5,000

State of South Carolina
Data Collection Template - State Contributions

Confidentially:

Consistent with Executive Order No. 2022-19 which became effective July 1, 2022 all information submitted to SCPRT relative to earmarked appropriations in the annual Appropriations Act shall be published on SCPRT.com and available for public review and inspection. By submitting the required documentation and signing the "Legislative/Earmarked Award Agreement" you hereby knowingly waive any right to confidentiality or non-disclosure in any and all materials related thereto.

Click here to read the order: Executive Order

Instructions

This Excel workbook is designed to collect the information required by South Carolina Proviso 117.21 uniformly. The information must be emailed to tjames@scprt.com as soon as possible but no later than December 1, 2023. There are 4 worksheets to be completed:

Basic Information - Complete each line to provide information about your organization, your organization contact, the contribution you received from the State and the person completing this report.

Accounting - Provide details of how State funds will be spent. Additional information must be provided to categorize expenditures by program or initiative, to provide additional details for categories that exceed 10% of the total appropriation, or to explain unspent funds.

Success Measures - Detail the outcome measures used to determine the success of the stated goals.

Goals - List the goals accomplished with the State contribution received.

Please also read the instruction on each worksheet. Other than expanding lines or inserting additional lines, do not alter the format of this workbook.

5,000

Statement of Non-Discrimination
By Organizations Funded in the
South Carolina General Appropriations Act

To meet requirements of a provision of the South Carolina General Appropriations Act regarding your funding, please fill in the blanks below, sign and return to PRT with your other credentials. If desired, you may retype the statement on your own letterhead.

Statement of Non-Discrimination

November 15 2023
Date

Assurance is hereby given by the

The Town of Calhoun Falls
(Name of Organization)

that no person shall, upon the grounds of race, creed, color or national origin be excluded from participation in, be denied the benefit of or be otherwise subjected to discrimination under any program or activity for which this organization is responsible.

Signature Quathanda Russell

Title Grant Administrator

5,000

SOUTH CAROLINA DEPARTMENT OF PARKS, RECREATION
&
TOURISM

PROCUREMENT CERTIFICATION FORM

GRANTEE NAME: The Town of Calhoun Falls

PROJECT NAME: blue hole upgrades

I hereby certify that all labor, materials and contracts acquired or performed in the accomplishment of the above named project will be accomplished in accordance with the named entity's established procurement guidelines. Any questions, concerns or grievances should be directed to this agency.

Quashanda Russell
PRINTED NAME

Grant administrator
TITLE

Quashanda Russell
SIGNATURE

November 15 2023
DATE

State of South Carolina Request for Contribution Distribution

This form is designed to collect the information required by South Carolina in accordance with Proviso 117.21 of the appropriations act and Executive Order 2022-19. This form must be submitted to the state agency that is providing the contribution for the designated organization. The state agency providing the contribution should use this form to collect information from the designated organization. The information must be collected from the designated organization before the funds can be disbursed.

Contribution Information

Amount	State Agency Providing the Contribution	Purpose
$5,000		upgrading blue hole

Organization Information

Entity Name	Town of Calhoun Falls
Address	401 N Washington st
City/State/Zip	Calhoun Falls sc 29628
Website	N/A
SCEIS Vendor #	
Entity Type	Municipality

Organization Contact Information

Contact Name	Wendi Alewine
Position/Title	Town Clerk
Telephone	864-828-1737
Email	cfclerk@wctel.net

Plan/Accounting of how these funds will be spent:

Description	Budget	Explanation
upgrading restrooms to include:	5,000	toilets are all broken and out dated / unsafe
- 4 toilets		
- painting		
- new faucets (4)		
Grand Total	$0.00	5,000

Please explain how these funds will be used to provide a public benefit:

The blue hole facility is used for recreation of all citizens and visitors as a public attraction. The restrooms are very old and have several malfunctions, making it not suitable for use. upgrading this will ensure basic needs for the public, as well as safer conditions.

Organization Certifications

1) Organization hereby gives assurance that no person shall, upon the grounds of race, creed, color, or national origin, be excluded from participation in, be denied the benefit of, or be otherwise subjected to discrimination under any program or activity for which this organization is responsible.
2) Organization certifies that it will provide quarterly spending reports to the Agency Providing Contribution listed above.
3) Organization certifies that it will provide an accounting at the end of the fiscal year to the Agency Providing Contribution listed above.
4) Organization certifies that it will allow the State Auditor to audit or cause to be audited the contributed funds.

Quashanda Russell
Organization Signature

Grant administrator
Title

Quashanda Russell
Printed Name

Nov 15 23
Date

Certifications of State Agency Providing Contribution

1) State Agency certifies that the planned expenditure aligns with the Agency's mission and/or the purpose specified in the appropriations act.
2) State Agency certifies that the Organization has set forth a public purpose to be served through receipt of the expenditure.
3) State Agency certifies that it will make distributions directly to the organization.
4) State Agency certifies that it will provide the quarterly spending reports and accounting received from the organization to the Senate Finance Committee, House Ways and Means Committee, and the Executive Budget Office by June 30, 2024.
5) State Agency certifies that it will publish on their website any and all reports, accountings, forms, updates, communications, or other materials required by Proviso 117.21 of the appropriations act.
6) State Agency will certify to the Office of the Governor that it has complied with the requirements of Executive Order 2022-19 by June 30, 2024.

