

TOWN OF CHESTERFIELD
Chesterfield, South Carolina

FINANCIAL STATEMENTS and
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

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TOWN OF CHESTERFIELD, SOUTH CAROLINA

LISTING OF PRINCIPAL OFFICIALS

YEAR ENDED JUNE 30, 2023

Established 1872

MAYOR
John H. Bittle, III

TOWN COUNCIL MEMBERS

Nikki Cassidy
Lyndy Hudson
Shannon Justice
Latonya Myers
Fred D. Rivers
Derek Watson

TOWN ADMINISTRATOR
Cecil Kimrey

TOWN CLERK
Betty Lynn Watson

CANTEY, TILLER, PIERCE & GREEN, LLP

Certified Public Accountants

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

RICHARD C. TILLER, CPA
JANET M. PIERCE, CPA
HENRY D. GREEN, III., CPA
LORI G. KORNEGAY
JOSHUA A. WILSON, CPA

LAUREN R. BAKER, CPA
HEATHER ROBERTS
RICHARD "CHIP" GALLOWAY, JR
TRENT BARTELL

MEMBERS OF
AMERICAN INSTITUTE OF CPA'S
SOUTH CAROLINA ASSOCIATION OF CPA'S

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, major funds and the aggregate remaining fund information of Town of Chesterfield, South Carolina as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major funds and the aggregate remaining fund information of Town of Chesterfield, South Carolina as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Chesterfield, South Carolina, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Chesterfield, South Carolina's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Chesterfield, South Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about Town of Chesterfield, South Carolina's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2023, on our consideration of Town of Jefferson, South Carolina'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Jefferson, South Carolina's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town of Jefferson, South Carolina's internal control over financial reporting and compliance.

Cantey, Tiller, Pierce & Green, LLP

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

December 15, 2023

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

STATEMENT of NET POSITION
June 30, 2023

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 4,202,173	\$ 457,665	\$ 4,659,838
Accrued Interest Receivable	7	5	12
Accounts Receivable, Net	64,941	286,803	351,744
Intergovernmental Receivables	20,233	-	20,233
Internal Balances	(17,063)	17,062	(1)
Other Assets	-	63	63
Total Current Assets	<u>4,270,291</u>	<u>761,598</u>	<u>5,031,889</u>
NON-CURRENT ASSETS			
RESTRICTED ASSETS			
Cash and Cash Equivalents	808,002	343,328	1,151,330
Customer Deposits Held in Trust	-	65,633	65,633
Total Restricted Assets	<u>808,002</u>	<u>408,961</u>	<u>1,216,963</u>
CAPITAL ASSETS			
Land and Construction in Progress	163,614	35,973	199,587
Other Capital Assets, Net of Accumulated Depreciation	1,247,858	3,717,713	4,965,571
Total Capital Assets	<u>1,411,472</u>	<u>3,753,686</u>	<u>5,165,158</u>
Total Non-Current Assets	<u>2,219,474</u>	<u>4,162,647</u>	<u>6,382,121</u>
Total Assets	<u>6,489,765</u>	<u>4,924,245</u>	<u>11,414,010</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pension Liability	345,665	-	345,665
Total Deferred Outflows of Resources	<u>345,665</u>	<u>-</u>	<u>345,665</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	85,751	119,766	205,517
Accrued Interest on Bonds Payable	4,882	4,045	8,927
Current Portion of Long-Term Obligations	76,312	59,180	135,492
Total Current Liabilities	<u>166,945</u>	<u>182,991</u>	<u>349,936</u>
NON-CURRENT LIABILITIES			
Compensated Absences	32,173	-	32,173
Liabilities Payable from Restricted Assets			
Customer Deposits	-	65,633	65,633
Net Pension Liability	925,628	-	925,628
Non-Current Portion of Long-Term Obligations	258,793	2,270,139	2,528,932
Total Non-Current Liabilities	<u>1,216,594</u>	<u>2,335,772</u>	<u>3,552,366</u>
Total Liabilities	<u>1,383,539</u>	<u>2,518,763</u>	<u>3,902,302</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pension Liability	240,312	-	240,312
Unearned Revenue	549,256	-	549,256
Unearned Revenue Held in Restricted Assets	808,002	-	808,002
Total Deferred Inflows of Resources	<u>1,597,570</u>	<u>-</u>	<u>1,597,570</u>
NET POSITION			
Net Investment in Capital Assets	1,076,367	1,424,367	2,500,734
Restricted for:			
Debt Service	-	343,328	343,328
Unrestricted	2,777,954	637,787	3,415,741
Total Net Position	<u>\$ 3,854,321</u>	<u>\$ 2,405,482</u>	<u>\$ 6,259,803</u>

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

STATEMENT of ACTIVITIES
For the Year Ended June 30, 2023

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
Governmental Activities							
General Government	\$ 300,634	\$ 443,793	\$ -	\$ 60,314	\$ 203,473	\$ -	\$ 203,473
Public Safety	762,173	67,691	-	-	(694,482)	-	(694,482)
Highways and Streets	361,432	-	-	-	(361,432)	-	(361,432)
Sanitation	254,427	248,308	-	-	(6,119)	-	(6,119)
Health and Welfare	102,145	206,171	-	-	104,026	-	104,026
Interest on Long-Term Debt	11,688	-	-	-	(11,688)	-	(11,688)
Total Governmental Activities	<u>1,792,499</u>	<u>965,963</u>	<u>-</u>	<u>60,314</u>	<u>(766,222)</u>	<u>-</u>	<u>(766,222)</u>
Business-Type Activities:							
Water and Sewer Charges	1,084,104	1,013,785	-	-	-	(70,319)	(70,319)
Total Business-Type Activities	<u>1,084,104</u>	<u>1,013,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,319)</u>	<u>(70,319)</u>
Total Primary Government	<u>\$ 2,876,603</u>	<u>\$ 1,979,748</u>	<u>\$ -</u>	<u>\$ 60,314</u>	<u>(766,222)</u>	<u>(70,319)</u>	<u>(836,541)</u>
					<u>Primary Government</u>		
General Revenues:							
Taxes:							
Property/Other Taxes					909,327	-	909,327
Franchise Taxes (Fees)					72,073	-	72,073
Unrestricted Investment Earnings					23,267	826	24,093
Miscellaneous					122,107	-	122,107
Total General Revenues					<u>1,126,774</u>	<u>826</u>	<u>1,127,600</u>
Change in Net Position					360,552	(69,493)	291,059
Net Position, Beginning of Year					<u>3,493,769</u>	<u>2,474,975</u>	<u>5,968,744</u>
Net Position, End of Year					<u>\$ 3,854,321</u>	<u>\$ 2,405,482</u>	<u>\$ 6,259,803</u>

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023

	General	Special Revenue	Capital Projects	Total
ASSETS				
Cash on Hand and in Banks	\$ 3,843,408	\$ 14,885	\$ 343,880	\$ 4,202,173
Accrued Interest on Investments	6	1	-	7
Taxes and Other Accounts Receivable	63,813	-	-	63,813
Due from Other Funds	30,000	-	16,843	46,843
Due from Chesterfield/Cheraw Industrial Park	-	-	20,233	20,233
Due from MASC	1,128	-	-	1,128
Restricted Assets				
Cash in Bank	808,002	-	-	808,002
Total Assets	\$ 4,746,357	\$ 14,886	\$ 380,956	\$ 5,142,199
 LIABILITIES, DEFERRED INFLOW and FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 84,751	\$ -	\$ 1,000	\$ 85,751
Due to Other Funds	-	63,906	-	63,906
Accrued Interest on Bonds Payable	-	-	4,882	4,882
Total Liabilities	84,751	63,906	5,882	154,539
Deferred Inflows of Resources				
Deferred Revenue	549,248	8	-	549,256
Deferred Revenue Held in Restricted Assets	808,002	-	-	808,002
Total Deferred Inflows of Resources	1,357,250	8	-	1,357,258
 FUND BALANCE				
Restricted	-	(49,028)	375,074	326,046
Assigned	808,002	-	-	808,002
Unassigned	2,496,354	-	-	2,496,354
Total Fund Balance	3,304,356	(49,028)	375,074	3,630,402
 Total Liabilities and Fund Balance	\$ 4,746,357	\$ 14,886	\$ 380,956	\$ 5,142,199

