabilities.