

**TOWN OF WINNSBORO, SOUTH CAROLINA**

---

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

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**YEAR ENDED JUNE 30, 2021**

**WITH**

**INDEPENDENT AUDITORS' REPORT**

TOWN OF WINNSBORO, SOUTH CAROLINA

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members  
Of Town Council  
Town of Winnsboro, South Carolina  
207 Congress Street, P.O. Box 209  
Winnsboro, South Carolina 29180

### ***Report on Financial Statements***

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Winnsboro, South Carolina (the "Town") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## ***Opinion***

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

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 13, the Schedule of Proportionate Share of the South Carolina Retirement Systems Net Pension Liabilities on page 54, the Schedule of South Carolina Retirement Systems Contributions on page 55, Schedule of Changes in the Net OPEB Liability and Related Ratios on page 56, and the Schedule of Employer OPEB Contributions on page 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Schedule of Court Fines, Fees, Assessments and Surcharges are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Court Fines, Fees, Assessments and Surcharges 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 non-major fund financial statements and the Schedule of Court Fines, Fees, Assessments and Surcharges 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 November 22, 2021 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*The Brittingham Group LLP*

West Columbia, South Carolina

November 22, 2021

# MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town Manager and Finance Director submit to the readers of the Town's financial statements the overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021.

## FINANCIAL HIGHLIGHTS

The combined Governmental Activities and Business Type Activities assets of the Town of Winnsboro exceeded its combined liabilities at the end of the fiscal year by \$21,590,624 (net position). The combined Governmental Activities and Business Type Activities revenues and other financial sources totaled \$17,629,493 and combined expenses totaled \$17,909,785. Accordingly, combined expenses exceeded revenues by \$(280,322).

At the end of fiscal year 2021, the Governmental Activities net position had no restrictions or assignments. The unrestricted net position deficit was (\$5,826,582) and the amount invested in capital assets net of related debt was \$2,431,834. Accordingly, there was a total net position deficit of (\$3,222,481). The total fund balance was \$2,000,605 for the General Fund, the Town's principal operating fund.

The Town of Winnsboro's Business Type Activity reported an increase in net position at the end of the fiscal year of \$635,899.

At the end of fiscal year 2021, the Town of Winnsboro's Business Type Activity reported cash and cash equivalents of \$11,776,683.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

The Statement of Activities presents information detailing how the Town of Winnsboro's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows.

Revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years. (e.g. uncollected taxes and earned but unused compensated absences). A compensated absence is a work absence in which the employee will be paid. (e.g. sick leave, vacation leave and holiday leave).

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

The governmental activities of the Town of Winnsboro include administration, police, and streets and sanitation, recreation and code enforcement. The business-type activity of the Town of Winnsboro is the combined utility system which offers natural gas service, electric service, water service and sewer service.

The government-wide financial statements include the Town, also known as the primary government. The government-wide financial statements are listed on pages 14 - 15 of this document.

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

- Governmental funds
- Proprietary funds
- Fiduciary funds

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

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

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

The Town maintains individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund only since no other governmental fund is considered to be a major fund. The Town adopts an annual operating and capital budget for the General fund. The basic governmental fund financial statements are listed on pages 16 - 19 of this document.

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

The basic proprietary funds financial statements can be found on pages 20 - 23 of this report.

Fiduciary Funds. The Town maintains two fiduciary funds that are accounted for as agency funds. Agency funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Town’s agency fund consists of the Victims’ Assistance Fund. The Victims’ Assistance fund is used to account for monies derived from court assessments and surcharges and only be used to pay for statutorily approved expenditures for crime victims and witnesses.

**Notes to the financial statements.** The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are listed on pages 26 – 53 of this document.

**Other information.** In addition to the basic financial statements and accompanying notes, the report also represents certain other financial information.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The fiscal year 2021 financial statements are the 15<sup>th</sup> consecutive financials issued in compliance with Governmental Accounting Standards Board (GASB) Statement 34, and a continuance of this new era of financial reporting. Prior to the adoption of GASB 34, the Town was required to report fund and account groups separately, with no meaningful consolidated statements to accurately reflect the operation and net position of the Town as an entity. Under the GASB 34 model for fiscal year 2021, the government-wide statements are reported using an economic resource measurement focus and the accrual basis of accounting, as opposed to the cash basis of accounting. The accrual basis of accounting recognizes revenue before cash is received and recognizes expenses before cash is paid. The cash basis of accounting recognizes revenue as cash when it is received and recognizes expenses when cash is paid.

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The Town of Winnsboro’s assets exceeded liabilities by \$21,590,624 at the close of fiscal year 2021. Net position is reported in three categories:

Net investment in capital assets	\$ 16,758,370
Restricted	1,648,463
Unrestricted	3,183,791
	\$ 21,590,624

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

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Current and other assets	\$ 2,573,987	\$ 16,867,881	\$ 19,441,868
Capital assets	2,431,834	29,420,791	31,852,625
<b>Total assets</b>	<u>5,005,821</u>	<u>46,288,672</u>	<u>51,294,493</u>
Deferred outflows	1,060,119	544,155	1,604,274
<b>Total assets and deferred outflows</b>	<u>6,065,940</u>	<u>46,832,827</u>	<u>52,898,767</u>
Long-term liabilities outstanding	8,115,408	18,717,301	26,832,709
Other liabilities	461,062	2,941,812	3,402,874
<b>Total liabilities</b>	<u>8,576,470</u>	<u>21,659,113</u>	<u>30,235,583</u>
Deferred inflows	711,951	360,609	1,072,560
<b>Total liabilities and deferred inflows</b>	<u>9,288,421</u>	<u>22,019,722</u>	<u>31,308,143</u>
Net position:			
Net investment in capital assets	2,431,834	14,326,536	16,758,370
Restricted	172,267	1,476,196	1,648,463
Unrestricted	(5,826,582)	9,010,373	3,183,791
<b>Total net position</b>	<u>\$ (3,222,481)</u>	<u>\$ 24,813,105</u>	<u>\$ 21,590,624</u>

**Town of Winnsboro's Condensed Statement of Net Position - June 30, 2020**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Current and other assets	\$ 8,097,040	\$ 16,336,112	\$ 24,433,152
Capital assets	2,610,837	29,493,058	32,103,895
<b>Total assets</b>	<b>10,707,877</b>	<b>45,829,170</b>	<b>56,537,047</b>
Deferred outflows	769,617	372,954	1,142,571
<b>Total assets and deferred outflows</b>	<b>11,477,494</b>	<b>46,202,124</b>	<b>57,679,618</b>
Long-term liabilities outstanding	7,643,512	19,072,600	26,716,112
Other liabilities	5,330,995	2,540,957	7,871,952
<b>Total liabilities</b>	<b>12,974,507</b>	<b>21,613,557</b>	<b>34,588,064</b>
Deferred inflows	809,247	411,361	1,220,608
<b>Total liabilities and deferred inflows</b>	<b>13,783,754</b>	<b>22,024,918</b>	<b>35,808,672</b>
Net position:			
Net investment in capital assets	2,610,837	13,698,122	16,308,959
Restricted	-	1,460,884	1,460,884
Unrestricted	(4,917,097)	9,018,200	4,101,103
<b>Total net position - restated</b>	<b>\$ (2,306,260)</b>	<b>\$ 24,177,206</b>	<b>\$ 21,870,946</b>

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

**Town of Winnsboro's Statement of Activities - June 30, 2021**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Revenue:			
Charges for services	\$ 263,289	\$ 15,490,992	\$ 15,754,281
Operating and capital grants	-	243,806	243,806
General revenues	1,593,650	37,759	1,631,409
<b>Total revenue</b>	<b>1,856,939</b>	<b>15,772,557</b>	<b>17,629,496</b>
Expenses:			
General government	459,953	-	459,953
Public safety	1,486,899	-	1,486,899
Public works	754,186	15,136,658	15,890,844
Planning and development	17,256	-	17,256
Recreational	54,866	-	54,866
<b>Total expenses</b>	<b>2,773,160</b>	<b>15,136,658</b>	<b>17,909,818</b>
Increase (decrease) in net position	<b>\$ (916,221)</b>	<b>\$ 635,899</b>	<b>\$ (280,322)</b>

## Town of Winnsboro's Statement of Activities - June 30, 2020

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Revenue:			
Charges for services	\$ 271,498	\$ 15,329,300	\$ 15,600,798
General revenues	1,347,676	152,455	1,500,131
Total revenue	<u>1,619,174</u>	<u>15,481,755</u>	<u>17,100,929</u>
Expenses:			
General government	581,974	-	581,974
Public safety	1,464,512	-	1,464,512
Public works	803,869	14,280,827	15,084,696
Planning and development	17,256	-	17,256
Recreational	67,083	-	67,083
Total expenses	<u>2,934,694</u>	<u>14,280,827</u>	<u>17,215,521</u>
Increase (decrease) in net position before transfers	(1,315,520)	1,200,928	(114,592)
Transfers	910,877	(910,877)	-
Increase (decrease) in net position	<u>\$ (404,643)</u>	<u>\$ 290,051</u>	<u>\$ (114,592)</u>

**Governmental activities.** Governmental activities net position decreased \$916,221 during the fiscal year. Governmental activities show an increase in revenues and a decrease in expenditures when compared to fiscal year 2020. The decrease in spending is the result of less asset purchases in the general government departments. The increase in revenues is primarily related to the Town receiving tax revenue in the current year.

**Business-type activities.** Business-type activities consist of the public natural gas, electricity, water and sewer systems. Total revenues of \$15,772,557 exceeded total expenses of \$15,136,658 for an total surplus of \$635,899. Compared to fiscal years 2020 and 2019 Business-type revenues are trending upward due to increase of gas usage in the Town. Business-type expenses increased from 2020 primarily because there was increase in construction needed to keep the system functioning properly.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

At the end of fiscal year 2021, the Town's governmental funds reported a combined ending fund balance of \$2,172,905. The Town's general fund and special revenue fund make up the governmental fund.

**Proprietary funds.** The Town's largest component of proprietary fund net position is the investment in capital assets, net of related debt, \$14,326,536 or 57.74% of the Town's total proprietary fund net assets

### GENERAL FUND BUDGETARY HIGHLIGHTS

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

• \$ 160,900	Taxes	27.77%	increase
• \$ 8,569	License, permits and franchise fees	1.52%	increase
• \$ (7,279)	Charges for services	3.02%	decrease
• \$ 81,653	State shared revenues	61.77%	increase
• \$ (5,148)	Miscellaneous	5.49%	increase

License fees increase slightly, during the year as the Town was more proactive in collections. The decrease in miscellaneous revenues indicates a gradual decrease in grant revenues, recreational activities and building permits. The decrease in charges for services was due to less residents using garbage services. The increase in state shared revenues and taxes is due to more collections from the county and state.

### PROPRIETARY FUNDS BUDGET HIGHLIGHTS

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

• \$ 451,293	Natural gas service sales	16.45%	increase
• \$ (68,419)	Electric service sales	0.99%	decrease
• \$ (220,057)	Water service sales	5.25%	decrease
• \$ (1,125)	Sewer service sales	0.08%	decrease

The variance in Proprietary Fund revenues between fiscal years 2021 and 2020 is less significant on a year-to-year basis; however, there has been a general increase due to a slight increase in customer base. There has been an increase in natural gas, as several neighborhoods were added into the system during the year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** The Town of Winnsboro’s investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$31,852,625 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment. Major capital asset events in the current year included the following (See *Note 6*):

- In order for the Town of Winnsboro to continue to meet the needs of its citizens and provide high quality services, the Town purchased several new vehicles in the public safety department and the public works/streets and sanitation department.
- During the year, the Town purchased or constructed improvements for all four utility services the Town provides.
  - The natural gas department purchased new metering equipment.
  - The electric service department purchased a new vehicle, a telescopic forklift and invested in several construction and improvement projects.
  - The water department purchased and installed a new generator as well as acquiring new equipment to improve water service.
  - The sewer department acquired a new vehicle and rebuilt/installed a new filtering system.

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Land and construction in process	\$ 105,276	\$ 14,899,518	\$ 15,004,794
Buildings and structures	968,267	-	968,267
Vehicles, furniture and equipment	1,358,291	-	1,358,291
Utility plant, systems and equipment	-	14,521,273	14,521,273
	\$ 2,431,834	\$ 29,420,791	\$ 31,852,625

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Land and construction in process	\$ 100,000	\$ 14,655,195	\$ 14,755,195
Buildings and structures	1,030,097	-	1,030,097
Vehicles, furniture and equipment	1,480,740	-	1,480,740
Utility plant, systems and equipment	-	14,837,863	14,837,863
	\$ 2,610,837	\$ 29,493,058	\$ 32,103,895

**Long-term debt.** At the end of the current fiscal year, the Town of Winnsboro had total bonded debt outstanding of \$15,094,255. All of this debt is reported in the Combined Utilities Fund and is secured by the gross revenues of the utility system as well as a lien against the system.

The net pension liability was introduced in 2015 with the adoption of GASB Statement number 68 and represents the long-term liabilities for payment to retirees, net of the Town's current pension investments.

The net OPEB liability was introduced in 2018 with the adoption of GASB Statement number 75 and represents the long-term liabilities for payment to health insurance for retirees, net of the Town's current pension investments.

For additional information about the Town's outstanding long-term debt as of June 30, 2021, please see *Note 7*, *Note 8* and *Note 10*.

**Town of Winnsboro's Long-Term Debt - 2021**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Compensated absences	\$ 162,338	\$ 344,565	\$ 506,903
Pension liability	5,464,532	3,135,678	8,600,210
OPEB liability	2,650,876	1,396,630	4,047,506
Revenue bonds	-	15,094,255	15,094,255
	<u>\$ 8,277,746</u>	<u>\$ 19,971,128</u>	<u>\$ 28,248,874</u>

**Town of Winnsboro's Long-Term Debt - 2020**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Compensated absences	\$ 151,117	\$ 111,886	\$ 263,003
Pension liability	5,016,818	2,790,778	7,807,596
OPEB liability	2,626,694	1,383,829	4,010,523
Revenue bonds	-	15,794,936	15,794,936
	<u>\$ 7,794,629</u>	<u>\$ 20,081,429</u>	<u>\$ 27,876,058</u>

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

Total revenues continue to be moderated by the effects of the economy and the Town's rural location. General Fund revenues continue to remain steady due to the stagnant growth in the economic activity in the area.

The Town adjusted utility rates in 2021 to address the increasing needs of the Combined Utilities Fund and to address past deferred capital and maintenance of the system. Analysis of the Year 2021 proprietary fund will occur in fiscal year 2022 to determine the impact of the prior year rate increase. Now that the utility rates have been increased to a level that fully sustains the fund, the Town will need to continue monitoring the health of the utility system. Improvements to the water and sewer systems are of moderate concern due to some recent weather related events.

### **REQUESTS FOR INFORMATION**

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

Town Manager  
Town of Winnsboro  
207 Congress Street, Post Office Box 209  
Winnsboro, South Carolina 29180

TOWN OF WINNSBORO, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business - Type Activities	Totals
<b>Assets</b>			
Cash and cash equivalents	\$ 4,560,090	\$ 10,300,487	\$ 14,860,577
Receivables, net of allowance:			
Accounts	-	2,231,533	2,231,533
State revenue	931	-	931
Unbilled revenue	-	366,342	366,342
Prepaid expenses	2,987	-	2,987
Inventory	6,780	468,926	475,706
Internal balances	(1,996,801)	1,996,801	-
Note receivable	-	27,596	27,596
Restricted assets:			
Cash and cash equivalents	-	1,476,196	1,476,196
Capital assets:			
Non-depreciable	105,276	14,899,518	15,004,794
Depreciable, net	2,326,558	14,521,273	16,847,831
Total assets	<u>5,005,821</u>	<u>46,288,672</u>	<u>51,294,493</u>
<b>Deferred outflows of resources</b>			
Deferred outflows - pension	1,053,295	540,637	1,593,932
Deferred outflows - OPEB	6,824	3,518	10,342
Total assets and deferred outflows of resources	<u>6,065,940</u>	<u>46,832,827</u>	<u>52,898,767</u>
<b>Liabilities</b>			
Accounts payable	118,064	1,142,344	1,260,408
Accrued compensated absences	162,338	344,565	506,903
Other accrued liabilities	180,660	48,042	228,702
Customer deposits	-	497,599	497,599
Revenue bonds payable:			
Current portion	-	909,262	909,262
Noncurrent portion	-	14,184,993	14,184,993
Pension liability	5,464,532	3,135,678	8,600,210
OPEB liability	2,650,876	1,396,630	4,047,506
Total liabilities	<u>8,576,470</u>	<u>21,659,113</u>	<u>30,235,583</u>
<b>Deferred inflows of resources</b>			
Deferred inflows - pension	141,766	60,413	202,179
Deferred inflows - OPEB	570,185	300,196	870,381
Total liabilities and deferred inflows of resources	<u>9,288,421</u>	<u>22,019,722</u>	<u>31,308,143</u>
<b>Net position</b>			
Net investment in capital assets	2,431,834	14,326,536	16,758,370
Restricted-debt service	-	1,476,196	1,476,196
Restricted-special revenue	172,267	-	172,267
Unrestricted-unfunded pension obligation	(4,553,003)	(2,655,454)	(7,208,457)
Unrestricted-unfunded OPEB obligation	(3,214,237)	(1,693,308)	(4,907,545)
Unrestricted - other	1,940,658	13,359,135	15,299,793
Total net position	<u>\$ (3,222,481)</u>	<u>\$ 24,813,105</u>	<u>\$ 21,590,624</u>

See accompanying notes.

TOWN OF WINNSBORO, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental activities						
General government	\$ 459,920	\$ -	\$ -	\$ (459,920)	\$ -	\$ (459,920)
Public safety	1,486,899	29,115	-	(1,457,784)	-	(1,457,784)
Public works	754,186	234,141	-	(520,045)	-	(520,045)
Culture and recreation	17,256	-	-	(17,256)	-	(17,256)
Community and economic development	54,866	-	-	(54,866)	-	(54,866)
Total governmental activities	<u>2,773,127</u>	<u>263,256</u>	<u>-</u>	<u>(2,509,871)</u>	<u>-</u>	<u>(2,509,871)</u>
Business-type activities						
Natural gas	2,651,040	3,194,229	-	-	543,189	543,189
Electricity	6,563,160	6,851,421	-	-	288,261	288,261
Water	4,026,660	3,971,772	243,806	-	188,918	188,918
Sewer	1,895,798	1,473,570	-	-	(422,228)	(422,228)
Total business-type activities	<u>15,136,658</u>	<u>15,490,992</u>	<u>243,806</u>	<u>-</u>	<u>598,140</u>	<u>598,140</u>
Total primary government	<u>\$ 17,909,785</u>	<u>\$ 15,754,248</u>	<u>\$ 243,806</u>	<u>(2,509,871)</u>	<u>598,140</u>	<u>(1,911,731)</u>
General revenues and transfers:						
General revenues:						
Property and sales taxes				740,266	-	740,266
Licenses, permits and franchise fees				572,284	-	572,284
State aid				213,835	-	213,835
Unrestricted investment earnings				5,653	37,759	43,412
Miscellaneous				61,612	-	61,612
Total general revenues and transfers				<u>1,593,650</u>	<u>37,759</u>	<u>1,631,409</u>
Change in net position				(916,221)	635,899	(280,322)
Net position, at beginning of year - restated				<u>(2,306,260)</u>	<u>24,177,206</u>	<u>21,870,946</u>
Net position, end of year				<u>\$ (3,222,481)</u>	<u>\$ 24,813,105</u>	<u>\$ 21,590,624</u>

See accompanying notes.

TOWN OF WINNSBORO, SOUTH CAROLINA

BALANCE SHEET  
GOVERNMENTAL FUNDS

JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 4,560,080	\$ 10	\$ 4,560,090
State revenue, receivable	212	719	931
Prepaid expenses	2,987	-	2,987
Inventory	6,780	-	6,780
Due from other funds	527,541	202,212	729,753
Total assets	<u>5,097,600</u>	<u>202,941</u>	<u>5,300,541</u>
<b>Liabilities and fund balances</b>			
Liabilities			
Accounts payable	93,623	24,441	118,064
Other accrued liabilities	174,427	6,233	180,660
Due to other funds	2,828,945	-	2,828,945
Total liabilities	<u>3,096,995</u>	<u>30,674</u>	<u>3,127,669</u>
Fund Balances			
Nonspendable			
Prepaid	2,987	-	2,987
Inventory	6,780	-	6,780
Assigned	-	172,267	172,267
Unassigned	1,990,838	-	1,990,838
Total fund balances	<u>2,000,605</u>	<u>172,267</u>	<u>2,172,872</u>
Total liabilities and fund balances	<u>\$ 5,097,600</u>	<u>\$ 202,941</u>	<u>\$ 5,300,541</u>
<b><u>Reconciliation to the statement of net position</u></b>			
Total fund balances - governmental funds			\$ 2,172,872
Amounts reported for governmental activities in the Statement of Net Position are different due to the following:			
Amounts due to fiduciary funds reported in the governmental funds are not recognized as liabilities for the governmental activities			
			102,391
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.			
Capital assets, cost		\$ 7,647,911	
Accumulated depreciation		<u>(5,216,077)</u>	
			2,431,834
Accrued compensated absences			
			(162,338)
Long-term liabilities, including net pension liabilities, deferred inflows and deferred outflows are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds balance sheet.			
Long-term liabilities consist of the following:			
Deferred outflows - pension		1,053,295	
Deferred inflows - pension		(141,766)	
Net pension liability		<u>(5,464,532)</u>	
			(4,553,003)
Long-term liabilities, including, net OPEB liabilities, deferred OPEB inflows and deferred OPEB outflows are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds balance sheet.			
Long-term liabilities consist of the following:			
Deferred outflows - OPEB		6,824	
Deferred inflows - OPEB		(570,185)	
Net OPEB liability		<u>(2,650,876)</u>	
			(3,214,237)
Net position of governmental activities			<u>\$ (3,222,481)</u>

See accompanying notes.

TOWN OF WINNSBORO, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2021

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Taxes	\$ 740,266	\$ -	\$ 740,266
Licenses and permits	572,284	-	572,284
Police fines	29,115	-	29,115
State shared revenues	213,835	-	213,835
Charges for services	234,141	-	234,141
Interest	5,653	-	5,653
Other	61,612	-	61,612
Total revenues	<u>1,856,906</u>	<u>-</u>	<u>1,856,906</u>
<b>Expenditures</b>			
Town council	8,379	-	8,379
Town manager	26,871	-	26,871
Municipal court	174,625	-	174,625
Municipal buildings	73,619	-	73,619
Maintenance shop	54,945	-	54,945
Swimming pool	13,656	-	13,656
Public safety	1,243,386	-	1,243,386
Streets and sanitation	670,236	-	670,236
Building, zoning and planning	22,276	-	22,276
Grants and community development	54,081	-	54,081
Capital outlay	157,875	-	157,875
Total expenditures	<u>2,499,949</u>	<u>-</u>	<u>2,499,949</u>
(Deficit) of revenues (under) expenditures	<u>(643,043)</u>	<u>-</u>	<u>(643,043)</u>
<b>Other Financing Sources</b>			
Transfers in/(out)	(936,563)	936,563	-
Total other financing sources	<u>(936,563)</u>	<u>936,563</u>	<u>-</u>
Net change in fund balance	(1,579,606)	936,563	(643,043)
Fund balance, beginning of year	3,580,211	(764,296)	2,815,915
Fund balance, end of year	<u>\$ 2,000,605</u>	<u>\$ 172,267</u>	<u>\$ 2,172,872</u>

See accompanying notes.

TOWN OF WINNSBORO, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2021

Net change in fund balance - total governmental funds		\$ (643,043)
Amounts reported for governmental activities in the Statement of Activities are different due to the following:		
Change in Agency Fund for the current year.		1,144
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over the estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the period.		
Depreciation	\$ (336,878)	
Capital outlays	<u>157,875</u>	
Net change in capital assets		(179,003)
Net change in in pension liability and net OPEB liability for the current year. This is an expenditure for governmental funds and it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
Change in net pension obligation		(106,750)
Change in net OPEB obligation		22,652
In the Statement of Activities, compensated absences are reported by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used.		
		<u>(11,221)</u>
Change in net position of governmental activities		<u>\$ (916,221)</u>

TOWN OF WINNSBORO, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
Revenue				
Taxes	\$ 660,600	\$ 660,600	\$ 740,266	\$ 79,666
Licenses and permits	878,467	878,467	572,284	(306,183)
Police fines	45,000	45,000	29,115	(15,885)
State shared revenues	199,081	199,081	213,835	14,754
Charges for services	-	-	234,141	234,141
Interest	42,330	42,330	5,653	(36,677)
Other	33,750	33,750	61,612	27,862
Total revenue	<u>1,859,228</u>	<u>1,859,228</u>	<u>1,856,906</u>	<u>(2,322)</u>
Expenditures				
Town council	41,883	41,883	8,379	33,504
Town manager	161,918	161,918	26,871	135,047
Municipal court	194,824	194,824	174,625	20,199
Municipal buildings	38,269	38,269	73,619	(35,350)
Maintenance shop	76,599	76,599	54,945	21,654
Swimming pool	10,000	10,000	13,656	(3,656)
Public safety	1,572,491	1,572,491	1,243,386	329,105
Streets and sanitation	662,639	662,639	670,236	(7,597)
Building, zoning and planning	112,225	112,225	22,276	89,949
Grants and community development	75,720	75,720	54,081	21,639
Capital outlay	-	-	157,875	(157,875)
Total expenditures	<u>2,946,568</u>	<u>2,946,568</u>	<u>2,499,949</u>	<u>446,619</u>
(Deficit) of revenues (under) expenditures	<u>(1,087,340)</u>	<u>(1,087,340)</u>	<u>(643,043)</u>	<u>444,297</u>
Other financing sources (uses)				
Transfers in/(out)	<u>1,087,340</u>	<u>1,087,340</u>	<u>(936,563)</u>	<u>2,023,903</u>
Total other financing sources	<u>1,087,340</u>	<u>1,087,340</u>	<u>(936,563)</u>	<u>2,023,903</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,579,606)</u>	<u>\$ (1,579,606)</u>
Fund balance, beginning of year			<u>3,580,211</u>	
Fund balance, end of year			<u>\$ 2,000,605</u>	

See accompanying notes.

TOWN OF WINNSBORO, SOUTH CAROLINA

STATEMENT OF NET POSITION  
 PROPRIETARY FUND

JUNE 30, 2021

	<u>Combined Utilities</u>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 10,300,487
Cash and cash equivalents - restricted	1,476,196
Accounts receivable, net	2,231,533
Unbilled revenue	366,342
Inventory	468,926
Due from other funds	1,996,801
Note receivable - current portion	4,255
Non-current assets	
Note receivable - noncurrent portion	23,341
Capital assets, not being depreciated	14,899,518
Capital assets, being depreciated, net	14,521,273
Total assets	<u>46,288,672</u>
<b>Deferred outflows of resources</b>	
Deferred outflows - pension	540,637
Deferred outflows - OPEB	3,518
Total assets and deferred outflows of resources	<u>46,832,827</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	1,142,344
Other accrued liabilities	48,042
Accrued compensated absence's	344,565
Customer deposits	497,599
Revenue bonds payable - current portion	909,262
Non-current liabilities	
Revenue bonds payable - noncurrent portion	14,184,993
Net pension liability	3,135,678
Net OPEB liability	1,396,630
Total liabilities	<u>21,659,113</u>
<b>Deferred inflows of resources</b>	
Deferred inflows - pension	60,413
Deferred inflows - OPEB	300,196
Total liabilities and deferred inflows of resources	<u>22,019,722</u>
<b>Net position</b>	
Investments in capital assets	14,326,536
Restricted - debt service	1,476,196
Unrestricted - unfunded OPEB obligation	(2,655,454)
Unrestricted - unfunded pension obligation	(1,693,308)
Unrestricted - other	13,359,135
Total net position	<u>\$ 24,813,105</u>

See accompanying notes.

TOWN OF WINNSBORO, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2021

	<b>Combined Utilities</b>
Operating revenue	
Natural gas sales	\$ 3,194,229
Electricity sales	6,851,421
Water service	3,971,772
Sewer service	1,473,570
Total operating revenue	<u>15,490,992</u>
Operating expenses	
Water, electricity and natural gas purchased	6,777,948
Salaries and fringe benefits	3,114,979
Other operating expenses	4,124,109
Depreciation and amortization	792,492
Total operating expenses	<u>14,809,528</u>
Operating income	681,464
Nonoperating revenues (expenses)	
Interest income	37,759
Grant revenues	243,806
Interest expense	(327,130)
Total nonoperating revenues (expenses)	<u>(45,565)</u>
Change in net position	635,899
Total net position, beginning	<u>24,177,206</u>
Total net position, ending	<u><u>\$ 24,813,105</u></u>

*See accompanying notes.*

TOWN OF WINNSBORO, SOUTH CAROLINA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND

YEAR ENDED JUNE 30, 2021

	<b>Combined Utilities</b>
<b>Cash flows from operating activities</b>	
Receipts from customers	\$ 13,828,718
Payments to suppliers	(16,922,841)
Payments to employees	(2,746,552)
Net cash used by operating activities	<u>(5,840,675)</u>
<b>Cash flows from capital and related financing activities</b>	
Interest expense	(327,130)
Grant revenues	243,806
Proceeds from revenue bonds	188,781
Principal payments on revenue bonds	(889,462)
Acquisition and construction of capital assets	(720,225)
Net cash used by capital and related financing activities	<u>(1,504,230)</u>
<b>Cash flows from investing activities</b>	
Interest income	<u>37,759</u>
Net cash provided by investing activities	<u>37,759</u>
Net decrease in cash and cash equivalents	(7,307,146)
Cash and cash equivalents, beginning	<u>19,083,829</u>
Cash and cash equivalents, ending	<u><u>\$ 11,776,683</u></u>
<b>Cash and cash equivalents</b>	
Unrestricted cash and cash equivalents	\$ 10,300,487
Restricted cash and cash equivalents	<u>1,476,196</u>
Total	<u><u>\$ 11,776,683</u></u>

(CONTINUED)

TOWN OF WINNSBORO, SOUTH CAROLINA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND

YEAR ENDED JUNE 30, 2021

-CONTINUED-

	<u>Combined Utilities</u>
<b>Reconciliation of operating income to net cash used by operating activities</b>	
Operating income	\$ 681,464
Adjustments to reconcile operating income to net cash used by operating activities	
Depreciation and amortization	792,492
Changes in assets, deferred outflows, liabilities and deferred inflows	
Accounts receivable	(85,857)
Unbilled revenue	(51,236)
Inventory	15,748
Due from other funds	(1,584,007)
Accounts payable	82,708
Accrued liabilities	14,323
Accrued compensated absences	232,679
Due to other funds	(6,133,563)
Customer deposits	58,826
Deferred outflows-pensions	(187,263)
Deferred inflows-OPEB	(40,854)
Deferred inflows-pensions	(9,898)
Deferred outflows-OPEB	16,062
Net OPEB liability	12,801
Net pension liability	344,900
Net cash used by operating activities	<u>\$ (5,840,675)</u>

TOWN OF WINNSBORO, SOUTH CAROLINA

STATEMENT OF NET POSITION  
FIDUCIARY FUNDS

JUNE 30, 2021

	<b>Agency Funds</b>		<b>Total</b>
	Firemen's Fund	Victims' Assistance Fund	
<b>Assets</b>			
Current assets			
Due from general fund	\$ 25,773	\$ 76,618	\$ 102,391
Total assets	<u>\$ 25,773</u>	<u>\$ 76,618</u>	<u>\$ 102,391</u>
<b>Liabilities</b>			
Funds held in trust	\$ 25,773	\$ 76,618	\$ 102,391
Total liabilities	<u>\$ 25,773</u>	<u>\$ 76,618</u>	<u>\$ 102,391</u>

*See accompanying notes.*

TOWN OF WINNSBORO, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FIDUCIARY FUNDS

JUNE 30, 2021

	<b>Agency Funds</b>		<b>Total</b>
	Firemen's Fund	Victims' Assistance Fund	
<b>Revenues</b>			
Miscellaneous revenues	\$ -	\$ 2,224	\$ 2,224
Total revenues	-	2,224	2,224
<b>Expenditures</b>			
Miscellaneous expenditures	1,080	-	1,080
Total expenditures	1,080	-	1,080
Net change in fund balance	(1,080)	2,224	1,144
Fund balance, beginning of year	26,853	74,394	101,247
Fund balance, end of year	<u>\$ 25,773</u>	<u>\$ 76,618</u>	<u>\$ 102,391</u>

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

**1. Summary of Significant Accounting Policies**

The Town of Winnsboro, South Carolina (the “Town”) was incorporated under the laws of the State of South Carolina for the incorporation of municipal governments and as amended by Act 283 of the 1975 Code (Home Rule Town Act). The Town operates under a Council-form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, and general administrative services.

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

**Basis of Presentation**

Government-wide Financial Statements

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

Statement of Activities

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

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

Fund Financial Statements

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

-CONTINUED-

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

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

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

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

Fund Accounting

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

The Town's funds are classified into three categories – governmental, proprietary and fiduciary.

Governmental Funds

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

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

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

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

Proprietary Funds

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

Fiduciary Funds

**Agency Funds** – Agency funds are used to account for assets held by this Town in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Town’s agency funds consist of the Firemen’s Fund and the Victims’ Assistance Fund. The Firemen’s Fund is used to account for monies received from a specific source and can only be used to pay for non-budgeted, non-capital expenditures at the discretion of the Public Safety department head’s discretion. The Victims’ Assistance fund is used to account for monies derived from court assessments and surcharges and can only be used to pay for statutorily approved expenditures for crime victims and witnesses.

Accrual Basis

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

Modified Accrual Basis

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

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

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

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

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

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

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

Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year-end.

Cash and Cash Equivalents and Investments

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

Accounts Receivable

The accounts receivable of the Combined Utilities (Enterprise) Fund consist of unpaid user charges for the natural gas, electric, water and sewer system services of the Town. The amount of unpaid charges is reported net of an allowance for doubtful accounts.

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

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

Short-Term Interfund Receivables/Payables

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

Capital Assets and Depreciation

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

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

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

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

Compensated Absences

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

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

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

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

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently reports deferred outflows of resources in the amount of \$1,604,274 as of June 30, 2021.

Deferred Outflows/Inflows of Resources: (continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently reports deferred inflows of resources in the amount of \$1,072,560 as of June 30, 2021.

Other Postemployment Benefits

Postemployment Benefits Other Than Pensions (OPEB). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the South Carolina Other Retirement Benefits Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Net Position/Fund Balances

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

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

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

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

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

Enabling legislation authorizes the Town to assess, levy, charge, or otherwise mandate payments of resources (from resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable requirement is one that an outside party (such as citizens, public interest groups, or the judiciary) can compel the government to honor. At June 30, 2021, \$1,648,463 was reported as restricted net position.

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

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

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

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

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

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

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**2. Legal Compliance - Budgets**

Use of Estimates

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

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

1. Formal budgetary integration is employed as a management control device during the year for the General Fund and the Combined Utilities Fund.
2. The combined statement of revenues, expenditures and changes in fund balance-budget and actual for the General Fund presents comparisons of the legally adopted budget with actual data on a GAAP basis.
3. Unused appropriations lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.
5. Expenditures should not exceed budgeted appropriations at the fund level.

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

Budgeted revenues exceeded actual revenues by \$2,322. Budgeted expenditures exceeded actual expenditures by \$446,619.

**3. Deposits**

At June 30, 2021, the carrying amount of the Town's unrestricted and restricted deposits totaled \$16,336,773, and the bank balance was \$17,701,200, of which all, is covered by either federal depository insurance, or is properly collateralized in accordance with State law.

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**4. Receivables**

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts receivable:			
State revenue	\$ 931	\$ -	\$ 931
Utility service billings	-	2,246,533	2,246,533
Unbilled revenue	-	366,342	366,342
Gross receivables	<u>931</u>	<u>2,612,875</u>	<u>2,613,806</u>
Less, allowance for uncollectibles	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>
Net receivables	<u>\$ 931</u>	<u>\$ 2,597,875</u>	<u>\$ 2,598,806</u>

**5. Interfund Transfers, Receivables and Payables**

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Total</u>
General fund	\$ -	\$ (936,563)	\$ (936,563)
Special revenue fund	<u>936,563</u>	<u>-</u>	<u>936,563</u>
Total transfers	<u>\$ 936,563</u>	<u>\$ (936,563)</u>	<u>\$ -</u>

	<u>Due To</u>	<u>Due From</u>	<u>Total</u>
General fund	\$ (2,828,945)	\$ 527,541	\$ (2,301,404)
Combined utilities fund	-	1,996,801	1,996,801
Agency funds	-	102,391	102,391
Special revenue fund	<u>-</u>	<u>202,212</u>	<u>202,212</u>
Total Due To/From	<u>\$ (2,828,945)</u>	<u>\$ 2,828,945</u>	<u>\$ -</u>

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**6. Capital Assets**

Capital asset activity for the year ended June 30, 2021, was as follows:

Governmental activities

	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
Capital assets, not being depreciated				
Land	\$ 100,000	\$ 5,276	\$ -	\$ 105,276
Total capital assets, not being depreciated	<u>100,000</u>	<u>5,276</u>	<u>-</u>	<u>105,276</u>
Capital assets, being depreciated				
Buildings and improvements	2,990,084	-	-	2,990,084
Town manager department-equipment	453,776	-	-	453,776
Municipal court department-equipment	56,775	-	-	56,775
Maintenance shop department-equipment and vehicles	119,175	-	-	119,175
Public safety-equipment and vehicles	2,395,089	-	-	2,395,089
Streets and sanitation department-equipment and vehicles	1,272,788	152,599	-	1,425,387
Building, zoning and planning department-equipment and vehicles	76,349	-	-	76,349
Grants and community development-equipment and vehicles	26,000	-	-	26,000
Total capital assets, being depreciated	<u>7,390,036</u>	<u>152,599</u>	<u>-</u>	<u>7,542,635</u>
Less: Accumulated depreciation for				
Buildings and improvements	(1,959,987)	(61,830)	-	(2,021,817)
Town manager department-equipment	(334,626)	(27,826)	-	(362,452)
Municipal court department-equipment	(51,313)	(4,714)	-	(56,027)
Maintenance shop department-equipment	(86,440)	(4,662)	-	(91,102)
Public safety-equipment and vehicles	(1,574,777)	(152,059)	-	(1,726,836)
Streets and sanitation department-equipment and vehicles	(768,554)	(85,787)	-	(854,341)
Building, zoning and planning department-equipment and vehicles	(77,502)	-	-	(77,502)
Grants and community development-equipment and vehicles	(26,000)	-	-	(26,000)
Total accumulated depreciation	<u>(4,879,199)</u>	<u>(336,878)</u>	<u>-</u>	<u>(5,216,077)</u>
Total capital assets, being depreciated, net	<u>2,510,837</u>	<u>(184,279)</u>	<u>-</u>	<u>2,326,558</u>
Governmental activities capital assets, net	<u>\$ 2,610,837</u>	<u>\$ (179,003)</u>	<u>\$ -</u>	<u>\$ 2,431,834</u>

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

6. Capital Assets (continued)

Business-type activities

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets, not being depreciated				
Land	\$ 185,318	\$ -	\$ -	\$ 185,318
Construction in process	14,469,877	244,323	-	14,714,200
Total capital assets, not being depreciated	<u>14,655,195</u>	<u>244,323</u>	<u>-</u>	<u>14,899,518</u>
Capital assets, being depreciated				
Gas department-property, plant and equipment	5,029,741	4,926	-	5,034,667
Electricity department-property, plant and equipment	7,027,717	155,406	-	7,183,123
Water department-property, plant and equipment	21,917,895	242,891	-	22,160,786
Sewer department-property, plant and equipment	12,943,416	72,679	-	13,016,095
Total capital assets, being depreciated	<u>46,918,769</u>	<u>475,902</u>	<u>-</u>	<u>47,394,671</u>
Less: Accumulated depreciation for				
Gas department-property, plant and equipment	(4,165,069)	(44,939)	-	(4,210,008)
Electricity department-property, plant and equipment	(5,061,402)	(156,144)	-	(5,217,546)
Water department-property, plant and equipment	(12,258,654)	(438,838)	-	(12,697,492)
Sewer department-property, plant and equipment	(10,595,781)	(152,571)	-	(10,748,352)
Total accumulated depreciation	<u>(32,080,906)</u>	<u>(792,492)</u>	<u>-</u>	<u>(32,873,398)</u>
Total assets being depreciated, net	<u>14,837,863</u>	<u>(316,590)</u>	<u>-</u>	<u>14,521,273</u>
Business-type capital assets, net	<u>\$ 29,493,058</u>	<u>\$ (72,267)</u>	<u>\$ -</u>	<u>\$ 29,420,791</u>

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**6. Capital Assets (continued)**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 89,656
Public safety	156,773
Public works	<u>90,449</u>
Total depreciation - governmental activities	<u>\$ 336,878</u>
Business type activities:	
Natural gas	\$ 44,939
Electricity	156,144
Water	438,838
Sewer	<u>152,571</u>
Total depreciation - business type activities	<u>\$ 792,492</u>

**7. Pension Plan**

***South Carolina Retirement System***

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

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

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**7. Pension Plan (continued)**

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

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

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

For eligible retired members, a lump-sum payment is made to the retiree's beneficiary of up to \$6,000 based on years of service at retirement. TERI participants and retired contributing members are eligible for the increased death benefit equal to their annual salary in lieu of the standard retired member benefit.

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**7. Pension Plan (continued)**

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

Year Ended	Employer Contribution Rate			Employer Contributions		
	Base	Death	Total	Base	Death	Total
2021	15.41%	0.15%	15.56%	\$ 483,593	\$ 4,707	\$ 488,300
2020	15.41%	0.15%	15.56%	452,880	4,408	457,288
2019	14.41%	0.15%	14.56%	409,188	4,259	413,447

***Police Officers Retirement System***

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

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

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

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**7. Pension Plan (continued)**

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

Year Ended June 30,	Employer Contribution Rate			Employer Contributions		
	Incidental & Accidental			Incidental & Accidental		
	Base	Death	Total	Base	Death	Total
2021	17.84%	0.40%	18.24%	\$ 156,409	\$ 3,506	\$ 159,915
2020	17.84%	0.40%	18.24%	151,676	3,401	155,077
2019	16.84%	0.40%	17.24%	140,515	3,338	143,853

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

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

At June 30, 2021, the Town reported \$6,744,120 and \$1,856,090 for its proportionate share of the net pension liabilities of SCRS and PORS, respectively. The net pension liability of the SCRS defined benefit pension plan was determined based on the July 1, 2020, actuarial valuations, using membership data as of July 1, 2020, projected forward to June 30, 2020, and financial information of the pension trust funds as of June 30, 2021, using generally accepted actuarial procedures. The Town's portion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2021, the Commission's SCRS proportion was 0.026394% and its PORS proportion was 0.05597%.

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**7. Pension Plan (continued)**

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

<b>Deferred Outflows of Resources</b>	<b>SCRS</b>	<b>PORS</b>
Differences between expected and actual experience	\$ 77,818	\$ 39,446
Assumption changes	8,263	22,650
Net difference between project and actual investment earnings	496,086	190,059
Differences between employer contributions and proportionate share	92,318	19,036
Contributions made from measurement date to June 30, 2020	<u>488,300</u>	<u>159,956</u>
<b>Total deferred outflows of resources</b>	<u>1,162,785</u>	<u>431,147</u>
<b>Deferred Inflows of Resources</b>		
Differences between expected and actual experience	25,502	8,170
Differences between employer contributions and proportionate share	<u>104,432</u>	<u>64,075</u>
<b>Total deferred inflows of resources</b>	<u>129,934</u>	<u>72,245</u>
<b>Net deferred outflows/(inflows)</b>	<u>\$ 1,032,851</u>	<u>\$ 358,902</u>

Deferred outflows of \$488,300 and \$159,956 for SCRS and PORS, respectively, reported as resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year ended June 30,</u>	<u>SCRS</u>	<u>PORS</u>	<u>Net</u>
2022	\$ (100,667)	\$ (46,046)	\$ (146,713)
2023	(172,273)	(55,940)	(228,213)
2024	(145,022)	(50,136)	(195,158)
2025	<u>(126,589)</u>	<u>(46,824)</u>	<u>(173,413)</u>
	<u>\$ (544,551)</u>	<u>\$ (198,946)</u>	<u>\$ (743,497)</u>

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**7. Pension Plan (continued)**

The total pension liabilities in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

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

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016. Assumption used in the determination of the June 30, 2018, SCRS and PORS valuations are as follows:

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
Educators	2016 PRSC Males Multiplied by 92%	2016 PRSC Females Multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males Multiplied by 100%	2016 PRSC Females Multiplied by 111%
Public Safety, Firefighters	2016 PRSC Males Multiplied by 125%	2016 PRSC Females Multiplied by 111%

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

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

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**7. Pension Plan (continued)**

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

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

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

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**7. Pension Plan (continued)**

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

Plan	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
SCRS	\$ 8,358,510	\$ 6,744,120	\$ 5,396,085
PORS	2,457,150	1,856,090	1,373,477
	\$ 10,815,660	\$ 8,600,210	\$ 6,769,562

***Deferred Compensation Plans***

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

**8. Long-Term Debt**

Series 2009 Revenue Bonds

In fiscal year ending June 30, 2010, the Town executed a loan agreement with the South Carolina Water Quality Revolving Fund Authority. The purpose of this agreement was to finance the construction of a parallel raw water line to enhance the drinking water service capacity offered by the Town. The project was subsidized by grant proceeds from the American Recovery and Reinvestment Act of 2009 (“ARRA”). The total cost of the project was \$2,511,017. The ARRA provided \$1,255,012 and the South Carolina State Revolving Loan Fund (the “SC SRF”) provided an additional \$1,256,005. The entire amount is to be repaid to the SC SRF. As of June 30, 2021, the balance was \$1,728,088.

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

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

Series 2016 Bond

In fiscal year ending June 30, 2017, the Town executed an additional loan agreement for a total of \$5,680,000. The purpose of this agreement was to continue to finance the construction of a parallel raw water line to enhance the drinking water service capacity offered by the Town. At June 30, 2021, the balance was \$2,920,000.

Series 2017 Bond

In fiscal year ending June 30, 2018, the Town executed a loan agreement with the South Carolina Water Quality Revolving Fund Authority totaling \$13,213,842. The purpose of this agreement was to finance the construction of a parallel raw water line to enhance the drinking water service capacity offered by the Town. As of June 30, 2021, the total amount disbursed is \$11,551,435, with \$1,662,407 remaining. The loan balance as of June 30, 2021 was \$10,446,167.

Total annual debt service requirements for revenue bonds are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 909,262	\$ 307,301	\$ 1,216,563
2023	929,939	286,274	1,216,213
2024	950,818	264,745	1,215,563
2025	971,903	242,710	1,214,613
2026	728,198	220,165	948,363
2027-2031	3,853,046	878,855	4,731,901
2032-2036	4,259,288	476,974	4,736,262
2037-2041	2,491,801	94,175	2,585,976
	<u>\$ 15,094,255</u>	<u>\$ 2,771,199</u>	<u>\$ 17,865,454</u>

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

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

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

	July 1, 2020	Additions	Reductions	June 30, 2021	Due Within One Year
Governmental activities:					
Compensated absences	\$ 151,117	\$ 162,338	\$ 151,117	\$ 162,338	\$ 162,338
	<u>151,117</u>	<u>162,338</u>	<u>151,117</u>	<u>162,338</u>	<u>162,338</u>
Business-type activities:					
Revenue bonds payable	15,794,936	188,781	889,462	15,094,255	909,262
Compensated absences	111,886	344,565	111,886	344,565	344,565
	<u>15,906,822</u>	<u>533,346</u>	<u>1,001,348</u>	<u>15,438,820</u>	<u>1,253,827</u>
Total	<u>\$ 16,057,939</u>	<u>\$ 695,684</u>	<u>\$ 1,152,465</u>	<u>\$ 15,601,158</u>	<u>\$ 1,416,165</u>

**9. Risk Management**

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

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

**10. Postemployment Benefits Other than Pensions**

Plan Description

Upon separation of employment from the Town, an employee who retires under PEBA Retirement Benefits may elect to continue his/her health benefit coverage through South Carolina Public Employee Benefit Authority Insurance Benefits program (“PEBA Insurance Benefits” or “State Health Plan”) if all eligibility requirements of the State Health Plan are met including:

- The last five years of employment served consecutively and in a full-time, permanent position, with an employer that participates in the state health insurance plan

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**10. Postemployment Benefits Other than Pensions (continued)**

Plan Description (continued)

- The retiree pays the full age adjusted cost of coverage to the Association by the 10<sup>th</sup> of each month. The age adjusted cost is defined as the explicit premium as determined by the State Health Plan and the implicit subsidy as actuarially determined.

The Town will pay the full cost of health and prescription benefit coverage for a retiree meeting the above requirements if immediately prior to retirement and leaving the employment of the Town, the retiree was continuously employed full-time by the association for at least twenty years, or at least fifteen years and is fifty-five years of age. When eligible for Medicare, the retiree may choose the State Health Plan Medicare or other Medicare Supplement Plan. The Town will pay the Medicare eligible retiree's health and prescription benefit full cost of coverage up to a defined dollar amount, to be set from time to time by the executive director, but not to exceed the annual cost of the State Health Plan Retiree Only Medicare Supplement full cost of coverage.

