

**TOWN OF ESTILL, SOUTH CAROLINA**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

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**YEAR ENDED JUNE 30, 2021**

**WITH**

**INDEPENDENT AUDITORS' REPORT**

TOWN OF ESTILL, SOUTH CAROLINA

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GOVERNMENT-WIDE FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION

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YEAR ENDED JUNE 30, 2021

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## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of Town Council  
Town of Estill, South Carolina  
Post Office Box 415  
Estill, SC 29918

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Estill, South Carolina (the "Town"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, 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.

### **Auditors' 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. 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.

## Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-Type Activities	Unmodified
General Fund	Unmodified
Special Revenue Fund	Unmodified
Water and Sewer Fund	Unmodified
Refuse Fund	Unmodified

### **Basis for Qualified Opinion on Governmental Activities**

As discussed in *Note 1* to the basic financial statements we were not able to obtain sufficient audit evidence for the Town's governmental activities' capital assets; nor were we able to satisfy ourselves as to the correct carrying value of these capital assets by other auditing procedures.

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material aspects, the financial position of the Governmental Activities of the Town of Estill as of June 30, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Town, as of June 30, 2021 and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of a Matter**

The Town reported a significant decrease in net position for its business-type activities. This matter is discussed in detail in *Note 13*.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Proportionate Share of the South Carolina Retirement Systems Net Pension Liabilities, and Schedule of South Carolina Retirement Systems Contributions on pages 4–12, 47, and 48, 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's basic financial statements. The Schedule of Revenues, Expenses and Changes in Proprietary Fund Net Position – Budget to Actual and the Schedule of Court Fines, Assessments, and Surcharges on pages 49 and 50 is other financial information and is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Court Fines is the responsibility of management and were derived from and relates 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 Schedule of Court Fines is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Revenues, Expenses, and Changes in Proprietary Funds Net Position – Budget to Actual has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*The Brittingham Group LLP*

West Columbia, South Carolina  
October 25, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town Administrator of the Town of Estill submits to the readers of the Town's financial statements the overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021.

### FINANCIAL HIGHLIGHTS

The combined Governmental Activities and Business Type Activities assets of the Town of Estill exceeded its combined liabilities at the end of the fiscal year by \$8,619,665 (net position). The combined Governmental Activities and Business Type Activities revenues and other financial sources totaled \$2,962,054 and combined expenses totaled \$3,337,687. Accordingly, combined expenses exceeded revenues by \$375,633.

At the end of fiscal year 2021, the governmental funds restricted fund balance was \$161,047, the assigned fund balance was \$21,798 and the unassigned fund balance was \$824,065. Accordingly, \$824,065 was available for spending at the government's discretion from the unassigned fund balance. The total fund balance was \$955,516 for the General Fund, the Town's principal operating fund.

The Town of Estill Business Type Activities reported a decrease in net position at the end of the fiscal year in the amount of \$520,466.

At the end of fiscal year 2021, the Town of Estill Business Type Activity reported unrestricted cash and cash equivalents of \$523,718 and restricted cash and cash equivalents of \$545,692.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as primer on the Town's basic financial statements. The Town's basic financial statements have three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with an overview of the Town of Estill finances, in a manner similar to businesses in the private sector business.

The Statement of Net Position presents information on all the Town of Estill assets and liabilities, with the difference reported as net position. Over time, increases and decreases in the net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information detailing 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 changes occurs, regardless of the timing of related cash flows. Revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years. (e.g. uncollected taxes and earned but unused compensated absences). A compensated absence is a work absence in which the employee will be paid. (e.g. sick leave, vacation leave and holiday leave).

Both government-wide financial statements distinguish functions of the Town that are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or significant portions of their costs through user fees and charges (business-type activities).

The governmental activities of the Town of Estill include administration, police, fire, streets, recreation, community development, non-departmental and interest on long-term debt. The business-type activity of the Town of Estill is the water and wastewater utility system.

The government-wide financial statements include the Town, also known as the primary government. The government-wide financial statements are listed on pages 13 - 14 of this document.

**Fund financial statements.** A fund is a grouping of related accounts that is used to exercise control over resources that have been segregated for specific activities. The Town of Estill, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Estill can be divided into these categories:

Governmental funds

Proprietary funds

Governmental funds. Governmental funds are used to account for essentially the same functions reported as government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than the focus of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions.

Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund only since no other governmental funds are considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. The Town adopts an annual operating and capital budget for the General and Proprietary funds. The basic governmental fund financial statements are listed on pages 15 - 19 of this document.

Proprietary funds. The Town maintains two enterprise funds, a type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. The Town uses enterprise funds to account for its public utility system, comprised of water and wastewater operations and the garbage collection operations. Proprietary funds provide the same types of information as the government-wide financial statements.

The basic proprietary funds financial statements can be found on pages 20 - 24 of this report.

**Notes to the financial statements.** The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are listed on pages 25 - 46 of this document.

**Other information.** In addition to the basic financial statements and accompanying notes, these reports also represent certain other financial information.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The fiscal year 2021 financial statements are the 13<sup>h</sup> consecutive financials issued in compliance with Governmental Accounting Standards Board (GASB) Statement 34, and a continuance of this new era of financial reporting. Prior to the adoption of GASB 34, the Town was required to report fund and account groups separately, with no meaningful consolidated statements to accurately reflect the operation and net position of the Town as an entity. Under the GASB 34 model for fiscal year 2021, the government-wide statements are reported using an economic resource measurement focus and the accrual basis of accounting, as opposed to the cash basis of accounting. The accrual basis of accounting recognizes revenue before cash is received and recognizes expenses before cash is paid. The cash basis of accounting recognizes revenue as cash when it is received and recognizes expenses when cash is paid.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town of Estill assets exceeded liabilities by \$8,619,665 at the close of fiscal year 2021. Net position is reported in three categories:

Net investment in capital assets	\$ 8,465,084
Restricted	706,739
Unrestricted	<u>(552,158)</u>
	<u>\$ 8,619,665</u>

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



The following tables present a summary of the Town's Statement of Net Position as of June 30, 2021 and 2020:

### Town of Estill's Condensed Statement of Net Position - June 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current and other assets	\$ 1,194,023	\$ 1,316,289	\$ 2,510,312
Capital assets	1,216,435	10,171,787	11,388,222
<b>Total assets</b>	<u>2,410,458</u>	<u>11,488,076</u>	<u>13,898,534</u>
Deferred pension outflows	243,893	196,254	440,147
<b>Total assets and deferred outflows</b>	<u>2,654,351</u>	<u>11,684,330</u>	<u>14,338,681</u>
Long-term liabilities outstanding	1,082,412	3,807,457	4,889,869
Other liabilities	205,899	462,429	668,328
<b>Total liabilities</b>	<u>1,288,311</u>	<u>4,269,886</u>	<u>5,558,197</u>
Deferred pension inflows	114,380	46,439	160,819
<b>Total liabilities and deferred inflows</b>	<u>1,402,691</u>	<u>4,316,325</u>	<u>5,719,016</u>
Net position:			
Net investment in capital assets	1,176,844	7,288,240	8,465,084
Restricted - expendable	161,047	545,692	706,739
Unrestricted	(86,231)	(465,927)	(552,158)
<b>Total net position</b>	<u>\$ 1,251,660</u>	<u>\$ 7,368,005</u>	<u>\$ 8,619,665</u>

### Town of Estill's Condensed Statement of Net Position - June 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current and other assets	\$ 897,407	\$ 1,265,524	\$ 2,162,931
Capital assets	1,321,031	10,637,533	11,958,564
<b>Total assets</b>	<u>2,218,438</u>	<u>11,903,057</u>	<u>14,121,495</u>
Deferred pension outflows	233,135	104,894	338,029
<b>Total assets and deferred outflows</b>	<u>2,451,573</u>	<u>12,007,951</u>	<u>14,459,524</u>
Long-term liabilities outstanding	1,074,281	3,564,599	4,638,880
Other liabilities	183,737	453,058	636,795
<b>Total liabilities</b>	<u>1,258,018</u>	<u>4,017,657</u>	<u>5,275,675</u>
Deferred pension inflows	86,728	101,823	188,551
<b>Total liabilities and deferred inflows</b>	<u>1,344,746</u>	<u>4,119,480</u>	<u>5,464,226</u>
Net position:			
Net investment in capital assets	1,266,922	7,493,634	8,760,556
Restricted - expendable	135,162	446,476	581,638
Unrestricted	(295,257)	(51,639)	(346,896)
<b>Total net position</b>	<u>\$ 1,106,827</u>	<u>\$ 7,888,471</u>	<u>\$ 8,995,298</u>

The following tables are summaries of revenues and expenses for fiscal years 2021 and 2020:

### Town of Estill's Statement of Activities - June 2021

	Governmental Activities	Business-Type Activities	Total
Revenue:			
Charges for services	\$ 61,707	\$ 1,456,470	\$ 1,518,177
Capital grants and contributions	21,786	52,000	73,786
General revenues	1,369,723	368	1,370,091
Total revenue	<u>1,453,216</u>	<u>1,508,838</u>	<u>2,962,054</u>
Expenses:			
Administration	395,858	-	395,858
Public Works	26,603	-	26,603
Police	937,572	-	937,572
Fire	56,159	-	56,159
Interest on long-term debt	1,674	-	1,674
Combined water and sewer expenses	-	1,825,239	1,825,239
Refuse Fund	-	94,582	94,582
Total expenses	<u>1,417,866</u>	<u>1,919,821</u>	<u>3,337,687</u>
Increase (decrease) in net position before transfers	35,350	(410,983)	(375,633)
Transfers	109,483	(109,483)	-
Increase (decrease) in net position	<u>\$ 144,833</u>	<u>\$ (520,466)</u>	<u>\$ (375,633)</u>