Duane Parrish
Agency Head Signature

12/4/2023
Date

Duane Parrish
Printed Name

TOWN OF CALHOUN FALLS

MUNICIPAL BUDGET

FISCAL YEAR 2023-2034

TERRICO HOLLAND, MAYOR

JOHNNY GILCHRIST, MAYOR PRO-TEMPORE

HOWARD HARMON, COUNCILMAN

SAM HILL, COUNCILMAN

WANE POSTELL, COUNCILMAN

TOWN OF CALHOUN FALLS

OPERATING BUDGET – FY 2023 – 2024

GENERAL FUND

UTILITY FUND

TOWN OF CALHOUN FALLS

GENERAL FUND OPERATING BUDGET – FISCAL YEAR 2023-2024

GENERAL FUND	FY 2022-2023	FY 2023-2024
REVENUE:	$1,129,000	$1,103,500
EXPENDITURES:		
Administration	$131,912	$153,473
Police	$298,820	$276,760
Fire	$89,000	$77,500
Airport	$0	$0
Library	$5,400	$5,400
Ellison Center	$13,200	$9,200
Community House	$200	$400
Civic Center	$10,500	$10,500
Non-Departmental	$315,227	$313,127
Recreation	$13,200	$11,900
Streets/Sanitation	$251,341	$245,041
TOTAL EXPENDITURES:	$1,128,800	$1,103,301
DEPRECIATIONS:	$24,000	$24,000
NET INCOME (LOSS)	$200	$199

TOWN OF CALHOUN FALLS

GENERAL FUND OPERATING BUDGET – FISCAL YEAR 2023-2024

REVENUE		FY 2022-2023	FY 2023-2024
LOCAL TAXES:			
Municipal		$160,000	$160,000
Delinquent Property		$10,000	$10,000
Vehicle – County		$32,000	$32,000
Lost-Rollback		$125,000	$125,000
Homestead		$45,000	$49,000
Local Option Sales Tax (LOST)		$40,000	$40,000
	Total	$412,000	$416,000
LICENSES/FEES:			
Business License		$10,000	$10,000
Sanitation Fee		$105,000	$105,000
Insurance Tax (MASC)		$350,000	$350,000
Franchise Fee (Dominion/SCANA)		$105,000	$68,000
Franchise Fee (West Carolina)		$15,000	$15,000
	Total	$585,000	$548,000
MISCELLANEOUS:			
Local Government Fund (LGF)		$45,000	$45,000
SC Regional Housing		$5,000	$5,000
Civic Center Rental		$5,000	$5,000
Merchants Inventory Tax		$3,000	$3,000
Accommodations Tax		$15,000	$15,000
Motor Carrier Tax		$10,000	$10,000
Telecom Tax (MASC)		$15,000	$15,000
Brokers Tax (MASC)		$2,000	$2,000
Recreation		$0	$0
Franchise Fee (Verizon South)		$0	$0
Blue Hole Revenue		$2,000	$2,000
Other Revenue		$5,000	$5,000
	Total	$107,000	$107,000

TOWN OF CALHOUN FALLS

GENERAL FUND OPERATING BUDGET – Fiscal Year 2023-2024

JUDICIAL:		
Court Fines	$25,000	$32,500
TOTAL REVENUE:	$1,129,000	$1,103,500

TOWN OF CALHOUN FALLS

GENERAL FUND OPERATING BUDGET – FISCAL YEAR 2023-2024

EXPENDITURES

ADMINISTRATION		FY 2022-2023	FY 2023-2024
PERSONNEL:			
Salaries, Mayor/Council		$17,400	$16,400
Salaries, Office		$29,000	$43,505
Salaries, Administrator		$0	$0
FICA		$2,860	$5,000
SC Retirement		$4,222	$4,000
Insurance		$6,000	$38,000
	Personnel Total	$59,482	$106,905
OPERATIONS:			
Computer		$7,000	$4,566
Tort Liability		$2,000	$2,000
Advertising		$2,000	$1,000
Postage		$1,600	$1,600
Telephone		$5,300	$5,300
Cellular Phone		$1,000	$1,000
Town Attorney		$5,000	$5,000
Professional Fees		$2,000	$2,000
Travel		$8,000	$7,000
Dues/Subscriptions		$3,000	$1,200
Copier Contract		$5,000	$5,000
Audit		$10,000	$10,000
Accounting Fees		$20,000	$20,000
Training		$1,200	$1,200
Office Supplies		$3,000	$3,000
Other Expense		$2,000	$2,000
	Operations Total	$78,100	$71,866
TOTAL ADMINISTRATION:		$137,582	$178,771

TOWN OF CALHOUN FALLS

GENERAL FUND OPERATING BUDGET – FISCAL YEAR 2023-2024

POLICE	FY 2022-2023	FY 2023-2024
PERSONNEL AND VICTIM ADVOCATE:		
Salaries	$165,000	$320,000
Overtime	$8,000	$8,000
FICA	$13,235	$13,235
PORS	$29,825	$29,825
Insurance	$24,960	$20,500
Victims Advocate	$30,000	$30,000
Personnel Total	$271,020	$421,560
OPERATIONS:		
Fleet Insurance	$4,000	$6,200
Computer	$1,500	$1,500
Tort Liability	$2,000	$2,000
Telephone	$2,500	$1,500
Cellular Phone	$1,800	$2,000
Uniforms	$2,000	$3,500
Travel	$1,000	$1,500
Dues/Subscriptions	$1,000	$500
Fire & Extended Coverage	$300	$300
Office Supplies	$1,000	$1,000
County Jail Fees	$4,000	$4,500
Vehicle Operating Expense	$20,000	$12,000
Training	$1,000	$1,500
Police Supplies	$2,000	$2,000
Vehicle Repairs	$10,000	$8,000
Utilities	$2,400	$2,100
Other Expense	$5,000	$5,000
Juvenile Justice		
Operations Total	$61,500	$55,100
CAPITAL OUTLAY:		
Other Equipment / Improvements	$3,500	$0
TOTAL POLICE:	$336,020	$476,660

TOWN OF CALHOUN FALLS

GENERAL FUND OPERATING BUDGET – FISCAL YEAR 2023-2024

FIRE	FY 2022-2023	FY 2023-2024
PERSONNEL:		
Salaries (Nominal Stipend)	$14,000	$18,000
OPERATIONS:		
Fleet Insurance	$3,000	$4,500
Computer Supplies	$1,000	$1,000
Office Supplies	$1,000	$1,000
Tort Liability	$3,000	$3,000
Fire Equipment	$2,000	$5,000
Radio/Pager Repairs	$4,000	$4,000
Telephone	$2,000	$2,500
Fire Supplies/Chemicals	$1,200	$1,200
Dues/Subscriptions	$2,500	$4,000
Vehicle Operating Expense	$3,000	$5,000
Vehicle/Equipment Repair	$4,000	$6,000
Fire & Extended Coverage	$500	$600
Building Maintenance	$5,000	$4,000
Bunker Gear Replacement	$10,000	$15,000
Other Equipment	$5,000	$10,000
Utilities	$5,000	$7,000
Training	$1,000	$1,500
Travel	$1,500	$2,500
Physicals	$120,000	$14,000
Other Expense	$3,600	$5,000
Operations Total	$178,300	$96,800
CAPITAL OUTLAY:	$9,000	$10,000
TOTAL FIRE:	$201,300	$124,800

TOWN OF CALHOUN FALLS

GENERAL FUND OPERATING BUDGET – FISCAL YEAR 2023-2024

AIRPORT	FY 2022-2023	FY 2023-2024
OPERATIONS:		
Utilities	$0	$0
TOTAL AIRPORT:	$0	$0

TOWN OF CALHOUN FALLS

GENERAL FUND OPERATING BUDGET – FISCAL YEAR 2023-2024

LIBRARY	FY 2022-2023	FY 2023-2024
OPERATIONS:		
Utilities	$5,000	$5,800
Telephone	$850	$1,000
Building Improvements	$4,000	$3,000
Fire & Extended Coverage	$200	$200
Operations Total	$10,050	$10,000
TOTAL LIBRARY:	$10,050	$10,000

TOWN OF CALHOUN FALLS

GENERAL FUND OPERATING BUDGET – FISCAL YEAR 2023-2024

ELLISON CENTER		FY 2022-2023	FY 2023-2024
OPERATIONS:			
Utilities		$8,000	$11,000
Fire & Extend Coverage		$200	$200
	Total Operati	$8,200	$11,200
CAPITAL OUTLAY:			
Other Equipment/Improvements		$5,000	$7,500
TOTAL ELLISON CENTER:		$13,200	$18,700

TOWN OF CALHOUN FALLS

GENERAL FUND OPERATING BUDGET – FISCAL YEAR 2023-2024

COMMUNITY HOUSE	FY 2022-2023	FY 2023-2024
OPERATIONS:		
Utilities	$0	$500
Operations	$-0-	$-0-
Building Improvement	1500	$3,000
Fire & Extended Coverage	$200	$200
Operations Total	$1,700	$3,700
TOTAL COMMUNITY HOUSE:	$1,700	$3,700

TOWN OF CALHOUN FALLS

GENERAL FUND OPERATING BUDGET – FISCAL YEAR 2023-2024

CIVIC CENTER	FY 2022-2023	FY 2023-2024
OPERATIONS:		
Utilities	$10,000	$11,000
Building Maintenance/ Improvements	$2,500	$8,000
Fire & Extended Coverage	$500	$500
Other Expense	$1,000	$800
Operations Total	$14,000	$20,300
CAPITAL OUTLAY:		
	$-0-	$-0-
Landscape	$-0-	$-0-
Capital Outlay Total	$0	$0
TOTAL CIVIC CENTER:	$14,000	$20,300

TOWN OF CALHOUN FALLS

GENERAL FUND OPERATING BUDGET – FISCAL YEAR 2023-2024

NON-DEPARTMENTAL	FY 2022-2023	FY 2023-2024
OPERATIONS:		
Town Elections	$1,000	$1,200
Town Festival	$4,000	$5,000
Employee Bonuses	$15,000	$0
Workers Compensation (MASC)	$44,000	$46,000
MASC Dues	$0.00	$200
Janitorial/Housekeeping	$8,000.00	$10,000
Development Grants (Match)	$10,000	$5,000
Contingency (Other)	$16,000	$10,000
Operations Total	$98,000	$77,400
JUDICIAL:		
Salaries	$12,000	$12,000
Court/Jury Salaries	$15,000	$15,000
Judicial Payroll Taxes	$2,066	$2,066
Judicial Retirement	$3,661	$3,661
Police Fines Assessed	$10,000	$10,000
Victims Advocate (Vic Adv Fund)	$40,000	$40,000
Judicial Total	$82,727	$82,727
SPECIAL EXPENSE:		
Utilities	$0	$0
Tax Anticipation Note Fees	$10,000	$0
Loan To Utility Fund	$150,000	$150,000
Special Expense Total	$160,000	$160,000
TOTAL NON-DEPARTMENTAL	$340,727	$320,127

TOWN OF CALHOUN FALLS

GENERAL FUND OPERATING BUDGET – FISCAL YEAR 2023-2024

RECREATION	FY 2022-2023	FY 2023-2024
PERSONNEL:		
Recreation Stipend for Director	$5,000	$12,500
OPERATIONS:		
Other Expense	$2,000	$2,500
Operations Total	$2,000	$2,500
CAPITAL OUTLAY:		
Other Equipment/Improvements	$1,000	$1,000
TOTAL RECREATION:	$8,000	$16,000

TOWN OF CALHOUN FALLS

GENERAL FUND OPERATING BUDGET – FISCAL YEAR 2023-2024

STREETS/SANITATION	FY 2022-2023	FY 2023-2024
PERSONNEL:		
Salaries	$49,000	$4,803
Overtime	0	$-0-
FICA	$3,672	$80
SC Retirement	$6,989	$432
Insurance	$12,480	$600
Personnel Total	$72,141	$5,916
OPERATIONS:		
Supplies/Hand Tools	$200	$1,500
Tort Liability	$1,000	$1,000
Uniforms	$1,000	$1,200
Utilities (Street Lights)	$52,000	$45,000
Vehicle Operating Expense	$2,000	$3,000
Vehicle Equipment Repairs	$3,000	$4,000
Fleet Insurance	$1,000	$1,000
Street Repair Materials	$2,000	$1,500
Landfill	$5,000	$9,100
Inland Marine Insurance	$-0-	$-0-
Other Expense	$0	$1,000
D&S Sanitation Inc. Contract	$113,000	$132,000
Operations Total	$180,200	$200,300
CAPITAL OUTLAY:	$0	$0
TOTAL STREETS/SANITATION:	$252,341	$206,216

TOWN OF CALHOUN FALLS

GENERAL FUND OPERATING BUDGET – FISCAL YEAR 2023-2024

TOTAL EXPENDITURES:	**$1,314,920**	**$1,375,274**
DEPRECIATION:	$24,000	$0

TOWN OF CALHOUN FALLS

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

TOWN OF CALHOUN FALLS

AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

Phillips CPAs and Advisors

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of Town Council
Town of Calhoun Falls
Calhoun Falls, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Calhoun Falls as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 opinion.

Opinion

As discussed in Note 1 to the financial statements, management has not recorded certain general infrastructure assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated, which would increase the assets, net assets, and expenses of the government activities.

www.phillipscpafirm.com info@phillipscpafirm.com

201 Lavinia Ave
Greenville, South Carolina 29601
Phone: (864) 236-1380

Members
American Institute of Certified Public Accountants
S.C. Association of Certified Public Accountants

The amount by which this departure would affect the assets, net assets, and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of the Town of Calhoun Falls, as of June 30, 2020, and the changes in financial position thereof for the year then ended.

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

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension plan contributions and liability schedules 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 an opinion on the financial statements as a whole. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The supplemental schedule of revenues and expenditures – budget and actual is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole. The supplemental schedule of fines, assessments, and surcharges, is the responsibility of management, and has not been subjected to the auditing procedures applied in the financial statements. Accordingly, we do not express an opinion or provide any assurance on that schedule.

Greenville, South Carolina
November __, 2023

Management's Discussion and Analysis

As management of the Town of Calhoun Falls (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by $4,369,244 (*net position*). Of this amount, $(1,020,269) (*unrestricted net position*) is the deficit amount which the Town needs to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by $3,042.
- As of the close of the current fiscal year, the Town's governmental fund reported an ending fund balance of $160,048, a decrease of $2,611 from the prior year. Decrease is primarily due to the transfer of amounts to the proprietary fund.
- As of the close of the current fiscal year, the Town's proprietary fund reported an ending net position balance of $4,774,514, a decrease of $67,422 from the prior year. This decrease was a result of increases in expenditures.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $104,443, or 8 percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like 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 can be divided into two categories: the governmental fund and the proprietary fund.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the government's financing decisions. Both the governmental fund balance sheet and the governmental fund 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 one governmental fund. The General Fund is the general operating fund of the Town and is considered to be a major fund. The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Fund. The Town maintains one proprietary fund. The *enterprise fund* is used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses the enterprise fund to account for its water and sewer services provided to the Town's residents.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by $4,369,244 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position (82 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, 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 balance of *unrestricted net position* ($1,020,269) is needed to meet the government's ongoing obligations to citizens and creditors. The category of restricted net position represents resources that are subject to restrictions that are externally imposed.

The following table presents a summary of the Town's net position as of June 30, 2020:

Town of Calhoun Falls' Net Position

	Governmental Activities	Business-type Activities	Total
	2020	2020	2020
Current and other assets	$ 273,972	$ 151,124	$ 425,096
Capital assets	$ -	$ 6,748,910	$ 6,748,910
Total assets	$ 273,972	$ 6,900,034	$ 7,174,006
Deferred outflows	$ 108,435	$ 77,915	$ 186,350
Long-term liabilities outstanding	$ 577,408	$ 1,846,915	$ 2,424,323
Other liabilities	$ 118,033	$ 290,838	$ 408,871
Total liabilities	$ 695,441	$ 2,137,753	$ 2,833,194
Deferred inflows	$ 92,236	$ 65,682	$ 157,918
Net position: Invested in capital assets, net of related debt	$ -	$ 5,295,131	$ 5,295,131
Restricted	$ 55,605	$ 38,777	$ 94,382
Unrestricted	$ (460,875)	$ (559,394)	$ (1,020,269)
Total net position	$ (405,270)	$ 4,774,514	$ 4,369,244

The following table shows a recap of revenues and expenses for fiscal year 2020:

Town of Calhoun Falls' Statement of Activities

	Governmental Activities 2020	Business-type Activities 2020	Total 2020
Revenue:			
Program revenues:			
Charges for services	$ 510,513	$ 892,097	$ 1,402,610
Grants and contributions	$ 56,072	$ -	$ 56,072
General revenues:			
Taxes	$ 403,081	$ -	$ 403,081
Other	$ 21,361	$ 465,823	$ 487,184
Total revenues and transfers	$ 991,027	$ 1,357,920	$ 2,348,947
Expenses:			
General government	$ 926,647	$ -	$ 926,647
Combined electric, water, and sewer utilities	$ -	$ 1,425,342	$ 1,425,342
Total expenses	$ 926,647	$ 1,425,342	$ 2,351,989
Increase (decrease) in net position	$ 64,380	$ (67,422)	$ (3,042)
Net position, July 1	$ (469,650)	$ 4,841,936	$ 4,372,286
Net position, June 30	$ (405,270)	$ 4,774,514	$ 4,369,244

The government's net position decreased by $3,042. Governmental activities decreased the Town's net position by ($469,650). This is due to expense in excess of revenue. Business-type activities decreased the Town's net position by ($67,422). This is due to expense in excess of revenue.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the fund balance total is $160,048, of which $104,443 is unassigned.

The fund balance of the Town's general fund decreased by $2,611 during the current fiscal year.

- The decrease is due primarily to expenditures in excess of revenues.

General Fund Budgetary Highlights

There were no reported differences between the original budget and the final budget.

Capital Asset Administration

Capital Assets. The Town's investment in capital assets for its business-type activities as of June 30, 2020, amounts to $5,295,131 (net of accumulated depreciation and related debt).

The net increase in capital assets of $84,874 is the result of capital additions of $341,754, depreciation expense of $266,880, and payments on related debt of $36,140.

The major capital asset additions in the business-type activities during the year were equipment purchases by the water and sewer departments.

Long-term Debt. The long-term debt of the Town consists of a general obligation bond and revenue bonds payable backed by water and sewer revenue.

Economic Factors and Next Year's Budgets and Rates

- Inflationary trends in the region compare favorably to national indices.

This was considered in preparing the Town's budget for the 2021 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Calhoun Falls, Post Office Box 246, Calhoun Falls, South Carolina 29628.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF CALHOUN FALLS

STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 78,032	$ 23,937	$ 101,969
Receivables (net of allowance for uncollectibles)			
Utility billings	-	88,410	88,410
Other	18,289	-	18,289
Due from utility fund	11,722	-	11,722
Due from other governments	110,324	-	110,324
Restricted assets			
Cash	55,605	38,777	94,382
Capital assets (net of accumulated depreciation)			
Water and sewer system	-	5,739,727	5,739,727
Buildings	-	667,429	667,429
Construction in process	-	341,754	341,754
Total assets	273,972	6,900,034	7,174,006
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension charges	108,435	77,915	186,350
Total deferred outflows of resources	108,435	77,915	186,350
LIABILITIES			
Accounts payable	61,839	243,892	305,731
Accrued liabilities	47,278	34,285	81,563
Compensated absences	4,109	939	5,048
Due to general fund	-	11,722	11,722
Due to others	4,807	-	4,807
Current liabilities payable from restricted assets			
Revenue bonds payable	8,932	37,223	46,155
Net pension liability	552,073	393,136	945,209
Revenue bonds payable	16,403	1,416,556	1,432,959
Total liabilities	695,441	2,137,753	2,833,194
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension credits	92,236	65,682	157,918
Total deferred inflows of resources	92,236	65,682	157,918
NET POSITION			
Invested in capital assets, net of related debt	-	5,295,131	5,295,131
Restricted for			
Public safety	55,605	-	55,605
Other	-	38,777	38,777
Unrestricted	(460,875)	(559,394)	(1,020,269)
Total net position	$ (405,270)	$ 4,774,514	$ 4,369,244

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

TOWN OF CALHOUN FALLS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
					Primary Government		
Function/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government	$ 926,647	$ 510,513	$ -	$ 56,072	$ (360,062)	$ -	$ (360,062)
Total governmental activities	926,647	510,513	-	56,072	(360,062)	-	(360,062)
Business-type activities							
Utility system	1,425,342	892,097	-	-	-	(533,245)	(533,245)
Total business-type activities	1,425,342	892,097	-	-	-	(533,245)	(533,245)
Total primary government	$ 2,351,989	$ 1,402,610	$ -	$ 56,072	(360,062)	(533,245)	(893,307)
General revenues							
Local taxes					403,081	-	403,081
State-shared revenues					47,513	-	47,513
Unrestricted investment earnings					7	-	7
Other revenues					85,873	42,038	127,911
Grant revenue					-	311,753	311,753
Transfers in (out)					(112,032)	112,032	-
Total general revenues and transfers					424,442	465,823	890,265
Change in net position					64,380	(67,422)	(3,042)
Net position, beginning of year					(469,650)	4,841,936	4,372,286
Net position, ending					$ (405,270)	$ 4,774,514	$ 4,369,244

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

TOWN OF CALHOUN FALLS

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

		General
ASSETS		
Cash and cash equivalents	$	78,032
Receivables (net of allowance for uncollectibles)		
Other		18,289
Due from other funds		11,722
Due from other governments		110,324
Restricted assets		
Cash		55,605
Total assets	$	273,972
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$	61,839
Due to others		4,807
Accrued liabilities		47,278
Total liabilities		113,924
Fund Balances		
Restricted		55,605
Unassigned		104,443
Total fund balances		160,048
Total liabilities and fund balances	$	273,972

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

TOWN OF CALHOUN FALLS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2020

Amounts reported for governmental activities in the statement of net position are different because:		
Ending fund balance - governmental funds	$	160,048
Some long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at yearend are reported in the statement of net assets and consisted of the following:		
Bonds payable		(25,335)
Compensated absences		(4,109)
The proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the statement of net position.		(535,874)
Net position of governmental activities	$	(405,270)

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

TOWN OF CALHOUN FALLS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	General
REVENUES	
Property taxes	$ 336,102
Franchise fees, licenses, and permits	412,723
Motor carrier	5,642
Sanitation fees	96,615
State revenues	47,513
Fines	20,350
Interest	7
Other	184,107
Total revenues	1,103,059
EXPENDITURES	
Current	
General government	167,708
Police	342,819
Victim advocate	15,920
Fire	53,213
Streets and sanitation	200,591
Airport	282
Recreation	2,075
Library	3,141
Ellison Center	3,475
Civic Center	40,016
Community House	4,359
Non-departmental	148,296
Debt service	
Principal	230,000
Interest	11,743
Total expenditures	1,223,638
Excess of Revenues (Under) Expenditures	(120,579)
OTHER FINANCING SOURCES	
Debt proceeds	230,000
Transfer to Proprietary Fund	(112,032)
Total other financing sources	117,968
Net change in fund balance	(2,611)
FUND BALANCE, beginning of year	162,659
FUND BALANCE, end of year	$ 160,048