The retiree is responsible for all costs related to dependent coverage. The retiree must pay the full age adjusted cost of dependent coverage to the Town by the 10<sup>th</sup> of each month. The age adjusted cost is defined as the explicit premium as determined by the State Health Plan and the implicit subsidy as actuarially determined.

These terms are subject to change by the Town Council.

At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	34
Active employees	71
	<hr/>
	105
	<hr/>

The plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust ("SC ORBET"), an agent multiple-employer investment plan administered by the Municipal Association. SC ORBET issues a publicly available financial report that includes audited financial statements and required supplementary information for the OPEB plan. A copy of the report may be obtained by writing to: Director for Risk Management Services, Municipal Association of South Carolina, Post Office Box 12109, Columbia, South Carolina 29211.

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**10. Postemployment Benefits Other than Pensions (continued)**

Funding Policy

Medical, prescription drug, dental and vision benefits are offered through the Town's participation in PEBA Insurance Benefits until the retiree becomes eligible for Medicare. Once the retiree becomes eligible for Medicare, the retiree's coverage will be converted to the State Health Plan's Medicare Supplement plan. Life insurance is offered to retirees, however the retiree must pay the full cost of this benefit.

The Town pays the entire cost for retirees eligible for fully subsidized benefits (as discussed above under Plan Description). The amount the Association pays for Medicare-eligible retirees will not exceed \$750/month. Retirees not eligible for fully subsidized benefits must pay the full rate for their coverage. Retirees may continue dependent coverage (and pay the full rate for this coverage) if enrolled in dependent coverage at the time of retirement.

Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Real wage growth	
SCRS	0.75%
PORS	1.25%
Wage inflation	
SCRS	3.00%
PORS	3.50%
Salary increases	
SCRS	3.00% - 7.00%
PORS	3.50% - 9.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	4.75%
Municipal Bond Index Rate	
Prior Measurement Date	4.10%
Measurement Date	2.74%
Single Equivalents Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	4.75%
Measurement Date	4.75%
Health Care Cost Rates	
Pre-Medicare	7.25% for 2019 decreasing to an ultimate rate of 4.75% by 2029
Medicare	5.38% for 2019 decreasing to an ultimate rate of 4.75% by 2023

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**10. Postemployment Benefits Other than Pensions (continued)**

Actuarial Methods and Assumptions (continued)

Mortality rates were based on the RP-2014 Mortality Table for Employees with a 95% multiplier to better reflect anticipated experience and provide a margin for future improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2018 – December 31, 2018.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long-term expected rate of return assumption is 4.75%. The target allocation for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return
US Government Agency	57.50%	4.50%
US Govt MBS/CMO/CMBS	40.00%	5.25%
Cash and Short Duration (Net)	2.50%	2.50%
Total	100%	

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**10. Postemployment Benefits Other than Pensions (continued)**

Actuarial Methods and Assumptions (continued)

The discount rate used to measure the total OPEB liability as of the measurement date was 4.75 percent. The projection of cash flows used to determine the discount rate in accordance with GASB 74. The projections basis was an actuarial valuation performed as of December 31, 2018. In addition to the actuarial methods and assumptions of the December 31, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually using the payroll growth assumption
- Active employees do not explicitly contribute to the Plan.
- In all future years, the employer continues to contribute the full ADEC through deposit to the Trust and direct payment of benefits to plan members as the benefits come due. The employer is assumed to have the ability and willingness to make contributions to the Trust and benefits payments from its own resources for all periods in the projection.
- Projected assets do not include employer contributions that fund the estimated service costs of future employees.
- Cash flows occur mid-year.

Based on these assumptions, the Plan's Fiduciary Net Position was projected to not be depleted.

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**10. Postemployment Benefits Other than Pensions (continued)**

Changes in the Net OPEB Liability

	<u>Liability</u> <u>(a)</u>	<u>Net Position</u> <u>(b)</u>	<u>Liability</u> <u>(a) - (b)</u>
<b>Balance at June 30, 2020</b>	\$ 7,020,584	\$ 3,010,061	\$ 4,010,523
<b>Changes for the year:</b>			
Service cost	214,445	-	214,445
Interest on TOL and cash flows	330,116	-	330,116
Differences between expected and actual experience	(81,572)	-	(81,572)
Changes of assumption or other inputs	-	-	-
Contributions - employer	-	255,223	(255,223)
Net investment income	-	175,788	(175,788)
Benefit payments and implicit subsidy credit	(143,199)	(143,199)	-
Plan administrative expenses	-	(5,005)	5,005
<b>Net changes</b>	<u>319,790</u>	<u>282,807</u>	<u>36,983</u>
<b>Balance at June 30, 2021</b>	<u>\$ 7,340,374</u>	<u>\$ 3,292,868</u>	<u>\$ 4,047,506</u>

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentagepoint higher (8.0 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 2,859,840	\$ 4,047,506	\$ 5,581,785

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**10. Postemployment Benefits Other than Pensions (continued)**

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using the discount rate of 4.75%, as well as what the Plan's NOL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>(3.75%)</b>	<b>(4.75%)</b>	<b>(5.75%)</b>
Net OPEB liability	\$ 5,289,446	\$ 4,047,506	\$ 3,054,548

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

At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ (799,773)
Changes of assumptions or other inputs	-	(70,608)
Net difference between projected and actual earnings on plan investments	10,342	-
Total	<u>\$ 10,342</u>	<u>\$ (870,381)</u>

TOWN OF WINNSBORO, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**10. Postemployment Benefits Other than Pensions (continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended December 31:**

2021	\$ (183,496)
2022	(191,516)
2023	(203,358)
2024	(192,654)
2025	(83,679)
Thereafter	<u>(5,336)</u>
Total	<u>\$ (860,039)</u>

**11. Restatement**

During the year, it was discovered that the Town overstated accumulated depreciation by \$264,934 for the governmental assets. This requires the Town of restate the beginning net position balance for the Governmental Activities.

The balances that were affected are as followed:

	<b>Governmental</b>
	<b>Activites</b>
Audited net position as of June 30, 2020	<u>\$ (2,571,194)</u>
Difference due to capital assets	264,934
Restated net position balance as of June 30, 2020	<u>\$ (2,306,260)</u>

**12. Subsequent events**

Subsequent events were evaluated through November 22, 2021, which is the date the financial statements were available for issue. In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Town's operations at this time. Future potential impacts are unknown.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WINNSBORO, SOUTH CAROLINA

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

LAST TEN FISCAL YEARS\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>South Carolina Retirement System</b>								
Town's proportion of the net pension liability	0.0264%	0.0269%	0.0261%	0.0263%	0.0280%	0.0270%	0.0267%	0.0272%
Town's proportionate share of the net pension liability	\$6,744,120	\$6,146,012	\$5,837,153	\$5,909,973	\$5,981,827	\$5,129,025	\$4,682,766	\$4,878,530
Town's covered payroll	\$2,938,604	\$2,839,611	\$2,706,559	\$2,648,878	\$2,711,884	\$2,535,723	\$2,469,000	\$2,469,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	229.50%	216.44%	215.67%	223.11%	220.58%	202.27%	189.66%	197.59%
Plan fiduciary net position as a percentage of the total pension liability	50.71%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%	56.39%
<b>South Carolina Police Officers Retirement System</b>								
Town's proportion of the net pension liability	0.0560%	0.0580%	0.0566%	0.0565%	0.0540%	0.0567%	0.0698%	0.0646%
Town's proportionate share of the net pension liability	\$1,856,090	\$1,661,584	\$1,603,380	\$1,547,030	\$1,368,724	\$1,235,763	\$1,338,104	\$1,338,104
Town's covered payroll	\$ 850,203	\$ 834,412	\$ 786,051	\$ 760,505	\$ 829,881	\$ 777,984	\$ 776,000	\$ 776,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	218.31%	199.13%	203.98%	203.42%	164.93%	158.84%	172.44%	172.44%
Plan fiduciary net position as a percentage of the total pension liability	58.79%	62.69%	61.73%	60.94%	60.44%	64.57%	67.55%	62.98%

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

TOWN OF WINNSBORO, SOUTH CAROLINA

SCHEDULE OF SOUTH CAROLINA RETIREMENT SYSTEMS CONTRIBUTIONS

LAST TEN FISCAL YEARS \*

	2021	2020	2019	2018	2017	2016	2015	2014
<b>South Carolina Retirement System</b>								
Contractually required contributions	\$ 483,593	\$ 452,880	\$ 409,188	\$ 362,950	\$ 302,237	\$ 295,934	\$ 272,590	\$ 261,749
Contributions in relation to the contractually required contribution	(483,593)	(452,880)	(409,188)	(362,950)	(302,237)	(295,934)	(272,590)	(261,749)
Contribution deficiency/(excess)	<u>\$ -</u>							
Town covered payroll	\$ 3,138,173	\$ 2,938,604	\$ 2,839,611	\$ 2,706,559	\$ 2,648,878	\$ 2,711,884	\$ 2,535,723	\$ 2,469,000
Contributions as a percentage of covered payroll	15.41%	15.41%	14.41%	13.41%	11.41%	10.91%	10.75%	10.60%
<b>South Carolina Police Officers Retirement System</b>								
Contractually required contributions	\$ 156,409	\$ 151,676	\$ 140,515	\$ 124,511	\$ 105,254	\$ 110,700	\$ 101,216	\$ 99,685
Contributions in relation to the contractually required contribution	(156,409)	(151,676)	(140,515)	(124,511)	(105,254)	(110,700)	(101,216)	(99,685)
Contribution deficiency/(excess)	<u>\$ -</u>							
Town covered payroll	\$ 876,735	\$ 850,203	\$ 834,412	\$ 786,051	\$ 760,505	\$ 829,881	\$ 777,984	\$ 776,000
Contributions as a percentage of covered payroll	17.84%	17.84%	16.84%	15.84%	13.84%	13.34%	13.01%	12.85%

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

TOWN OF WINNSBORO, SOUTH CAROLINA

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

LAST TEN FISCAL YEARS\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 214,445	\$ 251,351	\$ 243,796	\$ 236,469
Interest	330,116	360,960	344,086	325,716
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(81,572)	(982,331)	(64,970)	(51,249)
Changes of assumptions or other inputs	-	(102,558)	-	-
Benefit payments and implicit study credit	<u>(143,199)</u>	<u>(209,569)</u>	<u>(126,720)</u>	<u>(121,726)</u>
<b>Net change in Total OPEB Liability</b>	319,790	(682,147)	396,192	389,210
Total OPEB Liability - beginning	<u>7,020,584</u>	<u>7,702,731</u>	<u>7,306,539</u>	<u>6,917,329</u>
Total OPEB Liability - ending (a)	<u><u>\$ 7,340,374</u></u>	<u><u>\$ 7,020,584</u></u>	<u><u>\$ 7,702,731</u></u>	<u><u>\$ 7,306,539</u></u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 255,223	\$ 533,689	\$ 447,479	\$ 480,765
Net investment income	175,788	137,305	32,542	53,498
Benefit payments	(143,199)	(209,569)	(126,720)	(121,726)
Administrative expense	<u>(5,005)</u>	<u>-</u>	<u>(4,026)</u>	<u>(11,726)</u>
<b>Net change in plan fiduciary net position</b>	282,807	461,425	349,275	400,811
Plan fiduciary net position - beginning	<u>3,010,061</u>	<u>2,548,636</u>	<u>2,199,361</u>	<u>1,798,550</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 3,292,868</u></u>	<u><u>\$ 3,010,061</u></u>	<u><u>\$ 2,548,636</u></u>	<u><u>\$ 2,199,361</u></u>
<b>Net OPEB Liability - ending (a) - (b)</b>	<u><u>\$ 4,047,506</u></u>	<u><u>\$ 4,010,523</u></u>	<u><u>\$ 5,154,095</u></u>	<u><u>\$ 5,107,178</u></u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	44.86%	42.87%	33.09%	30.10%
Covered payroll	\$ 2,966,007	\$ 2,966,007	\$ 3,198,902	\$ 3,198,902
Total OPEB Liability as a percentage of covered payroll	136.46%	135.22%	161.12%	159.65%

\* - The amounts presented for each fiscal year were determined as of July 1 of two years prior, using membership data projected forward to June 30 of the previous year. Additionally, the Town implemented GASB 75 during fiscal year 2018. As such, only two years subsequent to fiscal year 2017 have information available.

TOWN OF WINNSBORO, SOUTH CAROLINA  
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS  
LAST TEN FISCAL YEARS\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Employer Contributions (ADEC)	\$ 460,274	\$ 493,774	\$ 526,461	\$ 479,792
Contributions in relation to the ADEC	<u>255,223</u>	<u>533,689</u>	<u>447,479</u>	<u>480,765</u>
Annual contribution deficiency (excess)	\$ 205,051	\$ (39,915)	\$ 78,982	\$ (973)
Covered payroll*	2,966,007	2,966,007	3,198,902	3,198,902
Actual contributions as a percentage of covered payroll	8.60%	17.99%	13.99%	15.03%

\* - The amounts presented for each fiscal year were determined as of July 1 of two years prior, using membership data as of the day, projected forward to June 30 of the previous year. Additionally, the Town implemented GASB 75 during fiscal year 2018. As such, only two years subsequent to fiscal year 2017 have information available.

OTHER FINANCIAL INFORMATION

TOWN OF WINNSBORO, SOUTH CAROLINA

SCHEDULE OF COURT FINES, FEES, ASSESSMENTS AND SURCHARGES

YEAR ENDED JUNE 30, 2021

**Total Court Fines and Assessments:**

Court fines and assessments collected	\$ 34,942
Court fines and assessments remitted to State Treasurer	<u>19,067</u>
Total Court fines and assessments retained	<u><u>\$ 15,875</u></u>

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

Surcharges collected and retained	\$ 547
Assessments retained	<u>1,677</u>
Total surcharges and assessments retained for victims services	<u><u>\$ 2,224</u></u>

**Victim Services Collected**

Carryforward from previous year - beginning balance	\$ 74,394
Victim Service Revenue	
Victim service fines retained by the Town	
Victim service assessments retained by the Town	1,677
Victim service surcharges retained by the Town	<u>547</u>
Total funds allocated to victim service fund + beginning balance (A)	<u><u>76,618</u></u>
Expenditures for Victim Service Program	
Salaries and benefits	-
Victime Service Donation	-
Operating expenditures	<u>-</u>
Total expenditures from victim service fund/program (B)	<u><u>-</u></u>
Total victim service funds retained by the Town (A-B)	76,618
Less: prior year fund deficit repayment	<u>-</u>
Carryforward funds - end of year	<u><u>\$ 76,618</u></u>

*See independent auditors' report on other financial information*

# THE BRITTINGHAM GROUP, L.L.P.

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## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and Members  
Of Town Council  
Town of Winnsboro, South Carolina  
207 Congress Street, P.O. Box 209  
Winnsboro, South Carolina 29180

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, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Winnsboro, South Carolina (the "Town"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 22, 2021.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items. [2021-001]

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town’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*.

The Town’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town’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.

### **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.

The Brittingham Group LLP

West Columbia, South Carolina  
November 22, 2021

TOWN OF WINNSBORO, SOUTH CAROLINA

SCHEDULE OF FINDINGS

JUNE 30, 2021

**Summary of Auditors' Results:**

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Town of Winnsboro, South Carolina (the "Town").
2. One significant deficiency relating to the financial statements are reported in the 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*.
3. No instances of noncompliance with laws, regulations and the provisions of contracts and grant agreements that are material to the basic financial statements were noted.

**Noncompliance with Laws, Regulations, and Procedures:**

**Finding 2021-001:** The Town was late in submitting their 941 reports.

**Criteria:**

The Town has policies in place on submitting appropriate records to various taxing authorities in a timely manner.

**Condition:**

During the year, the Town's payroll department did not submit the 941 reports in a timely manner.

**Cause:**

The payroll department did not follow the policies in place.

**Effect:**

Failure to adhere to the policy resulted in penalty imposed by the Internal Revenue Service. After an appeal, the Town was refunded the penalty amount.

**Auditors' Recommendation:**

There should be stronger oversight on the requirements of the payroll department to assure compliance with the Town's existing policies.

**Management's Response:**

Management has strengthened the current policies and procedures in place.

TOWN OF WINNSBORO, SOUTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDING

JUNE 30, 2021

**Prior Year Financial Statement Findings:**

No prior year findings noted.