### Town of Estill's Statement of Activities - June 2020

	Governmental Activities	Business-Type Activities	Total
Revenue:			
Charges for services	\$ 52,936	\$ 1,947,829	\$ 2,000,765
Capital grants and contributions	11,850	368,855	380,705
General revenues	1,246,964	4,072	1,251,036
Total revenue	<u>1,311,750</u>	<u>2,320,756</u>	<u>3,632,506</u>
Expenses:			
Administration	271,183	-	271,183
Public Works	229,958	-	229,958
Police	1,098,776	-	1,098,776
Fire	77,322	-	77,322
Interest on long-term debt	1,241	-	1,241
Combined water and sewer expenses	-	1,701,364	1,701,364
Refuse Fund	-	103,711	103,711
Total expenses	<u>1,678,480</u>	<u>1,805,075</u>	<u>3,483,555</u>
Increase (decrease) in net position before transfers	(366,730)	515,681	148,951
Transfers	161,801	(161,801)	-
Increase (decrease) in net position	<u>\$ (204,929)</u>	<u>\$ 353,880</u>	<u>\$ 148,951</u>

**Governmental activities.** Governmental activities net position increased \$35,350 before transfers, during the fiscal year. After transfers of \$109,483 from Business-type activities, Governmental activities resulted in a \$144,833 increase in net position. Governmental activities revenues showed an increase when compared to fiscal year 2020 due to increased general revenues and charges for services. Charges for services and general revenues have increased as a result of increased court fines collections. Additionally, the Town implemented a Hospitality Tax in April 2021. The Town incurred \$260,614 less in expenditures mostly due to increased uniform purchases made when compared to the prior fiscal year. Police expenditures were \$161,204 less than the prior year. Immediate action is needed to curtail police department spending or reduce the level of service offered by the police department. Additionally, a determination needs to be made about the general level of services being offered along with commensurate reduction in spending for non-essential programs and functions.

**Business-type activities.** Business-type activities consist of the public water and wastewater system and the garbage collection and disposal system. Total revenues in the amount of \$1,508,838 were exceeded by total expenses in the amount of \$1,919,821 for an operational decrease in net position of \$410,983. \$109,483 was transferred to Governmental Activities to reconcile expenses paid for by the general fund. After transfers, Business-type activities incurred a \$520,466 decrease in net position. Compared to fiscal year 2020, Business-type activities are trending downward with the loss of the water income from the prison. Business-type activity revenues are still not sufficient to fund needed reserve accounts as required by the Series 2017 Revenue Bond agreement. Immediate action is needed to increase water and sewer billing rates in order to fund reserve account requirements mandated by the Series 2017 Revenue Bond agreement or to refinance the Series 2017 Revenue Bond through the USDA. Additionally, with expenditures outpacing revenue by \$500,000 this year, this continued trend cannot continue to occur.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

**Governmental funds.** The focus on the Town's Governmental Fund is to provide information on inflow, outflow and balances of spendable resources. Such information is useful in assessing the Town's financing requirements.

At the end of fiscal year 2021, the Town's Governmental Funds reported a combined ending fund balance of \$1,013,436. The Town's General Fund reported an ending balance of \$955,516. The General Fund represents 94% of the total fund balance of all Governmental Funds.

**Proprietary funds.** The Town's largest component of proprietary fund net position is the investment in capital assets, net of related debt, \$7,288,240 or 99% of the Town's total proprietary fund net assets. The Town should endeavor to fully account for depreciation and amortization of capital assets. The Refuse Fund's financial performance netted an increase in net position of \$12,065 not including transfers. The increase in net position net of transfers was \$22,708. This increase was due to increased service revenues when compared to the prior year. Current Water and Sewer Fund revenues cannot fund all required reserve accounts for the Series 2017 Revenue Bond; therefore, water and sewer rates must be increased immediately.

## GENERAL FUND HIGHLIGHTS

Selected variances between fiscal years 2021 and 2020 General Fund actual revenues were as follows:

- |            |                      |                  |
|------------|----------------------|------------------|
| • \$49,784 | State Shared Revenue | 17% increase     |
| • 144,350  | Grant Revenue        | 350.15% increase |

The state share revenue increased due to additional collections from the State during the year. Additional grants were received in the current year as compared to the prior year.

## PROPRIETARY FUNDS HIGHLIGHTS

Selected variances between fiscal years 2021 and 2020 Proprietary Fund actual revenues were as follows:

- |                |                                  |                 |
|----------------|----------------------------------|-----------------|
| • (\$ 316,855) | Capital grants and contributions | 85.90% decrease |
| • (\$ 519,494) | Water and sewer service sales    | 29.46% decrease |

The 85.90% decrease is due to less funding received from CDBG grants to fund water and sewer system upgrades. The 29.46% decrease in Water and sewer sales is mainly due to the decrease in water used by the prison.

**Capital Asset Administration.** Governmental Activities had no asset additions during fiscal year 2021. Depreciation expense for Governmental Activities was \$94,596.

Business-Type Activities had a total of \$65,874 in asset additions during fiscal year 2021. These asset additions were composed of equipment additions of \$58,874 and construction in progress additions of \$7,000. Depreciation expense for Business-Type Activities was \$531,620.

The charts below detail the net effect of all transactions noted above to capital assets between fiscal year 2020 and 2021:

### Town of Estill's Capital Assets - Net of Accumulated Depreciation - 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land	\$ 389,968	\$ 453,375	\$ 843,343
Construction in process	225,000	7,000	232,000
Land improvements	193,822	-	193,822
Buildings	1,562,652	-	1,562,652
Equipment	359,590	449,386	808,976
Vehicles	728,707	137,117	865,824
Utility plant	-	17,850,230	17,850,230
Accumulated depreciation	(2,243,304)	(8,725,321)	(10,968,625)
	<u>\$ 1,216,435</u>	<u>\$ 10,171,787</u>	<u>\$ 11,388,222</u>

### Town of Estill's Capital Assets - Net of Accumulated Depreciation - 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land	\$ 399,968	\$ 453,375	\$ 853,343
Construction in process	225,000	472,801	697,801
Land improvements	193,822	-	193,822
Buildings	1,562,652	-	1,562,652
Equipment	359,590	430,723	790,313
Vehicles	750,787	177,118	927,905
Utility plant	-	17,377,430	17,377,430
Accumulated depreciation	(2,170,788)	(8,273,914)	(10,444,702)
	<u>\$ 1,321,031</u>	<u>\$ 10,637,533</u>	<u>\$ 11,958,564</u>

**Debt Administration.** At the end of fiscal year 2021, the Town of Estill had total debt outstanding (bonds, notes, and capital leases) of \$3,214,411. All the Town's bonded debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds). \$23,625 represents the amount owed for compensated absences and accrued interest.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Compensated absences	\$ 6,007	\$ 16,403	\$ 22,410
Capital leases	22,818	13,899	36,717
Notes payable	24,069	-	24,069
Revenue bonds	-	3,130,000	3,130,000
Accrued interest	1,215	-	1,215
	<u>\$ 54,109</u>	<u>\$ 3,160,302</u>	<u>\$ 3,214,411</u>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Total revenues continue to be moderated by the effects of the economy and systemic deficiencies. General Fund property tax revenues continue a slow decrease due to the declining value of the property tax base. The Town has a substantial stock of dilapidated and blighted properties. Approximately ten (10) percent of residential properties appear to be blighted. A much higher percentage of the residential housing stock is substandard. These factors contribute to the overall appearance of the Town and is thought to discourage residential, commercial, and industrial development and redevelopment.

The Town continues to pay off large portions of revenue bond debt. Over the last eight years, the Town has substantially increased budgetary and non-budgetary spending for engineering and capital improvements to the water and wastewater utilities. This trend will need to continue in order to address past deferred capital and maintenance deficiencies.

The Town unfortunately is still dealing with the catastrophic event of COVID-19. This pandemic has affected businesses as well as residents. Revenues in sales taxes dropped through June of 2021 and will continue that trend into the next fiscal year as businesses have either closed or have had to lessen their business hours.

In April 2021, the Town implemented a Hospitality Tax Ordinance, and the Town is expecting these funds to help offset some of the funds that are being lost in other areas due to the COVID-19 pandemic.

On April 13, 2020, a tornado hit just outside of Town damaging the Federal Correction Institution the Town provides water and sewer services to. This has resulted in lower revenues for the water and sewer utilities fund as consumption at the prison will continue to be at a loss of approximately 52% in the next 2 fiscal years until the repairs to the facility are accomplished and inmates return.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide an overview of the Town of Estill's finances. Questions concerning any of the information provided in this report or requests for additional information should be forwarded to:

Town Administrator  
Town of Estill  
Post Office Box 415  
Estill, South Carolina 29918.

TOWN OF ESTILL, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2021

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Totals</b>
<b>Assets</b>			
Cash and cash equivalents - unrestricted	\$ 917,721	\$ 523,718	\$ 1,441,439
Cash and cash equivalents - restricted	161,047	545,692	706,739
Receivables, net of allowance:			
Accounts, net	-	246,879	246,879
State revenue	100,848	-	100,848
Grant revenue	7,881	-	7,881
Prepaid assets	6,526	-	6,526
Capital assets:			
Non-depreciable	614,968	460,375	1,075,343
Depreciable, net of accumulated depreciation	601,467	9,711,412	10,312,879
Total assets	<u>2,410,458</u>	<u>11,488,076</u>	<u>13,898,534</u>
<b>Deferred outflows of resources</b>			
Deferred pension outflows	243,893	196,254	440,147
Total assets and deferred outflows of resources	<u>2,654,351</u>	<u>11,684,330</u>	<u>14,338,681</u>
<b>Liabilities</b>			
Accounts payable	23,877	63,765	87,642
Other accrued liabilities	16,710	38,774	55,484
Internal balances	10,000	(10,000)	-
Customer deposits	-	94,570	94,570
Deferred revenue	130,000	-	130,000
Pension liabilities	1,068,133	860,457	1,928,590
Long-term liabilities:			
Due within one year	25,312	270,320	295,632
Due in more than one year	14,279	2,952,000	2,966,279
Total liabilities	<u>1,288,311</u>	<u>4,269,886</u>	<u>5,558,197</u>
<b>Deferred inflows of resources</b>			
Deferred pension inflows	114,380	46,439	160,819
Total liabilities and deferred inflows of resources	<u>1,402,691</u>	<u>4,316,325</u>	<u>5,719,016</u>
<b>Net position</b>			
Net investment in capital assets	1,176,844	7,288,240	8,465,084
Restricted net position - spendable	161,047	545,692	706,739
Unrestricted	(86,231)	(465,927)	(552,158)
Total net position	<u>\$ 1,251,660</u>	<u>\$ 7,368,005</u>	<u>\$ 8,619,665</u>

See accompanying notes.

TOWN OF ESTILL, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental activities						
Administration	\$ 395,858	\$ -	\$ -	\$ (395,858)	\$ -	\$ (395,858)
Public Works department	26,603	-	-	(26,603)	-	(26,603)
Police department	1,021,065	61,707	21,786	(937,572)	-	(937,572)
Fire department	56,159	-	-	(56,159)	-	(56,159)
Interest on long-term debt	1,674	-	-	(1,674)	-	(1,674)
Total governmental activities	<u>1,501,359</u>	<u>61,707</u>	<u>21,786</u>	<u>(1,417,866)</u>	<u>-</u>	<u>(1,417,866)</u>
Business-type activities						
Water and sewer	1,825,239	1,339,210	52,000	-	(434,029)	(434,029)
Refuse	94,582	117,260	-	-	22,678	22,678
Total business-type activities	<u>1,919,821</u>	<u>1,456,470</u>	<u>52,000</u>	<u>-</u>	<u>(411,351)</u>	<u>(411,351)</u>
Total Primary Government	<u>3,421,180</u>	<u>1,518,177</u>	<u>73,786</u>	<u>(1,417,866)</u>	<u>(411,351)</u>	<u>(1,829,217)</u>
General revenues and transfers:						
General revenues:						
Property and vehicle				555,010	-	555,010
Licenses, permits and franchise fees				180,581	-	180,581
State shared revenues				342,528	-	342,528
Other shared revenues				177,597	-	177,597
Unrestricted grants				168,189	-	168,189
Unrestricted investment earnings				194	118	312
Gain on sale of fixed assets				250	250	500
Miscellaneous				28,867	-	28,867
Transfers in/(out) to local government				109,483	(109,483)	-
Total general revenues and transfers				<u>1,562,699</u>	<u>(109,115)</u>	<u>1,453,584</u>
Change in net position				144,833	(520,466)	(375,633)
Net position, at beginning of year				1,106,827	7,888,471	8,995,298
Net position, end of year				<u>\$ 1,251,660</u>	<u>\$ 7,368,005</u>	<u>\$ 8,619,665</u>

See accompanying notes.



TOWN OF ESTILL, SOUTH CAROLINA

BALANCE SHEET  
GOVERNMENTAL FUNDS

JUNE 30, 2021

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents - unrestricted	\$ 890,923	\$ 26,798	\$ 917,721
State revenue, receivable	100,848	-	100,848
Grants receivable	7,881	-	7,881
Prepaid expenses	6,526	-	6,526
Cash and cash equivalents - restricted	124,925	36,122	161,047
Total assets	<u>1,131,103</u>	<u>62,920</u>	<u>1,194,023</u>
<b>Liabilities and fund balances</b>			
Liabilities			
Accounts payable	23,877	-	23,877
Other accrued liabilities	16,710	-	16,710
Internal balances	10,000	-	10,000
Deferred revenue	125,000	5,000	130,000
Total liabilities	<u>175,587</u>	<u>5,000</u>	<u>180,587</u>
Fund balances			
Restricted	131,451	36,122	167,573
Assigned	-	21,798	21,798
Unassigned	824,065	-	824,065
Total fund balances	<u>955,516</u>	<u>57,920</u>	<u>1,013,436</u>
Total liabilities and fund balances	<u>\$ 1,131,103</u>	<u>\$ 62,920</u>	<u>\$ 1,194,023</u>

**Reconciliation to the statement of net position**

Total fund balances - governmental funds \$ 1,013,436

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

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

Capital assets, cost	\$ 3,459,739	
Accumulated depreciation	(2,243,304)	1,216,435

Long-term liabilities, including bonds payable, notes payable, Net pension liabilities, deferred inflows, deferred outflows and capital lease obligations, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet. Long-term liabilities consist of the following:

Deferred pension outflows	243,893	
Deferred pension inflows	(114,380)	
Net pension liabilities	(1,068,133)	
Accrued interest payable	(928)	
Compensated absences payable	(7,100)	
Capital leases	(17,571)	
Notes payable	(13,992)	

Net position of governmental activities	<u>\$ 1,251,660</u>
-----------------------------------------	---------------------

See accompanying notes.

TOWN OF ESTILL, SOUTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Property, vehicle, and hospitality taxes	\$ 546,990	\$ 8,020	\$ 555,010
Licenses, permits, and franchise fees	180,581	-	180,581
Court fines	61,707	-	61,707
State shared revenues	342,528	-	342,528
Other shared revenues	177,597	-	177,597
Grant revenue	185,575	4,400	189,975
Miscellaneous income	24,659	14,653	39,312
Total revenues	<u>1,519,637</u>	<u>27,073</u>	<u>1,546,710</u>
<b>Expenditures</b>			
Administration	371,667	97	371,764
Public Works	152,406	-	152,406
Police	785,626	-	785,626
Fire	41,577	10,996	52,573
Debt service	17,284	-	17,284
Total expenditures	<u>1,368,560</u>	<u>11,093</u>	<u>1,379,653</u>
Excess (deficit) of revenues over (under) expenditures	<u>151,077</u>	<u>15,980</u>	<u>167,057</u>
<b>Other Financing Sources (uses)</b>			
Transfers in	<u>109,483</u>	<u>-</u>	<u>109,483</u>
Total other financing sources	<u>109,483</u>	<u>-</u>	<u>109,483</u>
Net change in fund balance	260,560	15,980	276,540
Fund balance, beginning of year	<u>694,957</u>	<u>41,939</u>	<u>736,896</u>
Fund balance, end of year	<u>\$ 955,517</u>	<u>\$ 57,919</u>	<u>\$ 1,013,436</u>

*See accompanying notes.*

TOWN OF ESTILL, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

Net change in fund balance - total governmental funds		\$ 276,540
Amounts reported for governmental activities in the Statement of Activities are different due to the following:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over the estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the period.		
Depreciation	\$ (94,596)	
Loss on disposal	(10,000)	
Net change in capital assets	<u>(104,596)</u>	(104,596)
Net change in in pension assets and liabilities for the current year. This is an expenditure for governmental funds and it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
		(41,628)
Repayment of a capital lease and note payable is an expenditure in the governmental funds, and it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
		15,323
Interest on long-term debt is recorded as an expenditure in the governmental funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as interest accrues, regardless of when it is due.		
		287
In the Statement of Activities, compensated absences are reported by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used.		
		<u>(1,093)</u>
Change in net position of governmental activities		<u>\$ 144,833</u>

See accompanying notes.

TOWN OF ESTILL, SOUTH CAROLINA

STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN  
GENERAL FUND NET POSITION - BUDGET TO ACTUAL

YEAR ENDED JUNE 30, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive / (Negative)</b>
<b>Revenue</b>				
Property and vehicle taxes	\$ 475,102	\$ 475,102	\$ 546,990	\$ 71,888
Licenses, permits, and franchise fees	188,360	188,360	180,581	(7,779)
State shared revenue	278,016	278,016	342,528	64,512
Municipal Association of South Carolina	139,191	139,191	177,597	38,406
Court fines	57,276	57,276	61,707	4,431
Grants	663,834	663,834	185,575	(478,259)
Miscellaneous income	16,929	16,929	24,659	7,730
<b>Total revenue</b>	<b>1,818,708</b>	<b>1,818,708</b>	<b>1,519,637</b>	<b>(299,071)</b>
<b>Expenditures</b>				
Salaries, taxes and benefits	686,702	686,702	631,539	55,163
Contract labor	8,185	8,185	18,321	(10,136)
Utilities	27,400	27,400	27,813	(413)
Materials and supplies	16,900	16,900	18,527	(1,627)
Insurance	50,830	50,830	57,645	(6,815)
Gas, oil and tires	39,050	39,050	34,432	4,618
Administrative fees	25,000	25,000	7,000	18,000
Legal and audit	39,900	39,900	35,040	4,860
Bookkeeping services	9,216	9,216	9,216	-
Other professional fees	13,815	13,815	12,034	1,781
Training and workshops	7,500	7,500	7,006	494
Court expenses	37,100	37,100	300	36,800
Victims Advocate	3,276	3,276	14,677	(11,401)
Dispatching	32,910	32,910	32,904	6
Telephone	37,980	37,980	40,383	(2,403)
Travel and lodging	13,659	13,659	11,274	2,385
Office supplies	3,400	3,400	3,347	53
Dues and subscriptions	14,338	14,338	13,930	408
Advertising	2,000	2,000	1,698	302
Bank charges	638	638	322	316
Capital improvements	112,014	112,014	1,263	110,751
Dog pound	5,000	5,000	5,000	-
Economic development	543,230	543,230	-	543,230
Pest control	1,700	1,700	4,325	(2,625)
Repairs and maintenance	60,900	60,900	69,426	(8,526)

(CONTINUED)

TOWN OF ESTILL, SOUTH CAROLINA

STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN  
GENERAL FUND NET POSITION - BUDGET TO ACTUAL

(CONTINUED)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive / (Negative)</b>
Street lights	-	-	63,367	(63,367)
Postage	3,300	3,300	2,911	389
Debt service	17,284	17,284	12,648	4,636
Miscellaneous	5,481	5,481	8,945	(3,464)
Total expenditures	<u>1,818,708</u>	<u>1,818,708</u>	<u>1,145,293</u>	<u>673,415</u>
Excess (deficit) of revenue over (under) expenditures	-	-	374,344	374,344
Other financing resources	-	-	-	-
Transfers in	-	-	109,483	109,483
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 483,827</u>	<u>\$ 483,827</u>

*See accompanying notes.*

TOWN OF ESTILL, SOUTH CAROLINA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2021

	<b>Water and Sewer</b>	<b>Refuse</b>	<b>Total</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 427,172	\$ 96,546	\$ 523,718
Restricted cash	545,692	-	545,692
Accounts receivable, net	219,953	26,926	246,879
Due from General Fund	10,000	-	10,000
Due from Refuse Fund	-	10,643	10,643
Non-current assets			
Property, plant and equipment, net	10,171,787	-	10,171,787
<b>Total assets</b>	<b>11,374,604</b>	<b>134,115</b>	<b>11,508,719</b>
<b>Deferred outflows of resources</b>			
Deferred pension outflows	196,254	-	196,254
<b>Total assets and deferred outflows of resources</b>	<b>11,570,858</b>	<b>134,115</b>	<b>11,704,973</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	56,061	7,704	63,765
Other accrued liabilities	38,774	-	38,774
Due to Refuse Fund	10,643	-	10,643
Customer deposits	94,570	-	94,570
Compensated absences payable	16,773	-	16,773
Capital lease	3,547	-	3,547
Revenue bonds payable	250,000	-	250,000
Non-current liabilities			
Net pension liabilities	860,457	-	860,457
Note Payable	322,000	-	322,000
Revenue bonds payable	2,630,000	-	2,630,000
<b>Total liabilities</b>	<b>4,282,825</b>	<b>7,704</b>	<b>4,290,529</b>

(CONTINUED)

TOWN OF ESTILL, SOUTH CAROLINA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

-CONTINUED-

	<b>Water and Sewer</b>	<b>Refuse</b>	<b>Total</b>
<b>Deferred inflows of resources</b>			
Deferred pension inflows	46,439	-	46,439
Total liabilities and deferred inflows of resources	<u>4,329,264</u>	<u>7,704</u>	<u>4,336,968</u>
<b>Net position</b>			
Net investment in capital assets	7,288,240	-	7,288,240
Restricted net position - spendable	545,692	-	545,692
Unrestricted - unfunded pension obligation	(710,642)	-	(710,642)
Unrestricted - other	118,304	126,411	244,715
Total net position	<u>\$ 7,241,594</u>	<u>\$ 126,411</u>	<u>\$ 7,368,005</u>

*See accompanying notes.*

TOWN OF ESTILL, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION OF PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2021

	<u>Water and Sewer</u>	<u>Refuse</u>	<u>Total</u>
Operating revenue			
Water, Sewer, and Refuse service sales	\$ 1,243,673	\$ 117,260	\$ 1,360,933
Penalty fees	32,128	-	32,128
Reconnection fees	5,220	-	5,220
Operating grants	16,015	-	16,015
Other income	42,174	-	42,174
Total operating revenue	<u>1,339,210</u>	<u>117,260</u>	<u>1,456,470</u>
Operating expenses			
Salaries and employee benefits	559,566	-	559,566
Electricity and utilities	86,269	-	86,269
Materials and supplies	34,074	-	34,074
Chemicals and laboratory analysis	18,156	-	18,156
Depreciation	531,620	-	531,620
Insurance	71,982	679	72,661
Gas, oil, tires and repairs	12,645	-	12,645
Contracted services	115,636	93,384	209,020
Training, lodging	112	-	112
Telephone	11,879	-	11,879
Office supplies	2,460	-	2,460
DHEC permits	13,740	-	13,740
Repairs and maintenance, engineering and capital equipment	281,544	-	281,544
Miscellaneous	9,949	519	10,468
Total operating expenses	<u>1,749,632</u>	<u>94,582</u>	<u>1,844,214</u>
Operating income	(410,422)	22,678	(387,744)
Nonoperating revenue (expenses)			
Interest income	88	30	118
Capital grant	52,000	-	52,000
Gain from sale of assets	250	-	250
Debt service (interest expense)	(75,607)	-	(75,607)
Total nonoperating revenue (expense)	<u>(23,269)</u>	<u>30</u>	<u>(23,239)</u>
Income before transfers	(433,691)	22,708	(410,983)
Net transfers in (out)	<u>(109,483)</u>	<u>-</u>	<u>(109,483)</u>
Change in net position	(543,174)	22,708	(520,466)
Total net position, beginning	<u>7,784,768</u>	<u>103,703</u>	<u>7,888,471</u>
Total net position, ending	<u>\$ 7,241,594</u>	<u>\$ 126,411</u>	<u>\$ 7,368,005</u>

See accompanying notes.



TOWN OF ESTILL, SOUTH CAROLINA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2021

	<b>Water and Sewer</b>	<b>Refuse</b>	<b>Total</b>
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 1,320,323	\$ 116,283	\$ 1,436,606
Payments to suppliers	(486,702)	(94,167)	(580,869)
Payments to employees	(677,890)	-	(677,890)
Net cash provided by operating activities	<u>155,731</u>	<u>22,116</u>	<u>177,847</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers to General Fund	(109,483)	-	(109,483)
Interfund transfers	(24,362)	14,362	(10,000)
Net cash used in noncapital financing activities	<u>(133,845)</u>	<u>14,362</u>	<u>(119,483)</u>
<b>Cash flows from capital and related financing activities</b>			
Interest	88	30	118
Gain on sale of capital assets	250	-	250
Capital grant	52,000	-	52,000
Purchase of property and equipment	(65,874)	-	(65,874)
Proceeds from note payable	322,000	-	322,000
Principal paid on revenue bond maturities	(250,000)	-	(250,000)
Principal paid on capital leases	(10,352)	-	(10,352)
Interest on debt	(75,607)	-	(75,607)
Net cash provided by (used in) capital and related financing activities	<u>(27,495)</u>	<u>30</u>	<u>(27,465)</u>
Net decrease in cash and cash equivalents	(5,609)	36,508	30,899
Cash and cash equivalents, beginning	978,473	60,038	1,038,511
Cash and cash equivalents, ending	<u>\$ 972,864</u>	<u>\$ 96,546</u>	<u>\$ 1,069,410</u>
Cash and cash equivalents	\$ 427,172	\$ 96,546	\$ 523,718
Restricted cash	545,692	-	545,692
Total cash and cash equivalents	<u>\$ 972,864</u>	<u>\$ 96,546</u>	<u>\$ 1,069,410</u>

(CONTINUED)

TOWN OF ESTILL, SOUTH CAROLINA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

-CONTINUED-

	<u>Water and Sewer</u>	<u>Refuse</u>	<u>Total</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>			
Operating income	\$ (410,422)	\$ 22,678	\$ (387,744)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation and amortization	531,620	-	531,620
Changes in assets, deferred outflows, liabilities and deferred inflows			
Accounts receivable	(18,888)	(978)	(19,866)
Accounts payable	15,739	416	16,155
Customer deposits	(125)	-	(125)
Accrued interest	(1,398)	-	(1,398)
Other accrued liabilities	6,174	-	6,174
Deferred outflows	(91,360)	-	(91,360)
Deferred inflows	(55,384)	-	(55,384)
Net pension liability	179,405	-	179,405
Compensated absences payable	370	-	370
	<u>\$ 155,731</u>	<u>\$ 22,116</u>	<u>\$ 177,847</u>
Net cash provided by operating activities			
<b>Supplemental Information</b>			
Interest paid	<u>\$ 74,209</u>	<u>\$ -</u>	<u>\$ 74,209</u>

*See accompanying notes.*

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

**1. Summary of Significant Accounting Policies**

The Town of Estill, South Carolina (the “Town”) was incorporated under the laws of the State of South Carolina for the incorporation of municipal governments and as amended by Act 283 of the 1975 Code (Home Rule Town Act). The Town operates under a Council-form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, health, culture-recreation, public improvements, planning and zoning and general administrative 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 to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town’s accounting policies are described below.

**Basis of Presentation**

Government-wide Financial Statements

The statement of net position and the statement of activities report information about all activities of the primary government. These statements distinguish between the Town's *governmental* and *business-type activities*. Taxes and other non-exchange transactions primarily finance the governmental activities whereas fees charged to external parties’ finance, in whole or in part, the business-type activities. All of the Town's governmental funds are reported in the government-wide financial statements as governmental activities and all of its enterprise funds are reported as business-type activities. (See the *Fund Financial Statements* subsection which follows for more information about fund types.)

*Statement of Activities*

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include fees, fines, and charges paid by the recipients of goods, services, or privileges offered by the programs. The Town classifies as *general revenues* all revenues that are not program revenues, including all taxes and business license fees.

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its governmental funds and proprietary fund. The Town presents separate statements for each fund category-governmental and proprietary.

-CONTINUED-

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**1. Summary of Significant Accounting Policies (continued)**

*Operating and Non-Operating Revenues and Expenses in Proprietary Fund Financial Statements*

Enterprise funds distinguish *operating* revenues and expenses from *non-operating* revenues and expenses. Operating revenues and expenses generally are limited to items resulting from the provision of services and goods in connection with the fund's principal ongoing operations. The Town generally classifies revenues and expenses as operating only if the related cash flows appear in the operating section on the statement of cash flows. Accordingly, grants are reportable as operating revenues only if they are essentially the same as contracts for services (i.e., exchange transactions) and they finance programs that the proprietary fund would not otherwise undertake (i.e., the activity of the grant is inherently part of the operations of the grantor). Conversely, the Town classifies non-exchange transactions as non-operating. This includes all grant revenues except those reportable as operating revenue as described above and those restricted by the grantor for use exclusively for capital purposes. The Town reports as operating most expenses it pays from operating revenues but usually reports interest expense as non-operating.

Fund Accounting

Fund Accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives in accordance with limitations and restrictions imposed by sources outside the entity and in accordance with directives issued by the governing board.

The Town's funds are classified into two categories - governmental and proprietary.

Governmental Funds

**General Fund** - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally (or donor) restricted to expenditures for specified purposes.

Proprietary Funds

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

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**1. Summary of Significant Accounting Policies (continued)**

Accrual Basis

The Town uses the accrual basis of accounting in reporting its government-wide financial statements, as well as its proprietary fund financial statements. Under the accrual basis, the Town generally records revenues when earned and reasonably measurable and records expenses when a liability is incurred, regardless of the timing of related cash flows. Significant non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include taxes, grants, and donations. The Town recognizes grants, donations, and similar items as revenue as soon as it meets all eligibility requirements.

Modified Accrual Basis

The Town uses the modified accrual basis of accounting to report its governmental funds. Under the modified accrual basis, revenues, net of estimated uncollectible amounts, are recognized in the fiscal year when they become susceptible to accrual—that is, as soon as they become both measurable and available to finance current operations or to liquidate liabilities existing at fiscal year-end. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Principal revenue sources considered susceptible to accrual include taxes, grants, charges for goods and services, and interest earnings.

Under the modified accrual basis, expenditures generally are recorded when a liability is incurred, as under accrual accounting. An exception, however, is that principal and interest on general long-term debt, claims and judgments, and compensated absences, are recognized as expenditures only to the extent they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. General capital asset acquisitions are reported as expenditures (rather than as assets) in governmental funds.

The accounting policies of the Town conform to generally accepted accounting principles (GAAP) applicable to its activities as prescribed by the Governmental Accounting Standards Board (GASB), the recognized standard-setting body for GAAP for all state governmental entities. Proprietary fund activities are reported using the accrual basis method of accounting. If measurable, revenue is recognized when earned and expenses when incurred.

Transfers of financial resources among funds are recognized in all affected funds in the period in which the related interfund receivables and payables arise.

The Town has elected to treat all funds as major and present them in separate columns.

Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund, Water and Sewer Enterprise Fund and the Refuse Enterprise Fund. All annual appropriations lapse at fiscal year-end.

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**1. Summary of Significant Accounting Policies (continued)**

Cash and Cash Equivalents and Investments

Cash includes amounts held in demand deposits. For the purpose of the statement of cash flows, the Town considers all savings and short-term investments purchased with maturities of three months or less to be cash equivalents. State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. Investments, if any, are reported at fair value.

Accounts Receivable

The accounts receivable of the Water and Sewer Enterprise Fund consist of unpaid user charges for the water and sewer system of the Town. The amount of unpaid charges is reported net of an allowance for doubtful accounts.

Property taxes are levied, generally in November, for property on record with Hampton County as of the prior December 31. These taxes are due without penalty by the January 15 following billing. All taxes outstanding for more than ten years are written off. Personal property taxes are levied by the county on a monthly basis.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on their respective financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Capital Assets and Depreciation

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Before the implementation of GASB 34 in June 2003, the Town recorded capital assets as expenditures for governmental activities and no formal record of capital assets was maintained. Therefore, the governmental activities’ capital assets are reported in the government-wide financial statements based on management’s estimated values of the capital assets when they were acquired or constructed. All assets recorded subsequent to June 2003 in the General Fund are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Business-type activities’ capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**1. Summary of Significant Accounting Policies (continued)**

Depreciation of exhaustible capital assets has been provided using the straight-line method over the estimated useful lives as follows:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Utility plant in service	-	40 - 45 years
Equipment	3 - 10 years	5 - 10 years
Vehicles	5 - 10 years	4 - 5 years
Buildings	15 - 40 years	-

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

Compensated Absences

The Town's policy allows employees to accumulate unused sick leave to a maximum of eighteen workweeks and vacation leave up to a maximum of six workweeks. Upon termination, any accumulated vacation leave, will be paid to the employee. There will be no payment for unused sick leave. Accordingly, sick pay is charged to expenditures when taken.

The estimated liability for vested vacation leave attributable to the Town's governmental and business-type activities is recorded as an expense and liability in the respective funds. The estimated liabilities include required salary-related payments.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**1. Summary of Significant Accounting Policies (continued)**

Deferred Outflows/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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently reports deferred outflows of resources in the amount of \$440,147 as of June 30, 2021.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently reports deferred inflows of resources in the amount of \$160,819 as of June 30, 2021.

Net Position/Fund Balances

Net position is classified and presented in three components in the government-wide financial statements:

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

The Town reports a portion of its net position or fund balance in its government-wide and fund financial statements as restricted net position - spendable. Net position or fund balance for governmental funds is reported as restricted when constraints placed on resource use are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulation of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Enabling legislation authorizes the Town to assess, levy, charge, or otherwise mandate payments of resources (from resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable requirement is one that an outside party (such as citizens, public interest groups, or the judiciary) can compel the government to honor. At June 30, 2021, \$706,739 was reported as restricted net position.



TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**1. Summary of Significant Accounting Policies (continued)**

Unrestricted net position - All other net position that do not meet the definition of "restricted," or "invested in capital assets."

Fund balance is reported as assigned if the fund balance is constrained by the government's intent to use the funds for a specific purpose. The Town reports amounts as assigned if constrained through appropriations actions of the legislature. The removal of constraints for assigned funds occurs through the budgetary process.

Fund balance is reported as restricted fund balance if the fund balance is restricted for use by an outside party. The Town does not have any restricted fund balance.

Fund balance is reported as committed if amounts have been committed through the appropriations process. The Town does not have any committed funds.

Unassigned fund balance – All other fund balances that do not meet the definition of "restricted," "assigned," or "committed".

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position or fund balances are available. Within the unrestricted fund balance, committed resources would be first applied, when available, followed by assigned resources before unassigned resources are used.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used to determine depreciation expense, and the allowance for doubtful accounts among other accounts. Actual results could differ from those estimates.

**2. Legal Compliance - Budgets**

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year for the General Fund, Water and Sewer Enterprise Fund, and Refuse Enterprise Fund.
2. The combined statement of revenues, expenditures and changes in fund balance-budget and actual for the General Fund presents comparisons of the legally adopted budget with actual data on a GAAP basis.
3. Unused appropriations lapse at the end of the year.

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**2. Legal Compliance – Budgets (continued)**

4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.
5. Expenditures should not exceed budgeted appropriations at the fund level.

Expenditures approved by Council shall automatically carry amendments to fund appropriations where necessary. Budget amounts reported are as originally adopted, or as amended by the Town Council.

General Fund budgeted revenue exceeded actual revenue by \$299,071. General Fund budgeted expenditures exceeded actual expenditures by \$673,415. Proprietary Fund budgeted revenue exceeded actual revenue by \$14,049. Proprietary Fund budgeted operating expenditures exceeded actual operating expenditures by \$557,777.

**3. Deposits**

At June 30, 2021, the carrying amount of the Town’s unrestricted and restricted deposits totaled \$2,147,878, and the bank balance was \$2,347,458 all of which was covered by federal depository insurance and other securities provided by financial institutions.

**4. Restricted Cash**

The restricted cash that is presented in the financial statements consists of various bank accounts that are reserved for a specific purpose and are prohibited from being used in the normal operations of the Town. General Fund restricted cash represents funds held for specific purposes, such as grants and police matters. Special Revenue Fund restricted cash represents funds held for use by the Estill Fire Department. The Water and Sewer Fund restricted cash represents funds held for debt service on revenue bonds, and future construction and funds remaining on grant funds received in advance.

**5. Receivables**

Receivables at June 30, 2021, consist of the following:

	Governmental Activities	Business-type Activities	Total
Accounts receivable:			
State revenue	\$ 100,848	\$ -	\$ 100,848
Grant revenue	7,881	-	7,881
Water and sewer billings	-	474,795	474,795
Gross receivables	108,729	474,795	583,524
Less, allowance for uncollectibles	-	(227,916)	(227,916)
Net receivables	<u>\$ 108,729</u>	<u>\$ 246,879</u>	<u>\$ 355,608</u>

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**6. Capital Assets**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases / Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 399,968	\$ -	\$ (10,000)	\$ 389,968
Construction in progress	225,000	-	-	225,000
Total capital assets, not being depreciated	<u>624,968</u>	<u>-</u>	<u>(10,000)</u>	<u>614,968</u>
Capital assets, being depreciated				
Buildings	1,562,652	-	-	1,562,652
Land improvements	193,822	-	-	193,822
Equipment	359,590	-	-	359,590
Vehicles	750,787	-	(22,080)	728,707
Total capital assets, being depreciated	<u>2,866,851</u>	<u>-</u>	<u>(22,080)</u>	<u>2,844,771</u>
Less accumulated depreciation for:				
Buildings	(1,041,793)	(11,957)	-	(1,053,750)
Land improvements	(155,181)	(20,787)	-	(175,968)
Equipment	(293,767)	(38,239)	-	(332,006)
Vehicles	(680,047)	(23,613)	22,080	(681,580)
Total accumulated depreciation	<u>(2,170,788)</u>	<u>(94,596)</u>	<u>22,080</u>	<u>(2,243,304)</u>
Total capital assets, being depreciated, net	<u>696,063</u>	<u>(94,596)</u>	<u>-</u>	<u>601,467</u>
Governmental activities capital assets, net	<u>\$ 1,321,031</u>	<u>\$ (94,596)</u>	<u>\$ (10,000)</u>	<u>\$ 1,216,435</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 453,375	\$ -	\$ -	\$ 453,375
Construction in progress	472,801	7,000	(472,801)	7,000
Total capital assets, not being depreciated	<u>926,176</u>	<u>7,000</u>	<u>(472,801)</u>	<u>460,375</u>
Capital assets, being depreciated				
Utility plant	17,377,429	-	472,801	17,850,230
Equipment	430,721	58,874	(40,209)	449,386
Vehicles	137,117	-	-	137,117
Total capital assets, being depreciated	<u>17,945,267</u>	<u>58,874</u>	<u>432,592</u>	<u>18,436,733</u>
Less accumulated depreciation for:				
Utility plant	(7,739,270)	(516,758)	-	(8,256,028)
Equipment	(403,192)	(2,797)	40,209	(365,780)
Vehicles	(91,448)	(12,065)	-	(103,513)
Total accumulated depreciation	<u>(8,233,910)</u>	<u>(531,620)</u>	<u>40,209</u>	<u>(8,725,321)</u>
Total capital assets, being depreciated, net	<u>9,711,357</u>	<u>(472,746)</u>	<u>472,801</u>	<u>9,711,412</u>
Business-type activities capital assets, net	<u>\$ 10,637,533</u>	<u>\$ (465,746)</u>	<u>\$ -</u>	<u>\$ 10,171,787</u>

TOWN OF ESTILL, SOUTH CAROLINA  
 NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**6. Capital Assets (continued)**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government	\$ 14,798
Public Works	13,077
Police department	62,487
Fire department	4,234
	<u>94,596</u>

Total depreciation - governmental activities	\$ 94,596
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Business type activities:

Water and sewer	\$ 531,620
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Total depreciation - business type activities	\$ 531,620
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**7. Interfund Receivables, Payables and Transfers**

Interfund transfers:

	General Fund	Water and Sewer	Refuse Fund	Total
General Fund	\$ -	\$ (109,483)	\$ -	\$ (109,483)
Water and Sewer Fund	109,483	-	-	109,483
Refuse Fund	-	-	-	-
Total transfers	\$ 109,483	\$ (109,483)	\$ -	\$ -

TOWN OF ESTILL, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**8. Long-Term Debt**

Capital Leases

The Town has the following capital leases outstanding as of June 30, 2021:

**Governmental activities**

Capital lease dated August 1, 2016, in the original amount of \$36,943 payable in annual installments of \$6,526. This lease is collateralized by Motorola radios

\$ 17,571

**Total governmental activities**

17,571

**Business-type activities**

Capital lease dated October 2014, in the original amount of \$65,175 payable in monthly installments of \$894. This lease is collateralized by a backhoe

3,547

**Total business-type activities**

3,547

Total capital leases

\$ 21,118

Debt service requirements to maturity for the capital lease is as follows:

<u>Year Ending June 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2022	\$ 1,017	\$ 9,088	\$ 10,105
2023	675	5,851	6,526
2024	347	6,179	6,526
	<u>\$ 2,039</u>	<u>\$ 21,118</u>	<u>\$ 23,157</u>

Revenue Bonds

**Business-type activities:**

The Town also issues revenue bonds where the Town pledges income derived from the acquired or constructed assets to pay debt service. During the year ended June 30, 2016, the Town issued bonds in the amount of \$4,090,000. These proceeds were used to pay off the previous bonds issued in 2003 and to pay for repairs and upgrades to the system. The interest rate on the revenue bonds is 2.55% with an outstanding principal balance in of \$2,880,000 as of June 30, 2021.

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**8. Long-Term Debt (continued)**

Debt service requirements to maturity of the revenue bonds are as follows:

<u>Year Ending June 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2022	\$ 70,189	\$ 255,000	\$ 325,189
2023	63,559	265,000	328,559
2024	56,738	270,000	326,738
2025	49,789	275,000	324,789
2026	42,649	285,000	327,649
2027-2031	99,450	1,530,000	1,629,450
	<u>\$ 382,374</u>	<u>\$ 2,880,000</u>	<u>\$ 3,262,374</u>

Notes Payable

**Governmental activities:**

For the year ended June 30, 2021, the Town was a part of an agreement to purchase vehicles. The note for the purchase of vehicles calls for monthly payments of \$897 with a term is four years and interest rate of 3.50%. The outstanding balance of this note was \$13,992 as of June 30, 2021, and the note matures in November of 2022.

<u>Year Ending June 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2022	\$ 323	\$ 10,435	\$ 10,758
2023	26	3,557	3,583
	<u>\$ 349</u>	<u>\$ 13,992</u>	<u>\$ 14,341</u>

In August of 2021, the Town was granted a FEMA Community Disaster Loan in the amount of \$946,371. The purpose of this loan is to carry on existing essential functions of the Town's operations or to expand those functions to meet disaster-related needs. As of June 30, 2021, it is unknown whether a portion or all of this loan will be forgiven. However, the amount of funds that are not forgiven will be repaid in no less than 5 years at a time when economic recovery has broadened the base of revenues in support of the budget. As of June 30, 2021, the Town has drawn down a portion of these funds in the amount of \$322,000. Subsequent to year end the Town received notice that the \$322,000 amount had been forgiven by FEMA. There is no guarantee that additional draws will be forgiven, however the Town is hopeful.

TOWN OF ESTILL, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**8. Long-Term Debt (continued)**

Changes in long-term liabilities for the year ended June 30, 2021 are as follows:

	<b>Balances as of</b>			<b>Balances as of</b>	<b>Due within</b>
	<b>July 1, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2021</b>	<b>One Year</b>
Governmental activities:					
Capital lease	\$ 22,818	\$ -	\$ (5,247)	\$ 17,571	\$ 6,526
Note payable	24,069	-	(10,077)	13,992	10,758
Compensated absences	6,007	7,100	(6,007)	7,100	7,100
Accrued interest	1,215	928	(1,215)	928	928
Total governmental activities	<u>\$ 84,660</u>	<u>\$ 8,028</u>	<u>\$ (22,546)</u>	<u>\$ 39,591</u>	<u>\$ 25,312</u>
Business-type activities:					
Revenue bonds	\$ 3,130,000	\$ -	\$ (250,000)	\$ 2,880,000	\$ 250,000
Loans	-	322,000	-	322,000	-
Capital lease	13,899	-	(10,352)	3,547	3,547
Compensated absences	16,403	16,773	(16,403)	16,773	16,773
Total business-type activities	<u>\$ 3,160,302</u>	<u>\$ 338,773</u>	<u>\$ (276,755)</u>	<u>\$ 3,222,320</u>	<u>\$ 270,320</u>
Total activities	<u>\$ 3,244,962</u>	<u>\$ 346,801</u>	<u>\$ (299,301)</u>	<u>\$ 3,261,911</u>	<u>\$ 295,632</u>

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**9. Pension Plan**

***South Carolina Retirement System***

The majority of employees of the Town are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division of the South Carolina Public Employee Benefit Authority (PEBA), a public employee retirement system. Generally, all full-time or part-time equivalent State employees in a permanent position are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws, as amended, or are eligible and elect to participate in the State Optional Retirement Program (ORP). The SCRS plan provides a life-time monthly retirement annuity benefits to members as well as disability, survivor options, annual benefit adjustments, death benefits, and incidental benefits to eligible employees and retired members.

The Retirement Division maintains five independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the South Carolina Public Employee Benefit Authority, P.O. Box 11960, Columbia, South Carolina 29211-1960. Furthermore, the Division and the five pension plans are included in the State of South Carolina's CAFR.

Under the SCRS, Class II members are eligible for a full-service retirement annuity upon reaching age 65 or completion of 28 years of credited service regardless of age. Employees who first became members of the System after June 30, 2012, are considered Class III members and are eligible for a full-service retirement annuity upon reaching age 65 or upon meeting the rule of 90 requirement (i.e., the members age plus the years of service add up to a total of at least 90). The benefit formula for full benefits effective since July 1, 1989, for the SCRS is 1.82 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual earnable compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay at retirement for unused annual leave.

For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. Early retirement options with reduced benefits are available as early as age 55 for Class II members and age 60 for Class III members. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).



TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**9. Pension Plan (continued)**

Disability annuity benefits are payable to Class II members if they have permanent incapacity to perform regular duties of the member’s job and they have at least 5 years of earned service (this requirement does not apply if the disability is a result of a job-related injury). Class III members qualify for disability annuity benefits provided they have a minimum of eight years of credited service. An incidental death benefit equal to an employee’s annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service or to a working retired contributing member. There is no service requirement for death resulting from actual performance of duties for an active member.

Effective July 1, 2020, employees participating in the SCRS were required to contribute 9.00% of all earnable compensation. The employer contribution rate for SCRS was 15.56%. Included in the total SCRS employer contribution rate is a base retirement contribution of 15.41% and 0.15% contribution rate for the incidental death program. The Town’s contributions for the years ended June 30, 2021, 2020 and 2019 are as follows:

Year Ended June 30,	Incidental			Incidental		
	Base	Death	Total	Base	Death	Total
2021	15.41%	0.15%	15.56%	\$ 81,725	\$ 795	\$ 82,520
2020	15.41%	0.15%	15.56%	73,100	712	73,812
2019	14.26%	0.15%	14.41%	59,652	622	60,274

***Police Officers Retirement System***

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple employer defined benefit public employee retirement system. Generally, all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to PORS as a condition of employment. This plan provides lifetime monthly annuity benefits as well as disability, survivor benefits and incidental benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Under the PORS, Class II members are eligible for a full-service retirement annuity upon reaching age 55 or completion of 25 years of credited service regardless of age. Class III members are eligible for a full-service retirement annuity upon reaching age 55 or 27 years of credited service. The benefit formula for full benefits effective since July 1, 1989, for the SCRS is 2.14 percent of an employee’s average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay for unused annual leave.

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**9. Pension Plan (continued)**

For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. PORS does not have an early retirement option. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Effective July 1, 2019, employees participating in the PORS were required to contribute 9.75% of all earnable compensation. The employer contribution rate for PORS was 18.24%. Included in the total PORS employer contribution rate is a base retirement contribution of 17.84% and .20% for the incidental death program and .20% for the accidental death program. The Town's contributions for the years ended June 30, 2021, 2020 and 2019 are as follows:

Year Ended June 30,	Incidental			Incidental		
	Base	Death	Total	Base	Death	Total
2021	17.84%	0.40%	18.24%	\$ 50,661	\$ 1,136	\$ 51,797
2020	17.84%	0.40%	18.24%	67,269	1,508	68,777
2019	16.84%	0.40%	17.24%	70,680	1,678	72,358

The amounts paid by the Town for pension, incidental death benefit program, and accidental death program contributions are reported as employer contribution expenditures within the applicable functional expenditure categories to which the related salaries are charged.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit, and employee/employer contributions for each retirement system. Employee and employer contribution rates to SCRS and PORS are actuarially determined.

At June 30, 2021, the Town reported \$1,109,732 and \$818,858 for its proportionate share of the net pension liabilities of SCRS and PORS, respectively. The net pension liability of the SCRS defined benefit pension plan was determined based on the July 1, 2020 actuarial valuations, using most recent membership data, projected forward to June 30, 2020, and financial information of the pension trust funds as of June 30, 2020, using generally accepted actuarial procedures. The Town's portion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the Town's SCRS proportion was 0.0039% and its PORS proportion was 0.029%.

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**9. Pension Plan (continued)**

At June 30, 2021, the state reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

	<u>SCRS</u>	<u>PORS</u>
<b>Deferred Outflows of Resources</b>		
Differences between expected and actual experience	\$ 12,805	\$ 17,402
Assumption changes	1,359	9,992
Net difference between project and actual investment earnings	81,630	83,848
Differences between employer contributions and proportionate share	74,794	24,000
Contributions made from measurement date to June 30, 2021	<u>82,520</u>	<u>51,797</u>
<b>Total deferred outflows of resources</b>	<u>253,108</u>	<u>187,039</u>
<b>Deferred Inflows of Resources</b>		
Differences between expected and actual experience	4,196	3,604
Differences between employer contributions and proportionate share	<u>55,696</u>	<u>97,323</u>
<b>Total deferred inflows of resources</b>	<u>59,892</u>	<u>100,927</u>
<b>Net deferred outflows/(inflows)</b>	<u>\$ 193,216</u>	<u>\$ 86,112</u>

Deferred outflows of \$82,520 and \$51,797 for SCRS and PORS, respectively, reported as resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year ended June 30,</u>	<u>SCRS</u>	<u>PORS</u>	<u>Net</u>
2022	\$ 8,963	\$ (6,344)	\$ 2,619
2023	(47,069)	(8,966)	(56,035)
2024	(51,758)	(2,140)	(53,898)
2025	<u>(20,833)</u>	<u>(16,867)</u>	<u>(37,700)</u>
	<u>\$ (110,697)</u>	<u>\$ (34,317)</u>	<u>\$ (145,014)</u>

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**9. Pension Plan (continued)**

The total pension liabilities in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	<u>SCRS</u>	<u>PORS</u>
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Investment Rate or Return	7.25%	7.25%
Projected Salary Increases	3.0% to 12.5%	3.5% to 9.5%
Inflation Rate	2.25%	2.25%
Benefit Adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 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. Assumption used in the determination of the June 30, 2020, SCRS and PORS valuations are as follows:

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
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, Firefighters	2016 PRSC Males Multiplied by 125%	2016 PRSC Females Multiplied by 111%

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30-year capital market assumptions. The long-term expected rate of returns represented assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**9. Pension Plan (continued)**

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

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
<b>Global Equity</b>	<b>51.00%</b>		
Global Public Equity	35.00%	7.81%	2.73%
Private Equity	9.00%	8.91%	0.80%
Equity Options Strategies	7.00%	5.09%	0.36%
<b>Real Assets</b>	<b>12.00%</b>		
Real Estate (Private)	8.00%	5.55%	0.44%
Real Estate (REITs)	1.00%	7.78%	0.08%
Infrastructure (Private)	2.00%	4.88%	0.10%
Infrastructure (Public)	1.00%	7.05%	0.07%
<b>Opportunistic</b>	<b>8.00%</b>		
Global Tactical Asset Allocation	7.00%	3.56%	0.25%
Other Opportunistic Strategies	1.00%	4.41%	0.04%
<b>Credit</b>	<b>15.00%</b>		
High Yield Bonds/ Bank Loans	4.00%	4.21%	0.17%
Emerging Markets Debt	4.00%	3.44%	0.14%
Private Debt	7.00%	5.79%	0.40%
<b>Rate Sensitive</b>	<b>14.00%</b>		
Core Fixed Income	13.00%	1.60%	0.21%
Cash and Short Duration (Net)	1.00%	0.56%	0.01%
Total Expected Return	100.00%		5.80%
Inflation for Actuarial Purposes			2.25%
			8.05%

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

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**9. Pension Plan (continued)**

The following table represents the Town’s proportionate share of the net SCRS and PORS pension liabilities calculated using the discount rate of 7.25 percent, as well as what the Town’s respective net pension liabilities would be if it were calculated using a discount rate of 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

Plan	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
SCRS	\$ 1,375,376	\$ 1,109,732	\$ 887,915
PORS	1,084,030	818,858	605,942
	\$ 2,459,406	\$ 1,928,590	\$ 1,493,857

**Deferred Compensation Plans**

Several optional deferred compensation plans are available to state employees and employers of its political subdivisions. Certain employees of the Town have elected to participate. The multiple-employers plans were created under Internal Revenue Sections 457, 401(k), and 403(b), are administrated by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate state employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

**10. Operating Leases**

The Town entered into multiple noncancelable operating agreements on March 9, 2018, for digital copiers. The future minimum lease payments for these leases could not be determined due to the lease payments being determined by the number of copies created by the Town. The total lease expense for the year ended June 30, 2021, was \$7,431.

**11. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Town carries commercial property insurance coverage and general liability coverage for these risks. There have been no significant reductions in insurance coverage in the last four years and settled claims have not exceeded coverage in any of the last four fiscal years.

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**11. Risk Management (continued)**

The Town participates in the South Carolina Insurance Reserve Fund, an insurance pool currently operating as a common tort liability and insurance program. The limit of the tort liability is \$600,000 per occurrence, while the limit for casualty insurance varies depending on the value of the property.

**12. Commitments and Contingencies**

The Town is currently operating its water and sewer system under a consent order from the South Carolina Department of Health and Environmental Control. This consent order found significant deficiencies in the Town's systems and requires certain repairs and upgrades to be made. In order to fund these repairs and upgrades, the Town has acquired a revenue bond and will continue to seek grants.

The Town is occasionally involved in legal proceedings (predominately civil suits) and claims with various parties, which arose, in the normal course of business.

Although any litigation has an element of uncertainty, it is management's opinion that the outcome of litigation pending or threatened, or the combination thereof, will not have a materially adverse effect on the financial position of the Town. No provision has been made in these financial statements for losses, if any, which might result from litigation pending, threatened or the combination thereof because there is no evidence to indicate that a loss expenditure and liability should be recorded at year-end.

**13. The Town's Financial Condition**

The Town recognized a decrease in net position of \$35,350 in its Governmental Activities before transfers from Business-Type Activities. Although it is an increase, the Town has experienced losses in prior years. The primary source of the losses in prior years and current year expenditures is from the Police Department. Police Department expenditures made up 68% of total Governmental Activities expenditures in the current fiscal year and made-up similar percentages in prior years as well. Revenue produced from the Police Department only made up 5.43% of total Governmental Activities revenue in the current fiscal year and made-up similar percentages in prior years as well. This resulted in a \$937,572 loss in net position from Police Department operations during the current year.

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**13. The Town's Financial Condition (continued)**

The Business-Type Activities had a decrease in net position of \$520,466 after transfers to Governmental Activities. Business-Type Activities cannot continue to operate in a loss position. The main reason for this loss is due to a \$500,000 decrease in water and sewer sales as compared to the prior year. This decrease is due to the reduction in usage by the Federal Prison as compared to prior years. In order to improve the Town's current financial condition, the Town needs to find ways to reduce Police Department spending, eliminate services, or increase unrestricted revenue. Additionally, they need to find a way to cut expenditures in the water and sewer fund immediately.

Town management is aware of this financial situation and is in the process of continuing the following measures in an effort to continue to correct these financial difficulties:

- Business-Type Activities:
  - Further restrict procurement processes by obtaining approval for expenses over \$50.
  - Implement an electronic water usage reading system to increase efficiency, which could possibly lead to a reduction in workforce.
  - Apply for more grants from Rural Infrastructure Authority and other organizations.
  - Increase water rates to customers to help offset some of the lost revenue from the prison.
- Governmental Activities:
  - Review/increase business license fees.
  - Further restrict Police Department procurement processes by obtaining approval for expenses over \$50.
  - Review staffing needs in the Police Department and implement further reductions in workforce.
  - Apply for more grants to further reduce expenditures.

Management is currently in the process of continuing to implement the steps mentioned above and considering other strategies as well. In the event the Town is not able to correct the underlying issues causing the deficits, other measures may need to be considered, including:

- Contracting with Hampton County to provide police services.
- Budget freezes/further staff reductions.
- Further reduction in services offered and expense reductions.
- Additional increases to water/sewer rates.

**14. Subsequent events**

Subsequent events were evaluated through October 25, 2021 which is the date the financial statements were available for issue. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.



REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF ESTILL, SOUTH CAROLINA

SCHEDULE OF PROPORTIONATE SHARE OF THE SOUTH CAROLINA  
RETIREMENT SYSTEMS NET PENSION LIABILITIES

LAST TEN FISCAL YEARS\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>South Carolina Retirement System</b>								
Town's proportion of the net pension liability	0.0039%	0.0039%	0.0039%	0.0049%	0.0047%	0.0042%	0.0046%	0.0046%
Town's proportionate share of the net pension liability	\$ 1,109,732	\$ 895,147	\$ 871,074	\$ 1,106,446	\$ 1,009,467	\$ 803,379	\$ 783,359	\$ 816,108
Town's covered payroll	\$ 474,370	\$ 418,279	\$ 402,854	\$ 492,699	\$ 451,429	\$ 397,131	\$ 400,802	\$ 949,600
Town's proportionate share of the net pension liability as a percentage of its covered payroll	233.94%	214.01%	216.23%	224.57%	223.62%	202.30%	195.45%	85.94%
Plan fiduciary net position as a percentage of the total pension liability	54.40%	54.40%	54.10%	53.30%	52.91%	56.99%	59.92%	56.39%
<b>South Carolina Police Officers Retirement System</b>								
Town's proportion of the net pension liability	0.0290%	0.0290%	0.0271%	0.0278%	0.0299%	0.0258%	0.0206%	0.0206%
Town's proportionate share of the net pension liability	\$ 818,858	\$ 829,303	\$ 768,168	\$ 761,324	\$ 760,688	\$ 561,220	\$ 394,717	\$ 427,405
Town's covered payroll	\$ 377,067	\$ 419,710	\$ 375,240	\$ 379,530	\$ 376,625	\$ 325,087	\$ 247,991	\$ 434,286
Town's proportionate share of the net pension liability as a percentage of its covered payroll	217.17%	197.59%	204.71%	200.60%	201.97%	172.64%	159.17%	98.42%
Plan fiduciary net position as a percentage of the total pension liability	62.70%	62.70%	61.70%	60.90%	60.40%	64.57%	67.55%	62.98%

\* - The amounts presented for each fiscal year were determined as of July 1 of four years prior, using membership data as of the day, projected forward to June 30 of the previous year. Additionally, the Commission implemented GASB 68 during fiscal year 2015. As such, only fiscal years after 2014 have information available.

TOWN OF ESTILL, SOUTH CAROLINA

SCHEDULE OF SOUTH CAROLINA RETIREMENT SYSTEMS CONTRIBUTIONS

LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014
<b>South Carolina Retirement System</b>								
Contractually required contributions	\$ 82,520	\$ 73,812	\$ 60,274	\$ 54,627	\$ 56,956	\$ 49,928	\$ 43,287	\$ 43,789
Contributions in relation to the contractually required contribution	(82,520)	(73,812)	(60,274)	(54,627)	(56,956)	(49,928)	(43,287)	(43,789)
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town covered payroll	\$ 530,334	\$ 474,370	\$ 418,279	\$ 402,854	\$ 492,699	\$ 451,429	\$ 397,131	\$ 400,802
Contributions as a percentage of covered payroll	15.56%	15.56%	14.41%	13.56%	11.56%	11.06%	10.90%	10.93%
<b>South Carolina Police Officers Retirement System</b>								
Contractually required contributions	\$ 51,797	\$ 68,777	\$ 72,358	\$ 60,939	\$ 53,286	\$ 50,995	\$ 42,944	\$ 31,842
Contributions in relation to the contractually required contribution	(51,797)	(68,777)	(72,358)	(60,939)	(53,286)	(50,995)	(42,944)	(31,842)
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town covered payroll	\$ 283,975	\$ 377,067	\$ 419,710	\$ 375,240	\$ 379,530	\$ 376,625	\$ 325,087	\$ 247,991
Contributions as a percentage of covered payroll	18.24%	18.24%	17.24%	16.24%	14.04%	13.54%	13.21%	12.84%

\* - The amounts presented for each fiscal year were determined as of July 1 of four years prior, using membership data as of the day, projected forward to June 30 of the previous year. Additionally, the Town implemented GASB 68 during fiscal year 2015. As such, only fiscal years after 2014 have information available.

## OTHER FINANCIAL INFORMATION

TOWN OF ESTILL, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
PROPRIETARY FUNDS NET POSITION - BUDGET TO ACTUAL

YEAR ENDED JUNE 30, 2021

<u>Account Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive / (Negative)</u>
Operating revenue	\$ 1,442,421	\$ 1,456,470	\$ 14,049
Operating expenses:			
Salaries and employee benefits	596,199	559,566	36,633
Electricity and utilities	179,784	86,269	93,515
Materials and supplies	137,959	34,074	103,885
Chemicals and laboratory analysis	17,000	18,156	(1,156)
Depreciation and amortization	-	531,620	(531,620)
Insurance	89,488	72,661	16,827
Gas, oil, tires and repairs	29,500	12,645	16,855
Contracted services	190,689	209,020	(18,331)
Training, lodging	1,500	112	1,388
Telephone	11,000	11,879	(879)
Office supplies	2,500	2,460	40
DHEC permits	14,410	13,740	670
Repairs and maintenance, engineering, and capital equipment	293,628	281,544	12,084
Miscellaneous	824,285	10,468	813,817
Total operating expenses	<u>2,387,942</u>	<u>1,844,214</u>	<u>543,728</u>
Operating income (loss)	<u>(945,521)</u>	<u>(387,744)</u>	<u>557,777</u>
Nonoperating revenue (expense)			
Interest income	100	118	18
Grant income	750,000	52,000	(698,000)
Gain on sale of assets	250	250	-
Debt service	(337,358)	(75,607)	261,751
Total non-operating revenue (expense)	<u>412,992</u>	<u>(23,239)</u>	<u>(436,231)</u>
Net income (loss) before transfers	(532,529)	(410,983)	121,546
Transfers in (out)	<u>-</u>	<u>(109,483)</u>	<u>(109,483)</u>
Change in net position	<u>\$ (532,529)</u>	<u>\$ (520,466)</u>	<u>\$ 12,063</u>

See independent auditors' report on other financial information

TOWN OF ESTILL, SOUTH CAROLINA

SCHEDULE OF COURT FINES, FEES, ASSESSMENTS AND SURCHARGES

YEAR ENDED JUNE 30, 2020

**Total Court Fines and Assessments:**

Court fines and assessments collected	\$ 52,360
Court fines and assessments remitted to State Treasurer	<u>(23,263)</u>
Total Court fines and assessments retained	<u><u>\$ 29,097</u></u>

**Surcharges and Assessments retained for Victim's Services**

Surcharges collected and retained	\$ 682
Assessments retained	<u>2,923</u>
Total surcharges and assessments retained for victims services	<u><u>\$ 3,605</u></u>

**Victim Services Collected**

Carryforward from previous year - beginning balance	\$ 24,293
Victim Service Revenue	
Victim service fines retained by the Town	-
Victim service assessments retained by the Town	2,923
Victim service surcharges retained by the Town	682
Total funds allocated to victim service fund + beginning balance (A)	<u>27,898</u>
Expenditures for Victim Service Program	
Operating expenditures	<u>\$ 17,809</u>
Total expenditures from victim service fund/program (B)	<u>17,809</u>
Total victim service funds retained by the Town (A-B)	<u>10,089</u>
Carryforward funds - end of year	<u><u>\$ 10,089</u></u>

*See independent auditors' report on other financial information*