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

TOWN OF CALHOUN FALLS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balance - total governmental fund	$ (2,771,721)
Changes in proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not reported in the governmental funds but are reported in the statement of activities.	8,470
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	10,094
Change in net position of governmental activities	$ (2,753,157)

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

TOWN OF CALHOUN FALLS

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance With Final Budget
REVENUES				
Property taxes	$ 327,000	$ 327,000	$ 336,102	$ 9,102
Franchise fees, licenses, and permits	443,000	443,000	412,723	(30,277)
Motor carrier	10,000	10,000	5,642	(4,358)
Sanitation fees	105,000	105,000	96,615	(8,385)
State revenues	45,000	45,000	47,513	2,513
Fines	32,500	32,500	20,350	(12,150)
Interest	-	-	7	7
Other	141,000	141,000	184,107	43,107
Total revenues	1,103,500	1,103,500	1,103,059	(441)
EXPENDITURES				
Current				
General government	153,473	153,473	167,708	(14,235)
Police	276,760	276,760	342,819	(66,059)
Victim advocate	-	-	15,920	(15,920)
Fire	77,500	77,500	53,213	24,287
Streets and sanitation	245,040	245,040	200,591	44,449
Airport	200	200	282	(82)
Recreation	11,900	11,900	2,075	9,825
Library	5,400	5,400	3,141	2,259
Ellison Center	9,200	9,200	3,475	5,725
Civic Center	10,500	10,500	40,016	(29,516)
Community House	400	400	4,359	(3,959)
Non-departmental	163,127	163,127	148,296	14,831
Debt service				
Principal	-	-	241,743	(241,743)
Total expenditures	953,500	953,500	1,223,638	(270,138)
Excess of revenues over (under) expenditures	150,000	150,000	(120,579)	(270,579)
OTHER FINANCING SOURCES (USES)				
Transfer to Proprietary Fund	(150,000)	(150,000)	(112,032)	(2,832,381)
Debt proceeds	-	-	230,000	230,000
Total other financing sources (uses)	(150,000)	(150,000)	117,968	(2,602,381)
Net change in fund balance	-	-	(2,611)	(2,872,960)
Fund balance, beginning of year	162,659	162,659	162,659	-
Fund balance, end of year	$ 162,659	$ 162,659	$ 160,048	$ (2,872,960)

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

TOWN OF CALHOUN FALLS

STATEMENT OF FUND NET ASSETS
PROPRIETARY FUND
JUNE 30, 2020

ASSETS	
Current Assets	
Cash and cash equivalents	$ 23,937
Receivables (net of allowance for uncollectibles)	88,410
Total current assets	112,347
Noncurrent Assets	
Restricted cash	38,777
Capital assets (net of accumulated depreciation)	
Water and sewer system	5,739,727
Buildings	667,429
Construction in process	341,754
Total noncurrent assets	6,787,687
Total assets	6,900,034
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	77,915
Total deferred outflows of resources	77,915
LIABILITIES	
Current Liabilities	
Accounts payable	243,892
Accrued liabilities	34,285
Compensated absences	939
Due to general fund	11,722
Current liabilities payable from restricted assets	
Revenue bonds payable	37,223
Total current liabilities	328,061
Noncurrent Liabilities	
Net pension liability	393,136
Revenue bonds payable	1,416,556
Total noncurrent liabilities	1,809,692
Total liabilities	2,137,753
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	65,682
Total deferred inflows of resources	65,682
NET ASSETS	
Invested in capital assets, net of related debt	5,295,131
Restricted	38,777
Unrestricted	(559,394)
Total net assets	$ 4,774,514

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

TOWN OF CALHOUN FALLS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET ASSETS - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2020

OPERATING REVENUES	
Water revenue	$ 665,544
Sewer revenue	205,941
Penalties and fees	20,612
Total Operating Revenues	892,097
OPERATING EXPENSES	
State permits	4,837
Vehicle expense	8,464
Salaries and benefits	373,546
Materials and supplies	45,686
Telephone	6,301
Postage and printing	559
Insurance	20,881
Utilities	98,640
Repairs and maintenance	11,884
Other expenses	54,333
Dues and subscriptions	625
Professional fees	19,928
Water purchases	452,367
Travel	56
Uniforms	10,255
Depreciation	256,880
Total Operating Expenses	1,365,242
Operating (Loss)	(473,145)
NONOPERATING REVENUES (EXPENSES)	
Grant income	311,753
Other income	42,038
Interest expense	(60,100)
Total Nonoperating Revenues (Expenses)	293,691
OTHER FINANCING SOURCES	
Transfer in from General Fund	112,032
Change in net assets	(67,422)
Net assets, beginning of year	4,841,936
Net assets, end of year	$ 4,774,514

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

TOWN OF CALHOUN FALLS

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 886,465
Payments to suppliers	(707,399)
Payments to employees	(275,407)
Net cash (used) by operating activities	(96,341)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments made on revenue bonds and notes payable	(36,140)
Interest paid on revenue bonds and notes payable	(60,100)
Construction in process	(341,754)
Net cash (used) by capital and related financing activities	(437,994)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer from general fund	112,032
Net cash provided by noncapital financing activities	112,032
CASH FLOWS FROM INVESTING ACTIVITIES	
Grant revenue	311,753
Other revenue	42,038
Net cash provided by investing activities	353,791
NET DECREASE IN CASH AND CASH EQUIVALENTS	(68,512)
CASH AND CASH EQUIVALENTS, beginning of year	131,226
CASH AND CASH EQUIVALENTS, end of year	$ 62,714
Reconciliation of operating income to net cash provided by operating activities:	
Operating (loss)	$ (473,145)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	256,880
(Increase) decrease in accounts receivable	(5,632)
(Increase) decrease in pension related accounts	27,417
Increase (decrease) in due to general fund	3,808
Increase (decrease) in accounts payable and accrued liabilities	94,331
Total adjustments	376,804
Net cash (used) by operating activities	$ (96,341)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Calhoun Falls is a municipal corporation governed by an elected mayor and council. The Town of Calhoun Falls provides the following services: public safety, sanitation, and water and sewer utility services. The financial statements of the Town include all of the operations of the Town. No other organizations are included in the financial statements, and the Town is not included in any other governmental "reporting entity" as defined by the GASB pronouncement since Council members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The criteria used to determine whether or not an organization is included in the financial statements are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service, and financing relationships. Based upon the application of these criteria, there are no component units that should be included along with the Town of Calhoun Falls as part of the reporting entity.

The following is a summary of the more significant policies:

Basis of Presentation

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which are normally supported by taxes and intergovernmental revenues or from specific revenue sources such as grants, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Separate financial statements are provided for the governmental fund and proprietary fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

> The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major proprietary fund:

> The *enterprise fund* accounts for the activities of the utility services.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

Assets, Liabilities, and Net Assets or Equity

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at cost, which approximates market value.

Receivables and Payables
Outstanding balances between funds are reported as "due to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Capital Assets
The Town has adopted the accounting policy of not capitalizing governmental activities fixed assets. Capital assets, which include property, plant, and equipment, are reported in the business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $500 and an estimated useful life in excess two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

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

Compensated Absences
It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and salary-related payments including pension costs and employer's share of medicare and social security taxes are accrued when incurred and reported as a fund liability. Vacation and salary-related payments that are expected to be liquidated with expendable available financial resources are reported as a current liability. Amounts not expected to be liquidated with expendable available financial resources are reported as a noncurrent liability.

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

Equity Classifications

Government-wide Statements
Equity is classified as net position and displayed in three components:

> *Invested in capital assets, net of related debt* – consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, capital leases or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
>
> *Restricted net position* – consists of net position with constraints placed on the use by either external groups such as creditors, grantors, contributors, or laws or regulations of other governments or law through constitutional provisions or enabling legislation.
>
> *Unrestricted net position* – All other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt" are classified as unrestricted.

Fund Equity

The Town reports fund balance classifications in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"). GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds.

The Town classifies governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

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

Committed – includes amounts that are constrained for specific purposes that are inherently imposed by the government Town Council, which is the highest level of decision making authority, before the end of the reporting period.

Assigned – includes amounts that are intended to be used for specific purposes as established by the Town Council or Town Mayor.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories.

Unless specifically designated otherwise, fund expenditures and encumbrances are from restricted fund balance to the extent of restricted fund balance revenue, followed by committed fund balance, assigned fund balance, and unassigned fund balance, respectively.

Statement of Cash Flows

For purposes of the statement of cash flows, the Town's proprietary fund considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Budgets and Budgetary Accounting

The Town follows these procedures in establishing budgetary data.

Prior to the beginning of the fiscal year, the Town Council is presented a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. Prior to July 1, the budget is adopted by Council Members.

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. Those estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Recently Issued Accounting Pronouncement

GASB Statement No. 87, *Leases*, was issued to better meet the information needs of financial statement users by improving accounting and financial reporting leases by governments. The requirements of GASB Statement No. 87 are effective for the fiscal year 2022. The Town is currently evaluating the impact GASB Statement No. 87 may have on its financial statements.

NOTE 2 – DETAILED NOTES ON ALL FUNDS

Deposits and Investments

The State of South Carolina General Statutes permit the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Cash is maintained in demand deposits or savings accounts. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Town.

As of June 30, 2020, the Town had deposits as follows:

Deposits with financial institutions	$ 353,234

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy is that all deposits in excess of federal insurance amounts be collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name. As of June 30, 2020, all deposits are either insured or fully collateralized.

Interest rate risk. The Town manages its exposure to declines in fair values by limiting its investments to deposits with short-term maturity dates at financial institutions.

Receivables

Receivables as of the year ended June 30, 2020, for the Town, including the applicable allowances for uncollectible accounts, are as follows:

	General	Proprietary Enterprise	Total
Sanitation services	$ 10,330	$ -	$ 10,330
Intergovernmental	110,324	-	110,324
Other	3,368	-	3,368
Water and sewer services	-	99,597	99,597
	124,022	99,597	223,619
Less: allowance for unclollectibles	-	(11,187)	(11,187)
Net receivables	$ 124,022	$ 88,410	$ 212,432

Capital Assets

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

	Balance	Increases	Decreases	Balance
Business-type activities				
Capital assets, being depreciated				
Water and sewer system	$ 9,519,821	$ -	$ -	$ 9,519,821
Buildings	1,008,637	-	-	1,008,637
Machinery and equipment	254,223	-	-	254,223
Vehicles	232,178	-	-	232,178
Total capital assets, being depreciated	11,014,859	-	-	11,014,859
Capital assets, non-depreciable				
Construction in progress	-	341,754	-	341,754
Less accumulated depreciation for				
Water and sewer system	(3,548,430)	(231,664)	-	(3,780,094)
Buildings	(315,992)	(25,216)	-	(341,208)
Machinery and equipment	(254,223)	-	-	(254,223)
Vehicles	(232,178)	-	-	(232,178)
Total accumulated depreciation	(4,350,823)	(256,880)	-	(4,607,703)
Total capital assets, being depreciated, net	6,664,036	(256,880)	-	6,407,156
Business-type activities capital assets, net	$ 6,664,036	$ 84,874	$ -	$ 6,748,910

The following estimated useful lives are used to compute depreciation:

Water and sewer service	40 - 50 years
Buildings	40 years
Machinery and equipment	7 - 10 years
Vehicles	5 years

Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2020 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Utility	$ 11,722

Short-term Debt

The Town issued a $250,000 Tax Anticipation Note during the year ended June 30, 2020 for the primary purpose of funding operations in anticipation of upcoming property tax revenues.

