

**CITY OF BISHOPVILLE,  
SOUTH CAROLINA**

**ANNUAL FINANCIAL REPORT  
Fiscal Year Ended June 30, 2021**

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2021**  
**(Continued)**

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December 28, 2021

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Bishopville  
Bishopville, 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 City of Bishopville, South Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**For the Fiscal Year Ended June 30, 2021**

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2021, on our consideration of the City of Bishopville, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 City of Bishopville, South Carolina's internal control over financial reporting and compliance.

*Sheheen, Hancock & Godwin, LLP*

Sheheen, Hancock and Godwin, LLP  
Camden, South Carolina



**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**For the Fiscal Year Ended June 30, 2021**

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

The government-wide financial statements can be found on pages 11 – 12.

**Fund Financial Statements:** A *fund* is an account or grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Bishopville, 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 City can be divided into these categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains a variety of individual governmental funds. Information is presented separately in the governmental Fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance for the General Fund, which is considered to be a major fund. Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget, which can be found on page 39.

The basic governmental fund financial statements can be found on pages 13 – 16 of this report.

**Proprietary Funds:** The City of Bishopville maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Bishopville uses an enterprise fund to account for its water and sewer activities.

Proprietary funds provide the same types of information as the government wide financial statements, but in more detail. The proprietary fund financial statements provide separate information for the water and sewer activities, which is considered a major fund of the City.

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**For the Fiscal Year Ended June 30, 2021**

**City of Bishopville's Statement of Net Position**

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$5,988,963	\$5,518,992	\$ 627,585	\$2,754,484	\$ 6,616,548	\$ 8,273,476
Capital assets, net	2,943,175	2,832,145	8,822,268	6,844,886	11,765,443	9,677,031
Total assets	<u>8,932,138</u>	<u>8,351,137</u>	<u>9,449,853</u>	<u>9,599,370</u>	<u>18,381,991</u>	<u>17,950,507</u>
Deferred outflows of resources	529,244	429,056	244,080	191,472	773,324	620,528
Long-term liabilities	238,454	61,025	24,303	24,303	262,757	85,328
Net pension liability	2,712,584	2,367,190	1,257,169	1,130,667	3,969,753	3,497,857
Net OPEB liability	579,844	443,255	185,736	185,736	765,580	628,991
Other liabilities	83,803	419,751	174,532	396,520	258,335	816,271
Total liabilities	<u>3,614,685</u>	<u>3,291,221</u>	<u>1,641,740</u>	<u>1,737,226</u>	<u>5,256,425</u>	<u>5,028,447</u>
Deferred inflows of resources	560,515	311,403	90,490	160,052	651,005	471,455
Net position:						
Net investment in capital assets	2,758,050	2,827,630	8,822,268	6,844,886	11,580,318	9,672,516
Unrestricted	2,528,132	2,349,939	(860,565)	1,048,678	1,667,567	3,398,617
Total net position	<u>\$ 5,286,182</u>	<u>\$ 5,177,569</u>	<u>\$ 7,961,703</u>	<u>\$ 7,893,564</u>	<u>\$ 13,247,885</u>	<u>\$ 13,071,133</u>

**Governmental Activities**

Governmental activities decreased the City's net position by \$99,667, thereby accounting for a 1.90% decrease in the net position of the City.

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**For the Fiscal Year Ended June 30, 2021**

**Proprietary Funds:** The City of Bishopville's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and sewer operations at the end of the year amounted to a negative \$716,079. The total increase in the net position was \$210,625 or 2.67%. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Bishopville's business-type activities.

**General Fund Budgetary Highlights**

City Council did not amend the General Fund budget in 2020/2021.

**Capital Assets and Debt Administration**

**Capital Assets:** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$11,765,443 (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, equipment, and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was 32.81% (a 3.92% increase for governmental activities and a 28.89% increase for business-type activities).

