

**TOWN OF WILLIAMSTON,
SOUTH CAROLINA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

TOWN OF WILLIAMSTON, SOUTH CAROLINA

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**TOWN OF WILLIAMSTON,
SOUTH CAROLINA**

LISTING OF PRINCIPAL OFFICIALS

Established

1852

MAYOR

Dr. R. Mack Durham

TOWN COUNCIL MEMBERS

Tony Hagood

Rockey Burgess

David R. Harvell

Chris Alexander

CLERK/TREASURER

Michelle Starnes



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of Town Council
Town of Williamston
Williamston, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Williamston, South Carolina (the "Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison schedule for the General Fund, and the pension plan schedules, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2020 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Greene Finney, LLP

Greene Finney, LLP
Mauldin, South Carolina
September 10, 2020

TOWN OF WILLIAMSTON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

This discussion and analysis of the financial performance of the Town of Williamston (the "Town") provides an overview of the Town's financial activities for the year ended June 30, 2020. The intent of this discussion and analysis is to present the Town's financial performance as a whole; readers should also review the financial statements, the notes to the financial statements and the supplemental schedules to enhance their understanding of the Town's financial performance.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$12,525,000 (net position). Of this amount, approximately \$2,248,000 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by approximately \$114,000, as revenues of approximately \$5,954,000 exceeded expenses of approximately \$5,840,000.
- As of the close of the current fiscal year, the Town's General Fund reported an ending fund balance of approximately \$1,920,000, a decrease of approximately \$310,000 compared to the prior year balance. The decrease was primarily due to expenditures of approximately \$3,450,000 exceeding revenues and other financing sources of approximately \$3,140,000.
- The unassigned fund balance for the General Fund was approximately \$1,818,000 or 53% of the General Fund expenditures for the current fiscal year.
- General Fund revenues were approximately \$3,087,000 for the current fiscal year compared to approximately \$3,336,000 in the prior fiscal year. The decrease in revenues was primarily due to a decrease in grant revenues of approximately \$138,000, a decrease in licenses and permits of approximately \$49,000, and a decrease in hospitality taxes of approximately \$33,000. General Fund expenditures were approximately \$3,450,000 for the current fiscal year compared to approximately \$3,081,000 in the prior fiscal year. The increase in expenditures was primarily due to higher capital outlay expenditures of approximately \$160,000, higher public works expenditures of approximately \$134,000, and higher general government expenditures of approximately \$72,000.
- Water and sewer revenues were approximately \$2,744,000 in the current fiscal year compared to approximately \$2,700,000 in the prior fiscal year. The increase was primarily due to an increase in grant revenue of approximately \$64,000. Water and sewer expenses were approximately \$2,198,000 for the current fiscal year compared to approximately \$2,148,000 in the prior fiscal year. The increase in expenses was primarily due to higher operating expenses of approximately \$53,000.
- The Sewer Fund had unrestricted net position of approximately \$1,216,000 at June 30, 2020, which was an increase of approximately \$465,000 from the prior year balance of approximately \$750,000. Restricted net position increased approximately \$17,000 and the amount that was invested in capital assets decreased approximately \$8,000.
- The Water Fund had an unrestricted net position of approximately \$1,472,000, which was an increase of approximately \$94,000 from the prior year balance of approximately \$1,378,000. The amount that was invested in capital assets decreased approximately \$22,000.
- The Town's capital assets, net of depreciation, increased by approximately \$208,000 (1%) to approximately \$14,451,000 at June 30, 2020. The increase was due to capital asset additions of approximately \$923,000 (primarily related to utility system projects and vehicles), partially offset by depreciation expense of approximately \$704,000 and net disposal of capital assets of approximately \$11,000.
- The Town's long-term indebtedness decreased by approximately \$400,000 (9%) to approximately \$4,289,000 at June 30, 2020. This decrease is due primarily to the regularly scheduled principal payments.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

OVERVIEW OF FINANCIAL STATEMENTS

This report consists of two parts – *Financial Section* (which includes management's discussion and analysis, the financial statements, required supplementary information, and other supplementary information), and *Compliance Section*.

Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's financial statements. The Town's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the financial statements, this report contains other supplementary information that will enhance the reader's understanding of the financial condition of the Town.

Government-Wide Financial Statements. These financial statements include two kinds of statements that present different views of the Town. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Town's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the differences between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works and recreation. The business-type activities of the Town are its water and sewer operations.

Fund Financial Statements. The remaining financial statements are *fund financial statements* that focus on individual parts of the Town, reporting its operations in more detail than the government-wide financial statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like all other governmental entities in South Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the general statutes or the Town's budget ordinance. All of the funds of the Town can be divided into the following categories: governmental and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Change in Fund Balance provide a reconciliation to facilitate the comparison between the governmental fund and governmental activities.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

The Town maintains one type of governmental fund, which is the General Fund. Information is presented in the governmental fund Balance Sheet and in the governmental fund Statement of Revenue, Expenditures, and Change in Fund Balance for this fund.

The Town maintains one type of proprietary fund, which is an enterprise fund. An enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses two enterprise funds to account for its water and sewer operations.

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

Other Information

In addition to the financial statements, this report includes certain required supplementary information. A required budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. The Town adopts an annual budget for its General Fund, as required by State statutes. Required pension plan schedules have been provided to show details about the Town’s participation in the State of South Carolina’s retirement plans. The supplementary information referred to in the table of contents is presented immediately following the required supplementary information.

Major Features of the Town’s Government-Wide and Fund Financial Statements			
	Fund Financial Statements		
	Government-Wide Financial Statements	Governmental Fund	Proprietary Funds
Scope	Entire Town government	The activities of the Town that are not proprietary	Activities the Town operates similar to private businesses
Required financial statements	<ul style="list-style-type: none"> ▪ Statement of Net Position ▪ Statement of Activities 	<ul style="list-style-type: none"> ▪ Balance Sheet ▪ Statement of Revenues, Expenditures, and Change in Fund Balance 	<ul style="list-style-type: none"> ▪ Statement of Net Position ▪ Statement of Revenues, Expenses, and Changes in Net Position ▪ Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of balance sheet information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the period or soon thereafter; no capital assets included or long-term obligations are included	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the fiscal year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the fiscal year; expenditures when goods or services have been received and payment is due during the fiscal year or soon thereafter	All revenues and expenses during fiscal year, regardless of when cash is received or paid

TOWN OF WILLIAMSTON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

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 Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$12,525,000 at June 30, 2020.

This table provides a summary of the Town's net position as of June 30, 2020 and 2019:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and Other Assets	\$ 2,141,166	2,358,608	4,039,040	3,618,639	6,180,206	\$ 5,977,247
Capital Assets, Net	1,942,923	1,887,457	12,508,014	12,355,614	14,450,937	14,243,071
Total Assets	4,084,089	4,246,065	16,547,054	15,974,253	20,631,143	20,220,318
Deferred Outflows of Resources						
Deferred Pension Charges	470,898	651,210	81,107	115,254	552,005	766,464
Liabilities						
Other Liabilities	188,889	100,767	660,182	290,979	849,071	391,746
Net Pension Obligation	2,523,380	2,622,533	698,081	725,982	3,221,461	3,348,515
Long-Term Obligations	253,763	240,474	4,157,655	4,526,728	4,411,418	4,767,202
Total Liabilities	2,966,032	2,963,774	5,515,918	5,543,689	8,481,950	8,507,463
Deferred Inflows of Resources						
Deferred Pension Credits	127,997	40,738	48,508	27,602	176,505	68,340
Net Position						
Net Investment in Capital Assets	1,797,785	1,715,380	7,975,409	8,005,898	9,773,194	9,721,278
Restricted	102,387	111,999	400,705	383,671	503,092	495,670
Unrestricted	(439,214)	65,384	2,687,621	2,128,647	2,248,407	2,194,031
Total Net Position	\$ 1,460,958	1,892,763	11,063,735	10,518,216	12,524,693	\$ 12,410,979

Net position of the Town's governmental activities decreased by approximately \$432,000, or 23%. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased by approximately \$505,000 to a deficit of approximately \$439,000 at June 30, 2020 due primarily to expenses exceeding revenues. Restricted net position decreased approximately \$10,000 due to the spending of restricted funds. The change in deferred outflows of resources and deferred inflows of resources was due to the Town adjusting their net pension obligation to the June 30, 2020 balance.

Net position of the Town's business-type activities increased by approximately \$546,000, or 5%. The Town's business-type activities unrestricted net position increased by approximately \$559,000, due primarily due to revenues exceeding expenses, to approximately \$2,688,000 at June 30, 2020 and was comprised of approximately \$1,472,000 for water operations and approximately \$1,216,000 for sewer operations. The change in deferred outflows of resources and deferred inflows of resources was due to the Town adjusting their net pension obligation to the June 30, 2020 balance.

The largest portion of the Town's net position (approximately \$9,773,000 or 78%) reflects its investment in capital assets (i.e., land, buildings, furniture and equipment, infrastructure, etc.) net of accumulated depreciation less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must generally be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The Town's net investment in capital assets, increased by approximately \$52,000 during the current fiscal year primarily due to capital asset additions of \$923,000 and depreciation expense of approximately \$704,000, and debt repayments of approximately \$400,000 (including approximately \$167,000 in unspent lease proceeds that were applied against the outstanding lease balance).

During the current fiscal year, the Town's long-term obligations decreased by approximately \$356,000. This decrease is primarily due the Town making regularly scheduled principal payments on its outstanding debt.

This table shows the changes in net position for the years ended June 30, 2020 and 2019:

	Governmental Activities		Business-Type Activities		Total	
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	6/30/20	6/30/19	6/30/20	6/30/19	6/30/20	6/30/19
Revenues						
Program Revenues:						
Charges for Services	\$ 602,904	619,037	2,228,831	2,254,959	2,831,735	\$ 2,873,996
Operating Grants	22,000	112,075	-	-	22,000	112,075
Capital Grants	85,686	55,319	505,547	441,885	591,233	497,204
General Revenues:						
Property and Other Taxes	1,515,096	1,476,820	-	-	1,515,096	1,476,820
Other	984,728	1,011,284	9,213	3,359	993,941	1,014,643
Total Revenues	3,210,414	3,274,535	2,743,591	2,700,203	5,954,005	5,974,738
Program Expenses:						
General Government	818,009	728,071	-	-	818,009	728,071
Public Safety	1,746,416	1,701,206	-	-	1,746,416	1,701,206
Public Works	630,771	501,774	-	-	630,771	501,774
Recreation	442,721	522,884	-	-	442,721	522,884
Interest and Other Charges	4,302	4,959	-	-	4,302	4,959
Water and Sewer	-	-	2,198,072	2,148,401	2,198,072	2,148,401
Total Expenses	3,642,219	3,458,894	2,198,072	2,148,401	5,840,291	5,607,295
Change in Net Position	(431,805)	(184,359)	545,519	551,802	113,714	367,443
Net Position, Beginning of Year	1,892,763	2,077,122	10,518,216	9,966,414	12,410,979	12,043,536
Net Position, End of Year	\$ 1,460,958	1,892,763	11,063,735	10,518,216	12,524,693	\$ 12,410,979

Governmental Activities. The Town's net position decreased during the current fiscal year by approximately \$432,000 or 23%. In the prior year, the Town's net position decreased by approximately \$184,000. The difference in the results between the two years was the result of higher expenses of approximately \$183,000 and lower revenues of approximately \$64,000. The increase in expenses was primarily due to higher public works expenses (\$129,000), higher general government expenses (\$90,000), and higher public safety expenses (\$45,000), offset partially by lower recreation expenses (\$80,000).

Business-Type Activities. The Town's net position increased during the current fiscal year by approximately \$546,000 or 5%, compared to an increase of approximately \$552,000 in the prior year. The difference in the results between the two years was primarily the result of higher revenues of approximately \$43,000, primarily due to higher capital grants of approximately \$64,000, offset by higher expenses of approximately \$50,000.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Fund

The focus of the Town's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town. At June 30, 2020, the Town's General Fund reported an ending fund balance of approximately \$1,920,000. Of this amount, approximately \$1,818,000 is unassigned fund balance, which is available for spending at the government's discretion.

General Fund revenues were approximately \$3,087,000 in the current fiscal year, a decrease of approximately \$250,000 compared to the prior year total of approximately \$3,336,000. The decrease was primarily due to lower grants of approximately \$138,000, lower licenses and permits of approximately \$49,000, and lower hospitality taxes of approximately \$33,000. As with most municipalities in the State of South Carolina, the Town is dependent on local property taxes to pay for many of the services provided to its citizens. The current millage rate for local property taxes is 112.5 mills. The assessed value is 4% of market value for residential property, 6% for commercial property, and 10.5% for industrial property. Local property taxes accounted for 38% (approximately \$1,159,000) of total General Fund revenue during the current fiscal year, an increase of approximately \$1,000 compared to the prior year.

General Fund expenditures were approximately \$3,450,000 in the current fiscal year, an increase of approximately \$369,000 compared to the prior year total of approximately \$3,081,000. The increase was primarily due to higher capital outlay expenditures of approximately \$160,000, higher public works expenditures of approximately \$134,000, higher general government expenditures of approximately \$72,000, and higher public safety expenditures of approximately \$47,000; offset partially by lower recreation expenditures of approximately \$44,000.

Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Net Position of the Water and Sewer Enterprise Funds at June 30, 2020 was approximately \$11,064,000. Please see the earlier discussion of the Town's business-type activities change in net position in the government-wide financial analysis section of this MD&A for more information.

General Fund Budgetary Highlights

The Town's annual budget is the legally adopted expenditure control document of the Town. Budgetary comparison schedules are included for the governmental fund and the proprietary funds. These statements compare the original adopted budget, the final budget, and the actual revenues and expenditures for the fiscal year. Amendments to the adopted budget may occur throughout the year in a legally permissible manner.

Actual revenues of approximately \$3,087,000 for the General Fund were approximately \$152,000 higher than the budget, primarily due to higher than budgeted property taxes, franchise fees, licenses and permits, grants, and other revenues. Actual expenditures of approximately \$3,450,000 were approximately \$514,000 higher than the budget, primarily due to higher than budgeted expenditures in general government, public safety, public works, and capital outlay.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2020, the Town had approximately \$14,451,000 in capital assets, net of accumulated depreciation. The following table shows the capital asset balances (net of depreciation) for June 30, 2020 compared to June 30, 2019:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 297,215	226,000	372,667	372,667	669,882	\$ 598,667
Construction in Progress	-	-	676,611	1,423,141	676,611	1,423,141
Buildings and Improvements	363,389	395,763	104,879	109,776	468,268	505,539
Motor Vehicles	734,653	650,582	42,651	50,449	777,304	701,031
Equipment	112,424	114,590	1,348,835	72,311	1,461,259	186,901
Infrastructure / Utility Systems	435,242	500,522	9,962,371	10,327,270	10,397,613	10,827,792
Totals	<u>\$ 1,942,923</u>	<u>1,887,457</u>	<u>12,508,014</u>	<u>12,355,614</u>	<u>14,450,937</u>	<u>\$ 14,243,071</u>

The major capital asset transactions for the Town during the current fiscal year were as follows:

- Depreciation expense of approximately \$704,000.
- Purchases and donations of vehicles for approximately \$202,000.
- Purchases and donations of land of approximately \$71,000.
- Purchases of equipment of approximately \$29,000.
- Construction in progress for approximately \$621,000.

See the notes to the financial statements for additional information regarding the Town's capital assets.

Long-Term Obligations

As of June 30, 2020, the Town had total long-term obligations of approximately \$4,411,000, as detailed below. The following table presents a summary of the Town's outstanding long-term obligations for June 30, 2020 compared to June 30, 2019:

Long-Term Obligations	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
2017 Fire Truck Lease	\$ 145,138	172,077	-	-	145,138	\$ 172,077
2017 Water Meter Lease	-	-	919,078	1,228,543	919,078	1,228,543
2010A Series Revenue Bond	-	-	874,962	892,348	874,962	892,348
2010B Series Revenue Bond	-	-	2,349,419	2,396,013	2,349,419	2,396,013
Compensated Absences	108,625	68,397	14,196	9,824	122,821	78,221
Totals	<u>\$ 253,763</u>	<u>240,474</u>	<u>4,157,655</u>	<u>4,526,728</u>	<u>4,411,418</u>	<u>\$ 4,767,202</u>

The major long-term obligation events for the current period included the following:

- Scheduled principal payments of approximately \$400,000 during the current fiscal year.

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The Town's statutory debt limit at June 30, 2020 was approximately \$864,000. The Town had no general obligation debt subject to this limitation at June 30, 2020.

See the notes to the financial statements for additional information regarding the Town's long-term obligations.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

ECONOMIC FACTORS

Economic factors that were considered in preparing the fiscal year 2020 budget were as follows:

- In fiscal year 2020, the Town did not annex any additional properties. There are approximately 4,100 residents living in the Town, which is in Anderson County (population of approximately 193,000). There has been little population growth in the Town since 2000 (approximately 4%).
- The median home cost in Williamston is approximately \$92,000, with no appreciation in the last year.
- Compared to the rest of the country, Williamston's cost of living is significantly lower than the U.S. average.

The Town's fiscal year 2021 General Fund budget is approximately \$2,938,000, which is approximately \$512,000 lower than the fiscal year 2020 actual expenditures and approximately \$2,000 higher than the fiscal year 2020 budgeted expenditures. The Town will continue to closely monitor and address the revenues and expenditures.

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Mayor, Town of Williamston, 12 West Main Street, Williamston, SC 29697 or 864-847-7473.

Basic Financial Statements

TOWN OF WILLIAMSTON, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2020

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Cash Equivalents	\$ 1,353,166	3,017,847	\$ 4,371,013
Restricted Cash and Cash Equivalents	102,387	400,705	503,092
Investments	245,579	-	245,579
Property Taxes Receivable, Net	42,115	-	42,115
Accounts Receivable, Net	334,100	203,602	537,702
Grants Receivable	-	329,275	329,275
Unbilled Revenues	-	87,611	87,611
Due from Other Governments	63,819	-	63,819
Capital Assets:			
Non-Depreciable	297,215	1,049,278	1,346,493
Depreciable, Net	1,645,708	11,458,736	13,104,444
TOTAL ASSETS	4,084,089	16,547,054	20,631,143
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	470,898	81,107	552,005
LIABILITIES			
Accounts Payable	141,418	372,783	514,201
Accrued Salaries and Fringe Benefits	33,371	4,519	37,890
Accrued Sludge Removal	-	16,000	16,000
Accrued Capacity Encroachment	-	37,064	37,064
Retainage Payable	-	49,671	49,671
Deposits	-	180,145	180,145
Unearned Revenues	14,100	-	14,100
Non-Current Liabilities:			
Net Pension Liability	2,523,380	698,081	3,221,461
Long-Term Obligations - Due Within One Year	81,925	221,263	303,188
Long-Term Obligations - Due in More Than One Year	171,838	3,936,392	4,108,230
TOTAL LIABILITIES	2,966,032	5,515,918	8,481,950
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	127,997	48,508	176,505
NET POSITION			
Net Investment in Capital Assets	1,797,785	7,975,409	9,773,194
Restricted For:			
Cemetery Fund	52,722	-	52,722
Victim's Assistance	3,184	-	3,184
Debt Service	-	400,705	400,705
Envision Williamston	38,144	-	38,144
Other	8,337	-	8,337
Unrestricted	(439,214)	2,687,621	2,248,407
TOTAL NET POSITION	\$ 1,460,958	11,063,735	\$ 12,524,693

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	\$ 818,009	-	22,000	42,200	(753,809)	-	\$ (753,809)
Public Safety	1,746,416	245,514	-	43,486	(1,457,416)	-	(1,457,416)
Public Works	630,771	265,080	-	-	(365,691)	-	(365,691)
Recreation	442,721	92,310	-	-	(350,411)	-	(350,411)
Interest and Other Charges	4,302	-	-	-	(4,302)	-	(4,302)
Total Governmental Activities	3,642,219	602,904	22,000	85,686	(2,931,629)	-	(2,931,629)
Business-Type Activities:							
Water	1,063,043	1,125,724	-	-	-	62,681	62,681
Sewer	1,135,029	1,103,107	-	505,547	-	473,625	473,625
Total Business-Type Activities	2,198,072	2,228,831	-	505,547	-	536,306	536,306
TOTAL - PRIMARY GOVERNMENT	\$ 5,840,291	2,831,735	22,000	591,233	(2,931,629)	536,306	(2,395,323)
General Revenues:							
Taxes:							
Property Taxes					1,290,872	-	1,290,872
Hospitality Taxes					224,224	-	224,224
Franchise Fees					390,733	-	390,733
Intergovernmental Revenue					93,271	-	93,271
Licenses and Permits					372,842	-	372,842
Miscellaneous Revenue					82,008	-	82,008
Investment Income					3,465	39	3,504
Gain on Disposal of Capital Assets					42,409	-	42,409
Insurance Proceeds					-	9,174	9,174
Total General Revenues					2,499,824	9,213	2,509,037
CHANGE IN NET POSITION					(431,805)	545,519	113,714
NET POSITION, Beginning of Year					1,892,763	10,518,216	12,410,979
NET POSITION, End of Year					\$ 1,460,958	11,063,735	\$ 12,524,693

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUND

JUNE 30, 2020

	GENERAL FUND
ASSETS	
Cash and Cash Equivalents	\$ 1,353,166
Cash and Cash Equivalents - Restricted	102,387
Investments	245,579
Receivables, Net:	
Property Taxes	42,115
Accounts	334,100
Due from State Agencies	63,819
TOTAL ASSETS	<u>\$ 2,141,166</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ 141,418
Accrued Salaries and Fringe Benefits	33,371
Unearned Revenues	14,100
TOTAL LIABILITIES	<u>188,889</u>
 DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	32,005
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>32,005</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>220,894</u>
 FUND BALANCE	
Restricted for:	
Cemetery Fund	52,722
Victim's Assistance	3,184
Envision Williamston	38,144
Other	8,337
Unassigned:	
General Fund	1,817,885
TOTAL FUND BALANCE	<u>1,920,272</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 2,141,166</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2020

TOTAL FUND BALANCE - GOVERNMENTAL FUND	\$ 1,920,272
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental fund. The cost of the assets was \$7,211,662, and accumulated depreciation was \$5,268,739.	1,942,923
Property taxes in the Statement of Net Position will be collected this year, but are not available soon enough to pay for the current fiscal year's expenditures, and therefore are unavailable in the governmental fund.	32,005
The Town's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(2,180,479)
Long-term liabilities are not due or payable in the current period and therefore are not reported as liabilities in the governmental fund. Long-term liabilities consisted of the following:	
Lease payable	(145,138)
Compensated absences (vacation)	(108,625)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 1,460,958</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
GOVERNMENTAL FUND

YEAR ENDED JUNE 30, 2020

	GENERAL FUND
REVENUES	
Property Taxes	\$ 1,158,783
Hospitality Taxes	224,224
Homestead Exemption	89,045
Manufacturer's Exemption	31,267
Merchant's Inventory	7,207
Franchise Fees	390,733
Licenses and Permits	372,842
Intergovernmental	93,271
Fines and Forfeitures	9,201
Sanitation Collection Fees	266,811
Charges for Services	90,579
Resource Officers	236,313
Investment Income	3,465
Donations	1,300
Grants	29,486
Other	82,008
TOTAL REVENUES	<u>3,086,535</u>
EXPENDITURES	
Current:	
General Government	802,919
Public Safety	1,497,746
Public Works	521,265
Recreation	425,033
Capital Outlay	171,693
Debt Service:	
Principal	26,939
Interest and Fiscal Charges	4,302
TOTAL EXPENDITURES	<u>3,449,897</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(363,362)</u>
OTHER FINANCING SOURCES	
Proceeds from the Sale of Capital Assets	53,228
TOTAL OTHER FINANCING SOURCES	<u>53,228</u>
NET CHANGE IN FUND BALANCE	(310,134)
FUND BALANCE, Beginning of Year	<u>2,230,406</u>
FUND BALANCE, End of Year	<u>\$ 1,920,272</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2020

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND **\$ (310,134)**

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

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund. This amount is the change in unavailable revenue - property taxes for the year.	4,570
Repayment of long-term note principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the Statement of Net Position.	26,939
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This is the change in compensated absences for the year.	(40,228)
Changes in the Town's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	(168,418)
In the Statement of Activities the donation of land and vehicles is reported, whereas in the governmental funds, it is not recognized.	76,900
In the Statement of Activities the gain on the disposal of capital assets is reported, whereas in the governmental funds, proceeds from the disposal of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets disposed.	(10,819)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, capital outlay expenditures that qualify as capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$236,005 exceeded capital asset additions from capital outlay of \$225,390.	<u>(10,615)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (431,805)**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS - ENTERPRISE FUNDS

JUNE 30, 2020

	WATER FUND	SEWER FUND	TOTAL
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 1,846,396	1,171,451	\$ 3,017,847
Restricted Cash and Cash Equivalents	-	400,705	400,705
Accounts Receivables, Net	105,354	98,248	203,602
Grants Receivable	-	329,275	329,275
Unbilled Revenues	43,853	43,758	87,611
Total Current Assets	<u>1,995,603</u>	<u>2,043,437</u>	<u>4,039,040</u>
Noncurrent Assets:			
Non-Depreciable Capital Assets	251,416	797,862	1,049,278
Depreciable Capital Assets, Net	2,795,465	8,663,271	11,458,736
Total Noncurrent Assets	<u>3,046,881</u>	<u>9,461,133</u>	<u>12,508,014</u>
TOTAL ASSETS	<u>5,042,484</u>	<u>11,504,570</u>	<u>16,547,054</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	<u>47,042</u>	<u>34,065</u>	<u>81,107</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	29,484	343,299	372,783
Accrued Salaries and Fringe Benefits	2,304	2,215	4,519
Accrued Sludge Removal	-	16,000	16,000
Accrued Capacity Encroachment	-	37,064	37,064
Retainage Payable	-	49,671	49,671
Deposits	96,302	83,843	180,145
Compensated Absences - Current Portion	4,748	2,350	7,098
Revenue Bonds Payable - Current Portion	-	65,744	65,744
Capital Lease Payable - Current Portion	148,421	-	148,421
Total Current Liabilities	<u>281,259</u>	<u>600,186</u>	<u>881,445</u>
Noncurrent Liabilities:			
Compensated Absences - Noncurrent Portion	4,748	2,350	7,098
Revenue Bonds Payable - Noncurrent Portion	-	3,158,637	3,158,637
Capital Lease Payable - Noncurrent Portion	770,657	-	770,657
Net Pension Liability	404,887	293,194	698,081
Total Noncurrent Liabilities	<u>1,180,292</u>	<u>3,454,181</u>	<u>4,634,473</u>
TOTAL LIABILITIES	<u>1,461,551</u>	<u>4,054,367</u>	<u>5,515,918</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	<u>28,135</u>	<u>20,373</u>	<u>48,508</u>
NET POSITION			
Net Investment in Capital Assets	2,127,803	5,847,606	7,975,409
Restricted for Debt Service	-	400,705	400,705
Unrestricted	1,472,037	1,215,584	2,687,621
TOTAL NET POSITION	<u>\$ 3,599,840</u>	<u>7,463,895</u>	<u>\$ 11,063,735</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2020

	WATER FUND	SEWER FUND	TOTAL
OPERATING REVENUES			
Charges for Services:			
Water Services	\$ 1,080,200	-	\$ 1,080,200
Sewer Services	-	1,074,775	1,074,775
Other Fees and Miscellaneous Revenues	45,524	28,332	73,856
TOTAL OPERATING REVENUES	1,125,724	1,103,107	2,228,831
OPERATING EXPENSES			
Water Operations	1,034,192	-	1,034,192
Sewer Operations	-	1,037,249	1,037,249
TOTAL OPERATING EXPENSES	1,034,192	1,037,249	2,071,441
OPERATING INCOME	91,532	65,858	157,390
NON-OPERATING REVENUES (EXPENSES)			
Insurance Proceeds	9,174	-	9,174
Grant Revenue	-	505,547	505,547
Investment Income	5	34	39
Interest Expense	(28,851)	(97,780)	(126,631)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(19,672)	407,801	388,129
CHANGES IN NET POSITION	71,860	473,659	545,519
NET POSITION, Beginning of Year	3,527,980	6,990,236	10,518,216
NET POSITION, End of Year	\$ 3,599,840	7,463,895	\$ 11,063,735

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - ENTERPRISE FUNDS

YEAR ENDED JUNE 30, 2020

	WATER FUND	SEWER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers and Other Revenues	\$ 1,139,758	1,113,721	\$ 2,253,479
Cash Payments for Goods and Services	(742,969)	(649,976)	(1,392,945)
Cash Payments to Employees	(112,581)	(75,081)	(187,662)
NET CASH PROVIDED BY OPERATING ACTIVITIES	284,208	388,664	672,872
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	-	(231,665)	(231,665)
Acquisition of Capital Assets in the Prior Year Paid for in the Current Year	(20,000)	-	(20,000)
Grant Revenue	-	176,272	176,272
Insurance Proceeds	9,174	-	9,174
Principal Payments on Capital Lease	(309,465)	-	(309,465)
Principal Payments on Revenue Bonds	-	(63,980)	(63,980)
Interest Payments	(28,851)	(97,780)	(126,631)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(349,142)	(217,153)	(566,295)
CASH FLOWS FROM INVESTING ACTIVITIES			
Income on Investments	5	34	39
NET CASH PROVIDED BY INVESTING ACTIVITIES	5	34	39
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED)	(64,929)	171,545	106,616
CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED), Beginning of Year	1,911,325	1,400,611	3,311,936
CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED), End of Year	\$ 1,846,396	1,572,156	\$ 3,418,552
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 91,532	65,858	\$ 157,390
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	164,302	304,109	468,411
Change in:			
Accounts Receivable, Net	4,988	7,138	12,126
Unbilled Revenue	1,651	1,713	3,364
Accounts Payable	(3,397)	(5,700)	(9,097)
Accrued Salaries and Fringe Benefits	-	(4)	(4)
Deposits	7,395	1,763	9,158
Compensated Absences	1,987	2,385	4,372
Net Pension Liability	(16,182)	(11,719)	(27,901)
Deferred Pension Charges	19,806	14,341	34,147
Deferred Pension Credits	12,126	8,780	20,906
Net Cash Provided by Operating Activities	\$ 284,208	388,664	\$ 672,872
Non-Cash Investing, Capital and Financing Activities:			
Acquisition of Capital Assets Not Yet Paid For	\$ -	389,146	\$ 389,146

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

The Town of Williamston (the "Town") is an incorporated municipality located in Anderson County, South Carolina. It was established in 1852. Section 47-26 of the 1962 Code of Laws, as amended (Home Rule Act), requires that municipalities adopt a specific form of government. Accordingly, the Town operates under a mayor-council form of government. The Town council is composed of a mayor and four council members ("Council").

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

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

As required by GAAP, the financial statements present the Town's financial information with its component units, if applicable. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the Town both appoints a voting majority of the entity's governing body, and either 1) the Town is able to impose its will on the entity or 2) there is a potential for the entity to provide specific financial benefits to or impose specific financial burdens on the Town. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the Town and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the Town.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the Town having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the Town; and (c) issue bonded debt without approval by the Town. An entity has a financial benefit or burden relationship with the Town if, for example, any one of the following conditions exists: (a) the Town is legally entitled to or can otherwise access the entity's resources, (b) the Town is legally obligated or has otherwise assumed the obligation to finance the deficits or provide financial support to the entity, or (c) the Town is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the Town's financial statements to be misleading.

Blended component units, although legally separate entities, are in substance part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the Town.

Blended Component Unit: Envision Williamston was incorporated as a nonprofit entity in 2015 to (1) provide consultation, deliberation, or advice on the promotion of the historic preservation, protection, and use of the Town's traditional public areas, including the Town's commercial, civic, and religious enterprises and residences and to (2) encourage public and private partnerships and to be an incubator for new approaches to community and economic development.

Envision Williamston's executive director is employed by the Town, and its board includes the Mayor of the Town and several Town employees. The Town also provided some of Envision Williamston's funding in the current year. Therefore, Envision Williamston's financial information is blended with that of the Town in these financial statements. The activity of Envision Williamston is included in the General Fund of the Town and any remaining balances are shown as restricted fund balance.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

Major Operations

All activities for which the Council exercises oversight responsibility have been incorporated into the financial statements to form the reporting entity. The Town's financial statements include the accounts of all Town operations, including, but not limited to, general operations and supporting services, public safety (police and fire), streets, sanitation, recreation, water and sewer services.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

Government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, intergovernmental revenues, franchise taxes, licenses, and interest associated with the current period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current period. For this purpose, the government generally considers these types of revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash has been received by the Town. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and capital lease expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

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

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Governmental fund financial statements report detailed information about the Town. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are a minimum number of funds maintained to keep the accounts consistent with legal and managerial requirements. The following fund types and major funds are used by the Town.

Governmental Fund Types are those through which most governmental functions of the Town are financed. The Town's expendable financial resources and related assets and liabilities (except for those accounted for in proprietary funds) are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting.

The following is the Town's only governmental fund type:

The **General Fund, a major fund**, is the general operating fund of the Town and accounts for all revenues and expenditures of the Town except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any unassigned fund balance is considered a resource available for use.

Proprietary Fund Types are accounted for based on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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 following is the Town's only proprietary fund type:

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (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 revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The principal operating revenues of enterprise funds are primarily charges for services and fees. Operating expenses for enterprise funds include the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Town has two enterprise funds, which are reported as major funds.

The **Water Fund** is used to account for water services provided to the residents of the Town and some surrounding areas.

The **Sewer Fund** is used to account for sewer services provided to the residents of the Town and some surrounding areas.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Fiduciary Fund Types include trust funds and the agency funds. These funds are used to account for assets held by the Town in a trustee capacity for individuals, other governments, and/or other funds. Trust funds are accounted for in essentially the same manner as proprietary funds. The Town does not have any fiduciary funds.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity

1. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

For purposes of the financial statements, the Town considers all highly liquid investments with original maturities of three months or less when initially purchased to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Restricted Cash and Cash Equivalents

The Town has various cash accounts which are restricted by either funding sources, bond requirements or state laws or regulations.

Investments

Investments are recorded at fair value. The Town's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types, and component units within the State of South Carolina) that authorize the Town to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

1. Cash, Cash Equivalents, and Investments (Continued)

Investments (Continued)

- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No-load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The Town's investment objectives are preservation of capital, liquidity and yield. Investments are stated at fair value. The Town invested its funds in certificates of deposit during the year ended June 30, 2020.

2. Receivables and Payable

During the course of its operations, the Town has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received, balances of interfund receivables or payables will be recorded. There were no such balances as of June 30, 2020.

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts. Trade receivables are comprised of amounts due from entities and individuals for a variety of fees, charges and services, including franchise fees, sanitation, water, sewer and other fees and charges.

3. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective fund financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated acquisition value (as estimated by the Town) at the date of donation. Public domain ("infrastructure") general capital assets acquired prior to January 1, 2004, consisting of roads, bridges, curbs and gutters, streets, and sidewalks, drainage systems, and lighting systems that were acquired or that received substantial improvements are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Town maintains a capitalization threshold of \$5,000 other than those associated with infrastructure. The Town's minimum capitalization threshold for infrastructure assets is \$100,000.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

3. Capital Assets (Continued)

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are complete, at which time the complete costs of the project are transferred to the appropriate capital asset category. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities	Business-Type Activities
	Estimated Lives	Estimated Lives
Land Improvements	N/A	15-25 years
Buildings and Improvements	10-40 years	15-40 years
Motor Vehicles	5-15 years	10 years
Equipment	5-20 years	10 years
Infrastructure	15-50 years	N/A
Utility Systems	N/A	10-50 years

4. Compensated Absences

The Town reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. The Town's employees are granted vacation and sick leave in varying amounts depending upon the length of service to the Town. Upon termination of employment, an employee is reimbursed for accumulated vacation days not to exceed 45 days. Sick pay benefits are earned at the rate of one day per month of continuous service and may be accumulated up to a maximum of 180 days. Unused sick leave is not reimbursed and therefore, not reported in the financial statements.

The entire compensated absence liability and expense is reported on the government-wide financial statements. The portion applicable to the proprietary funds is also recorded in the proprietary fund financial statements. The governmental fund will also recognize compensated absences for termination and retirements that occurred prior to year end that are expected to be paid within a short time subsequent to year end, if they are material.

5. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. The portion applicable to the proprietary funds is also recorded in the proprietary fund financial statements. All current payables and accrued liabilities from governmental funds are reported in the governmental fund financial statements.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred, if material, and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Amortization of premiums and discounts are included in interest expense. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, if applicable, are recognized in the period in which they are incurred.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

5. *Accrued Liabilities and Long-Term Obligations (Continued)*

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

6. *Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has one type of deferred outflows of resources: The Town reports *deferred pension charges* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently has two types of deferred inflows of resources: (1) The Town reports *unavailable revenue – property taxes* only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts become available. (2) The Town also reports *deferred pension credits* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System (the “Plans”). These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

7. *Fund Balance*

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town classifies its governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e., prepaids or inventories) or because of legal or contractual requirements (i.e., principal on an endowment).

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the Town Council before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

7. *Fund Balance (Continued)*

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes.

The Town's practice is to generally use restricted amounts first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the Town generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

8. *Net Position*

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

9. *Pensions*

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.A and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The Town recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the Town's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the Town's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

10. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and deferred outflows of resources (if any) and liabilities and deferred inflows of resources (if any) and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

11. Comparative Data

Comparative data (i.e. presentation of prior year totals for the financial statements) have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The Town's budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted for the General Fund and Water and Sewer Funds. The presented budgetary information is as originally adopted or as amended by Council. All annual appropriations lapse at fiscal year end.

Prior to June 1st of each year, all agencies of the government submit requests for appropriation to the Town so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Council holds two public hearings on the annual budget, which must be prepared and adopted no later than the last day of June. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established on the budget as a whole.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits might not be recovered. The Town does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2020, none of the Town's bank deposits of \$5,175,369 (which had a carrying value of \$5,119,684) were exposed to custodial credit risk.

Investments

As of June 30, 2020, the Town did not have any investments as defined by GASB Statement No. 40.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

A. Deposits and Investments (Continued)

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consisted of the following at June 30, 2020:

Debt Service Reserve	\$	400,705
Cemetery Fund		52,722
Drug Forfeiture		7,133
Victim's Advocate		3,184
Envision Williamston		38,144
Other		1,204
Total Restricted Cash and Cash Equivalents	\$	<u>503,092</u>

B. Accounts Receivable and Unbilled Revenue

The General Fund had accounts receivable of \$334,100 at June 30, 2020, which primarily represents the Duke Energy franchise fee, Charter franchise fee, Fort Hill franchise fee, school resource officer fee, and the June hospitality taxes due to the Town at June 30, 2020 that were received subsequent to June 30, 2020.

The Water and Sewer Funds have accounts receivable of \$105,354 and \$98,248, respectively (net of an allowance for doubtful accounts of \$16,552 and \$9,519, respectively) at June 30, 2020, which primarily represents unpaid water and sewer charges through the June 15, 2020 billing period. In addition, the Water and Sewer Funds have \$43,853 and \$43,758, respectively, in unbilled revenues related to water and sewer usage by customers for the last two weeks of June 2020 that were not billed until July 2020.

C. Property Taxes Receivable and Unavailable Revenue

Property taxes on real estate and on personal property and taxes on automobiles are billed and collected by Anderson County, South Carolina, and remitted monthly to the Town of Williamson. Except motor vehicles (which the levy date for motor vehicles is the first day of the month in which the motor vehicle license expires and for which taxes are due by the last day of the same month), property taxes are levied on October 1, based on an assessed value of approximately \$10,794,000 at a rate of 112.5 mills, and are payable without penalty through January 14. On January 15, a 15% penalty is added to all unpaid taxes. On February 1, an execution cost of 5% of all unpaid taxes and penalties is added. On or before March 16, a notice of delinquent taxes, penalties and costs is mailed to the property owner advising that if these are not paid by August 13, the property will be sold in October.

At June 30, 2020, the Town reported property taxes receivable of \$42,115, of which \$10,110 was received within 60 days after fiscal year end. The General Fund defers revenue recognition for receivables that are not considered available to liquidate liabilities of the current period (i.e., collected within 60 days after fiscal year end). At June 30, 2020, the General Fund reported \$32,005 in unavailable revenue – property taxes, all attributable to delinquent property taxes receivable.

D. Deposits

The Water Fund and the Sewer Fund have liabilities for customer deposits totaling \$180,145, which will be applied to the customer's last bill when service is terminated.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Capital Assets

Capital asset activity for the Town’s governmental activities for the year ended June 30, 2020 was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Non-Depreciable				
Land	\$ 226,000	71,215	-	\$ 297,215
Total Capital Assets, Non-Depreciable	<u>226,000</u>	<u>71,215</u>	<u>-</u>	<u>297,215</u>
Capital Assets, Depreciable				
Buildings and Improvements	1,109,953	-	-	1,109,953
Motor Vehicles	1,713,898	201,750	103,337	1,812,311
Equipment	767,272	29,325	25,726	770,871
Infrastructure	3,221,312	-	-	3,221,312
Total Capital Assets, Depreciable	<u>6,812,435</u>	<u>231,075</u>	<u>129,063</u>	<u>6,914,447</u>
Less: Accumulated Depreciation for				
Buildings and Improvements	714,190	32,374	-	746,564
Motor Vehicles	1,063,316	113,352	99,010	1,077,658
Equipment	652,682	24,999	19,234	658,447
Infrastructure	2,720,790	65,280	-	2,786,070
Total Accumulated Depreciation	<u>5,150,978</u>	<u>236,005</u>	<u>118,244</u>	<u>5,268,739</u>
Total Capital Assets, Depreciable, Net	<u>1,661,457</u>	<u>(4,930)</u>	<u>10,819</u>	<u>1,645,708</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 1,887,457</u>	<u>66,285</u>	<u>10,819</u>	<u>\$ 1,942,923</u>

The cost of equipment recorded under capital lease was \$225,000. Accumulated amortization was \$52,500 at June 30, 2020. Amortization of assets recorded under capital lease obligations has been included with depreciation expense.

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

Governmental Activities:	Depreciation Expense
General Government	\$ 18,623
Public Safety	94,398
Public Works	88,610
Recreation	34,374
Total Depreciation Expense - Governmental Activities	<u>\$ 236,005</u>

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Capital Assets (Continued)

Capital asset activity for the Town’s business-type activities for the year ended June 30, 2020 was as follows:

Business-Type Activities:	Beginning Balance	Increases	Decreases	Transfers and Other	Ending Balance
Capital Assets, Non-Depreciable					
Land	\$ 372,667	-	-	-	\$ 372,667
Construction in Progress	1,423,141	620,811	-	(1,367,341)	676,611
Total Capital Assets, Non-Depreciable	<u>1,795,808</u>	<u>620,811</u>	<u>-</u>	<u>(1,367,341)</u>	<u>1,049,278</u>
Capital Assets, Depreciable					
Land Improvements	256,194	-	-	-	256,194
Buildings and Improvements	70,454	-	-	-	70,454
Motor Vehicles	119,136	-	18,376	-	100,760
Equipment	296,822	-	-	1,367,341	1,664,163
Utility Systems	19,992,777	-	-	-	19,992,777
Total Capital Assets, Depreciable	<u>20,735,383</u>	<u>-</u>	<u>18,376</u>	<u>1,367,341</u>	<u>22,084,348</u>
Less: Accumulated Depreciation for					
Land Improvements	187,871	3,693	-	-	191,564
Buildings and Improvements	29,001	1,204	-	-	30,205
Motor Vehicles	68,687	7,798	18,376	-	58,109
Equipment	224,511	90,817	-	-	315,328
Utility Systems	9,665,507	364,899	-	-	10,030,406
Total Accumulated Depreciation	<u>10,175,577</u>	<u>468,411</u>	<u>18,376</u>	<u>-</u>	<u>10,625,612</u>
Total Capital Assets, Depreciable, Net	<u>10,559,806</u>	<u>(468,411)</u>	<u>-</u>	<u>1,367,341</u>	<u>11,458,736</u>
Total Business-Type Activities Capital Assets, Net	<u>\$ 12,355,614</u>	<u>152,400</u>	<u>-</u>	<u>-</u>	<u>\$ 12,508,014</u>

The cost of equipment recorded under capital lease was \$1,367,341. Accumulated amortization was \$69,367 at June 30, 2020. Amortization of assets recorded under capital lease obligations has been included with depreciation expense.

F. Long Term Obligations

The Town’s long-term obligations were comprised of the following at June 30, 2020:

- 2010A Sewer Revenue Bonds in the original amount of \$1,008,200, having monthly principal and interest payments of \$3,660 through 2051 at an interest rate of 3.00%. Resources from the Sewer Fund have been used, and will continue to be used, to liquidate this obligation.
- 2010B Sewer Revenue Bonds in the original amount of \$2,743,000, having monthly principal and interest payments of \$9,820 through 2051 at an interest rate of 3.00%. Resources from the Sewer Fund have been used, and will continue to be used, to liquidate this obligation.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

F. Long Term Obligations (Continued)

- 2017 Water Meter Lease in the original amount of \$1,500,000, having yearly principal and interest payments of \$171,123 through 2027 at an interest rate of 2.47%. The lease was used to fund the replacement of water meters throughout the Town. Resources from the Water Fund have been used, and will continue to be used, to liquidate this obligation.
- 2017 Fire Truck Lease in the original amount of \$224,000, having yearly principal and interest payments of \$31,241 through 2025 at an interest rate of 2.50%. The lease was used to purchase a fire truck for the fire department. Resources from the General Fund have been used, and will continue to be used, to liquidate this obligation.

The following is a summary of activity in the Town’s long-term obligations for the year ended June 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
2017 Fire Truck Lease (Direct Borrowing)	\$ 172,077	-	26,939	145,138	\$ 27,612
Compensated Absences	68,397	87,157	46,929	108,625	54,313
Total Governmental Activities	<u>\$ 240,474</u>	<u>87,157</u>	<u>73,868</u>	<u>253,763</u>	<u>\$ 81,925</u>
Business-Type Activities:					
Direct Borrowings and Direct Placements					
Series 2010A Revenue Bond (Direct Placement)	\$ 892,348	-	17,386	874,962	\$ 17,840
Series 2010B Revenue Bond (Direct Placement)	2,396,013	-	46,594	2,349,419	47,904
2017 Water Meter Lease (Direct Borrowing)	1,228,543	-	309,465	919,078	148,421
Total Direct Borrowings and Direct Placements	<u>4,516,904</u>	<u>-</u>	<u>373,445</u>	<u>4,143,459</u>	<u>214,165</u>
Compensated Absences	9,824	12,692	8,320	14,196	7,098
Total Business-Type Activities	<u>\$ 4,526,728</u>	<u>12,692</u>	<u>381,765</u>	<u>4,157,655</u>	<u>\$ 221,263</u>

Resources from the General Fund and the Water and Sewer Funds are used to liquidate the compensated absences liabilities related to those funds, respectively.

The Town’s outstanding leases from direct borrowings are secured by the underlying equipment. In the event of default, the unpaid principal can be declared immediately due and payable. The bond covenants require, among other things, that the Town keep the underlying equipment in good order and repair and in good operating condition.

The Town’s outstanding revenue bonds from direct placements are secured by a contractual lien upon the sewer system. Both the principal and interest on these revenue bonds are payable solely from the net revenues of the sewer system. The bond covenants require, among other things, that the Town continuously operate and maintain the sewer system and fix and maintain such rates for the services and facilities furnished by the sewer system as shall at all time be sufficient (a) to provide for the punctual payment of the principal and interest on the bonds, (b) to provide for the payment of the expenses of the administration, operation and maintenance of the sewer system as may be necessary to preserve the same in good repair and working order, (c) to build up and maintain any debt service reserve fund as may be established for any series of bonds, and (d) to build and maintain a reserve for depreciation of the sewer system.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

F. Long Term Obligations (Continued)

Annual debt service requirements to maturity are as follows:

Governmental Activities: Year Ended June 30,	Leases from Direct Borrowings		Total
	Principal	Interest	
2021	\$ 27,612	3,628	\$ 31,240
2022	28,303	2,938	31,241
2023	29,010	2,231	31,241
2024	29,735	1,505	31,240
2025	30,478	762	31,240
Totals	\$ 145,138	11,064	\$ 156,202

Business-Type Activities: Year Ended June 30,	Revenue Bonds from Direct Placements		Leases from Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
Business-Type Activities					
2021	\$ 65,744	96,011	148,421	22,701	\$ 332,877
2022	67,745	94,010	152,087	19,035	332,877
2023	69,806	91,948	155,844	15,279	332,877
2024	71,862	89,892	159,693	11,429	332,876
2025	74,116	87,638	163,638	7,485	332,877
2026-2030	405,747	403,023	139,395	3,443	951,608
2031-2035	471,355	337,416	-	-	808,771
2036-2040	547,538	261,233	-	-	808,771
2041-2045	636,123	172,648	-	-	808,771
2046-2050	738,984	69,787	-	-	808,771
2051	75,361	700	-	-	76,061
Totals	\$ 3,224,381	1,704,306	919,078	79,372	\$ 5,927,137

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no City or Town shall incur any bonded debt which shall exceed 8% of the assessed value of the property therein and no such debt shall be created without the electors of such City or Town voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was 35%. In 1976, the General Assembly reduced the general obligation debt limit without voter approval to 8% of assessed valuation; whereas, with a referendum any amount can be floated. As of June 30, 2020, the Town had no bonded debt subject to the 8% limit, which was approximately \$864,000.

IV. OTHER INFORMATION

A. Retirement Plans

The Town participates in the State of South Carolina’s retirement plans. The South Carolina Public Employee Benefit Authority (“PEBA”), created July 1, 2012, is the state agency responsible for the administration and management of the various retirement systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state’s employee insurance programs.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

As such, PEBA is responsible for administering the South Carolina Retirement Systems' ("Systems") five defined benefit plans. PEBA has an 11-member Board of Directors ("PEBA Board"), appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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

The PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the System' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. The PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description

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

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

Plan Membership

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

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

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Membership (Continued)

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

Plan Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of benefit terms for each system is presented below.

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

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

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

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

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022 (the employer contribution rates were frozen for the upcoming fiscal year – see “*Subsequent Event to the Plans Measurement Date*” at the end of this section for more details). If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA Board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the PEBA Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the PEBA Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first, and annually thereafter as necessary, the PEBA Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

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

	SCRS Rates			PORS Rates		
	2018	2019	2020	2018	2019	2020
Employer Contribution Rate: ^						
Retirement	13.41%	14.41%	15.41%	15.84%	16.84%	17.84%
Incidental Death Benefit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	<u>13.41%</u>	<u>14.41%</u>	<u>15.41%</u>	<u>15.84%</u>	<u>16.84%</u>	<u>17.84%</u>
Employee Contribution Rate ^	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.75%</u>	<u>9.75%</u>	<u>9.75%</u>

^ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Contributions (Continued)

The required contributions and percentages of amounts contributed to the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed
2020	\$ 117,303	100%	\$ 141,635	100%
2019	114,886	100%	132,206	100%
2018	\$ 109,472	100%	\$ 124,326	100%

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly (“State”) funded 1 percent of the SCRS and PORS contribution increases for the year ended June 30, 2019. The State’s budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund and the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended June 30, 2019 (measurement date) to the Town were approximately \$8,200 and \$6,500 for the SCRS and PORS, respectively.

The Town recognized contributions (on-behalf benefits) from the State of approximately \$8,200 and \$6,500 for the year ended June 30, 2020. These contributions by the State are recognized as intergovernmental revenues and pension expenditures in the Town’s governmental fund financial statements.

Eligible payrolls covered under the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Payroll	PORS Payroll	Total Payroll
2020	\$ 761,213	793,921	\$ 1,555,134
2019	797,268	785,074	1,582,342
2018	\$ 816,347	784,887	\$ 1,601,234

Actuarial Assumptions and Methods

Actuarial valuations of the Plans involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2015.

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

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2019 (measurement date) for the SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.25%	7.25%
Projected Salary Increases*	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

* Includes inflation at 2.25%.

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

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

Long-Term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Long-Term Expected Rate of Return (Continued)

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	51.0%		
Global Public Equity	35.0%	7.29%	2.55%
Private Equity	9.0%	7.67%	0.69%
Equity Options Strategies	7.0%	5.23%	0.37%
Real Assets	12.0%		
Real Estate (Private)	8.0%	5.59%	0.45%
Real Estate (REITs)	1.0%	8.16%	0.08%
Infrastructure (Private)	2.0%	5.03%	0.10%
Infrastructure (Public)	1.0%	6.12%	0.06%
Opportunistic	8.0%		
Global Tactical Asset Allocation	7.0%	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
Credit	15.0%		
High Yield Bonds/Bank Loans	4.0%	3.14%	0.13%
Emerging Markets Debt	4.0%	3.31%	0.13%
Private Debt	7.0%	5.49%	0.38%
Rate Sensitive	14.0%		
Core Fixed Income	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	0.00%
Total Expected Real Return	100.0%		5.41%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.66%

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

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

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

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

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

At June 30, 2020, the Town reported liabilities of approximately \$1,706,000 and \$1,515,000 for its proportionate share of the NPL for the SCRS and PORS, respectively. The NPL were measured as of June 30, 2019, and the TPL for the Plans used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2018 that was projected forward to the measurement date. The Town's proportion of the NPL were based on a projection of the Town's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2019 measurement date, the Town's SCRS proportion was 0.007472 percent, which was a decrease of 0.00048 from its proportion measured as of June 30, 2018. At the June 30, 2019 measurement date, the Town's PORS proportion was 0.05287 percent, which was a decrease of 0.00242 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of approximately \$177,000 and \$277,000 for the SCRS and PORS, respectively. At June 30, 2020, the Town reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 1,173	\$ 12,257
Changes in Assumptions	34,383	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	15,106	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	38,459	106,306
Employer Contributions Subsequent to the Measurement Date	109,118	-
Total SCRS	198,239	118,563
PORS		
Differences Between Expected and Actual Experience	31,156	11,199
Changes in Assumptions	60,086	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	19,212	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	108,166	46,743
Employer Contributions Subsequent to the Measurement Date	135,146	-
Total PORS	353,766	57,942
Total SCRS and PORS	\$ 552,005	\$ 176,505

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Approximately \$109,000 and \$135,000 that were reported as deferred outflows of resources related to the Town’s contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the NPL in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2021	\$ 12,671	110,290	\$ 122,961
2022	(24,513)	42,498	17,985
2023	(22,740)	4,759	(17,981)
2024	5,140	3,131	8,271
Total	<u>\$ (29,442)</u>	<u>160,678</u>	<u>\$ 131,236</u>

Discount Rate

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the 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 TPL.

Sensitivity Analysis

The following table presents the sensitivity of the Town’s proportionate share of the NPL of the Plans to changes in the discount rate, calculated using the discount rate of 7.25 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.25 percent) or 1% point higher (8.25 percent) than the current rate:

System	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
The Town's proportionate share of the net pension liability of the SCRS	\$ 2,149,500	1,706,236	\$ 1,336,306
The Town's proportionate share of the net pension liability of the PORS	2,053,489	1,515,225	1,074,250
Total Pension Liability	<u>\$ 4,202,989</u>	<u>3,221,461</u>	<u>\$ 2,410,556</u>

Plans Fiduciary Net Position

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

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Payable to Plans

The Town reported a payable of approximately \$30,000 to the PEBA as of June 30, 2020, representing required employer and employee contributions for the month of June 2020 for the SCRS and PORS. This amount is included in Accounts Payable on the financial statements and was paid in July 2020.

Subsequent Event to the Plans Measurement Date

In May 2020, due to the global health crisis/pandemic caused by the COVID-19 virus, the South Carolina General Assembly included a provision in its continuing resolution for suspending the statutory employer contribution rate increase of 1% for the 2020-2021 fiscal year. This means that the employer contribution rate for the Plans during the 2020-2021 fiscal year, as expressed as a percentage of earnable compensation, shall remain at the same rate as imposed for the 2019-2020 fiscal year.

B. Risk Management

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The Town has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund (“SCMIRF”), which is a public entity risk pool currently operating as a common risk management and insurance program. The Town pays a bi-annual premium to SCMIRF for its general insurance. SCMIRF is self-sustaining through member premiums and reinsures through commercial companies. SCMIRF’s net position from its most recently issued audited financial statements at December 31, 2019, totaled approximately \$14,253,000. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in the past three fiscal years.

The Town has also joined together with other municipalities in the state to form the South Carolina Municipal Insurance Trust (“SCMIT”), a public entity risk pool operating as a common risk management and insurance program for worker’s compensation. The Town pays a quarterly premium to SCMIT. The Trust uses reinsurance agreements to reduce its exposure to large workers’ compensation losses. SCMIT’s net position from its most recently issued audited financial statements at December 31, 2019, totaled approximately \$62,792,000. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in the past three fiscal years.

C. Contingent Liabilities

Water Operations

The Town joined the Anderson Regional Joint Water System (“ARJWS”) in 2002 and entered into a water sale and purchase agreement with ARJWS. The agreement, which was amended in 2004 and again in 2005, provides for the following:

- Allocates a percentage of the water treatment plant's total capacity to each member with the member agreeing to pay ARJWS’s debt service monthly based on its respective percentage of plant capacity, together with certain operating and other expenses proportionate to its percentage of plant capacity. The Town’s proportion of plant capacity is 2.89 % of the total plant capacity of 45 million gallons per day.
- The cost of future capital improvements not increasing ARJWS’s capacity will be shared by the members according to their respective percentage of plant capacity.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

C. Contingent Liabilities (Continued)

Water Operations (Continued)

- All amounts paid by the members not required to fund debt service will be deposited into a Facilities Renewal and Replacement Fund. Any surplus existing in this fund at year end will be repaid to members based on their respective percentage of plant capacity.

Grants

The Town participates in a number of federal and state assisted grant programs, which are governed by various rules and regulations of grantor agencies. These programs are subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The Town believes it has substantially complied with the contract/grant provisions. Based on prior experience, the Town's management believes such disallowances, if any, would not be significant; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

In addition, the Town must apply for annual renewals of contracts and grants. Funding is subject to both increases and reductions at the discretion of the contractors and grantors.

Litigation

Various claims and lawsuits are pending against the Town. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Town's management and legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Town.

COVID-19 Pandemic Impacts

On January 30, 2020, the World Health Organization announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China, and in March 2020, classified the outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the outbreak continues to evolve as of the date of these financial statements. Management continues to actively monitor the impact from this health crisis on its financial condition, liquidity, operations, workforce and citizens.

As local and federal governments recommended or mandated restrictions on business and travel in an effort to curb the pandemic by changing consumer behavior, the Town's revenues were negatively impacted. Such restrictions are currently expected to be temporary; however, there is considerable uncertainty about their duration. Given the daily evolution of the pandemic, the Town cannot estimate the duration or gravity of its impact at this time. If the pandemic continues for a long period of time, it may have a material adverse effect on the Town's results of operations, net position/fund balance and liquidity for the year ended June 30, 2021.

D. Commitments

In May 2018, the Town entered into a contract as a lessor to lease the armory building for 120 months beginning in August 2018. The lease terms state the first 3 months are free and require monthly payments of \$2,500 for the following 57 months and \$3,000 per month for the remaining 60 months.

The Town has a construction commitment related to the sewer line project on Belton Drive as of June 30, 2020. The total remaining construction commitments on this project are approximately \$295,000.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

D. Commitments (Continued)

The Town has a commitment related to the sewer line project on Mahaffey Road as of June 30, 2020. The projected cost of the project is approximately \$700,000. The Town was awarded a CDBG grant in January of 2020 in the amount of approximately \$603,000 to help fund this project. The remaining portion will be funded by the Town. The total remaining commitments on this project are approximately \$628,000. The Town is currently in the easements process and no construction contract has been bid out.

The Town has a commitment related to a city planning studies project as of June 30, 2020. The projected cost of the project is approximately \$90,000. The Town was awarded an Appalachian Regional Commission grant to begin July 1, 2019 in the amount of approximately \$45,000 to help fund this project. The remaining portion will be funded by the Town.

In May 2020, the Town entered into an operating lease for a backhoe. The monthly cost for the operating lease is \$1,526 a month for 36 months.

Consent Order

On August 10, 2016 executed a consent order with the South Carolina Department of Health and Environmental Control (“DHEC”) under which the Town agreed to implement a capacity management, operation and maintenance program for its wastewater treatment plant. This program is to include a comprehensive review and audit of the wastewater treatment plant. Findings resulting from the review and audit and an action plan addressing the identified deficiencies, including a schedule of implementation, must be submitted to DHEC by February 6, 2017. The Town is also required to report to DHEC quarterly a summary of corrective actions taken to address the identified deficiencies.

Under the consent order, the Town also agreed to develop a corrective action plan and schedule of implementation detailing the corrective actions that the Town was taking to address the factors contributing to fecal coliform violations.

The Town submitted a corrective action plan regarding the operation of the wastewater treatment plant in September 2016. Under this plan, the Town agreed to and executed modifications to the wastewater treatment process resulting in one-time costs of approximately \$9,000 and increased monthly operating costs of approximately \$2,000. In addition, a future construction project to upgrade the waste activated sludge line and pump is planned to begin in the future.

A wastewater collection system corrective action plan was developed in April 2017 and includes approximately \$60,000 in additional costs each year for a period of five years to inspect the manholes and sewer lines. These costs do not include any repairs costs resulting from the inspection process. The Town will use the results of these inspections to develop a capital improvement plan.

E. Tax Abatements

Town’s Tax Abatements

The Town does not have any of its own tax abatement agreements.

Anderson County Tax Abatements

The Town’s property tax revenues were reduced by approximately \$35,000 under agreements entered into by Anderson County.

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Required Supplementary Information

TOWN OF WILLIAMSTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2020

	GENERAL FUND			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Property Taxes	\$ 1,127,000	1,127,000	1,158,783	\$ 31,783
Hospitality Taxes	230,000	230,000	224,224	(5,776)
Homestead Exemption	87,000	87,000	89,045	2,045
Manufacturer's Exemption	29,000	29,000	31,267	2,267
Merchant's Inventory	7,204	7,204	7,207	3
Franchise Fees	370,000	370,000	390,733	20,733
Licenses and Permits	325,000	325,000	372,842	47,842
Intergovernmental	80,000	80,000	93,271	13,271
Fines and Forfeitures	20,750	20,750	9,201	(11,549)
Sanitation Collection Fees	255,500	255,500	266,811	11,311
Other Charges for Services	107,000	107,000	90,579	(16,421)
Resource Officers	238,171	238,171	236,313	(1,858)
Donations	-	-	1,300	1,300
Investment Income	1,000	1,000	3,465	2,465
Grants	15,000	15,000	29,486	14,486
Other	41,600	41,600	82,008	40,408
TOTAL REVENUE ALL SOURCES	2,934,225	2,934,225	3,086,535	152,310
EXPENDITURES				
General Government:				
Salaries and Wages	181,527	181,527	154,622	26,905
Payroll Taxes	13,887	13,887	10,881	3,006
Retirement	27,575	27,575	25,639	1,936
Health Insurance	63,013	63,013	55,604	7,409
Transportation Expenditures	2,000	2,000	218	1,782
Consultants and Contract Services	9,481	9,481	8,481	1,000
Operating Expenditures	267,087	267,087	547,474	(280,387)
Total General Government	564,570	564,570	802,919	(238,349)
Public Safety:				
Police:				
Salaries and Wages	801,801	801,801	823,859	(22,058)
Payroll Taxes	60,703	60,703	60,612	91
Retirement	137,673	137,673	143,450	(5,777)
Health Insurance	145,217	145,217	175,346	(30,129)
Operating Expenditures	159,995	159,995	154,218	5,777
Total Police	1,305,389	1,305,389	1,357,485	(52,096)
Fire:				
Salaries and Wages	40,040	40,040	28,581	11,459
Payroll Taxes	4,063	4,063	1,964	2,099
Retirement	7,544	7,544	4,579	2,965
Transportation Expenditures	32,054	32,054	32,054	-
Operating Expenditures	85,030	85,030	73,083	11,947
Total Fire	168,731	168,731	140,261	28,470
Total Public Safety	\$ 1,474,120	1,474,120	1,497,746	\$ (23,626)

(Continued)

TOWN OF WILLIAMSTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2020

	GENERAL FUND			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
Public Works:				
Street Department:				
Salaries and Wages	\$ 179,022	179,022	181,372	\$ (2,350)
Payroll Taxes	13,695	13,695	13,584	111
Retirement	27,231	27,231	28,421	(1,190)
Health Insurance	43,949	43,949	46,217	(2,268)
Operating Expenditures	164,600	164,600	251,671	(87,071)
Total Public Works	<u>428,497</u>	<u>428,497</u>	<u>521,265</u>	<u>(92,768)</u>
Recreation:				
Salaries and Wages	86,696	86,696	84,685	2,011
Payroll Taxes	6,632	6,632	6,321	311
Retirement	13,624	13,624	12,821	803
Health Insurance	24,346	24,346	21,027	3,319
Operating Expenditures	299,000	299,000	300,179	(1,179)
Total Recreation	<u>430,298</u>	<u>430,298</u>	<u>425,033</u>	<u>5,265</u>
Capital Outlay	<u>7,500</u>	<u>7,500</u>	<u>171,693</u>	<u>(164,193)</u>
Debt Service:				
Principal	31,240	31,240	26,939	4,301
Interest and Fiscal Changes	-	-	4,302	(4,302)
Total Debt Service	<u>31,240</u>	<u>31,240</u>	<u>31,241</u>	<u>(1)</u>
TOTAL EXPENDITURES	<u>2,936,225</u>	<u>2,936,225</u>	<u>3,449,897</u>	<u>(513,672)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,000)</u>	<u>(2,000)</u>	<u>(363,362)</u>	<u>(361,362)</u>
OTHER FINANCING SOURCES				
Proceeds from the Sale of Capital Assets	2,000	2,000	53,228	51,228
TOTAL OTHER FINANCING SOURCES	<u>2,000</u>	<u>2,000</u>	<u>53,228</u>	<u>51,228</u>
NET CHANGE IN FUND BALANCE	-	-	(310,134)	(310,134)
FUND BALANCE, Beginning of Year	<u>2,230,406</u>	<u>2,230,406</u>	<u>2,230,406</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ 2,230,406</u>	<u>2,230,406</u>	<u>1,920,272</u>	<u>\$ (310,134)</u>

Note: The Town Council approved the expenditures in excess of the budget but chose not to amend the budget.

Note: The budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST SEVEN FISCAL YEARS

	Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Town's Proportion of the Net Pension Liability	0.007472%	0.007952%	0.007602%	0.008182%	0.007806%	0.007653%	0.007653%
Town's Proportionate Share of the Net Pension Liability	\$ 1,706,236	1,781,727	1,711,332	1,747,662	1,480,445	1,317,593	\$ 1,372,675
Town's Covered Payroll	\$ 797,268	816,347	777,146	795,078	740,840	704,796	\$ 784,123
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	214.01%	218.26%	220.21%	219.81%	199.83%	186.95%	175.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%	56.39%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the prior year. The Town implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available. The discount rate was lowered from 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

TOWN OF WILLIAMSTON, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES
SCHEDULE OF CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM

LAST SEVEN FISCAL YEARS

	Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 117,303	114,886	109,472	88,672	86,743	79,640	\$ 73,651
Contributions in Relation to the Contractually Required Contribution:							
Contributions from the Town	109,110	106,693	101,279	88,672	86,743	79,640	73,651
Contributions from the State	8,193	8,193	8,193	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	\$ -
Town's Covered Payroll	\$ 761,213	797,268	816,347	777,146	795,078	740,840	\$ 704,796
Contributions as a Percentage of Covered Payroll	15.41%	14.41%	13.41%	11.41%	10.91%	10.75%	10.45%

Notes to Schedule:

The Town implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE OFFICERS RETIREMENT SYSTEM**

LAST SEVEN FISCAL YEARS

	Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Town's Proportion of the Net Pension Liability	0.05287%	0.05529%	0.04802%	0.04807%	0.04287%	0.04175%	0.04175%
Town's Proportionate Share of the Net Pension Liability	\$ 1,515,225	1,566,788	1,315,647	1,219,207	934,350	799,216	\$ 865,404
Town's Covered Payroll	\$ 785,074	784,887	665,414	631,170	547,429	518,250	\$ 689,113
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	193.00%	199.62%	197.72%	193.17%	170.68%	154.21%	125.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.69%	61.73%	60.94%	60.44%	64.57%	67.55%	62.98%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year. The Town implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available. The discount rate was lowered from 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

TOWN OF WILLIAMSTON, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES
SCHEDULE OF CONTRIBUTIONS
POLICE OFFICERS RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS

	Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 141,635	132,206	124,326	92,093	84,198	71,221	\$ 64,470
Contributions in Relation to the Contractually Required Contribution:							
Contributions from the Town	135,146	125,717	117,837	92,093	84,198	71,221	64,470
Contributions from the State	6,489	6,489	6,489	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	\$ -
Town's Covered Payroll	\$ 793,921	785,074	784,887	665,414	631,170	547,429	\$ 518,250
Contributions as a Percentage of Covered Payroll	17.84%	16.84%	15.84%	13.84%	13.34%	13.01%	12.44%

Notes to Schedule:

The Town implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

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Supplementary Information

TOWN OF WILLIAMSTON, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2020

	WATER ENTERPRISE FUND			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
OPERATING REVENUES				
Water Services	\$ 1,048,000	1,048,000	1,080,200	\$ 32,200
Tap Fees	3,000	3,000	33,030	30,030
Reconnect Fees	8,500	8,500	8,650	150
Miscellaneous Revenues	7,000	7,000	3,844	(3,156)
TOTAL OPERATING REVENUES	1,066,500	1,066,500	1,125,724	59,224
OPERATING EXPENSES				
Water Operations:				
Salaries and Wages	118,556	118,556	114,568	3,988
Payroll Taxes	9,070	9,070	8,494	576
Retirement	16,252	16,252	31,230	(14,978)
Health Insurance	22,189	22,189	20,539	1,650
Transportation Expenses	3,500	3,500	3,302	198
Operating Expenses	707,500	707,500	691,757	15,743
Depreciation	18,410	18,410	164,302	(145,892)
TOTAL OPERATING EXPENSES	895,477	895,477	1,034,192	(138,715)
OPERATING INCOME	171,023	171,023	91,532	(79,491)
NON-OPERATING REVENUES (EXPENSES)				
Insurance Proceeds	-	-	9,174	9,174
Investment Income	100	100	5	(95)
Interest and Fiscal Changes	(171,123)	(171,123)	(28,851)	142,272
TOTAL NON-OPERATING REVENUES (EXPENSES)	(171,023)	(171,023)	(19,672)	151,351
CHANGE IN FUND NET POSITION	-	-	71,860	71,860
NET POSITION, Beginning of Year	3,527,980	3,527,980	3,527,980	-
NET POSITION, End of Year	\$ 3,527,980	3,527,980	3,599,840	\$ 71,860

TOWN OF WILLIAMSTON, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2020

	SEWER ENTERPRISE FUND			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
OPERATING REVENUES				
Sewer Services	\$ 986,000	986,000	1,074,775	\$ 88,775
Tap Fees	1,000	1,000	5,400	4,400
Miscellaneous Revenues	19,250	19,250	22,932	3,682
TOTAL OPERATING REVENUES	1,006,250	1,006,250	1,103,107	96,857
OPERATING EXPENSES				
Sewer Operations:				
Salaries and Wages	98,040	98,040	77,462	20,578
Payroll Taxes	7,500	7,500	5,406	2,094
Retirement	13,841	13,841	21,184	(7,343)
Health Insurance	26,757	26,757	18,346	8,411
Operating Expenses	752,272	752,272	610,742	141,530
Depreciation	-	-	304,109	(304,109)
TOTAL OPERATING EXPENSES	898,410	898,410	1,037,249	(138,839)
OPERATING INCOME	107,840	107,840	65,858	(41,982)
NON-OPERATING REVENUES (EXPENSES)				
Grant Revenue	-	-	505,547	505,547
Investment Income	-	-	34	34
Interest and Fiscal Changes	(107,840)	(107,840)	(97,780)	10,060
TOTAL NON-OPERATING REVENUES (EXPENSES)	(107,840)	(107,840)	407,801	515,641
CHANGE IN FUND NET POSITION	-	-	473,659	473,659
NET POSITION, Beginning of Year	6,990,236	6,990,236	6,990,236	-
NET POSITION, End of Year	\$ 6,990,236	6,990,236	7,463,895	\$ 473,659

TOWN OF WILLIAMSTON, SOUTH CAROLINA

UNIFORM SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES (PER ACT 96)

YEAR ENDED JUNE 30, 2020

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected			19,827	19,827
Court fines and assessments remitted to State Treasurer			(11,521)	(11,521)
Total Court Fines and Assessments retained			8,306	8,306
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			940	940
Assessments retained			852	852
Total Surcharges and Assessments retained for victim services			1,792	1,792

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	2,937		2,937
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	852		852
Victim Service Surcharges Retained by City/County Treasurer	940		940
Interest Earned			
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund			
Contribution Received from Victim Service Contracts:			
(1) Town of			
(2) Town of			
(3) City of			
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	4,729		4,729
Expenditures for Victim Service Program:	Municipal	County	Total
Salaries and Benefits			
Operating Expenditures	1,545		1,545
Victim Service Contract(s):			
(1) Entity's Name			
(2) Entity's Name			
Victim Service Donation(s):			
(1) Domestic Violence Shelter:			
(2) Rape Crisis Center:			
(3) Other local direct crime victims service agency:			
Transferred to General Fund			
Total Expenditures from Victim Service Fund/Program (B)	1,545		1,545
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	3,184		3,184
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	3,184		3,184