The following is a summary of the change in short-term debt owed by the Town during the year ended June 30, 2020:

	Beginning Balance	Increases	Decreases	Ending Balance
Short-term Debt				
Governmental Activities				
2020 Tax Anticipation Note	$ -	$ 230,000	$ 230,000	$ -
Total Governmental Activities	$ -	$ 230,000	$ 230,000	$ -

Long-term Debt

The following is a summary of the change in long-term debt owed by the Town during the year ended June 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
GO bond	$ 33,961	$ -	$ (8,626)	$ 25,335	$ 8,932
Compensated absences	1,104	3,005	-	4,109	-
Governmental activity Long-term liabilities	$ 35,065	$ 3,005	$ (8,626)	$ 29,444	$ 8,932
Business-type activities					
Revenue bonds of 2001	$ 420,952	$ -	$ (12,821)	$ 408,131	$ 13,154
Revenue bonds of 2003	417,848	-	(9,751)	408,097	10,134
Revenue bonds of 2006	172,360	-	(3,748)	168,612	3,807
Revenue bonds of 2007	233,991	-	(4,545)	229,446	4,732
Revenue bonds of 2012	244,768	-	(5,275)	239,493	5,396
	1,489,919	-	(36,140)	1,453,779	37,223
Compensated absences	1,249	-	(310)	939	-
Business-type activity Long-term liabilities	$ 1,491,168	$ -	$ (36,450)	$ 1,454,718	$ 37,223

Long-term debt of Governmental Activities at June 30, 2020, comprises the following:

General Obligation Bond payable to Abbeville County for the purchase of a building. Payable in monthly payments of $806 beginning April 2016 through March 2023, including interest of 3.5%.	$ 25,335

Long-term debt of business-type activities at June 30, 2020 comprises the following:

Revenue Bond payable to U.S. Department of Agriculture Rural Utilities Service. Payable in monthly payments of $2,688 beginning June 2002 through May 2041 including interest of 4.75% per annum. The Bond is secured by a pledge of revenue and a statutory lien on the Town's waterworks and sewer system.	$ 408,131
Revenue Bond payable to U.S. Department of Agriculture Rural Utilities Service. Payable in monthly payments of $2,363 beginning January 2004 through December 2043, including interest of 4.5% per annum. The Bond is secured by a pledge of revenue and statutory lien on the Town's waterworks and sewer system.	408,097
Revenue Bond payable to U.S. Department of Agriculture Rural Utilities Service. Payable in monthly payments of $899 beginning May 2006 through April 2046, including interest of 4.125%. The bond is secured by a pledge of revenue and a statutory lien on the Town's waterworks and sewer system.	168,612
Revenue Bond payable to U.S. Department of Agriculture Rural Utilities Service. Payable in monthly payments of $1,176 beginning August 2007 through June 2047, including interest of 4.125%. The bond is secured by a pledge of revenue and a statutory lien on the Town's waterworks and sewer system.	229,446
Revenue Bond payable to U.S. Department of Agriculture Rural Utilities Service. Payable in monthly payments of $894 beginning March 2012 through February 2052, including interest of 2.25%. The bond is secured by a pledge of revenue and a statutory lien on the Town's waterworks and sewer system.	239,493
	$ 1,453,779

The annual requirements to amortize all long-term debt outstanding at June 30, 2020 are as follows:

Year Ending	General Long-term Debt		Enterprise Fund Debt		
June 30,	Principal	Interest	Principal	Interest	Total
2021	$ 8,932	$ 745	$ 37,223	$ 59,017	$ 105,917
2022	9,250	426	38,809	57,432	105,917
2023	7,153	119	40,465	55,775	103,512
2024	-	-	42,195	55,045	97,240
2025	-	-	44,001	52,239	96,240
Thereafter	-	-	1,251,086	594,581	1,845,667
Total	$ 25,335	$ 1,290	$ 1,453,779	$ 874,089	$ 2,354,493

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

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

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

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

Plan Descriptions

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

- The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the S.C. General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

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

In addition to the plans described above, PEBA also administers three single employer defined benefit pension plans, which are not covered in this report. They are the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG).

Membership

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

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

- State ORP – As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

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

Benefits

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

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

An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

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

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

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

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute.

Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

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

Required employee contribution rates (1) are as follows:

	Fiscal Year 2020	Fiscal Year 2019
SCRS		
Employee Class Two	9.00%	9.00%
State ORP		
Employee	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contribution rates (1) are as follows:

	Fiscal Year 2020	Fiscal Year 2019
SCRS		
Employee Class Two	15.41%	14.41%
Employee Class Three	15.41%	14.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution (2)	15.41%	14.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employee Class Two	17.84%	16.84%
Employee Class Three	17.84%	16.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

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

(2) Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2018.

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

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2019:

	SCRS	PORS
Actuarial Cost Method	Entry age normal	Entry age normal
Investment rate of return[1]	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service)[1]	3.5% to 9.5% (varies by service)[1]
Benefit adjustments	Lesser of 1% or $500 annually	Lesser of 1% or $500 annually
[1]*Includes inflation at 2.25%*		

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumption, 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.

Assumptions used in the determination of the June 30, 2018, TPL are as follows.

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

Net Pension Liability

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

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

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Long-term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 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.

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

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

At June 30, 2020, the Town reported a liability of $945,209, consisting of $652,953 SCRS and $292,256 PORS, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's portion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

For the year ended June 30, 2020, the Town recognized pension expense totaling $53,564, which consisted of contributions to the systems of $86,474 and additional reduction in expense of $32,910, as a result of the decrease in the net pension liability related to GASB 68 requirements. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: