

CITY OF BENNETTSVILLE, SOUTH CAROLINA

AUDITED BASIC FINANCIAL STATEMENTS
AND
OTHER FINANCIAL INFORMATION

YEAR ENDED APRIL 30, 2020

WITH

REPORT OF INDEPENDENT AUDITOR

CITY OF BENNETTSVILLE, SOUTH CAROLINA

CITY OF BENNETTSVILLE, SOUTH CAROLINA

AUDITED BASIC FINANCIAL STATEMENTS
AND
OTHER FINANCIAL INFORMATION

YEAR ENDED APRIL 30, 2020

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REPORT OF INDEPENDENT AUDITOR

CITY OF BENNETTSVILLE, SOUTH CAROLINA

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REPORT OF INDEPENDENT AUDITOR

The Honorable Mayor and Members of City Council
City of Bennettsville, South Carolina

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bennettsville, South Carolina (the "City"), as of and for the year ended April 30, 2020, which collectively comprise the City'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. Management's responsibility also includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

Unmodified Opinion

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bennettsville, South Carolina, as of April 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, 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. I 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 inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying other financial information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Bennettsville, South Carolina. The other financial information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 my opinion, the combining and individual fund financial statements and other financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Summarized Comparative Information

The prior year summarized comparative information presented in the individual fund financial statements and schedules has been derived from the City's 2019 audited financial statements, and in my report dated November 12, 2019, I expressed an unmodified opinion on those financial statements.


November 12, 2020
Columbia, South Carolina

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF BENNETTSVILLE, SOUTH CAROLINA

City of Bennettsville, South Carolina
Management's Discussion and Analysis
Year Ended April 30, 2020

This section of the City of Bennettsville, South Carolina's (the "City") annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on April 30, 2020. Please read it in conjunction with City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Per the Government-wide *Statement of Net Position*, the City's total assets at year end April 30, 2020 were \$39.5 million and total liabilities equaled \$24.9 million. Total deferred outflows equaled \$1.7 million while total deferred inflows equaled \$.7 million. The difference between these amounts equals total net position. Of the total net position of \$15.5 million at April 30, 2020, unrestricted (deficit) amounts totaled \$(6.5) million and were not available to support short term operations of the City. This is primarily due to the City's net pension obligation liability.

Per the Government-wide *Statement of Activities*, the City's total net position increased by \$207,698 for the year ended April 30, 2020. The Governmental Activities resulted in a net decrease of \$(615,571), while the Business-type Activities had an increase in net position in the amount of \$823,269, which included a transfer out of \$1.8 million to the Governmental Activities during the year.

Overview of the Financial Statements

Management's Discussion and Analysis (MD&A) serves as an introduction to the City's basic financial statements. Those financial statements have three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

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

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

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

Overview of the Financial Statements (continued)

Government-Wide Financial Statements (continued) – Both of the Government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (i.e., *governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (i.e., *business-type activities*). The “governmental activities” of the City include general government, public safety, public works, culture and recreation, and interest. The “business-type” activities of the City include a Combined Utility Enterprise Fund. The Government-wide financial statements can be found immediately following the discussion and analysis.

Fund Financial Statements – The “Fund financial statements” provide a more detailed look at the City’s most significant activities. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: Governmental funds, Proprietary funds, and Fiduciary funds.

Governmental funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-wide financial statements. Most of the City’s governmental services are accounted for in the Governmental funds. However, unlike the Government-wide financial statements, these funds focus on *near-term inflows and outflows of spendable resources* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements. The Governmental Fund financial statements can be found immediately following the ‘Government-wide’ financial statements.

Proprietary funds – *Enterprise funds* are used to report the same functions presented as *business-type activities* in the Government-wide financial statements. The City uses enterprise funds to account for its combined electric, gas, water and sewer utility. Proprietary funds provide the same type of information and the same basis of accounting as the Government-wide financial statements business type activities, only in more detail. The basic Proprietary Fund financial statements can be found immediately following the ‘Governmental Fund’ financial statements.

Notes to Financial Statements – The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in both the Government-wide and Fund financial statements.

Required Supplementary Information – The City adopts an annual appropriated budget for its General Fund. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget, and can be found in the section entitled “Required Supplementary Information”.

Overview of the Financial Statements (continued)

Other Financial Information – Following the basic financial statements, the notes to financial statements and the required supplementary information, this annual financial report also presents certain detail financial data of individual fund statements and schedules.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, total assets and deferred outflows exceeded total liabilities and deferred inflows by \$15.5 million at the close of April 30, 2020.

Below is a ‘condensed’ Statement of Net Position at April 30, 2020, which depicts the major components of the City’s assets, liabilities and net position (with comparative amounts for April 30, 2019).

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Assets						
Cash and cash equivalents:						
Unrestricted	\$ 347,859	\$ 421,495	\$ 289,151	\$ 329,979	\$ 637,010	\$ 751,474
Restricted	168,512	327,003	205,923	474,151	374,435	801,154
Equity in pooled cash	637,752	1,462,324	394,069	163,884	1,031,821	1,626,208
Investments	—	—	1,884,166	2,487,256	1,884,166	2,487,256
Receivables and due from others, net	952,086	846,268	1,082,640	1,081,875	1,934,726	1,928,143
Inventories and prepaid items	57,747	31,896	546,022	550,107	603,769	582,003
Internal balances	2,073,817	1,909,466	(2,073,817)	(1,909,466)	—	—
Capital assets, net of accumulated depreciation	6,573,121	5,887,293	26,366,264	25,815,330	32,939,385	31,702,623
Total assets	10,810,894	10,885,745	28,694,418	28,993,116	39,505,312	39,878,861
Deferred Outflows Resources						
Pension related	1,082,531	1,215,296	593,786	565,334	1,676,317	1,780,630
Liabilities						
Current liabilities	1,081,857	370,170	1,569,742	2,164,770	2,651,599	2,534,940
Non-current liabilities	8,308,748	8,463,232	13,981,777	14,348,532	22,290,525	22,811,764
Total liabilities	9,390,605	8,833,402	15,551,519	16,513,302	24,942,124	25,346,704
Deferred Inflows of Resources						
Pension related	449,753	599,001	260,759	392,491	710,512	991,492
Net Position						
Net investment in capital assets	4,717,077	4,298,153	16,021,626	14,342,108	20,738,703	18,640,261
Restricted	833,810	741,333	472,295	679,192	1,306,105	1,420,525
Unrestricted (deficit)	(3,497,820)	(2,370,848)	(3,017,995)	(2,368,643)	(6,515,815)	(4,739,491)
Total net position	\$ 2,053,067	\$ 2,668,638	\$ 13,475,926	\$ 12,652,657	\$ 15,528,993	\$ 15,321,295

By far the largest portion of the City’s net position (\$20.7 million) reflects its net investment in capital assets (e.g., land, buildings, machinery, equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending.

Government-Wide Financial Analysis (continued)

The Governmental Activities total net position totals \$2,053,067 and consists of net investment in capital assets \$4,717,077, restricted \$833,810, and unrestricted (deficit) of \$(3,497,820) at the end of 2020. The Business-type Activities total net position totals \$13,475,926 and consists of net investment in capital assets \$16,021,626, restricted \$472,295, and unrestricted (deficit) of \$(3,017,995) at the end of 2020.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's total restricted net position, \$1,306,105, represents resources that are subject to external restrictions on how they may be used, which includes resources for the City's pension, housing, community development, capital projects and debt service. The remaining balance of *unrestricted net position* (if positive) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's components of changes in net position (condensed from the Statement of Activities) for FY 2020 and FY 2019 are illustrated in the following table:

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenue						
Program Revenue:						
Charges for services	\$ 1,717,874	\$ 1,681,930	\$ 15,708,232	\$ 16,997,356	\$ 17,426,106	\$ 18,679,286
Operating grants and contributions	96,946	37,587	—	—	96,946	37,587
Capital grants and contributions	387,987	—	1,159,949	47,258	1,547,936	47,258
General revenue:						
Property taxes and L.O.S.T	1,909,672	1,898,195	—	—	1,909,672	1,898,195
State shared and unallocated intergovernmental	847,875	952,135	—	487,270	847,875	1,439,405
Licenses and franchise fees	822,036	802,423	—	—	822,036	802,423
Other	29,916	(227,605)	111,554	73,000	141,470	(154,605)
Total revenue	<u>5,812,306</u>	<u>5,144,665</u>	<u>16,979,735</u>	<u>17,604,884</u>	<u>22,792,041</u>	<u>22,749,549</u>
Expenses						
General government	1,961,827	1,939,988	—	—	1,961,827	1,939,988
Public safety	4,093,322	3,592,163	—	—	4,093,322	3,592,163
Public works	1,683,051	1,797,780	—	—	1,683,051	1,797,780
Culture and recreation	428,921	429,938	—	—	428,921	429,938
Interest	49,000	77,255	363,982	393,866	412,982	471,121
Combined utility	—	—	14,004,240	14,318,776	14,004,240	14,318,776
Total expenses	<u>8,216,121</u>	<u>7,837,124</u>	<u>14,368,222</u>	<u>14,712,642</u>	<u>22,584,343</u>	<u>22,549,766</u>
Transfers	<u>1,788,244</u>	<u>1,813,244</u>	<u>(1,788,244)</u>	<u>(1,813,244)</u>	<u>—</u>	<u>—</u>
Changes in net position	<u>(615,571)</u>	<u>(879,215)</u>	<u>823,269</u>	<u>1,078,998</u>	<u>207,698</u>	<u>199,783</u>
Beginning net position	<u>2,668,638</u>	<u>3,547,853</u>	<u>12,652,657</u>	<u>11,573,659</u>	<u>15,321,295</u>	<u>15,121,512</u>
Ending net position	<u>\$ 2,053,067</u>	<u>\$ 2,668,638</u>	<u>\$ 13,475,926</u>	<u>\$ 12,652,657</u>	<u>\$ 15,528,993</u>	<u>\$ 15,321,295</u>

Government-Wide Financial Analysis (continued)

Net position in Governmental Activities had a total decrease in 2020 of \$(615,571) compared to a decrease of \$(879,215) in 2019. This was primarily due to the City's efforts to manage spending with relatively flat revenue. Net position in Business-type Activities increased \$823,269 in 2020 compared to an increase of \$1,078,998 in 2019 primarily due to a mild winter which resulted in less electric and gas usage and related costs. Both periods included transfers to the Governmental Activities of \$1,788,244 in 2020 and 2019, respectively.

Key Governmental Activities highlights are as follows: Total program revenue increased by \$483,290 in 2020 primarily due to fees for services and grants, while general revenues increased slightly. Total Governmental Activities revenues equaled \$5.8 million in 2020 compared to \$5.1 million in 2019. Total Governmental Activity expenses in 2020 equaled \$8.2 million compared to \$7.8 million in 2019, or a 4.8% increase.

Key Business-type Activity highlights are as follows: Total program revenue decreased by \$176,433 between 2020 and 2019 primarily due to seasonal temperature variations between years. The major cost drivers for the electric and gas systems are the costs of electricity and gas purchased for resale to the City's customers. Overall system demand was less in 2020. Total Business-type expenses equaled \$14.4 million in 2020 as compared to \$14.7 million in 2019, or a 2.3% decrease.

Expenses and Program Revenues – Governmental Activities – Governmental expenses (totaling \$8.2 million) are funded in part by program-specific revenues of fees for services, grants and contributions. As shown below, Governmental Activities were overall funded by 26.8% 'program revenues', leaving 73.2% to be funded by 'general revenues'. From the Statement of Activities, the following table details this activity for the City.

	(Expenses)	Program Revenue	Net (Expense)	% Funded by Program Revenues	% Required to be Funded by General Revenues
General government	\$ (1,961,827)	\$ —	\$ (1,961,827)	0.0%	100.0%
Public safety	(4,093,322)	392,069	(3,701,253)	9.6%	90.4%
Public works	(1,683,051)	1,681,957	(1,094)	99.9%	0.1%
Culture and recreation	(428,921)	128,781	(300,140)	30.0%	70.0%
Interest	(49,000)	—	(49,000)	0.0%	100.0%
Totals	\$ (8,216,121)	\$ 2,202,807	\$ (6,013,314)	26.8%	73.2%

Government-Wide Financial Analysis (continued)

General Revenues by Source – Governmental Activities

As shown in the table on the preceding page, General Revenues funded the City's Governmental Activities by 73.2% for 2020, and 78.1% for 2019 in the following categories.

	<u>2020</u>	<u>2019</u>
Property taxes and L.O.S.T	\$ 1,909,672	\$ 1,898,195
State shared revenue	847,875	952,135
Licenses and franchise fees	822,036	802,423
Investment earnings	13,931	13,432
Miscellaneous	15,985	(241,037)
Transfer in from other funds	1,788,244	1,813,244
Total	<u>\$ 5,397,743</u>	<u>\$ 5,238,392</u>

Overall, the City experienced a 3.0% decrease in General Revenues in 2020 as compared to 2019 due to the loss of \$429,110 net on disposal/sale of the former Police Department Complex in 2019.

Expenses and Program Revenues – Business-type Activities – The City's Combined Utility Enterprise Fund that comprises its Business-type Activities is used for all resources associated with supplying electricity, natural gas, water and providing sewage services to domestic, business and industrial customers within the City limits as well as some of the surrounding unincorporated areas of Marlboro County. Operating revenues totaled \$15.7 million in 2020 (as compared to \$16.9 million in 2019) and includes electric sales of \$9.8 million, natural gas sales of \$2.1 million, water sales of \$1.5 million plus \$1.8 million from sewer services, with the balance consisting of penalties, reconnect fees and other revenues. Operating expenses totaled \$14.0 million in 2020 as compared to \$14.3 million in 2019. Operating income at year ended April 30, 2020, totaled \$1.7 million (as compared to \$2.7 million in 2019) due to a significant improvement and stability in electric revenue primarily due to an electric rate design adjustment increasing purchased power cost recovery. The system has seen no significant growth in its customer base or consumption patterns.

General Fund Financial Analysis and Budgetary Highlights

Of the City's Governmental Funds, the City's General Fund is the primary fund. The General Fund's 'final' budgeted revenues totaled \$5,109,600 actual revenues achieved equaled \$5,289,082 or \$269,482 more than budget. The City had actual General Fund expenditures of \$7,319,860, compared to a 'final' budget of \$7,122,200 for an unfavorable variance of \$197,660 for the fiscal year ended April 30, 2020.

General Fund Financial Analysis and Budgetary Highlights (continued)

Increases in the cost of gas, diesel fuel, contributed significantly to the over original budget expenditures in the General Fund for Public Safety and Public Works. Also, increased actual costs for capital outlay contributed to non-favorable original budget to actual variances in the General Fund.

Details of the City's General Fund budget are shown in the section entitled "Required Supplementary Information" which follows the "Notes to Financial Statements" in this report. Below is a 'condensed' summary budget-to-actual table for fiscal year 2020 compared to 2019 actual amounts achieved.

General Fund	2020		Variances Over (Under)	2019
	Final Budget	Actual		Actual
Revenue				
Property taxes	\$ 1,110,700	\$ 1,051,864	\$ (58,836)	\$ 1,094,419
Local option sales tax	922,000	857,808	(64,192)	803,776
Licenses, permits and franchise fees	861,000	847,875	(13,125)	802,423
Fines and forfeitures	115,300	85,254	(30,046)	107,253
Intergovernmental	483,000	945,271	462,271	540,962
Charges for services	1,299,300	1,293,970	(5,330)	1,288,888
User fees	32,800	31,835	(964)	42,944
Interest income and other	195,500	175,205	(20,296)	217,967
Total revenue	\$ 5,019,600	\$ 5,289,082	269,482	4,898,632
Expenditures				
Current:				
General government	1,221,883	\$ 1,376,600	(154,717)	1,325,222
Public safety	3,418,422	3,654,387	(235,965)	3,305,799
Public works	1,566,013	1,576,384	(10,371)	1,636,978
Culture and recreation	365,109	357,271	7,838	359,297
Capital outlay	166,454	26,027	140,427	25,500
Debt service	384,319	329,191	55,128	181,379
Total expenditures	7,122,200	7,319,860	(197,660)	6,834,175
Excess (deficiency) of revenue over (under) expenditures	(2,102,600)	(2,030,778)	71,822	(1,935,543)
Other financing sources and (uses)	2,102,800	1,852,882	(249,918)	1,760,782
Net change in fund balance	\$ 200	\$ (177,896)	\$ (178,096)	\$ (174,761)

General Fund Financial Analysis and Budgetary Highlights (continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – As of April 30, 2020, the City’s investment in capital assets for its Governmental Activities totaled \$14.1 million, less accumulated depreciation of \$7.6 million for a net carrying value of \$6.5 million. For its Business-type Activities, total investment in capital assets equaled \$50.1 million, less accumulated depreciation of \$23.7 million for a net carrying value of \$26.4 million. The City’s investment in capital assets includes land, buildings, utility system improvements, machinery and equipment, park facilities, vehicles and furniture. The City’s significant capital asset acquisition for the Governmental Activities was new public safety vehicles and equipment, but disposed of the former Police Department Complex on Main Street. The Business-type Activities (Combined Utility Fund), acquired vehicles and equipment during the year and is continuing with its major capital improvement plan for system infrastructure. Additionally, the Utility Fund acquired the former Marlboro Electric Cooperative building and complex located at Hwy 15/401 Bypass. Information on the City’s capital assets can be found in *Note 6* of this report.

Long-Term Debt – The City has outstanding general obligation bonds (Series 2014 totaling \$326,000), and revenue bonds (Series 2013 totaling \$7,835,000), along with two issuances of South Carolina Water Pollution Control Revolving Fund Loans (Series 2009A and 2009B totaling \$2,455,628), plus three lease-purchase installment obligations (2017A, 2017B and 2019 totaling \$1,530,043). For Governmental Activities, total outstanding long-term debt equaled \$1,856,043 at April 30, 2020. The Business-type Activities had long-term debt outstanding of \$10,290,628. Additional information on the City’s long-term debt can be found in *Note 7* of this report.

The City also implemented GASB #68 for its proportionate share of employee pension obligations. Net pension obligations at April 30, 2020 totaled \$6.7 million for Governmental Activities and \$4.0 million for Business-type Activities for a combined total of \$10.7 million.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Manager, City of Bennettsville, South Carolina.

BASIC FINANCIAL STATEMENTS

CITY OF BENNETTSVILLE, SOUTH CAROLINA

STATEMENT OF NET POSITION

APRIL 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets and Deferred Outflows			
Assets:			
Cash and cash equivalents:			
Unrestricted	\$ 347,859	\$ 289,151	\$ 637,010
Restricted	168,512	205,923	374,435
Equity in pooled cash	637,752	394,069	1,031,821
Investments	—	1,884,166	1,884,166
Receivables, net:			
Accounts, grants and notes	360,364	1,082,640	1,443,004
Due from other governments	591,722	—	591,722
Internal balances, net	2,073,817	(2,073,817)	—
Inventories and prepaid items	57,747	546,022	603,769
Capital assets:			
Nondepreciable	572,233	1,748,967	2,321,200
Depreciable, net	6,000,888	24,617,297	30,618,185
Total assets	<u>10,810,894</u>	<u>28,694,418</u>	<u>39,505,312</u>
Deferred Outflows of Resources:			
Pension related	1,082,531	593,786	1,676,317
Total Assets and Deferred Outflows	<u>\$ 11,893,425</u>	<u>\$ 29,288,204</u>	<u>\$ 41,181,629</u>
Liabilities, Deferred Inflows and Net Position			
Liabilities:			
Accounts payable	\$ 195,412	\$ 686,329	\$ 881,740
Accrued payroll and other payables	31,109	—	31,109
Accrued interest payable	2,455	82,408	84,863
Unearned revenue	184,752	—	184,752
Customer deposits and prepayments	38,407	244,449	282,856
Accrued compensated absences	397,704	155,366	553,070
Bonds and notes payable – due in less than one year	629,722	556,556	1,186,278
Bonds and notes payable – due in more than one year	1,226,321	9,788,082	11,014,404
Net pension obligations	6,684,723	4,038,329	10,723,052
Total liabilities	<u>9,390,605</u>	<u>15,551,519</u>	<u>24,942,124</u>
Deferred Inflows of Resources:			
Pension related	449,753	260,759	710,512
Total liabilities and deferred inflows	<u>9,840,358</u>	<u>15,812,278</u>	<u>25,652,636</u>

— CONTINUED —

CITY OF BENNETTSVILLE, SOUTH CAROLINA

STATEMENT OF NET POSITION

— CONTINUED —

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Liabilities, Deferred Inflows and Net Position (continued)			
Net position:			
Net investment in capital assets	4,717,077	16,021,626	20,738,703
Restricted for:			
Pensions	478,507	266,372	744,879
Debt and capital projects	—	205,923	205,923
Housing and community development	341,183	—	341,183
Fire and law enforcement activities	14,120	—	14,120
Unrestricted (deficit)	<u>(3,497,820)</u>	<u>(3,017,995)</u>	<u>(6,515,815)</u>
Total net position	<u>2,053,067</u>	<u>13,475,926</u>	<u>15,528,993</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 11,893,425</u>	<u>\$ 29,288,204</u>	<u>\$ 41,181,629</u>

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED APRIL 30, 2020

Functions and Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position			
		Fees for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:							
General government	\$ (1,961,827)	\$ —	\$ —	\$ —	\$ (1,961,827)	\$ —	\$ (1,961,827)
Public safety	(4,093,322)	392,069	—	—	(3,701,253)	—	(3,701,253)
Public works	(1,683,051)	1,293,970	—	387,987	(1,094)	—	(1,094)
Culture and recreation	(428,921)	31,835	96,946	—	(300,140)	—	(300,140)
Interest	(49,000)	—	—	—	(49,000)	—	(49,000)
Total governmental activities	<u>(8,216,121)</u>	<u>1,717,874</u>	<u>96,946</u>	<u>387,987</u>	<u>(6,013,314)</u>	<u>—</u>	<u>(6,013,314)</u>
Business-type activities:							
Combined utility	<u>(14,368,222)</u>	<u>15,708,232</u>	<u>—</u>	<u>1,159,949</u>	<u>—</u>	<u>2,499,959</u>	<u>2,499,959</u>
Total business-type activities	<u>(14,368,222)</u>	<u>15,708,232</u>	<u>—</u>	<u>1,159,949</u>	<u>—</u>	<u>2,499,959</u>	<u>2,499,959</u>
Total functions and programs	<u>\$ (22,584,343)</u>	<u>\$ 17,426,106</u>	<u>\$ 96,946</u>	<u>\$ 1,547,936</u>	<u>(6,013,314)</u>	<u>2,499,959</u>	<u>(3,513,355)</u>
General Revenue and Transfers							
General Revenue:							
Property taxes and L.O.S.T.					1,909,672	—	1,909,672
State shared and intergovernmental (unrestricted)					847,875	—	847,875
Business licenses and other franchise fee/tax					822,036	—	822,036
Unrestricted investments earnings					13,931	82,476	96,407
Gain (loss) on disposal/contribution of assets					(180,429)	—	(180,429)
Miscellaneous					196,414	29,078	225,492
Transfers in (out)					<u>1,788,244</u>	<u>(1,788,244)</u>	<u>—</u>
					<u>5,397,743</u>	<u>(1,676,690)</u>	<u>3,721,053</u>
Changes in net position					(615,571)	823,269	207,698
Net Position – beginning of year					<u>2,668,638</u>	<u>12,652,657</u>	<u>15,321,295</u>
Net Position – end of year					<u>\$ 2,053,067</u>	<u>\$ 13,475,926</u>	<u>\$ 15,528,993</u>

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

APRIL 30, 2020

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents:				
Unrestricted	\$ 38,448	\$ 196,146	\$ 113,265	\$ 347,859
Restricted	15,693	24,449	128,370	168,512
Equity in pooled cash	333,735	980,341	(676,324)	637,752
Receivables:				
Property taxes	352,810	—	—	352,810
Other and notes	307,042	—	1,089,313	1,396,355
Less, allowances for doubtful accounts	(547,296)	—	(209,313)	(756,609)
Due from other governments	591,722	—	—	591,722
Due from other funds	3,653,085	153,715	676,324	4,483,124
Inventory and prepaid items	57,747	—	—	57,747
Total assets	\$ 4,802,986	\$ 1,354,651	\$ 1,121,635	\$ 7,279,272
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 72,823	\$ 122,588	\$ —	\$ 195,411
Accrued payroll and related payables	31,109	—	—	31,109
Due to other funds	499,836	1,892,876	16,595	2,409,307
Due to other governments	—	—	—	—
Unearned revenue	184,752	—	—	184,752
Deposits	14,100	—	24,307	38,407
Total liabilities	802,620	2,015,464	40,902	2,858,986
Fund balances:				
Non-spendable	57,747	—	—	57,747
Restricted	1,593	—	985,902	987,495
Committed	—	—	—	—
Assigned	25,000	—	113,281	138,281
Unassigned (deficit)	3,916,026	(660,813)	(18,450)	3,236,763
Total fund balances	4,000,366	(660,813)	1,080,733	4,420,286
Total liabilities and fund balances	\$ 4,802,986	\$ 1,354,651	\$ 1,121,635	\$ 7,279,272

— CONTINUED —

CITY OF BENNETTSVILLE, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

— CONTINUED —

**Reconciliation to amounts reported for governmental activities in the
Statement of Net Position (See Note 13):**

Total Governmental Funds fund balances	\$ 4,420,286
Capital assets, net of accumulation depreciation, used in governmental activities are not financial resources and therefore, are not reported in these funds.	6,573,121
Certain receivables are not financial resources and therefore, are not reported in these funds.	(632,192)
Certain deferred outflows related to pensions are not available to pay for current, expenditures and deferred inflows related to pensions are not due and payable in the current period and , therefore, are not reported in the funds.	632,778
Long-term liabilities, including bonds/notes payable, compensated absences and pension obligation are not due and payable in the current period and therefore are not reported in these funds.	<u>(8,940,926)</u>
Net position, end of year – Governmental Activities	<u>\$ 2,053,067</u>

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES-

GOVERNMENTAL FUNDS

YEAR ENDED APRIL 30, 2020

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenue				
Taxes, penalties and fees	\$ 1,051,864	\$ —	\$ —	\$ 1,051,864
Local options sales tax	857,808	—	—	857,808
Licenses, permits and franchise fees	847,875	—	—	847,875
Fines and forfeitures	85,254	—	178,678	263,932
Intergovernmental – grants, state shared and other	945,271	85,962	403,873	1,435,106
Charges for services – solid waste and lot clearing	1,293,970	—	—	1,293,970
User fees – community/fitness centers and other rent	31,835	—	—	31,835
Interest income	1	492	1,910	2,403
Contributions and other	175,204	25,000	—	200,204
Total revenue	5,289,082	111,454	584,461	5,984,997
Expenditures				
Current:				
General government	1,376,600	—	195,003	1,571,603
Public safety	3,654,387	—	—	3,654,387
Public works	1,576,384	—	—	1,576,384
Culture and recreation	357,271	—	47,930	405,201
Capital outlay	26,027	1,371,270	—	1,397,297
Debt service	329,191	932	338,162	668,285
Total expenditures	7,319,860	1,372,202	581,095	9,273,157
Excess (deficiency) of revenue over expenditures	(2,030,778)	(1,260,748)	3,366	(3,288,160)
Other Financing Sources (Uses)				
Lease purchase contract	—	885,000	—	885,000
Cost of issuance	—	(16,000)	—	(16,000)
Insurance reimbursement	—	19,882	—	19,882
Transfers in	2,107,800	5,000	338,162	2,450,962
Transfers (out)	(254,918)	(255,552)	(407,800)	(918,270)
Total other financing sources (uses)	1,852,882	638,330	(69,638)	2,421,574
Net change in fund balances	(177,896)	(622,418)	(66,272)	(866,586)
Fund balances, beginning of year	4,178,262	(38,395)	1,147,005	5,286,872
Fund balances, end of year	<u>\$ 4,000,366</u>	<u>\$ (660,813)</u>	<u>\$ 1,080,733</u>	<u>\$ 4,420,286</u>

— CONTINUED —

CITY OF BENNETTSVILLE, SOUTH CAROLINA
 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES-
 GOVERNMENTAL FUNDS

— CONTINUED —

**Reconciliation to amounts reported for governmental activities in the
 Statement of Activities (See Note 13):**

Net change in fund balances – total governmental funds	\$ (866,586)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	685,828
Certain revenues and expenses are not reported as source and uses of current financial resources. This is the amount of such accruals.	(169,098)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and interest consumes current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>(265,715)</u>
Change in Net Position – Governmental Activities	<u>\$ (615,571)</u>

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

BALANCE SHEET

PROPRIETARY FUND

APRIL 30, 2020

	<u>Business-type Activities – Enterprise Fund Combined Utility</u>
Assets and Deferred Outflows	
Current assets:	
Cash and cash equivalents	\$ 289,151
Equity in pooled cash	394,069
Investments	1,884,166
Accounts receivable, net	1,082,640
Inventories and prepaid items	546,022
Due from other funds	194,500
	<u>4,390,548</u>
Current restricted assets:	
Restricted cash and cash equivalents	205,923
Restricted MEC building escrow	—
	<u>205,923</u>
Total current assets	<u>4,596,471</u>
Non-current assets:	
Capital assets, not subject to depreciation	1,748,967
Capital assets subject to depreciation, net	24,617,297
Total non-current assets	<u>26,366,264</u>
Deferred Outflows of Resources:	
Pension related	593,786
Total deferred outflows	<u>593,786</u>
Total assets and deferred outflows	<u>\$ 31,556,521</u>
Liabilities, Deferred Inflows and Net Position	
Current liabilities:	
Accounts payable	\$ 686,329
Accrued payroll and withholdings payable	—
Due to other funds	2,268,317
Customer deposits and prepayments	244,449
	<u>3,199,095</u>
Current liability payable from restricted assets:	
Accrued interest payable	82,408
Bonds payable – current portion	556,556
Note payable – MEC	—
	<u>638,964</u>
Total current liabilities	<u>3,838,059</u>
Long-term (non-current) liabilities:	
Accrued compensated absences	155,366
Revenue bonds payable	9,788,082
Net pension liabilities	4,038,329
Total long-term liabilities	<u>13,981,777</u>
Total liabilities	<u>17,819,836</u>

— CONTINUED —

CITY OF BENNETTSVILLE, SOUTH CAROLINA

BALANCE SHEET

PROPRIETARY FUND

— CONTINUED —

	<u>Business-type Activities – Enterprise Fund</u> <u>Combined Utility</u>
Liabilities, Deferred Inflows and Net Position (continued)	
Deferred Inflows of Resources:	
Pension related	260,759
Total deferred inflows	<u>260,759</u>
Net position:	
Net investment in capital assets	16,021,626
Restricted for pensions	266,372
Restricted for debt and capital projects	205,923
Restricted MEC building	—
Unrestricted (deficit)	<u>(3,017,995)</u>
Total net position	<u>13,475,926</u>
Total liabilities, deferred inflows and net position	<u>\$ 31,556,521</u>

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED APRIL 30, 2020

	Business-type Activities – Enterprise Fund Combined Utility
Operating Revenue (pledged as security for notes and bonds)	
Sales and services:	
Water	\$ 1,526,459
Sewer	1,829,263
Electric	9,820,346
Gas	2,127,778
Penalties, reconnect fees and other revenue	404,386
Total operating revenue	15,708,232
Operating Expenses	
Water plant	1,017,500
Water distribution	386,165
Wastewater plant and collection	459,567
Sewer/Stormwater collection	177,243
Electricity purchase and transmission	7,835,627
Gas purchase and distribution	1,622,210
Administration	642,649
Billing office	532,521
Non-departmental	202,880
Depreciation expense	1,119,296
Total operating expenses	13,995,658
Operating income	1,712,574
Non-Operating Revenue (Expenses)	
FEMA grant reimbursement	11,584
Non-operating revenue	17,494
Interest income	82,476
Interest expense	(363,982)
Fiscal agent fees	(12,440)
Amortization of bond premium	3,858
Total non-operating revenue (expenses)	(261,010)
Income before contributions and transfers	1,451,564
Capital contributions	
Capital grants	904,397
Contributed capital	255,552
Total capital contributions	1,159,949
Transfers	
Transfers (out) to other funds	(1,788,244)
Change in net position	823,269
Net position, beginning of year	12,652,657
Net position, end of year	\$ 13,475,926

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

YEAR ENDED APRIL 30, 2020

	<u>Business-type Activities-- Enterprise Fund Combined Utility</u>
Cash Flows from Operating Activities	
Cash received from:	
Combined utility sales and services, penalties, reconnect fees and other revenue	\$ 15,719,997
Cash paid to (for):	
Employee salaries and related costs, and combined utility operations	(12,710,535)
Net cash provided by (used in) operating activities	<u>3,009,462</u>
Cash Flows from Non-capital Financing Activities	
Transfer to General Fund and Debt Service Fund	(1,788,244)
Non-operating revenue and grants	29,078
Net cash provided by (used in) non-capital financing activities	<u>(1,759,166)</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(1,414,678)
Capital grants and capital contributions	904,379
Interest paid on capital related debt and fiscal agent fees	(379,729)
Principal payments under bonds and capital leases	(1,124,725)
Net cash provided by (used in) capital and related financing activities	<u>(2,014,753)</u>
Cash Flows from Investing Activities	
Interest received	40,733
Change in purchases/sales of investments and accrued income	644,853
Net cash provided by (used in) investing activities	<u>685,586</u>
Net increase (decrease) in cash and cash equivalents	(78,871)
Cash and cash equivalents, beginning of year (of which \$474,059 is restricted)	968,014
Cash and cash equivalents, end of year (of which \$205,923 restricted)	<u>\$ 889,143</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 1,712,574
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation expense	1,119,296
Changes in certain assets and liabilities:	
(Increase) decrease in accounts receivable	(765)
(Increase) decrease in inventory and prepaid items	4,085
Increase (decrease) in accounts payable/accrued expenses	(11,021)
Increase (decrease) in accrued compensated absences	(40,624)
Increase (decrease) in customer deposits	(12,530)
Increase (decrease) in internal balances due to other funds	164,348
(Increase) decrease in deferred outflows of resources	(28,452)
Increase (decrease) in deferred inflows of resources	(131,732)
Increase (decrease) in net pension liabilities	234,283
Net cash provided by (used in) operating activities	<u>\$ 3,009,462</u>

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUND

APRIL 30, 2020

	Balance, April 30, 2019	Additions	Deletions	Balance, April 30, 2020
Assets				
Cash and cash equivalents:				
Firemen's 1% fund	\$ 29,644	\$ 33,415	\$ (27,597)	\$ 35,462
Total assets	\$ 29,644	\$ 33,415	\$ (27,597)	\$ 35,462
Liabilities				
Amounts due to others:				
Firemen's 1% fund	\$ 29,644	\$ 33,415	\$ (27,597)	\$ 35,462
Total liabilities	\$ 29,644	\$ 33,415	\$ (27,597)	\$ 35,462

CITY OF BENNETTSVILLE, SOUTH CAROLINA

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2020

1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Bennettsville, South Carolina (the “City”) was founded in 1819, 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 City Act). The City operates under the council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health, culture-recreation, public improvements, planning and zoning and general administrative services.

The financial statements of the City 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.

B. Basis of Presentation – Basis of Accounting

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the City. These statements include the financial activities of the overall government. These statements distinguish between the governmental and business-type activities of the City. Governmental Activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type Activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City’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 (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the General Fund as the “major” governmental fund and the Combined Utility Fund as the “major” proprietary fund.

A schedule of non-major funds is presented separately as part of Other Financial Information. Because of the basis of accounting and reporting differences, summary reconciliations to the Government-wide financial statements are presented at the end of each applicable fund financial statement.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Governmental Funds

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

Special Revenue Funds – The Special Revenue Fund is 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.

Capital Projects Fund – The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed by the proprietary fund.

Proprietary Funds

Enterprise Fund – The Enterprise Fund is 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.

The City operates a combined utility enterprise fund for its water, sewer, electricity and gas sales and services.

C. Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements – The ‘government-wide’, and Proprietary Fund financial statements are reported using the economic resources measurement focus and use the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting (Continued)

The City's policy for applying expenses that can use both restricted and unrestricted resources is to first apply the expense to restricted resources then to unrestricted resources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements — Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases or installment note contract obligations are reported as other financing sources.

Taxes are billed in October and are payable at that time. Property taxes attach as enforceable liens on property as of December 31. All unpaid taxes levied become delinquent January 16 of the following year. Property tax revenues are recognized when levied to the extent that they result in current receivables. In keeping with the modified accrual method of accounting, it has been determined that taxes receivable should reflect only those deemed collectible within 60 days.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

D. Budgets and Budgetary Accounting

Budgets and Encumbrances – Generally, budgets are adopted on a basis consistent with generally accepted accounting principles. A legal operating budget is prepared annually for the General Fund and Combined Utility Fund. Informal budgetary controls are maintained for other funds.

The City Administrator is authorized to administer the budget and transfer amounts within and between departments and funds as necessary and designate continuing projects from fund balances or additional unbudgeted revenue and transfers.

The General Fund operated under a final budget totaling \$7,127,200. Actual expenditures totaled \$7,319,860, and transfers-out of \$254,918. The Combined Utility Fund operated under a budget totaling \$16,602,300, (which included operating and non-operating expenses, transfers, and capital outlay). Actual operating expenses totaled \$13,995,658 (including a non-budgetary charge of \$1,119,296 for depreciation), non-operating expenses totaled \$261,010, (net of non-operating revenue), and transfers-out totaled \$1,788,244.

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses

Cash and Cash Equivalents and Investments

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

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable includes amounts due from other governments and is stated net of their allowance for uncollectible accounts.

Inventory

Inventory, consisting of materials and supplies for use in the City’s combined utility system, is valued at cost or estimated historical cost on a first-in, first-out (FIFO) basis. Inventory consists of expendable supplies held for consumption. Reported inventory expenditures or expenses are recognized when inventories are consumed.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions result in loans or advances between individual funds. The lending fund reports amounts ‘due from other funds’, while the borrowing fund reports amounts ‘due to other funds’ and have been eliminated in the “Government-wide” financial statements. Such amounts between the Governmental activities and the Business-type activities are reported as “internal balances” on the Statement of Net Position.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Restricted Assets

Restricted accounts include monies or other resources, the use of which is restricted by legal or contractual requirements. In the Enterprise Fund restricted assets arise from certain bond and contract ordinances.

Capital Assets and Depreciation

Capital assets, which include land, buildings, improvements, machinery and equipment, and infrastructure assets, are reported in the applicable Governmental or Business-type Activities columns in the Government-wide financial statements. Capital assets of the City that are not specifically related to activities reported in proprietary or fiduciary funds have been reported as assets in the governmental funds column of the Government-wide financial statement. Capital assets are defined by the City as those assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

All capital assets are valued at historical cost if purchased or constructed, 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. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of all exhaustible capital assets has been provided based on the estimated useful lives of the class of assets, or individual assets using the straight line method with service lives as follows:

Buildings	— 25 to 40 years
Improvements	— 10 to 20 years
Equipment	— 5 to 10 years
Combined utility systems	— 40 to 50 years

Interest costs incurred during the construction phase of capital assets are reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Long-term Obligations

In the Government-wide financial statements, and the 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. Long-term debt represents unmatured principal of general obligation and revenue bond indebtedness, and outstanding portions due on long-term contracts. Other long-term obligations represent outstanding net present value portions due on capital lease obligations, and long-term portions of claims or judgments. Liabilities arising from interfund activities do not constitute general long-term liabilities. Bond issuance costs, as well as bond premiums and discounts, are expensed during the period pursuant to GASB Statement 65.

In the Governmental Fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs as expenditures of the current period. The face amount of the debt issued, along with any bond premium and discounts, is reported as Other Financing Sources.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Compensated Absences (Accrued Vacation and Sick Leave)

The vacation policy of the City is to provide for vacation leave annually depending on length of service. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded within those funds as the leave is earned.

The sick leave policy of the City is to provide for unlimited accumulation of earned sick leave. Sick leave does not vest. Since none of the entities have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the City.

Net Position and Fund Balances

In the Government-wide financial statements, the difference between the City's total assets and total liabilities represents net position. Net position for both the governmental and proprietary fund types displays three components – investment in capital assets, (net of related debt); restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represent the net position available for future operations.

In the Fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. "Nonspendable" fund balances include those amounts that cannot be spent because they are either not in a spendable form or legally or contractually required to be maintained intact. "Restricted" fund balances include those amounts that are legally restricted by outside parties, laws, governments, or enabling legislation for use for a specific purpose. "Committed" fund balances are amounts that can only be used for specific purposes due to constraints imposed by formal action of the City Council which is the City's highest level of decision making authority. "Assignments" of fund balance present management's intent, but are neither restricted nor committed. "Unassigned" fund balance is the residual classification representing fund balance that has not been restricted, committed, or assigned to a specific purpose.

Property Taxes

The City assesses and levies property taxes in accordance with applicable laws of the State of South Carolina. Real property and personal property of every description owned and used in the City, except that which is exempt from taxation under the Constitution and Laws of the State, is subject to taxation. An annual ordinance establishing the mileage rate associated with the levy is adopted each year as a part of the budget adoption process.

Real property and all personal property other than vehicles are assessed for property tax purposes as of December 31 of each year. The basis for value of taxable property within the City is taken from the records of the Marlboro County Assessor. Taxes are levied on July 1 with the passage of the fiscal year budget and millage ordinance, billed in October, and are due by January 15 in the year following their levy. A penalty of 3% is added to the tax bill on January 16; with an additional 7% added on February 2; and an additional 5% added to the tax bill on March 17.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Property Taxes (continued)

New vehicle property taxes are assessed and levied within 120 days of the registration date of the vehicle and payment is due upon receipt of the property tax notice. Other vehicle property taxes are assessed and levied in the month the vehicle is scheduled for license renewal with the South Carolina Department of Transportation and payment is due before the end of the month of the scheduled renewal.

For Government-wide financial statements, property taxes are recognized as revenue in the year for which they are levied. For Government Fund financial statements, City property tax revenues are recognized for the budget period to which they apply when they become measurable and available. Delinquent and unpaid property taxes are reported as receivables, less amounts estimated to be uncollectible.

Program and General Revenue

The City charges public fees for building permits and inspections, and admission fees for certain recreational activities. These fees as well as fines for traffic violations and grant revenues are recorded as program revenue in the Statement of Activities.

General revenue reported by the City include property taxes, state-shared taxes, business licenses and other government imposed non-exchange fees (e.g. franchise fees, which are general revenue fees in lieu of business licenses).

Unearned Revenue

In the Government-wide financial statements, and in the Governmental Fund and Proprietary Fund types, certain assets are recognized in connection with a transaction before the earnings process is complete. These assets are generally offset by a corresponding liability entitled unearned revenue. Unearned revenue in the Government-wide and in the Governmental Fund financial statements certain assets that are not yet available to finance expenditures for the current fiscal period are classified as unearned revenue.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement Plan (SCRS) and South Carolina Police Officers Retirement Plan (PORS) and additional to/deductions from plans fiduciary net position have been determined on the same basis as they are reported by the related plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Deferred Inflows/Outflows of Resources

Pursuant to GASB Concepts Statement No. 4, “deferred outflow of resources” is a consumption of net position (assets minus liabilities) by the government that is applicable to a future period, while an ‘asset’ is a resource with present service capacity that the government presently controls. A “deferred inflow of resources” is an acquisition of net position (assets minus liabilities) by the government that is applicable to a future reporting period, while a ‘liability’ is a present obligation to sacrifice resources that the government has little or no discretion to avoid. Deferred outflows and inflows of resources are reported separate from assets and liabilities, respectively, in the Statement of Net Position.

Comparative Data and Reclassifications

Comparative data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the City’s financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

2. Deposits and Investments

As of April 30, 2020, the City had the following cash and investment balances:

Cash on hand	\$ 4,042
Carrying amount of deposits	2,049,813
Investments	<u>1,909,039</u>
Totals	<u>\$ 3,962,894</u>
Statement of Net Position balances:	
Cash and cash equivalents:	
Unrestricted	\$ 637,010
Restricted	374,435
Fiduciary	35,462
Equity in pooled cash	1,031,821
Investments	<u>1,884,166</u>
Totals	<u>\$ 3,962,894</u>

Deposits

The City's policy, by law, requires all financial institutions that receive City funds to secure the deposits by deposit insurance or collateral securities to protect the City against any loss.

Custodial credit risk for deposits is the risk that in the event of a depository institution's failure, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. Deposits include cash and cash equivalents on deposits in banks or the State Treasurer Investment Pool and non-negotiable certificates of deposits. At April 30, 2020, the carrying amount of the City's deposits with financial institutions equaled \$2,049,813, and the bank balances totaled \$2,395,290. Of the bank balances, \$805,837 was covered by federal depository insurance with the balance collateralized by securities held by the financial institution in the City's name.

Investments

Statutes authorize the City to invest in certificates of deposit, repurchase agreements, passbook savings accounts, bankers' acceptance agreements, and other available bank investments, provided that approved securities are pledged to secure those funds on deposit in an amount equal to the amount of those funds. In addition, the City can invest in direct debt securities of the United States government.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

2. Deposits and Investments (Continued)

Investments (continued)

Types of investments at April 30, 2020 were certificates of deposit of various financial institutions, securities of the U.S. Treasury or agencies, mutual funds of governmental agency securities, and corporate bonds and notes as follows:

	<u>Fair Value</u>	<u>Maturity</u>
Certificate of deposit – 1.00%	\$ 151,521	4/27/2021
Certificate of deposit – 1.00%	152,507	4/27/2024
Federal government agencies’ securities	1,399,088	Varies
Money market (debt service trust) funds	<u>205,923</u>	Varies
Total fair value	<u>\$ 1,909,039</u>	

Custodial credit risk of investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of April, 30, 2020, none of the City’s investments were exposed to custodial credit risk.

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk. The City places no limit on the amount it may invest in any one issuer. All of the City’s investments were held and managed by two financial institutions as of April 30, 2020.

3. Restricted Assets

Restricted cash and cash equivalents reported for the Governmental Activities totaled \$168,512 at April 30, 2020. Of this total, \$24,449 was restricted to the purchase of specific items of equipment under installment purchase contracts or capital leases. The balance of \$144,063 was restricted as required under the terms of municipal court, housing, fire, and law enforcement activities. Restricted cash and cash equivalents reported in the Business-type Activities totaled \$205,923 at April 30, 2020. This amount was for projects authorized by the Combined Utility System Bonds, Series 2013, plus the Series 2009 A and B Debt Service Reserve Funds.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

4. Receivables

Accounts receivable at April 30, 2020, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities
Property taxes	\$ 352,810	\$ —
Sanitation fees	135,241	—
Notes	457,121	—
Lot clearing fees and other	171,801	—
Combined Utility Accounts	—	1,326,456
Total receivables	<u>1,116,973</u>	<u>1,326,456</u>
Less, allowance for uncollectible accounts	<u>(756,609)</u>	<u>(243,816)</u>
Receivables, net	<u>\$ 360,364</u>	<u>\$ 1,082,640</u>

Notes receivable at April 30, 2020, including the applicable allowances for uncollectible accounts and imputed interest are as follows:

	Governmental Activities
Upper Story Housing (<i>see Note 14</i>)	\$ 880,000
Housing rehabilitation	111,836
Housing assistance	82,488
CDBG Repayment Fund	14,989
Total notes receivable	<u>1,089,313</u>
Less, allowance for uncollectible accounts and unrealized imputed interest	<u>(841,505)</u>
Notes receivable, net	<u>\$ 247,808</u>

5. Due to/from Other Funds – Internal Balances

Short-term interfund receivables and payables at April 30, 2020, were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 3,653,085	\$ 499,836
Special Revenue Fund	—	16,595
Capital Project Fund	153,715	1,892,876
Debt Service Fund	676,324	—
Utility Fund	194,500	2,268,317
Total interfund balances	<u>4,677,624</u>	<u>4,677,624</u>
Less, eliminations	<u>(2,603,807)</u>	<u>(2,603,807)</u>
Internal balances, net	<u>\$ 2,073,817</u>	<u>\$ 2,073,817</u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

5. Due to/from Other Funds – Internal Balances (Continued)

Transfers to/from Other Funds

Transfers in (out) for the year ended April 30, 2020 are summarized below:

	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund	\$ 2,107,800	\$ (254,918)
Special Revenue Funds	—	(407,800)
Capital Project Fund	5,000	(255,552)
Debt Service Fund	338,162	—
Utility Fund	255,552	(1,788,244)
	<u>\$ 2,706,514</u>	<u>\$ (2,706,514)</u>

Transfers between the major funds, other non-major governmental funds and enterprise funds were primarily to support the operations and debt service of the funds. For the year ended April 30, 2020, net transfers between Governmental Activities and Business-type Activities totaled \$1,788,244, \$1,700,000 budgeted for indirect overhead operating activities, \$88,244 for lease-purchase debt services. Additionally, the Governmental Activities contributed capital assets to the Business-type Activities totaling \$255,552, during the year ended April 30, 2020.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Capital Assets

A summary of the changes in the City's capital assets during the year ended April 30, 2020, are as follows:

Governmental Activities:

	Balance April 30, 2019	Additions	Retirements	Transfers	Balance April 30, 2020
Capital assets not being depreciated:					
Land	\$ 572,233	\$ —	\$ —	\$ —	\$ 572,233
Construction in process	—	—	—	—	—
Total capital assets not being depreciated	<u>572,233</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>572,233</u>
Capital assets being depreciated:					
Land improvements	118,195	—	—	—	118,195
Buildings and improvements	2,787,222	228,617	—	—	3,015,839
Facades, parking and improvements	4,372,993	15,000	—	—	4,387,993
Furniture, fixtures, and equipment	2,447,048	448,401	(279,177)	—	2,616,272
Vehicles	2,900,454	572,184	(22,713)	—	3,449,925
Totals capital assets being depreciated	<u>12,625,912</u>	<u>1,264,202</u>	<u>(301,890)</u>	<u>—</u>	<u>13,588,224</u>
Less, accumulated depreciation for:					
Land improvements	(101,193)	(850)	—	—	(102,043)
Buildings and improvements	(1,104,784)	(83,461)	—	—	(1,188,245)
Facades, parking and improvements	(2,942,187)	(196,034)	—	—	(3,138,221)
Furniture, fixtures, and equipment	(1,866,776)	(120,120)	330,626	—	(1,656,270)
Vehicles	(1,295,912)	(229,358)	22,713	—	(1,502,557)
Total accumulated depreciation	<u>(7,310,852)</u>	<u>(629,823)</u>	<u>353,339</u>	<u>—</u>	<u>(7,587,336)</u>
Total capital assets being depreciated, net	<u>5,315,060</u>	<u>634,379</u>	<u>51,449</u>	<u>—</u>	<u>6,000,888</u>
Net capital assets – Governmental Activities	<u>\$ 5,887,293</u>	<u>\$ 634,379</u>	<u>\$ 51,449</u>	<u>\$ —</u>	<u>\$ 6,573,121</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the Governmental Activities as follows:

General government	\$ 356,480
Public safety	189,577
Public works	66,61
Culture and recreation	17,005
Total depreciation expense	<u>\$ 629,823</u>

Business-Type Activities:

	<u>Balance</u> <u>April 30, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>April 30, 2020</u>
Capital assets not being depreciated:					
Land	\$ 447,359	\$ —	\$ —	\$ —	\$ 447,359
Construction in progress	139,031	1,540,244	—	(377,667)	1,301,608
Total capital assets not being depreciated	<u>586,390</u>	<u>1,540,244</u>	<u>—</u>	<u>(377,667)</u>	<u>1,748,967</u>
Capital assets being depreciated:					
Buildings and improvements	2,061,004	—	—	—	2,061,004
Systems improvements	41,926,348	43,662	—	377,667	42,347,677
Equipment and vehicles	3,948,937	86,324	(84,760)	—	3,950,501
Total capital assets being depreciated	<u>47,936,289</u>	<u>129,986</u>	<u>(84,760)</u>	<u>377,667</u>	<u>48,359,182</u>
Less, accumulated depreciation for:					
Buildings and improvements	(574,019)	(16,862)	—	—	(590,881)
Systems improvements	(19,532,610)	(896,030)	—	—	(20,428,640)
Equipment and vehicles	(2,600,720)	(206,404)	84,760	—	(2,722,364)
Total accumulated depreciation	<u>(22,707,349)</u>	<u>(1,119,296)</u>	<u>84,760</u>	<u>—</u>	<u>(23,741,885)</u>
Total capital assets being depreciated, net	<u>25,228,940</u>	<u>(989,310)</u>	<u>—</u>	<u>377,667</u>	<u>24,617,297</u>
Net capital assets – Business-type activities	<u>\$ 25,815,330</u>	<u>\$ 550,934</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 26,366,264</u>

Depreciation expense for Business-type Activities and the Proprietary Fund equaled \$1,119,296 for the year ended April 30, 2020.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt

General Obligation Bonds

All general obligation bonds serviced by the City’s General Fund are collateralized by the full faith, credit, and taxing power of the City. Principal and interest payments are appropriated when due.

Revenue Bonds

The City revenue bonds, including the State Revolving Fund loans, are secured by a pledge of revenue generated by the Combined Utility System.

Lease Purchase (Installment) Notes

The City’s periodically enters into installment financing arrangements with local institutions for the purpose of acquiring certain vehicles and equipment. Principal and interest payments are appropriated when due.

Long-term debt of the City at April 30, 2020 consists of the following:

A. Governmental Activities

Series 2014 General Obligation Bond, dated 8/29/14, due in semi-annual installments through August 2023, interest at 2.188%.	\$ 326,000
Lease Purchase Contract 2017A - \$1,610,500, dated 5/25/17, due in quarterly principal and interest (at 1.86% per annum) installments of \$84,540 through June 1, 2022.	743,472
Lease Purchase Contract 2017B - \$125,000, dated 11/30/17, due in quarterly principal and interest (at 2.77% per annum) installments of \$6,630 through December 1, 2022.	70,501
Lease Purchase Contract 2019 - \$885,000, dated 5/23/19, due in quarterly principal and interest (at 2.65% per annum) installments of \$47,316 through May 1, 2024.	716,070
	<u>1,856,043</u>
Less, current portions (due within one year)	<u>(629,722)</u>
Net long-term debt – Governmental Activities	<u>\$ 1,226,321</u>

B. Business-Type Activities

Series 2009A South Carolina Water Pollution Control Revolving Fund Loan, dated 8/31/09, due in quarterly installments of \$20,146 through October 1, 2030; interest at 1.85%.	\$ 747,541
Series 2009B South Carolina Drinking Water Revolving Fund Loan, dated 8/31/09, due in quarterly installments of \$25,366 through September 1, 2040; interest at 1.88%.	1,708,087
Series 2013 Combined Utility System Refunding and Improvement Revenue Bonds, dated 12/19/13, payable semi-annually with interest (3.0% – 4.25% per annum); final payment due February 2024.	7,835,000
	<u>10,290,628</u>
Less, current portions (due within one year):	<u>(556,556)</u>
Add, Series 2013 bond premium (\$77,158 net of amortization of \$23,148)	54,010
Net long-term debt – Business-type Activities	<u>\$ 9,788,082</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

C. Changes in Long-Term Debt

Changes in the long-term debt of the City during the year ended April 30, 2020, were as follows:

	<u>Outstanding 4/30/19</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding 4/30/20</u>
Governmental Activities:				
Series 2014 G.O. Bond	\$ 430,000	\$ —	\$ (104,000)	\$ 326,000
Installment note contract – 2017A	\$ 1,064,070	\$ —	\$ (320,598)	\$ 743,472
Installment note contract – 2017B	\$ 95,070	\$ —	\$ (24,569)	\$ 70,501
Installment note contract – 2019	\$ —	\$ 885,000	\$ (168,930)	\$ 716,070
Business-type Activities:				
Series 2009A SRF Loan	\$ 813,187	\$ —	\$ (65,646)	\$ 747,541
Series 2009B SRF Loan	\$ 1,776,785	\$ —	\$ (68,699)	\$ 1,708,087
Series 2013 Refunding Revenue Bond	\$ 8,245,000	\$ —	\$ (410,000)	\$ 7,835,000
Note Payable – MEC	\$ 580,381	\$ —	\$ (580,381)	\$ —

During FY 17-18, the City purchased certain land, building and improvements from Marlboro Electric Cooperative (MEC) for \$1,750,000. As part of the closing, the City obtained a short-term note payable which was paid off in FY 19-20.

The City issued Series 2013 Refunding and Improvement Revenue Bonds to current refund the majority of the Series 2004 Revenue Bonds. The refunding resulted in a premium at issuance of \$77,158, which is being amortized over the life of the bonds. Accumulated amortization totaled \$23,147.

D. Accrued Compensated Absences

Changes in accrued compensated absences (vacation payable) are as follows:

	<u>Balances 4/30/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances 4/30/20</u>
Governmental Activities:	\$ 350,220	\$ 47,484	\$ —	\$ 397,704
Business-type Activities	195,990	—	(40,624)	155,366
	\$ 546,210	\$ 47,484	\$ (40,624)	\$ 553,070

The City does not have a policy/program of providing post-employment health benefits for retirees.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

E. Annual Requirements for Long-Term Debt

The annual debt service requirements to amortize the City's long-term debt, except accrued compensated absences, are summarized below:

G.O. Bond – Series 2014			
Fiscal Year	Principal	Interest	Total
2021	\$ 106,000	\$ 7,133	\$ 113,133
2022	109,000	4,813	113,813
2023	111,000	2,429	113,429
	<u>\$ 326,000</u>	<u>\$ 14,375</u>	<u>\$ 340,375</u>
Lease Purchase Contract - 2017A			
Fiscal Year	Principal	Interest	Total
2021	\$ 326,602	\$ 11,559	\$ 338,161
2022	332,720	5,442	338,162
2023	84,150	391	84,541
	<u>\$ 743,472</u>	<u>\$ 17,392</u>	<u>\$ 760,864</u>
Lease Purchase Contract - 2017B			
Fiscal Year	Principal	Interest	Total
2021	25,131	1,387	26,518
2022	25,706	812	26,518
2023	19,664	224	19,888
	<u>\$ 70,501</u>	<u>\$ 2,423</u>	<u>\$ 72,924</u>
Lease Purchase Contract - 2019			
Fiscal Year	Principal	Interest	Total
2021	\$ 171,989	\$ 17,276	\$ 189,265
2022	176,592	12,673	189,265
2023	181,318	7,947	189,265
2024	186,171	3,094	189,265
	<u>\$ 716,070</u>	<u>\$ 40,990</u>	<u>\$ 757,060</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

E. Annual Requirements for Long-Term Debt (continued)

SRF Loan - Series 2009A

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	66,879	13,705	80,584
2022	68,063	12,521	80,584
2023	69,288	11,296	80,584
2024	70,557	10,027	80,584
2025	71,871	8,713	80,584
2026-2030	301,577	20,759	322,336
2031	99,306	1,424	100,730
	<u>\$ 747,541</u>	<u>\$ 78,445</u>	<u>\$ 825,986</u>

SRF Loan – Series 2009B

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	69,677	31,786	101,463
2022	70,902	30,561	101,463
2023	72,018	29,445	101,463
2024	73,211	28,252	101,463
2025	74,432	27,031	101,463
2026-2030	392,156	115,159	507,315
2031-2035	430,650	76,665	507,315
2036-2040	475,229	32,085	507,315
2041	49,812	919	50,731
	<u>\$1,708,087</u>	<u>\$ 371,903</u>	<u>\$ 2,079,990</u>

Revenue Bond – Series 2013

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	420,000	307,288	727,288
2022	435,000	293,638	728,638
2023	450,000	278,413	728,413
2024	465,000	262,663	727,663
2025	480,000	246,388	726,388
2026-2030	2,705,000	927,937	3,632,937
2031-2034	2,880,000	309,298	3,189,298
	<u>\$7,835,000</u>	<u>\$2,625,625</u>	<u>\$10,460,625</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Net Position and Fund Balances

Net position of the Government-wide and Proprietary Fund financial statements represent the difference between assets and liabilities as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Net Investment in Capital Assets:</u>		
Net capital assets	\$ 6,573,121	\$ 26,366,264
Less, long-term debt payable	(1,856,044)	(10,344,638)
Total net investment in capital assets	<u>\$ 4,717,077</u>	<u>\$ 16,021,626</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Restricted for:</u>		
Pensions	\$ 478,507	\$ 266,372
Debt services	—	205,923
Capital projects	—	—
Housing and community development	93,375	—
Upper Story Housing notes receivable	880,000	—
Less, unrealized imputed interest	(632,192)	—
Fire prevention and education	1,593	—
Municipal court	12,527	—
Total restricted	<u>\$ 833,810</u>	<u>\$ 472,295</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Net Position and Fund Balances (continued)

As described in *Note 1*, Governmental Funds fund balances are reported in classifications based on the specific purposes for which those funds can be spent as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<u>Non-spendable:</u>				
Inventory and prepaid items	\$ 57,747	\$ —	\$ —	\$ 57,747
<u>Restricted for:</u>				
Housing assistance	—	—	973,375	973,375
Fire prevention and education	1,593	—	—	1,593
Municipal court	—	—	12,527	12,527
	<u>1,593</u>	<u>—</u>	<u>985,902</u>	<u>987,495</u>
<u>Assigned to:</u>				
Police department	—	—	16	16
Tourism and hospitality	—	—	113,265	113,265
Underground storage tanks (UST)	25,000	—	—	25,000
	<u>25,000</u>	<u>—</u>	<u>113,281</u>	<u>138,281</u>
<u>Unassigned (deficit)</u>	<u>3,916,026</u>	<u>(660,813)</u>	<u>(18,450)</u>	<u>3,236,763</u>
Totals	<u>\$ 4,000,366</u>	<u>\$ (660,813)</u>	<u>\$ 1,080,733</u>	<u>\$ 4,420,286</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Employee Retirement

All employees, excluding public safety department employees (police and fire officers), are eligible for membership in the South Carolina Governmental Employees' Retirement System (SCRS). Public safety department employees are covered by the South Carolina Police Officers' Retirement System (PORS). Both are a cost-sharing, multiple employer public employee retirement system administered by the South Carolina Public Employee Benefit Authority (PEBA). Actuarial determinations are made by the administrators for the system.

Plan Descriptions

Benefits of the retirement systems are established by state statutes. Under current statutes, member employees who retire at age 65 or after 28 years (public safety employees after 25 years) of credited service are entitled to an annual full service retirement benefit, payable monthly for life, equal to 1.82 percent of the employee's highest twenty consecutive quarters of compensation for non-public safety employees and 2.14 percent for public safety employees.

Benefits

Member employees who are at least 55 years of age may elect early retirement with reduced benefits. In either case, any unrecovered contributions are payable upon death and benefit payments increase 4 percent each year following an increase in the Consumer Price Index of at least 3 percent. Full service or early retirees may elect other optional methods of benefit distributions, including lump sum distributions, benefit levels coordinated with the retiree's social security benefits and distributions to a named beneficiary. Benefits are fully vested on reaching five years of service. The retirement systems also provide death and disability benefits to all member employees.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Employee Retirement (Continued)

Funding Policy

The City’s total “pensionable” wages for the years ended April 30, 2020, 2019, and 2018, were approximately \$5,098,168, \$5,074,355, and \$4,884,639. State statutes also determine the levels of contributions required by both employers and employees. For the period effective July 1, 2020 to June 30, 2021, for non-public safety the employer contribution rate is 15.56 percent, which includes .15 percent of group life coverage. For the period effective July 1, 2020 to June 30, 2021, for public safety employees, the employee contribution rate is 9.75 percent and the employer contribution rate is 18.64 percent, which includes .2 percent of group life and .2 percent of accidental death benefit coverage. The City contributed 100% of the required contribution for each of the plans for the years ending April 30, 2020, 2019, and 2018.

	SCRS			PORS		
	2020	2019	2018	2020	2019	2018
Wages:						
Pensionable	\$ 3,131,263	\$ 3,204,511	\$ 3,018,133	\$ 1,966,905	\$ 1,869,844	\$ 1,866,506
Contribution						
Rates:						
Employees	9.00%	9.00%	9.00%	9.75%	9.75%	9.75%
Employer	15.56%	14.56%	13.56%	18.24%	17.24%	16.24%
Contributions:						
Employees	\$ 281,814	\$ 288,407	\$ 269,691	\$ 191,773	\$ 182,309	\$ 178,751
Employer	\$ 477,660	\$ 456,704	\$ 400,515	\$ 347,827	\$ 311,615	\$ 297,941

Net Pension Liabilities, Pension Expenses, Deferred Outflows/Inflows of Resources

At April 30, 2020, the City reported a liability of \$10,723,052 for the measurement period June 30, 2019 for its proportionate share of the net pension liabilities, of which \$6,960,535 was for SCRS and \$3,762,517 was for PORS. The net pension liabilities were measured by PEBA as of June 30, 2019 and the total pension liabilities used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 rolled forward to that date. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, PEBA reported the City’s proportion of the collective net pension liability was 0.030483% for SCRS and 0.131284% for PORS.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Employee Retirement (Continued)

Net Pension Liabilities, Pension Expenses, Deferred Outflows/Inflows of Resources (continued)

For the year ended April 30, 2020, the City recognized pension expense of \$1,056,520, of which \$595,572 was for SCRS (\$242,356 in Governmental Activities and \$353,216 in the Business-type Activities) and \$460,948 for PORS (all Governmental Activities), respectively.

Components of Change in Net Pension Liability (NPL)

Changes in the net pension liability for the measurement period, June 30, 2019, follows:

	<u>SCRS</u>	<u>PORS</u>	<u>Total</u>
Pension expense:			
Service cost	\$ 295,044	\$ 248,624	\$ 543,668
Interest on total pension liability	1,055,649	694,097	1,749,746
Changes in plan benefits	—	—	—
Plan administrative costs	4,734	3,410	8,144
Plan member contributions	(268,453)	(190,029)	(458,482)
Expected return on plan assets	(576,311)	(434,116)	(1,010,427)
Recognition of net amortization:			
Plan performance, net	(13,718)	29,898	16,180
Assumption changes, net	137,421	98,831	236,252
Investment experience, net	191,958	126,774	318,732
Allocated proportion change, net	(153,997)	(92,723)	(246,720)
Other	(76,755)	(23,818)	(100,573)
Total pension expense	<u>595,572</u>	<u>460,948</u>	<u>1,056,520</u>
PEBA employer contributions	(437,102)	(309,677)	(746,779)
Non-member contributions	(31,573)	(18,609)	(50,182)
	<u>(468,675)</u>	<u>(328,286)</u>	<u>(796,961)</u>
Changes in deferred items (net of amortization):			
Outflow – Plan performance	(7,068)	(38,542)	(45,610)
Outflow – Assumption changes	(120,242)	(98,831)	(219,073)
Outflow – Investment experience	(106,934)	(79,243)	(186,177)
Outflow – Allocated proportion change	276,276	10,433	286,709
Inflow – Plan Performance	(11,363)	(27,808)	(39,171)
Inflow – Assumption changes	—	—	—
Inflow – Investment experience	64,255	51,722	115,977
Inflow – Allocated proportion change	172,595	50,325	222,920
	<u>267,519</u>	<u>(131,944)</u>	<u>135,575</u>
Total change in net pension liability	\$ 394,416	\$ 718	\$ 395,134

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Employee Retirement (Continued)

Net Pension Liabilities, Pension Expenses, Deferred Outflows/Inflows of Resources (continued)
 At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources Related to Pensions		
	SCRS	PORS	Total
Differences between expected and actual plan performance	\$ 4,785	\$ 77,365	\$ 82,150
Changes of assumptions	140,265	149,203	289,468
Net difference between projected and actual earnings on pension plan investments	218,181	153,667	371,848
Changes in allocated proportion	187,972	—	187,972
City contributions subsequent to the measurement date	448,437	296,442	744,879
Total	\$ 999,640	\$ 676,677	\$ 1,676,317

	Deferred Inflows of Resources Related to Pensions		
	SCRS	PORS	Total
Differences between expected and actual plan performance	\$ 50,003	\$ 27,808	\$ 77,811
Changes of assumptions	—	—	—
Net difference between projected and actual earnings on pension plan investments	156,557	105,961	262,518
Changes in allocated proportion	232,428	137,755	370,183
Total	\$ 438,988	\$ 271,524	\$ 710,512

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. **Employee Retirement (Continued)**

Net Pension Liabilities, Pension Expenses, Deferred Outflows/Inflows of Resources (continued)

The \$744,879 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended April 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

		Deferred Outflows of Resources Related to Pensions		
		SCRS	PORS	Total
<u>Year ended April 30:</u>				
2021		\$ 332,605	\$ 230,532	\$ 563,137
2022		90,584	99,983	190,567
2023		96,433	29,871	126,304
2024		31,581	19,849	51,430
		<u>\$ 551,203</u>	<u>\$ 380,235</u>	<u>\$ 931,438</u>

		Deferred Inflows of Resources Related to Pensions		
		SCRS	PORS	Total
<u>Year ended April 30:</u>				
2021		\$ 227,398	\$ 126,698	\$ 354,096
2022		183,636	109,005	292,641
2023		27,745	32,028	59,773
2024		209	3,793	4,002
		<u>\$ 438,988</u>	<u>\$ 271,524</u>	<u>\$ 710,512</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Employee Retirement (Continued)

Actuarial Assumptions

The total pension liabilities in the GASB Statements No. 68 *Accounting and Financial Reporting for Pensions* measured as of June 30, 2019, was based on the July 1, 2018 actuarial valuation. That valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	SCRS	PORS
Actuarial cost method	Entry-age normal	Entry-age normal
Asset Valuation Method	5-year smoothed	5-year smoothed
Amortization Method	Level percent of pay	Level percent of pay
Amortization Period	Max of 30 years, variable	Max of 30 years, variable
Investment Return	7.25 percent	7.25 percent
Inflation	2.25 percent	2.25 percent
Salary Increases	3.0% to 12.5% plus step-rate increases for members with less than 21 years of service including inflation	3.5% to 9.5% plus step-rate increases for members with less than 15 years of service including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation	7.25 percent, net of pension plan investment expense, including inflation
Benefit increases	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually
Mortality	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females both projected at Scale AA from the year 2016. Male rates at 100% for non-educators and 92% for educators. Female rates at 110% for non-educators and 98% for educators.	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females both projected at Scale AA from the year 2016. Male and female rates at 125% and 111%, respectively.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Employee Retirement (Continued)

Actuarial Assumptions (continued)

Member and employer contribution rates for SCRS and PORS are determined in accordance with Section 9-1-1085 and 9-11-225 of the South Carolina Code, respectively. Contribution rates determined by an actuarial valuation are effective for the fiscal year beginning 24 months after the valuation date. The Retirement System Funding and Administration Act of 2017 (the “Act”) was signed into law on April 25, 2017, and became effective on July 1, 2017. This legislation amended Title 9 of the South Carolina Code of Laws. In addition to setting the employee and employer rates for the plan year beginning July 1, 2017, the Act also scheduled the employer contributions to increase by 1.0 percent each year for each of the subsequent five fiscal years for an ultimate rate of 18.56% and 21.24% by July 2022, for SCRS and PORS, respectively.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study on data through June 30, 2015.

The June 30, 2019 total pension liability, net pension liability and sensitivity information were determined based on the July 1, 2018, actuarial valuations, as adopted by the PEBA Board and State Fiscal Accountability Authority which utilized membership data as of July 1, 2018. The total pension liability was rolled forward from the valuation date to the plan’s fiscal year ended June 30, 2019, using generally accepted actuarial principles.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 20 year capital market assumptions. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Employee Retirement (Continued)

Long-term Expected Rate of Return (continued)

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the SCRS and PORS Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. Expected returns are net of investment fees. The expected real rates of investment return (5.41%), along with the expected inflation rate (2.25%), form the basis for the target asset allocation adopted annually by the RSIC which is summarized in the table below. For actuarial purposes, the long-term expected rate of return (7.25%) is calculated by weighting the expected future real rates of return by the target allocation percentage (5.00% adjusted down from 5.41%) and then adding the actuarial expected inflation (2.25%).

<u>Allocation/Exposure</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Global Equity	51.0%		
Global Public Equity	35.0%	7.29%	2.55%
Private Equity	9.0%	7.67%	0.69%
Equity Options Strategies	7.0%	5.23%	0.37%
Real Estate	12.0%		
Real Estate (private)	8.0%	5.59%	0.21%
Real Estate (REITs)	1.0%	8.16%	0.11%
Infrastructure (private)	2.0%	5.03%	0.10%
Infrastructure (public)	1.0%	6.12%	0.06%
Opportunistic	8.0%		
Global Tactical Asset Allocation	7.0%	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
Credit	15.0%		
High Yield Bonds/Bank Loans	4.0%	3.14%	0.13%
Emerging Markets Debt	4.0%	3.31%	0.13%
Private Debt	7.0%	5.49%	0.38%
Conservative Fixed Income	14.0%		
Core Fixed Income	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	0.00%
Total expected real return	<u>100.0%</u>		<u>5.41%</u>
Inflation for actuarial purposes			<u>2.25%</u>
Total expected nominal return			<u>7.66%</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Employee Retirement (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities as of June 30, 2019, was 7.25 percent (meeting statutory requirement). 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, each System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate. The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	City’s proportionate share of the net pension liabilities to changes in the discount rate		
	<u>Current</u>		
	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
SCRS	\$ 8,768,817	\$ 6,960,535	\$ 5,451,418
PORS	\$ 5,099,102	\$ 3,762,517	\$ 2,667,515

Pension Plans Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued PEBA financial report. A comprehensive annual financial report containing financial statements and required supplementary information for the SCRS and PORS, which is issued and publicly available on the website www.peba.sc.gov, or a copy may be obtained by submitting in writing a request to the South Carolina Retirement System, P. O. Box 11960, Columbia, SC 29211-1960.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

10. Due From (To) Other Governments

The following are due from (to) other governments:

	Governmental Activities
Due from state government	\$ 591,722
Due to state government	—
Net, due from (to) other governments	<u>\$ 591,722</u>

11. Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the South Carolina State Insurance Reserve Fund. Through the Fund, the City maintains property insurance at replacement value and contents coverage at actual value. The City also maintains tort and fleet auto coverage through the Fund. The City has also transferred a portion of its risk of loss for health insurance and workers compensation claims to various state agencies and commercial insurance carriers. For the year ended April 30, 2020, the City incurred \$1,292,769 in health care premiums and approximately \$112,015 worker's compensation premiums.

12. Contingencies and Commitments

Litigation

The City is party to legal proceedings that normally occur in governmental operations. City officials believe the legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

Federal and State Assisted Programs

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of funds. Such audits could result in the refund of grant monies to the grantor agencies. However, management believes that any required refunds would be immaterial and no provision has been made in the accompanying financial statements for the refund of grant monies.

Facilities Abandonment Charge

The City's contract with its electric supplier contains a facilities abandonment charge in the event the contract is terminated prior to the time scheduled under the contract which currently is April 30, 2020.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

13. Reconciliation of Government-wide and Fund Financial Statements

A. Explanations of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The Governmental Fund Balance Sheet includes a reconciliation between fund balance amounts and Net position-Governmental Activities. The details of the reconciled amounts are as follows:

Capital assets in governmental activities are not financial resources and therefore are not reported in the fund financial statements:

Capital assets	\$ 14,160,457
Less, accumulated depreciation	<u>(7,587,336)</u>
Net amount reported	<u>\$ 6,573,121</u>

Other assets not available to pay for current period expenditures and therefore are not reported in the funds:

Mortgages receivable	\$ (880,000)
Less, imputed interest	<u>247,808</u>
Net amount reported	<u>\$ (632,192)</u>

Deferred outflows related to pensions are not included in the pension liability as of the measurement date, and, therefore are reported in the fund financial statements but deferred at the government-wide level.

\$ 1,082,531

Deferred inflows related to pensions are not due and payable in the current period and, therefore, are not reported in the fund financial statements

(449,753)

Net amount reported \$ 632,778

Long-term liabilities, are not due and payable in the current period and therefore are not reported in the fund financial statements:

Accrued interest payable	\$ (2,455)
Long-term debt	(1,856,044)
Accrued compensated absences	(397,704)
Net pension liabilities	<u>(6,684,723)</u>
Net amount reported	<u>\$ (8,940,926)</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

13. Reconciliation of Government-wide and Fund Financial Statements (Continued)

B. Explanations of Differences Between the Governmental Fund Statement of Revenue, Expenses and Changes in Fund Balances and the Government-wide Statement of Activities

The Governmental Fund Statement of Revenue, Expenses and Changes in Fund Balances includes a reconciliation between net changes in fund balance and Changes in Net position-Governmental Activities. The details of the reconciled amounts are as follows:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.

Capital outlay expenditures	\$ 1,264,202
Gain on disposal of assets	51,449
Less, depreciation expense	<u>(629,823)</u>
Net amount reported	<u>\$ 685,828</u>

Some revenue and expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Change in accrued compensated absences	\$ (47,484)
Pension expenses	(144,368)
Imputed interest realized	11,528
Interfund correction	<u>11,226</u>
Net amount reported	<u>\$ (169,098)</u>

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of principal and interest consumes current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Accrued interest	\$ 1,188
Principal repayments – bonds and installment note obligations	618,097
Lease purchase contract	<u>(885,000)</u>
Net amount reported	<u>\$ (265,715)</u>

14. Notes Receivable – Upper Story Housing

During the year ended April 30, 2002, the City of Bennettsville applied for and received funds from a CDBG grant for \$330,000, a grant from the South Carolina State Housing and Finance Development Authority for \$350,000, and a HOME grant for \$200,000 for the purpose of redeveloping downtown upper story housing.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

14. Notes Receivable – Upper Story Housing (continued)

These funds, individually, were disbursed to the developer, Bennettsville Downtown Limited Partnership (a North Carolina Limited Partnership), in the form of three secured mortgage loans as follows:

Non-interest bearing mortgage loan note dated February 15, 2002, due in 20 annual installments of \$17,500 beginning December 31, 2037. Collateralized by first lien security interest on various Main Street and Broad Street properties.	\$ 350,000
Non-interest bearing mortgage loan note dated February 15, 2002, due in 20 annual installments of \$10,000 beginning December 31, 2034. Collateralized by third lien security interest on various Main Street and Broad Street properties.	200,000
Non-interest bearing mortgage loan note dated February 15, 2002, due in 20 annual installments of \$16,500 beginning December 31, 2037, with all remaining unpaid balances due and payable December 31, 2056. Collateralized by a fourth lien security interest on various Main Street and Broad Street properties.	330,000
	<u>\$ 880,000</u>

These mortgage notes have been recorded in the Government-wide Financial Statements – Governmental Activities equal to \$247,808, net of unrealized imputed interest of \$632,192 at April 30, 2020. The outstanding principal balance of these notes (\$880,000) have been reported as a Special Revenue Fund and reserved fund balance for the Upper Story Housing project in housing assistance.

15. Subsequent Events and Commitments

In May 2019, the City entered into a fleet management lease contract for various police and recreation vehicles. The terms of the lease is for 48 months (for 10 vehicles) and 60 months (for 1 vehicle) with a total annual lease cost of \$85,868.

During and subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease 19 (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the City, COVID-19 may impact various parts of its 2020 and 2021 operations and financial results, including the receipt of collections on outstanding accounts receivables. Management believes the City is taking appropriate actions to mitigate any negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BENNETTSVILLE, SOUTH CAROLINA

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

YEAR ENDED APRIL 30, 2020

	Budget		Actual	Variance Over (Under)
	Original	Final		
Revenue				
Taxes, penalties and fees	\$ 1,110,700	\$ 1,110,700	\$ 1,051,864	\$ (58,836)
Local option sales tax	922,000	922,000	857,808	(64,192)
Licenses, permits and franchise fees	861,000	861,000	847,875	(13,125)
Fines and forfeitures	115,300	115,300	85,254	(30,046)
Intergovernmental	483,000	483,000	945,271	462,271
Charges for services	1,299,300	1,299,300	1,293,970	(5,330)
Users fees	32,800	32,800	31,835	(964)
Interest income and other	195,500	195,500	175,205	(20,296)
Total revenue	5,019,600	5,019,600	5,289,082	269,482
Expenditures				
Current:				
General government	1,221,883	1,221,883	1,376,600	(154,717)
Public safety	3,418,422	3,418,422	3,654,387	(235,965)
Public works	1,566,013	1,566,013	1,576,384	(10,371)
Culture and recreation	365,109	365,109	357,271	7,838
Capital outlay	166,454	166,454	26,027	140,427
Debt service	384,319	384,319	329,191	55,128
Total expenditures	7,122,200	7,122,200	7,319,860	(197,660)
Excess (deficiency) of revenue over expenditures	(2,102,600)	(2,102,600)	(2,030,778)	71,822
Other Financing Sources (uses)				
Transfers in	2,107,800	2,107,800	2,107,800	—
Transfers (out)	(5,000)	(5,000)	(254,918)	(249,918)
Total other financing sources (uses)	2,102,800	2,102,800	1,852,882	(249,918)
Net change in fund balance	200	200	(177,896)	(178,096)
Fund balance, beginning of year	4,178,262	4,178,262	4,178,262	—
Fund balance, end of year	\$ 4,178,462	\$ 4,178,462	\$ 4,000,366	\$ (178,096)

CITY OF BENNETTSVILLE, SOUTH CAROLINA
NOTES TO BUDGETARY COMPARISON SCHEDULE

APRIL 30, 2020

The City follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedule:

1. A proposed operating budget for the fiscal year is prepared. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Prior to April 30, the budget is legally enacted through passage of an ordinance for the following fiscal year.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund.
4. Budgets for the General Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. The City Council adopts a summary budget for proprietary funds.
6. The City Council may authorize supplemental appropriations during the year.
7. The Administrator is authorized to make "line item" transfers within the budget. Such transfers were made during the year.
8. Appropriations lapse at the end of each fiscal year.

CITY OF BENNETTSVILLE, SOUTH CAROLINA
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
 LAST TEN FISCAL YEARS*(1)

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Fiscal Year:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
PEBA Plan Year:	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
City's proportion of the net pension liability	N/A	0.030483%	0.029304%	0.031050%	0.031963%	0.032601%	0.032458%	N/A	N/A	N/A
City's proportion share of the net pension liability	N/A	\$ 6,960,535	\$ 6,566,119	\$ 6,989,854	\$ 6,827,250	\$ 6,182,937	\$ 5,588,192	N/A	N/A	N/A
City's covered-employee payroll	\$ 3,131,263	\$ 3,204,511	\$ 3,018,133	\$ 3,154,959	\$ 3,023,323	\$ 3,050,056	\$ 2,916,853	N/A	N/A	N/A
City's proportion share of the net pension liability as a percentage of its covered-employee payroll	N/A	217.2%	217.6%	221.6%	225.8%	202.7%	191.6%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	54.4%	54.1%	53.3%	52.9%	57.0%	59.9%	N/A	N/A	N/A

*The amounts presented for each fiscal year determined as of measurement year that occurred within the fiscal year.

(1) Because prior year data is unavailable, the city has elected to present information prospectively.

N/A – Not available

CITY OF BENNETTSVILLE, SOUTH CAROLINA
SCHEDULE OF THE CITY'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
LAST TEN FISCAL YEARS⁽¹⁾

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 477,660	\$ 456,704	\$ 400,515	\$ 357,602	\$ 348,548	\$ 326,149	\$ 304,811	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	\$ 477,660	\$ 456,704	\$ 400,515	\$ 357,602	\$ 348,548	\$ 326,149	\$ 304,811	N/A	N/A	N/A
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	N/A	N/A	N/A
Less: State provided revenue credit	\$ (31,573)	\$ (31,573)	\$ (31,573)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City's covered-employee payroll	\$ 3,131,263	\$ 3,204,511	\$ 3,018,113	\$ 3,154,959	\$ 3,023,323	\$ 3,050,056	\$ 2,916,853	N/A	N/A	N/A
Contributions as a percentage of pensionable wages	15.3%	14.3%	13.3%	11.3%	11.5%	10.7%	10.4%	N/A	N/A	N/A

⁽¹⁾ Because prior year data is unavailable, the city has elected to present information prospectively.

⁽²⁾ Because the employer rate was increased by more than the maximum allowed, pension funding credits were provided by the State of South Carolina for the twelve month periods ended 6/30/2018, 6/30/2019 and 6/30/2020.

N/A – Not available

CITY OF BENNETTSVILLE, SOUTH CAROLINA

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

POLICE OFFICERS RETIREMENT SYSTEM (PORS)

LAST TEN FISCAL YEARS^{*(1)}

(Dollar amount in thousands)

Fiscal Year:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
PEBA Plan Year:	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
City's proportion of the net pension liability (asset)	N/A	0.131284%	0.132760%	0.138470%	0.141970%	0.14531%	0.14797%	N/A	N/A	N/A
City's proportion share of the net pension liability (asset)	N/A	\$ 3,762,517	\$ 3,761,799	\$ 3,793,388	\$ 3,601,059	\$ 3,167,026	\$ 2,832,759	N/A	N/A	N/A
City's covered employee payroll	\$ 1,966,905	\$ 1,869,844	\$ 1,866,506	\$ 1,850,227	\$ 1,881,759	\$ 1,796,652	\$ 1,780,968	N/A	N/A	N/A
City's proportion share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	201.2%	201.5%	205.0%	191.4%	176.3%	159.1%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	62.7%	61.7%	60.9%	60.4%	64.6%	67.5%	N/A	N/A	N/A

*The amounts presented for each fiscal year determined as of the measurement year that occurred within the fiscal year.

⁽¹⁾ Because prior year data is unavailable, the city has elected to present information prospectively.

N/A – Not available

CITY OF BENNETTSVILLE, SOUTH CAROLINA
SCHEDULE OF THE CITY'S CONTRIBUTIONS
POLICE OFFICERS RETIREMENT SYSTEM (PORS)
LAST TEN FISCAL YEARS⁽¹⁾
(Dollar amount in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 347.827	\$ 311.615	\$ 297.941	\$ 254.708	\$ 249.890	\$ 231.801	\$ 219.704	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	\$ 347.827	\$ 311.615	\$ 297.941	\$ 254.708	\$ 249.890	\$ 231.801	\$ 219.704	N/A	N/A	N/A
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	N/A	N/A	N/A
Less: State provided revenue credit ⁽²⁾	\$ (18.609)	\$ (18.609)	\$ (18.609)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City's covered-employee payroll	\$ 1,966.905	\$ 1,869.844	\$ 1,866.506	\$ 1,850,227	\$ 1,881,759	\$ 1,796,652	\$ 1,780.968	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	17.7%	16.7%	15.8%	13.8%	13.3%	12.9%	12.3%	N/A	N/A	N/A

⁽¹⁾ Because prior year data is unavailable, the city has elected to present information prospectively.

⁽²⁾ Because the employer rate was increased by more than the maximum allowable increase, pension funding credits were provided by the State of South Carolina for the twelve month periods ended 6/30/2018, 6/30/2019 and 6/30/2020.

N/A – Not available

CITY OF BENNETTSVILLE, SOUTH CAROLINA

OTHER FINANCIAL INFORMATION

CITY OF BENNETTSVILLE, SOUTH CAROLINA

COMBINING 'NON-MAJOR' GOVERNMENTAL
FINANCIAL STATEMENTS

CITY OF BENNETTSVILLE, SOUTH CAROLINA

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

APRIL 30, 2020

	Special Revenue Funds									Totals	Debt Service Fund
	Housing Rehabilitation Fund	Housing Assistance Fund	CDBG Repayment Fund	Upper Story Housing Fund	Tourism & Business Fund	Hospitality Fund	Municipal Court	Confiscated Drugs Fund	Police Donations Fund		
Assets											
Cash and cash equivalents:											
Unrestricted	\$ —	\$ —	\$ —	\$ —	\$ 25,377	\$ 87,888	\$ —	\$ —	\$ —	\$ 113,265	\$ —
Restricted	42,845	26,312	24,218	—	—	—	15,650	19,329	16	128,370	—
Equity in pooled cash	—	—	—	—	—	—	—	—	—	—	(676,324)
Due from other funds	—	—	—	—	—	—	—	—	—	—	676,324
Notes receivables-housing assistance loans	111,836	82,488	14,989	880,000	—	—	—	—	—	1,089,313	—
Less. allowance for doubtful accounts	(111,836)	(82,488)	(14,989)	—	—	—	—	—	—	(209,313)	—
Total assets	\$ 42,845	\$ 26,312	\$ 24,218	\$ 880,000	\$ 25,377	\$ 87,888	\$ 15,650	\$ 19,329	\$ 16	\$ 1,121,635	\$ —
Liabilities and Fund Balances											
Liabilities:											
Deposits	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,123	\$ 21,184	\$ —	\$ 24,307	\$ —
Due to other funds	—	—	—	—	—	—	—	16,595	—	16,595	—
Total liabilities	—	—	—	—	—	—	3,123	37,779	—	40,902	—
Fund balances:											
Restricted for:											
Housing assistance	42,845	26,312	24,218	880,000	—	—	—	—	—	973,375	—
Court Administration	—	—	—	—	—	—	12,527	—	—	12,527	—
Assigned to:											
Police department	—	—	—	—	—	—	—	—	16	16	—
Tourism and community development	—	—	—	—	25,377	87,888	—	—	—	113,265	—
Unassigned (deficit)	—	—	—	—	—	—	—	(18,450)	—	(18,450)	—
Total fund balances	42,845	26,312	24,218	880,000	25,377	87,888	12,527	(18,450)	16	1,080,733	—
Total liabilities and fund balances	\$ 42,845	\$ 26,312	\$ 24,218	\$ 880,000	\$ 25,377	\$ 87,888	\$ 15,650	\$ 19,329	\$ 16	\$ 1,121,635	\$ —

CITY OF BENNETTSVILLE, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED APRIL 30, 2020

	Special Revenue Funds									Totals	Debt Service Fund
	Housing Rehabilitation Fund	Housing Assistance Fund	CDBG Repayment Fund	Upper Story Housing Fund	Tourism & Business Fund	Hospitality Fund	Municipal Court	Confiscated Drugs Fund	Police Donations Fund		
Revenue											
Fines and forfeitures	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 176,050	\$ 2,628	\$ —	\$ 178,678	\$ —
Intergovernmental	—	—	—	—	82,691	321,182	—	—	—	403,873	—
Interest income	78	579	129	—	52	1,058	12	2	—	1,910	—
Total revenue	<u>78</u>	<u>579</u>	<u>129</u>	<u>—</u>	<u>82,743</u>	<u>322,240</u>	<u>176,062</u>	<u>2,630</u>	<u>—</u>	<u>584,461</u>	<u>—</u>
Expenditures											
General government:											
Surcharges and assessments	—	—	—	—	—	—	191,943	—	—	191,943	—
Miscellaneous	990	—	—	—	—	—	61	2,009	—	3,060	—
Culture and recreation:											
Tourism related	—	—	—	—	980	46,950	—	—	—	47,930	—
Capital outlay	—	—	—	—	—	—	—	—	—	—	—
Debt retirement	—	—	—	—	—	—	—	—	—	—	338,162
Total expenditures	<u>990</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>980</u>	<u>46,950</u>	<u>192,004</u>	<u>2,009</u>	<u>—</u>	<u>242,933</u>	<u>338,162</u>
Excess (deficiency) of revenue over expenditures	(912)	579	129	—	81,763	275,290	(15,942)	621	—	341,528	(338,162)
Other Financing Sources (Uses)											
Transfers in (out)	—	—	—	—	(101,000)	(306,800)	—	—	—	(407,800)	338,162
Net change in fund balances	(912)	579	129	—	(19,237)	(31,510)	(15,942)	621	—	(66,272)	—
Fund balances (deficit), beginning of year	43,757	25,733	24,089	880,000	44,614	119,398	28,469	(19,071)	16	1,147,005	—
Fund balances (deficit), end of year	<u>\$ 42,845</u>	<u>\$ 26,312</u>	<u>\$ 24,218</u>	<u>\$ 880,000</u>	<u>\$ 25,377</u>	<u>\$ 87,888</u>	<u>\$ 12,527</u>	<u>\$ (18,450)</u>	<u>\$ 16</u>	<u>\$ 1,080,733</u>	<u>\$ —</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

INDIVIDUAL FUND
FINANCIAL SCHEDULES

CITY OF BENNETTSVILLE, SOUTH CAROLINA

GENERAL FUND

CITY OF BENNETTSVILLE, SOUTH CAROLINA
GENERAL FUND
BALANCE SHEET
APRIL 30, 2020
(With comparative amounts at year ended April 30, 2019)

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents:		
Unrestricted	\$ 38,448	\$ 25,288
Restricted	15,693	16,860
Equity in pooled cash	333,735	759,628
Receivables:		
Property taxes	352,810	286,086
Sanitation	135,241	112,169
Other and notes	171,801	171,801
Less, allowances for doubtful accounts	(547,296)	(434,157)
Due from other governments	591,722	474,089
Due from other funds	3,653,085	3,325,257
Inventory and prepaid items	57,747	31,896
Total assets	<u>\$ 4,802,986</u>	<u>\$ 4,768,917</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 72,823	\$ 107,874
Accrued payroll and related payables	31,109	29,140
Due to other funds	499,836	249,918
Unearned revenue – business licenses	184,752	189,623
Deposits	14,100	14,100
Total liabilities	<u>802,620</u>	<u>590,655</u>
Fund balances:		
Non-spendable	57,747	31,896
Restricted	1,593	2,760
Committed	—	—
Assigned – UST Program	25,000	25,000
Unassigned (deficit)	3,916,026	4,118,606
Total fund balances	<u>4,000,366</u>	<u>4,178,262</u>
Total liabilities and fund balances	<u>\$ 4,802,986</u>	<u>\$ 4,768,917</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

GENERAL FUND
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

YEAR ENDED APRIL 30, 2020
 (With comparative actual amounts at year ended April 30, 2019)

	Final Budget	Actual	Variance Over (Under)	Prior Year
Revenue				
Taxes, penalties and fees	\$ 1,110,700	\$ 1,051,864	\$ (58,836)	\$ 1,094,419
Local option sales tax	922,000	857,808	(64,192)	803,776
Licenses, permits, and franchise fees	861,000	847,875	(13,125)	802,423
Fines and forfeitures	115,300	85,254	(30,046)	107,253
Intergovernmental:				
Grants	19,000	393,971	374,971	—
State shared	286,000	418,163	132,163	409,825
Other intergovernmental	178,000	133,137	(44,863)	131,137
Charges for service:				
Solid waste collection fees	1,275,300	1,280,857	5,557	1,272,679
Lot clearing fees	24,000	13,113	(10,887)	16,209
User fees:				
Community and fitness center	2,800	2,065	(735)	5,549
Other rental fees	30,000	29,770	(230)	37,395
Interest income	—	1	1	4
Sale of capital assets	30,000	23,672	(6,328)	23,413
Contributions	100,250	51,660	(48,590)	60,264
Other	65,250	99,872	34,622	134,286
Total revenue	5,019,600	5,289,082	269,482	4,898,632
Expenditures				
Current:				
General government:				
City council	129,547	138,864	(9,317)	128,914
City attorney	23,937	23,937	—	23,937
Municipal judge and court	148,665	161,982	(13,317)	146,061
City administrator	216,827	240,207	(23,380)	213,000
Planning and zoning	190,669	201,455	(10,786)	336,593
Finance	250,712	222,717	27,995	233,242
Human resources	40,421	40,964	(543)	40,369
Non-departmental	221,105	346,474	(125,369)	203,106
Total general government	1,221,883	1,376,600	(154,717)	1,325,222
Public safety:				
Police	2,571,083	2,734,424	(163,341)	2,439,182
Fire	847,339	919,963	(72,624)	866,617
Total public safety	3,418,422	3,654,387	(235,965)	3,305,799
Public works:				
Streets and sanitation	1,269,456	1,331,356	(61,900)	1,386,372
Maintenance shop	67,394	64,012	3,382	62,279
Beautification and recycling	229,163	181,016	48,147	188,327
Total public works	1,566,013	1,576,384	(10,371)	1,636,978
Culture and recreation:				
Recreation and parks	365,109	357,271	7,838	359,297
Total culture and recreation	365,109	357,271	7,838	359,297
Capital outlay – all departments	166,454	26,027	140,427	25,500
Debt service	384,319	329,191	55,128	181,379
Total expenditures	7,122,200	7,319,860	(197,660)	6,834,175

CITY OF BENNETTSVILLE, SOUTH CAROLINA

GENERAL FUND
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

— CONTINUED —

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>	<u>Prior Year</u>
Excess (deficiency) of revenue over expenditures	(2,102,600)	(2,030,778)	71,822	(1,935,543)
Other Financing Sources (Uses)				
Transfers in	2,107,800	2,107,800	—	2,097,300
Transfers (out)	(5,000)	(254,918)	(249,918)	(336,518)
Total other financing sources (uses)	2,102,800	1,852,882	(249,918)	1,760,782
Net change in fund balance	200	(177,896)	(178,096)	(174,761)
Fund balance, beginning of year	4,178,262	4,178,262	—	4,353,023
Fund balance, end of year	<u>\$ 4,178,462</u>	<u>\$ 4,000,366</u>	<u>\$ (178,096)</u>	<u>\$ 4,178,262</u>

CAPTIAL PROJECTS FUND

CITY OF BENNETTSVILLE, SOUTH CAROLINA

CAPITAL PROJECTS FUND

BALANCE SHEET

APRIL 30, 2020

(With comparative amounts at April 30, 2019)

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents:		
Unrestricted	\$ 196,146	\$ 232,195
Restricted	24,449	164,766
Equity in pooled cash	980,341	1,040,858
Due from other funds	153,715	99,090
Total assets	<u>\$ 1,354,651</u>	<u>\$ 1,536,909</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 122,588	\$ —
Due to other funds	1,892,876	1,575,304
Total liabilities	<u>2,015,464</u>	<u>1,575,304</u>
Fund balances:		
Non-spendable	—	—
Restricted	—	—
Committed	—	—
Assigned	—	—
Unassigned (deficit)	(660,813)	(38,395)
Total fund balances	<u>(660,813)</u>	<u>(38,395)</u>
Total liabilities and fund balances	<u>\$ 1,354,651</u>	<u>\$ 1,536,909</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED APRIL 30, 2020

(With comparative actual amounts at year ended April 30, 2019)

	<u>2020</u>	<u>2019</u>
Revenue		
Intergovernmental:		
Grants	\$ 85,962	\$ 37,587
Interest income	492	771
Sale of capital assets	—	221,373
Contributions	25,000	4,748
Total revenue	<u>111,454</u>	<u>264,479</u>
Expenditures		
Capital outlay:		
General government	19,297	15,552
Public safety	806,985	39,077
Public works	466,754	327,716
Culture and recreation	78,234	4,485
Debt service	932	—
Total expenditures	<u>1,372,202</u>	<u>386,830</u>
Excess (deficiency) of revenue over expenditures	<u>(1,260,748)</u>	<u>(122,351)</u>
Other Financing Sources (Uses)		
Lease purchase contracts	885,000	—
Cost of issuance	(16,000)	—
Insurance reimbursement	19,882	—
Transfers in	5,000	86,600
Transfers (out)	(255,552)	—
Total other financing sources (uses)	<u>638,330</u>	<u>86,600</u>
Net change in fund balance	(622,418)	(35,751)
Fund balance, beginning of year	<u>(38,395)</u>	<u>(2,644)</u>
Fund balance, end of year	<u>\$ (660,813)</u>	<u>\$ (38,395)</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

COMBINED UTILITY FUND

CITY OF BENNETTSVILLE, SOUTH CAROLINA

COMBINED UTILITY FUND

BALANCE SHEET

APRIL 30, 2020

(With comparative amounts at April 30, 2019)

	<u>2020</u>	<u>2019</u>
Assets and Deferred Outflows		
Current assets:		
Cash and cash equivalents	\$ 289,151	\$ 329,979
Equity in pooled cash	394,069	163,884
Investments	1,884,166	2,487,256
Accounts receivable, net	1,082,640	1,081,875
Inventories and prepaid items	546,022	550,107
Due from other funds	194,500	203,552
	<u>4,390,548</u>	<u>4,816,653</u>
Current restricted assets:		
Restricted cash and cash equivalents	205,923	474,059
Restricted MEC building escrow	—	92
	<u>205,923</u>	<u>474,151</u>
Total current assets	<u>4,596,471</u>	<u>5,290,804</u>
Non-current assets:		
Capital assets, not subject to depreciation	1,748,967	586,390
Capital assets subject to depreciation, net	24,617,297	25,228,940
Total non-current assets	<u>26,366,264</u>	<u>25,815,330</u>
Deferred Outflows of Resources:		
Pension related	593,786	565,334
Total deferred outflows	<u>593,786</u>	<u>565,334</u>
Total assets and deferred outflows	<u>\$ 31,556,521</u>	<u>\$ 31,671,468</u>
Liabilities, Deferred Inflows and Net Position		
Current liabilities:		
Accounts payable	\$ 686,329	\$ 697,350
Accrued payroll and withholdings payable	—	—
Due to other funds	2,268,314	2,113,018
Customer deposits and prepayments	244,449	256,979
	<u>3,199,095</u>	<u>3,067,347</u>
Current liability payable from restricted assets:		
Accrued interest payable	82,408	85,715
Bonds payable – current portion	556,556	544,345
Note payable – MEC	—	580,381
	<u>638,964</u>	<u>1,210,441</u>
Total current liabilities	<u>3,838,059</u>	<u>4,277,788</u>
Long-term (non-current) liabilities:		
Accrued compensated absences	155,366	195,990
Revenue bonds payable	9,788,082	10,348,496
Net pension liabilities	4,038,329	3,804,046
Total long-term liabilities	<u>13,981,777</u>	<u>14,348,532</u>
Total liabilities	<u>17,819,836</u>	<u>18,626,320</u>

— CONTINUED —

CITY OF BENNETTSVILLE, SOUTH CAROLINA

COMBINED UTILITY FUND

BALANCE SHEET

— CONTINUED —

	<u>2020</u>	<u>2019</u>
Liabilities, Deferred Inflows and Net Position (continued)		
Deferred Inflows of Resources:		
Pension related	260,759	392,491
Total deferred inflows	<u>260,759</u>	<u>392,491</u>
Net position:		
Net investment in capital assets	16,021,626	14,342,108
Restricted for debt, capital projects and pensions	472,295	679,100
Restricted for MEC Building	—	92
Unrestricted (deficit)	<u>(3,017,995)</u>	<u>(2,368,643)</u>
Total net position	<u>13,475,926</u>	<u>12,652,657</u>
Total liabilities, deferred inflows and net position	<u>\$ 31,556,521</u>	<u>\$ 31,671,468</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

COMBINED UTILITY FUND

SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION-
BUDGET AND ACTUAL

YEAR ENDED APRIL 30, 2020

(With comparative actual amounts at year ended April 30, 2019)

	<u>Final Budget</u>	<u>Current Year</u>	<u>Variance Over (Under)</u>	<u>Prior Year</u>
Operating Revenue				
Sales and services:				
Water	\$ 1,631,000	\$ 1,526,459	\$ (104,541)	\$ 1,595,773
Sewer	1,870,000	1,829,263	(40,737)	1,845,114
Electric	10,150,000	9,820,346	(329,654)	10,229,343
Gas	2,270,000	2,127,778	(142,222)	2,656,669
Penalties, reconnect fees and other revenue	681,300	404,386	(276,914)	670,457
Total operating revenue	<u>16,602,300</u>	<u>15,708,232</u>	<u>(894,068)</u>	<u>16,997,356</u>
Operating Expenses				
Water plant	909,979	1,017,500	(107,521)	940,501
Water distribution	359,882	386,165	(26,283)	355,670
Wastewater treatment plant	452,324	459,567	(7,243)	494,774
Sewer/Stormwater collection	156,579	177,243	(20,664)	166,353
Electricity purchase and transmission	8,381,618	7,835,627	545,991	7,957,841
Gas purchase and distribution	1,759,763	1,622,210	137,553	1,959,746
Administration	720,715	642,649	78,066	651,024
Billing office	513,754	532,521	(18,767)	511,694
Non-departmental	533,377	202,880	330,497	194,613
Depreciation expense	—	1,119,296	(1,119,296)	1,086,560
Total operating expenses	<u>13,787,991</u>	<u>13,995,658</u>	<u>(207,667)</u>	<u>14,318,776</u>
Operating income	<u>2,814,309</u>	<u>1,712,574</u>	<u>(1,101,735)</u>	<u>2,678,580</u>
Non-Operating Revenue (Expenses)				
FEMA grant reimbursements	—	11,584	11,584	455,121
Non-operating revenue	3,500	17,494	13,994	32,149
Interest income	17,000	82,476	65,476	73,000
Interest expense	(367,203)	(363,982)	(3,221)	(385,454)
Fiscal agent fees	—	(12,440)	12,440	(12,270)
Amortization of bond premium	—	3,858	3,858	3,858
Total non-operating revenue (expenses)	<u>(346,703)</u>	<u>(261,010)</u>	<u>85,693</u>	<u>166,404</u>
Income before contributions and transfers	<u>2,467,606</u>	<u>1,451,564</u>	<u>(1,016,042)</u>	<u>2,844,984</u>
Capital contributions				
Capital grants	—	904,397	904,397	—
Contributed capital	—	255,552	255,552	47,258
Total capital contributions	<u>—</u>	<u>1,159,949</u>	<u>1,159,949</u>	<u>47,258</u>
Transfers				
Transfers (out) to other funds	<u>(1,793,671)</u>	<u>(1,788,244)</u>	<u>5,427</u>	<u>(1,813,244)</u>
Change in net position	<u>673,935</u>	<u>823,269</u>	<u>149,334</u>	<u>1,078,998</u>
Net position, beginning of year	<u>12,652,657</u>	<u>12,652,657</u>	<u>—</u>	<u>11,573,659</u>
Net position, end of year	<u>\$ 13,326,592</u>	<u>\$ 13,475,926</u>	<u>\$ 149,334</u>	<u>\$ 12,652,657</u>

VICTIM'S RIGHTS ASSISTANCE

CITY OF BENNETTSVILLE, SOUTH CAROLINA
 SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES
 YEAR ENDED APRIL 30, 2020

Court Fines and Assessments	
Court fines and assessments collected	\$ 176,638
Court fines and assessments remitted to State Treasurer	<u>(90,918)</u>
Total court fines and assessments retained by the City	<u>\$ 85,720</u>
Surcharges and Assessments retained for Victims Services	
Total surcharges collected	\$ 8,375
Total assessments	<u>8,615</u>
Total surcharges and assessments retained for victims services	<u>\$ 16,990</u>
Funds Allocated to Victims Services	
Carryover funds from prior year	\$ —
Surcharges and assessments retained	16,990
Expenditures for victims services	<u>(16,990)</u>
Unexpended victim's rights assistance funds	<u>\$ —</u>