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

RECONCILIATION of the GOVERNMENTAL FUNDS BALANCE SHEET
to the STATEMENT of NET POSITION
June 30, 2023

Total Fund Balance for Governmental Funds		
Total Net Position reported for governmental activities in the statement of net position is different because:		\$ 3,630,402
Capital assets of \$4,277,893 net of accumulated depreciation of \$2,866,421, are not financial resources and, therefore, are not reported in the funds.		1,411,472
Deferred outflows and inflows related to the pension liability are applicable to future periods and therefore are not reported in the governmental funds:		
Deferred outflows-pension		345,665
Deferred inflows-pension		(240,312)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General Obligation Bond	\$ (130,348)	
Governmental Leases Payable	(202,116)	
Notes Payable	(2,641)	
Net Pension Liability	(925,628)	
Compensated Absences	(32,173)	(1,292,906)
Total Net Position of Governmental Activities		<u>\$ 3,854,321</u>

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General	Special Revenue	Capital Projects	Total
REVENUES				
Taxes	\$ 909,327	\$ -	\$ -	\$ 909,327
Licenses and Permits	443,793	-	-	443,793
Intergovernmental Revenues	72,073	60,314	-	132,387
Charges for Services	454,479	-	-	454,479
Fines and Forfeitures	67,691	-	-	67,691
Miscellaneous	19,557	1,000	101,550	122,107
Interest Income	21,699	14	1,554	23,267
Total Revenues	<u>1,988,619</u>	<u>61,328</u>	<u>103,104</u>	<u>2,153,051</u>
EXPENDITURES				
Current:				
General Government	273,665	-	22,444	296,109
Public Safety	696,059	-	-	696,059
Highways and Streets	332,374	-	-	332,374
Sanitation	230,174	-	-	230,174
Health and Welfare	48,998	48,549	-	97,547
Capital Outlay	85,009	11,330	-	96,339
Debt Service				
Principal	77,451	-	9,118	86,569
Interest	6,016	-	5,672	11,688
Total Expenditures	<u>1,749,746</u>	<u>59,879</u>	<u>37,234</u>	<u>1,846,859</u>
EXCESS (DEFICIENCY) of REVENUES OVER (UNDER) EXPENDITURES	238,873	1,449	65,870	306,192
FUND BALANCE, Beginning of Year	<u>3,065,483</u>	<u>(50,477)</u>	<u>309,204</u>	<u>3,324,210</u>
FUND BALANCE, End of Year	<u>\$ 3,304,356</u>	<u>\$ (49,028)</u>	<u>\$ 375,074</u>	<u>\$ 3,630,402</u>

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

RECONCILIATION of the GOVERNMENTAL FUNDS STATEMENT of REVENUES, EXPENDITURES,
and CHANGES in FUND BALANCE to the STATEMENT of ACTIVITIES
For the Year Ended June 30, 2023

Net Changes in Fund Balance - Total Governmental Funds

The change in net position reported for governmental activities in the statement of activities is different because: \$ 306,192

Governmental funds report capital as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$153,093 exceeded net capital outlays of \$112,002. (41,091)

The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The amount of debt repayments for the period is \$86,569. 86,569

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

Net increase in compensated absences	(8,821)
Net decrease in net pension related net liabilities	<u>17,703</u>

Changes in Net Position of Governmental Activities \$ 360,552

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

STATEMENT of NET POSITION – PROPRIETARY FUNDS
June 30, 2023

ASSETS	
CURRENT ASSETS	
Cash	\$ 457,665
Water and Sewer Accounts Receivable, Net	97,872
Grants Receivable	188,931
Due from Other Funds	17,062
Other Assets	68
Total Current Assets	761,598
NON-CURRENT ASSETS	
RESTRICTED ASSETS	
Cash-Reserve Bond	343,328
Cash-Customer Deposits	65,633
Total Restricted Assets	408,961
CAPITAL ASSETS	
Land	35,973
Improvements	6,083,528
Vehicles	36,045
Water System	3,332,824
Sub-Total	9,488,370
Less Accumulated Depreciation	5,734,684
Total Capital Assets	3,753,686
Total Non-Current Assets	4,162,647
Total Assets	4,924,245
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	119,766
Accrued Interest Payable	4,045
Serial Bonds Payable, Current	59,180
Total Current Liabilities	182,991
NON-CURRENT LIABILITIES	
Liabilities Payable from Restricted Assets	
Customers' Deposits	65,633
Serial Bonds Payable, Non-Current	2,270,139
Total Non-Current Liabilities	2,335,772
Total Liabilities	2,518,763
NET POSITION	
Net Investment in Capital Assets	1,424,367
Restricted for Debt Service	343,328
Unrestricted	637,787
Total Net Position	\$ 2,405,482

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

STATEMENT of REVENUES, EXPENSES and CHANGES in NET POSITION -
PROPRIETARY FUNDS

For the Year Ended June 30, 2023

OPERATING REVENUES	
Water Charges	\$ 402,852
Sewer Service Charges	460,760
Tap-On Fees and Reconnect Charges	18,382
Grant Revenues	129,026
Miscellaneous	2,765
Total Operating Revenues	<u>1,013,785</u>
OPERATING EXPENSES	
Supplies	284,326
Utilities and Telephone	35,818
Professional Services	267,086
Miscellaneous	167,554
Depreciation	233,327
Total Operating Expenses	<u>988,111</u>
Operating Income	<u>25,674</u>
NON-OPERATING INCOME (EXPENSE)	
Investment Income	826
Interest Expense	<u>(95,993)</u>
Total Non-operating Income (Expense)	<u>(95,167)</u>
Net Loss	(69,493)
NET POSITION, Beginning of Year	<u>2,474,975</u>
NET POSITION, End of Year	<u><u>\$ 2,405,482</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

STATEMENT of CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2023

CASH FLOWS from OPERATING ACTIVITIES:	
Cash Received from Customers and Others	\$ 1,005,140
Cash Payments to Suppliers for Goods and Services	(689,498)
Net Cash Provided by Operating Activities	<u>315,642</u>
CASH FLOWS from CAPITAL and RELATED FINANCING ACTIVITIES:	
Net Purchase of Assets	(129,026)
Principal Paid on Revenue Bonds	(56,795)
Principal Paid on Leases Payable	(40,116)
Interest Paid on Bonds	(95,993)
Net Cash Used in Capital and Related Financing Activities	<u>(321,930)</u>
CASH FLOWS from INVESTING ACTIVITIES:	
Interest on Investments	826
Net Cash Provided by Investing Activities	<u>826</u>
Net Decrease in Cash and Cash Equivalents	(5,462)
Cash and Cash Equivalents at Beginning of Year	872,088
Cash and Cash Equivalents at End of Year	<u>\$ 866,626</u>
Unrestricted Cash	\$ 457,665
Restricted Cash	408,961
	<u>\$ 866,626</u>
RECONCILIATION of OPERATING INCOME to NET	
CASH PROVIDED by OPERATING ACTIVITIES:	
Operating Income	\$ 25,674
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities:	
Depreciation	233,327
Changes in Assets and Liabilities:	
(Increase) Decrease in Current Assets	
Accounts Receivable	(8,645)
Increase (Decrease) in Current Liabilities	
Accounts Payable	64,356
Accrued Interest Payable	1,019
Customer Deposits	(89)
Net Cash Provided by Operating Activities	<u>\$ 315,642</u>

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY of ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

B. Basic Financial Statements - Government-Wide Statements

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

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

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

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

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

NOTE 1 SUMMARY of ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statements - Fund Financial Statements

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

The following fund types are used by the Town:

1. Governmental Funds:

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

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

2. Proprietary Funds

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

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

D. Basis of Accounting

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

NOTE 1 SUMMARY of ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

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

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

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

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

E. Budgets and Budgetary Accounting

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

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

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

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

F. Cash and Investments

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

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

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

NOTE 1 SUMMARY of ACCOUNTING POLICIES (CONTINUED)

F. Cash and Investments (Continued)

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

G. Inventory

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

H. Receivables and Allowance for Uncollectible Accounts

The Town positively enforces the property tax collection policies described in Note 1-J.; thus, all property taxes receivable is expected to be fully collectible. Allowance for uncollectible accounts receivable in the enterprise fund at year end is \$3,517 at June 30, 2023.

NOTE 1 SUMMARY of ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets, Depreciation and Amortization

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

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

No valuation has been made of plant assets in existence prior to the improvements under the 1960 bond issue and plant assets acquired by the Town prior to May 1, 1949. It is estimated that these assets are fully depreciated at, or prior to June 30, 2023. Depreciation is computed on the known improvements to the system since 1960 and system assets acquired by the Town since May 1, 1949. Cost of extensions to the system is based on estimates by the water superintendent since no records are maintained for the installation of each tap.

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

J. Revenue Recognition - Property Taxes

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied on real property. Assessment is made by Chesterfield County. The Town provides the County with the tax levy, and the County prints the tax notices for the Town. The tax levy for 2023 was 145 mills. Property taxes are due January 15, with a 15% penalty added January 16. Notice of Levy to Taxes is sent by certified mail to delinquent taxpayers May 1. After May 1, additional costs of collection are added. Property is duly advertised for three consecutive weeks in July and sold for taxes, penalties, and costs of sales on the first Monday in August.

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

K. Compensated Absences

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

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

NOTE 1 SUMMARY of ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences (Continued)

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

Accumulated unpaid compensated absences totaled \$32,173 at June 30, 2023 for Town employees. Accumulated unpaid compensated absences are reported as accrued in the government-wide and proprietary financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable.

L. Deferred Outflows/Inflows of Resources

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

M. Net Position

Net position is classified and presented in three components:

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

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

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

N. Fund Balance

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

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

NOTE 1 SUMMARY of ACCOUNTING POLICIES (CONTINUED)

N. Fund Balance (Continued)

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

O. General Obligation Bonded Debt Service

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

P. Accounting Estimates

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

Q. Grants

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

NOTE 2 CASH AND INVESTMENTS

Deposits are shown at carrying value at June 30, 2023, as follows:

	1	2	3	Bank Balance	Total Carrying Amount
Checking Accounts	\$ 253,690	\$ 304,432	\$ -	\$ 558,122	\$ 649,166
Savings Accounts	500,000	2,653,842	-	3,153,842	3,104,475
Certificates of Deposit	-	1,708,500	-	1,708,500	1,708,500
Investments in SCLGIP (Defined Below)	-	414,420	-	414,420	414,420
	<u>\$ 753,690</u>	<u>\$ 5,081,194</u>	<u>\$ -</u>	<u>\$ 5,834,884</u>	5,876,561
Cash on Hand and Other					240
					<u>\$ 5,876,801</u>

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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

Custodial Risk-Deposits - Deposits in financial institutions, reported as components of cash and cash equivalents, had a bank balance of \$5,834,884 at June 30, 2023, that was fully insured by depository insurance or secured with collateral held by the Town's agent in its name.

A reconciliation of cash and cash equivalents at June 30, 2023 as shown in the combined Statement of Net Position for the primary government follows:

Petty Cash and Other	\$ 240
Carrying Amount of Deposits	<u>5,876,561</u>
Total	<u>\$5,876,801</u>
Cash and Cash Equivalents	\$4,659,838
Cash and Cash Equivalents - Restricted	<u>1,216,963</u>
Total	<u>\$5,876,801</u>

The Town has certain funds invested within the South Carolina Local Government Investment Pool (SCLGIP). The SCLGIP is an investment trust fund, created by state legislation, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The SCLGIP is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services. The SCLGIP is not registered with the SEC. It is similar to a money market fund in that it is offered at a stable price and is guided by risk control principles such as significant overnight Repurchase Agreements for Liquidity; attention to credit quality, portfolio diversification and maintenance of a short average maturity of fixed and floating rate investments.

NOTE 3 FAIR VALUE MEASUREMENTS

Fair Value Measurements establishes a framework for measuring fair value. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Board has the ability to access.

Level 2 Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets.
- quoted prices for identical or similar assets or liabilities in inactive markets.
- inputs other than quoted prices that are observable for the asset or liability.
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023.

S.C. Local Government Investment Pool (SCLGIP). Fair value substantially equivalent to the value of the pool shares.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Board believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments	Level 1	Level 2	Level 3	Total
SCLGIP	\$ -	\$ 414,420	\$ -	\$ 414,420

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
GOVERNMENTAL ACTIVITIES:				
Capital Assets not Being Depreciated:				
Land and Improvements	\$ 147,950	\$ 15,664	\$ -	\$ 163,614
Total Capital Assets not Being Depreciated	147,950	15,664	-	163,614
Other Capital Assets:				
Land Improvements	29,993	-	-	29,993
Buildings and Improvements	1,281,855	9,000	-	1,290,855
Equipment	1,060,164	11,329	-	1,071,493
Furniture and Fixtures	70,220	32,311	-	102,531
Automotive Equipment	732,797	43,698	-	776,495
Streets, Sidewalks, Etc.	842,912	-	-	842,912
Total Other Capital Assets at Historical Cost	4,017,941	96,338	-	4,114,279
Less Accumulated Depreciation for:				
Buildings and Improvements	(591,541)	(29,258)	-	(620,799)
Equipment	(966,541)	(25,989)	-	(992,530)
Furniture and Fixtures	(62,337)	(6,159)	-	(68,496)
Automotive Equipment	(413,374)	(66,804)	-	(480,178)
Land Improvements	(29,993)	-	-	(29,993)
Streets, Sidewalks, Etc.	(649,542)	(24,883)	-	(674,425)
Total Accumulated Depreciation	(2,713,328)	(153,093)	-	(2,866,421)
Other Capital Assets, Net Governmental Activities	1,304,613	(56,755)	-	1,247,858
Capital Assets, Net	\$ 1,452,563	\$ (41,091)	\$ -	\$ 1,411,472
BUSINESS-TYPE ACTIVITIES:				
Capital Assets not Being Depreciated:				
Land and Improvements	\$ 35,973	\$ -	\$ -	\$ 35,973
Total Capital Assets not Being Depreciated	35,973	-	-	35,973
Other Capital Assets:				
Improvements	6,083,528	-	-	6,083,528
Vehicles	36,045	-	-	36,045
Water System	3,203,798	129,026	-	3,332,824
Total Other Capital Assets at Historical Cost	9,323,371	129,026	-	9,452,397
Less Accumulated Depreciation	(5,501,357)	(233,327)	-	(5,734,684)
Other Capital Assets, Net	3,822,014	(104,301)	-	3,717,713
Business-Type Activities Capital Assets, Net	\$ 3,857,987	\$ (104,301)	\$ -	\$ 3,753,686

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended June 30, 2023, was charged to functions as follows:

GOVERNMENT ACTIVITIES:

General Government	\$ 29,071
Public Safety	66,113
Highways and Streets	29,058
Sanitation	24,253
Health and Welfare	4,598
Total Governmental Activities Depreciation Expense	<u>\$ 153,093</u>

BUSINESS-TYPE ACTIVITIES:

Water and Sewer System	\$ 233,327
Total Business-Type Activities Depreciation Expense	<u>\$ 233,327</u>

NOTE 5 CHANGES IN LONG-TERM DEBT-PROPRIETARY FUND

The following is a summary of the long-term liability activity of the proprietary fund for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023	Payable Within One Year
<u>Serial Bonds Payable</u>					
1994 Revenue Bond payable to FmHA in monthly installments of \$2,356 and maturing November, 2034, including interest at 5.25%	\$ 257,499	\$ -	\$ 15,114	\$ 242,385	\$ 15,924
2011A Revenue Bond Payable to USDA in monthly payments of \$919 and maturing May 13, 2051, including interest at 4.375%	179,174	-	3,253	175,921	3,409
2011B Revenue Bond Payable to USDA in monthly payments of \$9,240 and maturing June 13, 2051, including interest at 3.75%	1,949,441	-	38,428	1,911,013	39,847
Sub-Total	<u>2,386,114</u>	<u>-</u>	<u>56,795</u>	<u>2,329,319</u>	<u>59,180</u>
<u>Notes Payable</u>					
Lease-purchase financing payable to Branch Banking and Trust Company in annual payments of \$41,705 and maturing April 25, 2023, including interest at 3.96%	40,116	-	40,116	-	-
Sub-Total	<u>40,116</u>	<u>-</u>	<u>40,116</u>	<u>-</u>	<u>-</u>
Total Proprietary Fund					
Long-Term Debt	<u>\$2,426,230</u>	<u>\$ -</u>	<u>\$ 96,911</u>	<u>\$ 2,329,319</u>	<u>\$ 59,180</u>

NOTE 5 CHANGES IN LONG-TERM DEBT-PROPRIETARY FUND (CONTINUED)

	Totals	
	Principal	Interest
2024	\$ 59,180	\$ 91,000
2025	61,708	88,472
2026	64,348	85,832
2027	67,104	83,076
2028	69,981	80,199
2029-2033	397,687	353,214
2034-2038	380,047	269,556
2044-2048	410,936	196,604
2049-2051	499,319	110,221
	319,009	17,430
Total	<u>\$ 2,329,319</u>	<u>\$ 1,375,604</u>

The Town has complied with all significant covenants.

NOTE 6 CHANGES in GOVERNMENTAL FUND DEBT

A summary of the governmental fund debt as June 30, 2023 is as follows:

General Obligation Bond, \$12,449, Annually for 30 years at 4.125% Interest, Matures 8/3/37	\$ 130,347
Lease Obligation Payable, \$11,010 Annually at 3.70% Interest, Matures 7/15/25	30,731
Lease Obligation Payable, \$14,603 Annually at 3.10% Interest, Matures 9/1/24	26,626
Lease Obligation Payable, \$29,400 Annually at 2.46% Interest, Matures 6/30/27	110,707
Lease Obligation Payable, \$17,916 Annually at 3.46% Interest, Matures 11/20/25	34,053
Notes Payable, \$208.5 Monthly at 4.5% Interest, Matures 7/12/24	2,641
Total Bonds, Notes and Lease Obligations Payable	<u>335,105</u>
Liability for Compensated Absences	32,173
Total Governmental Fund Long-Term Debt	<u>\$ 367,278</u>

The following is a summary of the governmental fund debt activity for the year ended June 30, 2023:

	Balance			Balance 6/30/2023	Payable Within One Year
	6/30/2022	Additions	Deductions		
Capital Leases	\$ 279,567	\$ -	\$ 77,451	\$ 202,116	\$ 66,599
Notes Payable	4,967	-	2,326	2,641	2,641
General Obligation Bond	137,140	-	6,792	130,348	7,072
Total Bonds, Notes, and Leases Payable	<u>421,674</u>	<u>-</u>	<u>86,569</u>	<u>335,105</u>	<u>\$ 76,312</u>
Compensated Absences	23,352	8,821	-	32,173	
Total Governmental Activities Long-Term Debt	<u>\$ 445,026</u>	<u>\$ 8,821</u>	<u>\$ 86,569</u>	<u>\$ 367,278</u>	

NOTE 6 CHANGES in GOVERNMENTAL FUND DEBT (CONTINUED)

The annual debt service requirements to maturity, including principal and interest as of June 30, 2023 are as follows:

	Government Obligation Bond		2021 Chev Tahoe Police	
	Principal	Interest	Principal	Interest
2024	\$ 7,072	\$ 5,376	\$ 13,313	\$ 825
2025	7,364	5,085	13,313	413
2026	7,667	4,781	-	-
2027	7,983	4,465	-	-
2028	45,339	17,105	-	-
2029-2033	54,922	6,505	-	-
Total	<u>\$ 130,347</u>	<u>\$ 43,317</u>	<u>\$ 26,626</u>	<u>\$ 1,238</u>

	Lease Obligation 2017 Fire Truck		Notes Payable King Land	
	Principal	Interest	Principal	Interest
2024	\$ 26,676	\$ 2,723	\$ 2,641	\$ 76
2025	27,332	2,067	-	-
2026	28,005	1,395	-	-
2027	28,694	706	-	-
Total	<u>\$ 110,707</u>	<u>\$ 6,891</u>	<u>\$ 2,641</u>	<u>\$ 76</u>

	2022 Chev Tahoe		Fire Equipment	
	Principal	Interest	Principal	Interest
2024	\$ 9,873	\$ 1,137	\$ 16,737	\$ 1,180
2025	10,239	772	17,316	600
2026	10,619	393	-	-
Total	<u>\$ 30,731</u>	<u>\$ 2,302</u>	<u>\$ 34,053</u>	<u>\$ 1,780</u>

	Total	
	Principal	Interest
2024	\$ 76,312	\$ 11,317
2025	75,564	8,937
2026	46,291	6,569
2027	36,677	5,171
2028	45,339	17,105
2029-2033	54,922	6,505
Total	<u>\$ 335,105</u>	<u>\$ 55,604</u>

NOTE 7 INTERFUND RECEIVABLES and PAYABLE

The following is a summary of amounts due from and due to other funds at June 30, 2023:

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

NOTE 8 COMPONENTS OF RESTRICTED ASSETS

Certain assets of the Town have been restricted for debt service, and customer deposits. These assets, which consist of cash and short-term investments at June 30, 2023 were as follows:

	General Fund	Proprietary Fund Type
Restricted Assets		
Reserve for Victim Assistance and Fines	\$ 7,451	\$ -
Reserve for Hospitality Tax	543,215	-
Local Option Sale Tax	255,714	-
Bail Bonds Deposited	1,622	-
Customer Deposits	-	65,633
Reserve for Cushion	-	343,328
Total Restricted Assets	<u>\$ 808,002</u>	<u>\$ 408,961</u>
Payable from Restricted Assets	<u>\$ 808,002</u>	<u>\$ 408,961</u>

NOTE 9 RETIREMENT PLANS

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

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

NOTE 9 RETIREMENT PLANS (CONTINUED)

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

Plan Descriptions

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

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

Membership

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.

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

Benefits

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

NOTE 9 RETIREMENT PLANS (CONTINUED)

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

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

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

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

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary 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.

NOTE 9 RETIREMENT PLANS (CONTINUED)

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July 1, 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 1, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

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

	<u>SCRS Rates</u>	<u>PORS Rates</u>
Employer Contribution Rate		
Retirement	17.41%	19.84%
Incidental Death Benefit	0.15%	0.20%
Accidental Death Contributions	0.00%	0.20%
Total	<u>17.56%</u>	<u>20.24%</u>
Employee Contribution Rate	<u>9.00%</u>	<u>9.75%</u>

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

Year Ended	<u>SCRS Contributions</u>		<u>PORS Contributions</u>		Total
	Required	%Contributed	Required	%Contributed	
June 30					
2023	\$ 40,487	100%	\$ 50,354	100%	\$90,841

Eligible payrolls covered under the Plans were as follows:

Year Ended	<u>SCRS Payroll</u>	<u>PORS Payroll</u>	<u>Total</u>
June 30			
2023	\$ 230,564	\$ 248,784	\$ 479,348

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

NOTE 9 RETIREMENT PLANS (CONTINUED)

The June 30, 2022, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith, and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems. In FY 2022 the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2022 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022.

	SCRS	PORS
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	7.0%	7.25%
Projected salary increases	3.0% to 11% (Varies by service)	3.5% to 9.5% (Varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2022, TPL are as follows:

Former Job Class	Males	Females
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB 67 less that system's fiduciary net position. NPL totals, as of June 30, 2022, for SCRS and PORS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Position Liability(Asset)	Plan Fiduciary Net Position as a % of the Total Pension Liability
SCRS	\$ 56,454,779,872	\$ 32,212,626,932	\$ 24,242,152,940	57.1%
PORS	\$ 8,937,686,946	\$ 5,938,707,767	\$ 2,998,979,179	66.4%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 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 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

NOTE 9 RETIREMENT PLANS (CONTINUED)

At June 30, 2023, the Town reported a liability of \$488,262 and \$437,366 for its proportionate share of the net pension liability for the SCRS and PORS, respectively. The net pension liability was measured as of July 1, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The Town's proportion was .0020 % for the SCRS and .0146% for the PORS.

For the year ended June 30, 2023, the Town recognized pension expense of \$20,211 and \$52,927 for SCRS and PORS, respectively. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 240,312
Liability Experience	254,824	-
Town Contributions Subsequent to the Measurement Date	90,841	-
Total	\$ 345,665	\$ 240,312

The \$90,841 of deferred outflows of resources resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Measurement Period	Fiscal Year	
<u>Year Ended June 30,</u>	<u>Ended June 30</u>	
2023	2024	\$ 464
2024	2025	1,481
2025	2026	(17,168)
2026	2027	29,735
		\$ 14,512

Long-term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

NOTE 9 RETIREMENT PLANS (CONTINUED)

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

Asset Class	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.79%	3.12%
Bond	26.0%	-0.35%	-0.09%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
Total Expected Real Return	<u>100%</u>		4.79%
Inflation for Actuarial Purposes			<u>2.25%</u>
			<u>7.04%</u>

Discount Rate

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
SCRS	\$ 626,012	\$ 488,262	\$ 373,740
PORS	516,746	437,366	296,146

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2022, and the accounting valuation report as of June 30, 2022. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' Comprehensive Annual Financial Report.

NOTE 10 SHARED GRANT with TOWN of CHESTERFIELD

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

NOTE 11 RISK MANAGEMENT

The Town is participating in a Public Entity Risk Pools for Property and Casualty Insurance. The Town has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund ("SCMIRF") and the South Carolina Municipal Insurance Trust ("SCMIT"), which are public entity risk pools currently operating as a common risk management and insurance program for general risk insurance and workers compensation, respectively. The Town pays an annual premium to SCMIRF for its general risk insurance. For the year ended June 30, 2023, the Town made premium payments totaling approximately \$11,963. 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, 2022 totaled approximately \$6,715,244. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

The Town pays an annual premium to SCMIT for its workers compensation insurance. For the year ended June 30, 2023, the Town made premium payments totaling approximately \$63,176. 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, 2022 totaled approximately \$44,197,682. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

NOTE 12 CONTINGENT LIABILITIES AND COMMITMENTS

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

The Town receives financial assistance from various federal, state, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the Town at June 30, 2023.

NOTE 13 SUBSEQUENT EVENTS

The Town evaluated all events or transactions that occurred after June 30, 2023, through the date of December 15, 2023 when the Town issued these financial statements. During this period, the Town did not have any material subsequent events that required recognition in the Town's disclosures to the June 30, 2023, financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

GENERAL FUND
STATEMENT of REVENUES, EXPENDITURES and CHANGES in
FUND BALANCE - BUDGET (GAAP BASIS) and ACTUAL
For the Year Ended June 30, 2023

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 790,650	\$ 790,650	\$ 909,327	\$ 118,677
Licenses and Permits	402,400	402,400	443,793	41,393
Intergovernmental Revenues	51,000	51,000	72,073	21,073
Charge for Services	436,580	436,580	454,479	17,899
Fines and Forfeits	134,000	134,000	67,691	(66,309)
Miscellaneous	57,286	57,286	19,557	(37,729)
Interest Income	1,595	1,595	21,699	20,104
Total Revenues	1,873,511	1,873,511	1,988,619	115,108
EXPENDITURES				
General Government	306,319	306,319	273,665	32,654
Public Safety	801,135	801,135	696,059	105,076
Highways and Streets	362,945	362,945	332,374	30,571
Sanitation	253,065	253,065	230,174	22,891
Health and Welfare	97,489	97,489	48,998	48,491
Capital Outlay	4,641	4,641	85,009	(80,368)
Debt Service				
Principal	47,917	47,917	77,451	(29,534)
Interest	-	-	6,016	(6,016)
Total Expenditures	1,873,511	1,873,511	1,749,746	123,765
EXCESS of REVENUES over EXPENDITURES	\$ -	\$ -	238,873	\$ 238,873
FUND BALANCE, Beginning of Year			3,065,483	
FUND BALANCE, End of Year			\$ 3,304,356	

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN OF CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily Required Contributions	\$ 90,841	\$ 84,122	\$ 71,485	\$ 78,708	\$ 71,608	\$ 60,987	\$ 56,231	\$ 51,937	\$ 52,473
Contributions in Relation to Statutorily Required Contributions	<u>90,841</u>	<u>84,122</u>	<u>71,485</u>	<u>78,708</u>	<u>71,608</u>	<u>60,987</u>	<u>56,231</u>	<u>51,937</u>	<u>52,473</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's Covered-Employee Payroll	<u>\$ 479,348</u>	<u>\$ 470,634</u>	<u>\$ 423,565</u>	<u>\$ 469,263</u>	<u>\$ 459,592</u>	<u>\$ 417,686</u>	<u>\$ 446,120</u>	<u>\$ 436,670</u>	<u>\$ 445,501</u>
Contributions as a Percentage of Covered Employee Payroll	19.0%	17.9%	16.9%	16.8%	15.6%	14.6%	12.6%	11.9%	11.8%

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

TOWN OF CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Reporting Unit's Proportion of South Carolina Retirement System Net Pension Liability (%)	0.0020%	0.0019%	0.0023%	0.0026%	0.0024%	0.0026%	0.0029%	0.0029%	0.0033%
Reporting Unit's Proportion of Police Officers Retirement System Net Pension Liability (%)	0.0146%	0.0138%	0.0140%	0.0130%	0.0127%	0.0140%	0.0125%	0.0137%	0.0140%
Reporting Unit's Proportionate Share of Net Pension Liability	<u>\$ 925,628</u>	<u>\$ 768,564</u>	<u>\$ 1,063,177</u>	<u>\$ 958,543</u>	<u>\$ 882,386</u>	<u>\$ 958,493</u>	<u>\$ 928,662</u>	<u>\$ 856,579</u>	<u>\$ 837,223</u>
Reporting Unit's Covered Employee Payroll	<u>\$ 479,348</u>	<u>\$ 470,634</u>	<u>\$ 423,565</u>	<u>\$ 469,263</u>	<u>\$ 459,592</u>	<u>\$ 417,686</u>	<u>\$ 446,120</u>	<u>\$ 436,670</u>	<u>\$ 445,501</u>
Reporting Unit's Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll (%)	193.1%	163.3%	251.0%	204.3%	192.0%	229.5%	208.2%	196.2%	187.9%

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

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

NOTES to REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
Year Ended June 30, 2023

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

Note 2 Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Pay
Remaining Amortization Period	25 Years, Open
Asset Valuation Method	5-Year Smoothing Market
Inflation	2.25%
Salary Increases	3.0% - 11.0% (SCRS), 3.5%-10.5% (PORS)
Investment Return	7%
Mortality	2020 PRSC, Projected at Scale AA from Year 2020

Note 3 Changes in Benefits – No changes were made to the benefit terms during the fiscal year ended June 30, 2022 (the measurement year).

Note 4 Changes in Assumptions – No changes were made to the actual assumptions utilized during the fiscal year ended June 30, 2022 (the measurement year).

SUPPLEMENTAL INFORMATION (OPTIONAL)

GENERAL FUND

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

GENERAL FUND
STATEMENT of REVENUES and EXPENDITURES - BUDGET COMPARED to ACTUAL
For the Year Ended June 30, 2023

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
<u>Property Tax</u>				
Current Property Tax	\$ 330,550	\$ 330,550	\$ 373,276	\$ 42,726
Vehicle Taxes	29,600	29,600	56,311	26,711
Homestead Exemption	36,500	36,500	36,990	490
Local Option Sales Tax	175,000	175,000	181,438	6,438
Local Accommodation Tax	1,000	1,000	1,191	191
Motor Carrier Tax	83,000	83,000	200,544	117,544
Manufacturing Tax Exemption	5,000	5,000	16,215	11,215
Local Hospitality Tax	130,000	130,000	43,362	(86,638)
Total Property Tax	<u>790,650</u>	<u>790,650</u>	<u>909,327</u>	<u>118,677</u>
<u>License and Franchise Fees</u>				
Business License Insurance	210,000	210,000	219,778	9,778
Business and Professional Licenses	40,000	40,000	58,906	18,906
Business License - Telecommunications	7,500	7,500	7,031	(469)
Business License - Broker Tax	4,000	4,000	111	(3,889)
Business License - Contract	7,000	7,000	15,237	8,237
Traffic Safety	5,000	5,000	5,000	-
Progress Energy Agreement	113,700	113,700	124,882	11,182
Lynches River Agreement	4,200	4,200	5,172	972
Sandhill Telephone	11,000	11,000	7,676	(3,324)
Total License and Franchise Fees	<u>402,400</u>	<u>402,400</u>	<u>443,793</u>	<u>41,393</u>
<u>State Shared Revenue</u>				
Merchant Inventory Tax	9,000	9,000	8,078	(922)
State Shared	23,000	23,000	31,801	8,801
Accommodations Tax	19,000	19,000	32,194	13,194
Total State Shared Revenue	<u>51,000</u>	<u>51,000</u>	<u>72,073</u>	<u>21,073</u>
<u>Fire Protection</u>				
Fire Protection	170,000	170,000	170,000	-
Fire Protection Fees-Tax Exempt	-	-	65	65
Total Fire Protection	<u>170,000</u>	<u>170,000</u>	<u>170,065</u>	<u>65</u>
<u>Garbage Fees</u>				
Garbage Fees	240,000	240,000	248,308	8,308
Total Garbage Fees	<u>240,000</u>	<u>240,000</u>	<u>248,308</u>	<u>8,308</u>
<u>Rental Fees</u>				
Rent - Guardian Ad Litem	4,200	4,200	4,200	-
Rent - Visitor's Center	7,380	7,380	7,350	(30)
Rent - Hut	8,000	8,000	16,955	8,955
Rent - Duke Energy	7,000	7,000	7,601	601
Total Rental Fees	<u>26,580</u>	<u>26,580</u>	<u>36,106</u>	<u>9,526</u>

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

GENERAL FUND
STATEMENT of REVENUES and EXPENDITURES - BUDGET COMPARED to ACTUAL
For the Year Ended June 30, 2023

REVENUES (Continued)	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Fines</u>				
Fines and Costs	130,000	130,000	63,677	(66,323)
Victim's Assistance	4,000	4,000	4,014	14
Total Fines and Costs	<u>134,000</u>	<u>134,000</u>	<u>67,691</u>	<u>(66,309)</u>
<u>Miscellaneous</u>				
Commerce Park Maintenance	1,080	1,080	1,080	-
Yard Sales	50	50	45	(5)
Miscellaneous	52,956	52,956	11,638	(41,318)
Property Sale Surplus	1,000	1,000	2,340	1,340
Phone-Capital Credit-Administration	1,300	1,300	-	(1,300)
Phone-Capital Credit-Police	900	900	-	(900)
Donations	-	-	4,454	4,454
Total Miscellaneous	<u>57,286</u>	<u>57,286</u>	<u>19,557</u>	<u>(37,729)</u>
<u>Interest</u>				
Interest Earned	1,595	1,595	21,699	20,104
Total Interest	<u>1,595</u>	<u>1,595</u>	<u>21,699</u>	<u>20,104</u>
TOTAL REVENUES	<u>1,873,511</u>	<u>1,873,511</u>	<u>1,988,619</u>	<u>115,108</u>
EXPENDITURES				
<u>General Government</u>				
Salaries	95,060	95,060	95,376	(316)
Social Security	7,275	7,275	6,984	291
Group Hospitalization	33,284	33,284	28,302	4,982
Retirement	14,820	14,820	14,123	697
Workman's Compensation	840	840	557	283
Utilities	5,800	5,800	6,272	(472)
Telephone	10,000	10,000	8,428	1,572
Insurance and Bonds	8,500	8,500	8,234	266
Office Supplies	3,500	3,500	4,888	(1,388)
Office Equipment (Repair and Maintenance)	2,000	2,000	1,747	253
Building Cleaning	250	250	320	(70)
Building Maintenance	2,500	2,500	5,034	(2,534)
Equipment Replacement	2,000	2,000	3,128	(1,128)
Training, Travel, Conferences	9,300	9,300	6,142	3,158
Membership Fees	1,400	1,400	906	494
Professional Services	109,590	109,590	82,678	26,912
Advertisements	200	200	546	(346)
Total General Government	<u>306,319</u>	<u>306,319</u>	<u>273,665</u>	<u>32,654</u>

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

GENERAL FUND
STATEMENT of REVENUES and EXPENDITURES - BUDGET COMPARED to ACTUAL
For the Year Ended June 30, 2023

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (Continued)				
<u>Police Department</u>				
Salaries	272,441	272,441	264,642	7,799
Social Security	21,025	21,025	20,149	876
Group Hospitalization	78,410	78,410	65,717	12,693
Retirement	58,150	58,150	52,317	5,833
Workman's Compensation	7,160	7,160	7,944	(784)
Auto Expense	61,800	61,800	36,830	24,970
Utilities	2,500	2,500	1,924	576
Telephone	10,000	10,000	8,658	1,342
Insurance and Bonds	28,000	28,000	29,068	(1,068)
Office Supplies	2,500	2,500	1,480	1,020
Office Equipment (Repairs and Maintenance)	1,000	1,000	107	893
Police and I.D. Supplies	3,000	3,000	14,210	(11,210)
Building Cleaning	300	300	106	194
Building Maintenance	1,000	1,000	2,709	(1,709)
Equipment Replacement	2,500	2,500	2,811	(311)
Radio Service Contract	1,700	1,700	1,416	284
Uniforms	4,000	4,000	4,027	(27)
Uniforms-Vests	1,000	1,000	1,482	(482)
Prisoners Board	4,000	4,000	1,960	2,040
Fine Assessments	65,000	65,000	30,183	34,817
Victim Assistance	900	900	-	900
Grants-Expense	19,600	19,600	-	19,600
Training, Meals, Travel	5,000	5,000	1,513	3,487
Membership Fees	1,000	1,000	454	546
1033 Program Surplus	600	600	500	100
Professional Fees	2,000	2,000	1,870	130
Advertising	500	500	-	500
Drug Buys	200	200	200	-
Total Police Department	655,286	655,286	552,277	103,009
<u>Fire Department</u>				
Salaries	41,231	41,231	40,379	852
Social Security	3,106	3,106	3,074	32
Medical Insurance	4,612	4,612	3,429	1,183
Retirement	7,700	7,700	6,610	1,090
Workman's Compensation	1,500	1,500	1,486	14
Truck Expense	4,500	4,500	11,496	(6,996)
Utilities and Heat	4,000	4,000	3,879	121
Telephone	2,700	2,700	2,712	(12)
Insurance and Bonds	9,000	9,000	9,264	(264)
Specialized Department Supply	15,500	15,500	5,593	9,907
Building Maintenance	5,000	5,000	8,948	(3,948)
Equipment Replacement	3,000	3,000	3,864	(864)
Equipment Testing	1,700	1,700	2,596	(896)
Radio Service Contract	1,000	1,000	724	276
Uniforms and Turn Out Gear	30,000	30,000	8,554	21,446
Donations	-	-	214	(214)
Training, Travel, Meals	2,000	2,000	4,536	(2,536)
Fire Fighter Physicals	7,000	7,000	5,390	1,610
Membership Fees	1,800	1,800	1,593	207
Professional Services	500	500	30	470
Reserve Fire	-	-	19,411	(19,411)
Total Fire Department	145,849	145,849	143,782	2,067

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

GENERAL FUND
STATEMENT of REVENUES and EXPENDITURES - BUDGET COMPARED to ACTUAL
For the Year Ended June 30, 2023

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (Continued)				
<u>Public Properties</u>				
Salaries	111,715	111,715	104,431	7,284
Social Security	8,550	8,550	7,856	694
Group Hospitalization	34,750	34,750	26,410	8,340
Retirement	18,505	18,505	14,869	3,636
Workman's Compensation	1,100	1,100	1,443	(343)
Truck Expense	12,000	12,000	15,567	(3,567)
Utilities	108,300	108,300	124,675	(16,375)
Utilities-Christmas	3,500	3,500	-	3,500
Telephone	7,500	7,500	5,258	2,242
Insurance and Bonds	11,500	11,500	12,085	(585)
Supplies	4,000	4,000	471	3,529
Building Cleaning	2,000	2,000	-	2,000
Building Maintenance and Other	19,975	19,975	11,978	7,997
Banner Installation	4,000	4,000	-	4,000
Christmas Lights	4,500	4,500	217	4,283
Equipment Replacement	6,700	6,700	5,909	791
Uniforms	1,500	1,500	928	572
Streets/Sidewalk Repair	2,500	2,500	85	2,415
Travel, Training, Conferences	250	250	-	250
Advertisements	100	100	192	(92)
Total Streets	<u>362,945</u>	<u>362,945</u>	<u>332,374</u>	<u>30,571</u>
<u>Sanitation</u>				
Salaries	11,620	11,620	10,820	800
Social Security	890	890	802	88
Group Hospitalization	3,600	3,600	3,075	525
Retirement	4,165	4,165	1,895	2,270
Workman's Compensation	560	560	535	25
Truck Expense	13,000	13,000	4,215	8,785
Insurance and Bonds	1,300	1,300	989	311
Supplies	250	250	-	250
Equipment Replacement	2,000	2,000	-	2,000
Uniforms	1,000	1,000	-	1,000
Solid Waste Contract	214,500	214,500	207,785	6,715
Advertisements	180	180	58	122
Total Sanitation	<u>253,065</u>	<u>253,065</u>	<u>230,174</u>	<u>22,891</u>
<u>Municipal Court</u>				
Salaries	8,390	8,390	5,878	2,512
Social Security	645	645	451	194
Retirement	1,555	1,555	1,028	527
Workman's Compensation	100	100	18	82
Jurors	420	420	-	420
Insurance and Bonds	300	300	207	93
Office Supplies	1,500	1,500	1,332	168
Office Equipment (Repairs and Maintenance)	500	500	-	500
Retitution	500	500	-	500
Public Defenders Fees	1,000	1,000	-	1,000
Travel, Training, Conferences	1,000	1,000	25	975
Advertisements	100	100	-	100
Membership Fees	100	100	95	5
Professional Services	16,000	16,000	15,012	988
Total Municipal Court	<u>32,110</u>	<u>32,110</u>	<u>24,046</u>	<u>8,064</u>

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

GENERAL FUND
STATEMENT of REVENUES and EXPENDITURES - BUDGET COMPARED to ACTUAL
For the Year Ended June 30, 2023

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>EXPENDITURES (Continued)</u>				
Parks and Recreation				
Hospitality Tax	31,056	31,056	21,059	9,997
YMCA	3,000	3,000	3,330	(330)
Total Parks and Recreation	<u>34,056</u>	<u>34,056</u>	<u>24,389</u>	<u>9,667</u>
<u>Various</u>				
Election	1,000	1,000	563	437
Contingent	30,323	30,323	-	30,323
Total Various	<u>31,323</u>	<u>31,323</u>	<u>563</u>	<u>30,760</u>
<u>Capital Outlay</u>				
Capital Outlay-General Government		-	36,181	(36,181)
Capital Outlay-Police	-	-	43,698	(43,698)
Capital Outlay-Fire	4,641	4,641	5,130	(489)
Total Capital Outlay	<u>4,641</u>	<u>4,641</u>	<u>85,009</u>	<u>(80,368)</u>
<u>Debt Service</u>				
Principal	47,917	47,917	77,451	(29,534)
Interest	-	-	6,016	(6,016)
Total Debt Service	<u>47,917</u>	<u>47,917</u>	<u>83,467</u>	<u>(35,550)</u>
 TOTAL EXPENDITURES	 <u>1,873,511</u>	 <u>1,873,511</u>	 <u>1,749,746</u>	 <u>123,765</u>
 EXCESS of REVENUES OVER EXPENDITURES	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 238,873</u>	 <u>\$ 238,873</u>

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

STATEMENT of FINES and ASSESSMENTS
For the Year Ended June 30, 2023

Fines Collected	\$	33,494
Assessments and Surcharges Collected		30,183
Assessments and Surcharges for Victim's Assistance		<u>4,014</u>
Total Fines, Assessments and Surcharges	\$	<u><u>67,691</u></u>
Fines and Fees Retained by Town	\$	33,494
Assessments and Surcharges Retained by Town For Victim's Services		<u>4,014</u>
Total Fines, Assessments and Surcharges Retained by Town	\$	<u><u>37,508</u></u>
Total Assessments and Surcharges Remitted to State Treasurer	\$	<u><u>30,183</u></u>
Assessments and Surcharges Retained by Town For Victim's Services	\$	4,014
Victim Services Expenditures		<u>4,014</u>
Funds Unused Prior Year		63,121
Excess Funds Distributed		<u>(55,670)</u>
Funds to Carry-forward to Next Year	\$	<u><u>7,451</u></u>

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

SPECIAL REVENUE FUNDS

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

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

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

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

Police and Fire-To account for various grants for police and fire.

Accommodation Tax Funds - To account for grant for recreation.

American Reserve Fund – To account for impact related to COVID-19.

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

SPECIAL REVENUE FUNDS
COMBINING STATEMENT of REVENUES and EXPENDITURES
For the Year Ended June 30, 2023

	Fire 1% Fund	Old Courthouse	Community Development	Accom. Tax Funds	Police and Fire	American Rescue Fund	Total
REVENUES							
Grant Income	\$10,088	\$ -	\$ -	\$ -	45,847	\$ 4,379	\$ 60,314
Local Donations	-	-	-	1,000	-	-	1,000
Interest	-	-	14	-	-	-	14
Total Revenues	<u>10,088</u>	<u>-</u>	<u>14</u>	<u>1,000</u>	<u>45,847</u>	<u>4,379</u>	<u>61,328</u>
EXPENDITURES							
Special Activities	8,653	-	-	1,000	45,847	4,379	59,879
Total Expenditures	<u>8,653</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>45,847</u>	<u>4,379</u>	<u>59,879</u>
EXCESS (DEFICIENCY) of REVENUES over (under) EXPENDITURES	1,435	-	14	-	-	-	1,449
BEGINNING FUND BALANCE	1,200	(63,907)	12,235	(5)	-	-	(50,477)
ENDING FUND BALANCE	<u>\$ 2,635</u>	<u>\$ (63,907)</u>	<u>\$ 12,249</u>	<u>\$ (5)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (49,028)</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CAPITAL PROJECTS FUNDS

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

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

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

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

CAPITAL PROJECTS FUNDS
COMBINING STATEMENT of REVENUES and EXPENDITURES
For the Year Ended June 30, 2023

	Cheraw/ Chesterfield Industrial Park	Economic Development Fund	Total
REVENUE			
Other Income	\$ 98,550	\$ 3,000	\$ 101,550
Interest	-	1,554	1,554
Total Revenue	98,550	4,554	103,104
EXPENDITURES			
General Government	22,444	-	22,444
Debt Service			
Principal	-	9,118	9,118
Interest	-	5,672	5,672
Total Expenditures	22,444	14,790	37,234
EXCESS (DEFICIENCY) of REVENUES OVER (UNDER) EXPENDITURES	76,106	(10,236)	65,870
BEGINNING FUND BALANCE	51,815	257,389	309,204
ENDING FUND BALANCE	\$ 127,921	\$ 247,153	\$ 375,074

PROPRIETARY FUNDS

TOWN of CHESTERFIELD, SOUTH CAROLINA
Chesterfield, South Carolina

PROPRIETARY FUND
STATEMENT of REVENUES and EXPENSES - BUDGET COMPARED to ACTUAL
For the Year Ended June 30, 2023

	Water and Sewer Fund				Variance Favorable (Unfavorable)
	Budget	Water Actual	Sewer Actual	Total Actual	
	OPERATING REVENUES				
Water Charges	\$ 375,000	\$ 389,040	\$ -	\$ 389,040	\$ 14,040
DHEC Fees	3,600	3,433	427	3,860	260
Sewer Service	443,000	-	455,638	455,638	12,638
Late Charges	8,000	4,943	4,695	9,638	1,638
Standby Charge Sprinklers	5,600	5,436	-	5,436	(164)
Tap Fees - Water	2,000	8,368	-	8,368	6,368
Tap Fees - Sewer	1,000	-	-	-	(1,000)
Reconnect Fees	8,000	5,052	4,962	10,014	2,014
Grant Income	83,000	-	129,026	129,026	46,026
Other Income	850	2,759	6	2,765	1,915
Total Operating Revenues	930,050	419,031	594,754	1,013,785	83,735
OPERATING EXPENSES					
<u>Supplies and Line Repairs</u>					
Administration Costs	34,000	43,081	-	43,081	(9,081)
Maintenance to System	128,000	88,749	-	88,749	39,251
Supplies - Water	87,000	152,496	-	152,496	(65,496)
Total Supplies and Line Repairs	249,000	284,326	-	284,326	(35,326)
<u>Certificate Cost and Membership Fees</u>					
Certificate Cost and Membership Fees	4,528	4,358	-	4,358	170
Total Certificate Cost and Membership Fees	4,528	4,358	-	4,358	170
<u>Utilities</u>					
Electricity - Water and Sewer Distribution	1,000	723	-	723	277
Electricity - Wastewater Treatment	6,000	-	11,931	11,931	(5,931)
Electricity - Sewer	26,500	-	23,164	23,164	3,336
Total Utilities	33,500	723	35,095	35,818	(2,318)
<u>Office Supplies</u>					
Office Supplies	4,000	3,408	-	3,408	592
Total Office Supplies	4,000	3,408	-	3,408	592
<u>Insurance and Bonds</u>					
Insurance and Bonds	3,000	2,303	1,026	3,329	(329)
Total Insurance and Bonds	3,000	2,303	1,026	3,329	(329)
<u>Professional Services</u>					
Professional Services	157,050	5,000	262,086	267,086	(110,036)
Total Professional Services	157,050	5,000	262,086	267,086	(110,036)
<u>Other Expenses</u>					
Bad Check Fees	100	62	-	62	38
Travel and Related	2,100	-	5,200	5,200	(3,100)
Advertising	350	-	608	608	(258)
Membership Fees	350	2,584	-	2,584	(2,234)
Telephone	9,800	-	9,820	9,820	(20)
Contingent	74,888	-	-	-	74,888
Hurricane Florence	-	-	21,152	21,152	(21,152)
Grant Expenses	83,000	728	116,305	117,033	(34,033)
Total Other Expenses	170,588	3,374	153,085	156,459	14,129

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of CHESTERFIELD
Chesterfield, South Carolina

PROPRIETARY FUND
STATEMENT of REVENUES and EXPENSES - BUDGET COMPARED to ACTUAL
For the Year Ended June 30, 2023

	Water and Sewer Fund				Variance Favorable (Unfavorable)
	Budget	Water Actual	Sewer Actual	Total Actual	
OPERATING EXPENSES (Continued)					
Depreciation					
Depreciation	-	70,864	162,463	233,327	(233,327)
Total Depreciation	-	70,864	162,463	233,327	(233,327)
TOTAL OPERATING EXPENSES	621,666	374,356	613,755	988,111	(366,445)
OPERATING INCOME (LOSS)	308,384	44,675	(19,001)	25,674	(282,710)
NON-OPERATING INCOME (EXPENSE)					
Investment Income	200	826	-	826	626
Interest Expense	(308,584)	(14,439)	(81,554)	(95,993)	212,591
Total Non-operating Income (Expense)	(308,384)	(13,613)	(81,554)	(95,167)	213,217
CHANGE in NET POSITION	\$ -	\$ 31,062	\$ (100,555)	\$ (69,493)	\$ (69,493)

CANTEY, TILLER, PIERCE & GREEN, LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT on INTERNAL CONTROL over FINANCIAL REPORTING and on COMPLIANCE and OTHER MATTERS BASED on an AUDIT of FINANCIAL STATEMENTS PERFORMED in ACCORDANCE with GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business- type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Chesterfield, South Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Town of Chesterfield, South Carolina's basic financial statements and have issued our report thereon dated December 15, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Findings and Responses

Financial Statement Preparation

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

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

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

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

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

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

Separation of Duties

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

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

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

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

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

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

Report on Compliance and Other Matters

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

Town of Chesterfield, South Carolina's Response to Findings

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

Other Matters

We noted certain other matters that were reported to management of the Town of Chesterfield, South Carolina in separate letter dated December 15, 2023.

Purpose of this Report

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

Cantey, Tiller, Pierce & Green, LLP

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

December 15, 2023