**City of Bishopville's Capital Assets**

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 302,050	\$ 302,050	\$ 144,955	\$ 129,955	\$ 447,005	\$ 432,005
Construction in Process	15,000	15,000	2,413,086	281,446	2,428,086	296,446
Buildings and Improvements	1,824,316	1,824,316	-	-	1,824,316	1,824,316
Equipment and Furniture	1,099,998	909,612	2,643,815	2,370,434	3,743,813	3,280,046
Infrastructure	2,276,317	2,276,317	-	-	2,276,317	2,276,317
Water and Sewer System	-	-	17,235,770	17,235,770	17,235,770	17,235,770
Vehicles	751,263	650,957	297,505	232,233	1,048,768	883,190
Accumulated Depreciation	(3,325,769)	(3,146,107)	(13,912,863)	(13,404,952)	(17,238,632)	(16,551,059)
Totals	\$ 2,943,175	\$2,832,145	\$ 8,822,268	\$ 6,844,886	\$11,765,443	\$ 9,677,031

Additional information on the City's capital assets can be found in Note 5 beginning on page 32 of this report.

**Long-term debt:** At the end of the current fiscal year, the City of Bishopville had a capital lease outstanding of \$185,125.



**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**June 30, 2021**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 4,431,993	\$ 1,295,417	\$ 5,727,410
Property Tax Receivable, Net	77,103	-	77,103
Wastewater Receivable, Net	-	232,571	232,571
Other Receivables, Net	293,195	286,269	579,464
Internal Balances	1,186,672	(1,186,672)	-
Restricted Assets - Non-Current	-	-	-
Capital Assets:			
Land	302,050	144,955	447,005
Construction in Process	15,000	2,413,086	2,428,086
Infrastructure	2,276,317	-	2,276,317
Buildings	1,824,316	-	1,824,316
Water and Sewer System	-	17,235,770	17,235,770
Furniture and Equipment	1,099,998	2,643,815	3,743,813
Vehicles	751,263	297,505	1,048,768
Less: Accumulated Depreciation	(3,325,769)	(13,912,863)	(17,238,632)
Total Capital Assets, Net of Depreciation	2,943,175	8,822,268	11,765,443
<b>Deferred Outflows of Resources</b>			
Prepaid OPEB Cost	15,687	56,688	72,375
Prepaid Pension Cost	513,557	187,392	700,949
Total Deferred Outflows of Resources	529,244	244,080	773,324
<b>Total Assets and Deferred Outflows of Resources</b>	<b>9,461,382</b>	<b>9,693,933</b>	<b>19,155,315</b>
<b>Liabilities</b>			
Accounts Payable and Accrued Liabilities	83,803	106,791	190,594
Customer Deposit	-	67,741	67,741
Long-Term Liabilities:			
Due Within One Year:			
Compensated Absences	14,242	3,000	17,242
Capital Lease	35,371	-	35,371
Due in More Than One Year:			
Capital Lease	149,754	-	149,754
Compensated Absences	39,087	21,303	60,390
Net OPEB Liability	579,844	185,736	765,580
Net Pension Liability	2,712,584	1,257,169	3,969,753
<b>Total Liabilities</b>	<b>3,614,685</b>	<b>1,641,740</b>	<b>5,256,425</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue - Local Option Sales Tax	334,002	-	334,002
Unavailable Revenue - OPEB	116,913	36,389	153,302
Unavailable Revenue - Pension	109,600	54,101	163,701
Total Deferred Inflows of Resources	560,515	90,490	651,005
<b>Net Position</b>			
Net Investment in Capital Assets	2,758,050	8,822,268	11,580,318
Restricted for:			
Victim's Assistance	-	-	-
Unrestricted	2,528,132	(860,565)	1,667,567
<b>Total Net Position</b>	<b>\$ 5,286,182</b>	<b>\$ 7,961,703</b>	<b>\$ 13,247,885</b>

The notes to the financial statements are an integral part of these statements.

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2021**

	<u>General Fund</u>	<u>Other Funds</u>	<u>Totals</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 4,417,505	\$ 14,488	\$ 4,431,993
Receivables:			
Property Taxes, Net	77,103	-	77,103
Vehicle Taxes	11,765	-	11,765
Intergovernmental	251,808	-	251,808
Garbage Fees, Net	29,622	-	29,622
Due From Water and Sewer Fund	1,186,672	-	1,186,672
Restricted Assets - Non-Current	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<b>\$ 5,974,475</b>	<b>\$ 14,488</b>	<b>\$ 5,988,963</b>
<b>Liabilities and Deferred Inflows of Resources</b>			
Accounts Payable and Accrued Liabilities	\$ 83,803	\$ -	\$ 83,803
Compensated Absences	<u>14,242</u>	<u>-</u>	<u>14,242</u>
<b>Total Current Liabilities</b>	<u>98,045</u>	<u>-</u>	<u>98,045</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable Revenue - Property Taxes	68,210	-	68,210
Unavailable Revenue - Local Option Sales Tax	<u>334,002</u>	<u>-</u>	<u>334,002</u>
<b>Total Deferred Inflows of Resources</b>	<u>402,212</u>	<u>-</u>	<u>402,212</u>
<b>Fund Balance</b>			
Restricted For:			
Public Safety	-	13,488	13,488
Capital Needs	-	1,000	1,000
Unassigned	<u>5,474,218</u>	<u>-</u>	<u>5,474,218</u>
<b>Total Fund Balance</b>	<u>5,474,218</u>	<u>14,488</u>	<u>5,488,706</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 5,974,475</b>	<b>\$ 14,488</b>	<b>\$ 5,988,963</b>

The notes to the financial statements are an integral part of these statements.

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2021**

	General Fund	Other Funds	Funds
<b>Revenues</b>			
Taxes	\$ 1,907,709	\$ -	\$ 1,907,709
Fines, Fees, Licenses and Permits	1,126,768	-	1,126,768
Intergovernmental	124,345	-	124,345
Other	53,774	1	53,775
<b>Total Revenues</b>	<u>3,212,596</u>	<u>1</u>	<u>3,212,597</u>
<b>Expenditures</b>			
Current:			
General Government	677,593	-	677,593
Public Safety	1,135,729	-	1,135,729
Public Works	804,196	-	804,196
Nondepartmental	359,175	-	359,175
Debt Service			
Principal	1,276	-	1,276
Interest	536	-	536
Capital Outlay	228,646	-	228,646
<b>Total Expenditures</b>	<u>3,207,151</u>	<u>-</u>	<u>3,207,151</u>
<b>Excess of Revenues Over Expenditures</b>	<u>5,445</u>	<u>1</u>	<u>5,446</u>
<b>Other Financing Sources</b>			
Capital Lease Proceeds	181,886	-	181,886
Interfund Transfers	144,486	-	144,486
<b>Total Other Financing Sources</b>	<u>326,372</u>	<u>-</u>	<u>326,372</u>
<b>Net Change in Fund Balance</b>	331,817	1	331,818
<b>Fund Balance, Beginning of Year</b>	<u>5,142,401</u>	<u>14,487</u>	<u>5,156,888</u>
<b>Fund Balance, End of Year</b>	<u>\$ 5,474,218</u>	<u>\$ 14,488</u>	<u>\$ 5,488,706</u>

The notes to the financial statements are an integral part of these statements.

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**June 30, 2021**

	<u>Enterprise Fund</u> <u>Wastewater</u>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,295,417
Receivables:	
Grant Receivable	286,269
Wastewater, Net	<u>232,571</u>
Total Current Assets	<u>1,814,257</u>
Non-Current Assets:	
Capital Assets	
Land	144,955
Construction in Process	2,413,086
Water and Sewer System	17,235,770
Equipment and Furniture	2,643,815
Vehicles	297,505
Less: Accumulated Depreciation	<u>(13,912,863)</u>
Total Non-Current Assets	<u>8,822,268</u>
Deferred Outflows of Resources	
Prepaid OPEB Cost	56,688
Prepaid Pension Cost	<u>187,392</u>
Total Deferred Outflows of Resources	<u>244,080</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u><b>10,880,605</b></u>
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	106,791
Customer Deposits	67,741
Compensated Absences	3,000
Due to General Fund	1,186,672
Long-Term Liabilities - Due in More Than One Year	
Compensated Absences	21,303
Net OPEB Liability	185,736
Net Pension Liability	<u>1,257,169</u>
<b>Total Liabilities</b>	<u><b>2,828,412</b></u>
Deferred Inflows of Resources	
Unavailable Revenue - OPEB	36,389
Unavailable Revenue - Pension	<u>54,101</u>
<b>Total Deferred Inflows of Resources</b>	<u><b>90,490</b></u>
<b>Net Position</b>	
Net Investment in Capital Assets	8,822,268
Unrestricted	<u>(860,565)</u>
<b>Total Net Position</b>	<u><b>\$ 7,961,703</b></u>

The notes to the financial statements are an integral part of these statements.

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021**

	Enterprise Fund Wastewater
<b>Cash Flows From Operating Activities:</b>	
Cash Received From Customers	\$ 1,655,426
Cash Paid to Suppliers	(1,651,110)
Cash Paid to Employees	(691,756)
	<u>(687,440)</u>
Net Cash Provided By Operating Activities	
<b>Cash Flows From Noncapital Financing Activities:</b>	
Transfer From Other Funds	<u>160,773</u>
	<u>160,773</u>
Net Cash (Used) By Noncapital Financing Activities	
<b>Cash Flows From Investing Activities:</b>	
Interest Received	<u>2,389</u>
	<u>2,389</u>
Net Cash Provided By Investing Activities	
<b>Cash Flows From Capital and Finance Related Activities:</b>	
Capital Contributions	898,498
Purchases of Capital Assets	(2,485,293)
	<u>(1,586,795)</u>
Net Cash (Used) By Investing Activities	
<b>Net Increase in Cash</b>	(2,111,073)
Cash, Beginning of Year	<u>3,406,490</u>
Cash, End of Year	<u>\$ 1,295,417</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities</b>	
Operating Income (Loss)	\$ (691,704)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	507,911
(Increase) in Receivables	(289,433)
(Increase) in Deferred Outflows	(52,608)
(Decrease) in Accounts Payable and Accrued Liabilities	(218,546)
Increase in Net Pension Liability	126,502
(Decrease) in Deferred Inflows	(69,562)
	<u>4,264</u>
Total Adjustments	
Net Cash Provided By Operating Activities	<u>\$ (687,440)</u>

The notes to the financial statements are an integral part of these statements.

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021**

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

**B. Basis of Presentation (continued)**

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Program revenues include charges paid by the recipients of goods or services offered by the program and grant and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. Business-type activities are financed in whole or in part by fees charged to the external parties for goods or services.

The statement of activities presents a comparison between direct and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect cost.

*Fund Financial Statements:*

Fund financial statements of the City are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category of type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the City are described below:

**Governmental Funds**

Governmental funds are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balances. The General Fund is the City's only major governmental fund.

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021**

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

**C. Measurement Focus and Basis of Accounting (continued)**

financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the proprietary fund is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases and decreases in total net position. The statement of cash flows reflects how the City finances and meets the cash flow of its proprietary fund.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

***Basis of Accounting***

In the government-wide statement of net position and statement of activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Items such as property taxes, vehicle taxes, intergovernmental revenues, grants, franchise fees and garbage fees are considered to be susceptible to accrual. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for the general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

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

**D. Cash, Cash Equivalents and Investments**

***Cash and Cash Equivalents***

Cash and cash equivalents include cash on hand, amounts in demand deposits, and certificates of deposits.

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021**

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

**H. Capital Assets (continued)**

*Government-Wide Statements*

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets, which are reported at their estimated fair value at the date of donation. Estimated historical cost was used to value many of the assets acquired prior to July 1, 2003. The City maintains a capitalization policy of \$5,000 for its capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Infrastructure assets have not been retroactively reported. However, the financial statements include infrastructure fixed assets beginning with the implementation of GASB 34.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Infrastructure	30-40 years
Buildings and Improvements	30-40 years
Furniture and Equipment	5-10 years
Vehicles	5 years

*Fund Financial Statements*

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**I. Compensated Absences**

It is the City's policy to permit employees to accumulate up to 20 days of earned, but unused vacation leave, which will be paid to employees upon separation from City's service. Employees terminating or retiring are paid for accumulated general leave based on their hourly rate of pay earned at the time of termination of retirement. The City reports compensated absences in accordance with the provisions of GASB Statement No. 16 *Accounting for Compensated Absences*. The entire compensated absence liability and expense is reported in the governmental-wide financial statements. The portion applicable to the proprietary fund is also recorded in the proprietary fund financial statements. The government funds will also recognize a liability for compensated absences only if they have matured, for example, as a result of employee resignation or retirement prior to fiscal year end, if they are material.



**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021**

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

**K. Interfund Transactions**

Transactions between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in the governmental funds and non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**L. Operating and Non-operating Revenues**

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

**M. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**N. Long-term Obligations**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists of notes payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

**O. Capital Contributions**

Contributions of capital on enterprise fund financial statements arise from outside contributions of capital assets, contributions from other funds, or grants or outside contributions of resources restricted to capital acquisition and construction.

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021**

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

**T. Pensions**

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

**U. Tax Abatement**

As of June 30, 2021, the City did not have any such agreements, either entered into by the City or other governments.

**V. Pending Implementation of GASB Statements**

The Governmental Accounting Standards Board (GASB) has issued statement No. 87 that has not yet been implemented by the City.

Statement No. 87, Leases will be effective for fiscal year ending June 30, 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

**W. Prior Period Adjustments**

**Governmental**

Net Position, beginning of the year, as previously stated	\$ 5,177,569
Revenue booked incorrectly in prior year	<u>63,794</u>
Net Position, end of the year, as restated	<u>\$ 5,241,363</u>

**General Fund**

Net Position, beginning of the year, as previously stated	\$ 5,093,094
Revenue booked incorrectly in prior year	<u>63,794</u>
Net Position, end of the year, as restated	<u>\$ 5,156,888</u>

**Note 2. Property Taxes**

Real property taxes are levied on October 1 on the assessed valuations of property located in Lee County as of the preceding January 1, and are due and payable at that time. All unpaid taxes levied October 1 become delinquent January 15 of the following year, and

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 3.        Deposits – Custodial Credit Risk (continued)**

All investments are reported at fair value. Investments of the South Carolina Local Government Investment Pool are exempt from risk categorization because third party custodians take delivery of the investment securities. South Carolina Local Investment Pool is exempt from registration with the SEC under regulatory oversight. The City owns no identifiable securities but is a shareholder of the percentage of the South Carolina Local Government Investment Pool. Fair Values was provided by the South Carolina Local Government Investment Pool and is the same as the value of the pool shares.

**Note 4.        Other Receivables**

Other governmental receivables at June 30, 2021, consist of intergovernmental revenues, franchise fees, grants and garbage fees.

Garbage fees receivable shown in the General Fund consist of garbage service rendered as of June but not collected. Water receivables and Garbage receivables are shown net of an allowance for uncollectibles of \$232,571 and \$29,622, respectively.

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 5. Capital Assets (continued)**

Depreciation expense to governmental activities was charged to functions as follows:

General Government	\$ 43,119
Public Safety	94,877
Public Works	<u>50,306</u>
 Total	 <u>\$ 188,302</u>

Construction in progress and construction commitments – governmental activities and business-type activities consisted of the following at June 30, 2021:

	Expenditures To Date	Total Contract	Contract Payments Remaining
Governmental Activities			
Harlem Blue Pond Demolition	\$ 15,000	\$ 473,000	\$ 458,000
 Business-type Activities			
WasteWater Treatment Plant	\$ 153,455	\$ 1,601,300	\$ 1,447,845
Water System Model	21,770	21,770	-
Lime Feed System Upgrade	37,180	500,000	462,820
Edgefield - Pump Station Force Main Upgrade	1,238,983	1,289,000	50,017
Phase II - Wastewater Sewer Line	<u>961,698</u>	<u>1,101,000</u>	<u>139,302</u>
	<u>\$ 2,413,086</u>	<u>\$ 4,513,070</u>	<u>\$ 2,099,984</u>

**Note 6. Interfund Receivables and Payables**

Interfund balances at June 30, 2021, (all of which are expected to be received or paid within one year), consisted of the following individual fund receivables and payables:

**Due to/from other funds:**

Fund	Receivable	Payables
General Fund	1,186,672	\$ -
Wastewater Fund	<u>-</u>	<u>1,186,672</u>
Totals	<u>\$ 1,186,672</u>	<u>\$ 1,186,672</u>

The General Fund receivable is the result of the General Fund paying expenses for the Wastewater Fund.

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 8. Employee Retirement Systems**

*Description of the Entity-* 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](http://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 and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

The 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

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 8. Employee Retirement Systems (continued)**

judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

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

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

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

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

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

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

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2021

**Note 8. Employee Retirement Systems (continued)**

Required employer contributions for fiscal years 2021 and 2020 are as follows:

SCRS and ORP	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>
Employee Class Two	15.41 % of earnable compensation	15.41 % of earnable compensation
Employee Class Three	15.41 % of earnable compensation	15.41 % of earnable compensation
Employer Incidental Death Benefit	0.15 % of earnable compensation	0.15 % of earnable compensation
PORS	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>
Employee Class Two	17.84 % of earnable compensation	17.84 % of earnable compensation
Employee Class Three	17.84 % of earnable compensation	17.84 % of earnable compensation
Employer Incidental Death Benefit	0.20 % of earnable compensation	0.20 % of earnable compensation
Employer Accidental Death Program	0.20 % of earnable compensation	0.20 % of earnable compensation

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

An experience report on the Systems was most recently issued for the period ending June 30, 2015, for first use in the July 1, 2021, actuarial valuation.

The June 30, 2021, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used calculate the TPL as of June 30, 2021.

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return <sup>1</sup>	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service) <sup>1</sup>	3.5% to 9.5% (varies by service) <sup>1</sup>
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually
<sup>1</sup> Includes inflation at 2.25%		

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), 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.

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 8. Employee Retirement Systems (continued)**

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	51.0%		
Global Public Equity <sup>1,2</sup>	35.0%	7.81%	2.73%
Private Equity <sup>1,2</sup>	9.0%	8.91%	0.80%
Equity Options Strategies <sup>1</sup>	7.0%	5.09%	0.35%
Real Assets	12.0%		
Real Estate (Private) <sup>1,2</sup>	8.0%	5.55%	0.44%
Real Estate (REITs) <sup>1</sup>	1.0%	7.78%	0.08%
Infrastructure (Private) <sup>1,2</sup>	2.0%	4.88%	0.10%
Infrastructure (Public) <sup>1</sup>	1.0%	7.05%	0.07%
Opportunistic	8.0%		
Global Tactical Asset Allocation <sup>1</sup>	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
Credit	15.0%		
High Yield Bonds/ Bank Loans <sup>1,2</sup>	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt <sup>1,2</sup>	7.0%	5.79%	0.40%
Rate Sensitive	14.0%		
Core Fixed Income <sup>1</sup>	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
Total Expected Return <sup>4</sup>	100.0%		5.80%
Inflation for Actuarial Purposes			2.25%
			8.05%

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

*Sensitivity Analysis-* The following table presents the collective NPL of the participating employers calculated using the discount rate of 7.25 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

System	6.25%	7.25%	8.25%
SCRS	\$ 3,494,540	\$ 2,819,593	\$ 315,484
PORS	\$ 1,522,619	\$ 1,150,160	\$ 851,100

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions-* At June 30, 2021, the City reported a liability of \$2,819,593 for the SCRS and \$1,150,160 for the PORS for a total of \$3,969,753 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net



**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 9. Other Post-Employment Benefits (continued)**

The Plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust (SC ORBET), an agent multiple employer irrevocable trust administered by the Municipal Association of South Carolina. Each participating employer is responsible for determining the appropriate amount of contributions to remit to the Trust. SC ORBET issues a publicly available financial report that includes audited financial statements and required supplementary information for the Plan. A copy of the report may be obtained by writing to: Chief Financial Officer for Risk Management Services, Municipal Association of SC, and P.O. Box 12109, Columbia, South Carolina 29211.

**Funding Policy**

The City makes contributions based on attained service and age at the time of retirement.

Group 1 consists of all eligible retirees who meet at least one of the following criteria at the time of retirement.

- Have at least 30 years of fulltime service with the City.
- Have at least 28 years of fulltime service with the City and be at least age 55.
- Be an elected official with at least 10 years of service with the City and be at least age 55.

Group 2 consists of all eligible retirees who have at least 25 years of fulltime service with the City and are at least age 62 at the time of retirement.

Group 3 consists of all eligible retirees who have at least 20 years of fulltime service with the City and are at least age 62 at the time of retirement.

Group 4 consists of all eligible retirees who have at least 15 years of fulltime service with the City and are at least age 62 at the time of retirement.

Group 5 consists of all eligible retirees who do not belong to groups 1 through 4.

The City makes monthly contributions toward the premium for each eligible retiree based on the following schedule:

Group 1	\$ 400
Group 2	\$ 320
Group 3	\$ 240
Group 4	\$ 200
Group 5	\$ -

The amount contributed by the City does not increase as premium costs increase. Each retiree must contribute the portion of the premium not contributed by the City. The premium cost to cover spouses or dependents must be contributed by the retiree. Beneficiaries must contribute the entire premium cost.

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2021

**Note 9. Other Post-Employment Benefits (continued)**

Actuarial valuations 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 during the valuation process are compared with past expectations and new estimates are made about the future.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 4.75%. The projection of cash flows used to determine the discount rate assumed the City's contributions will continue based upon the current OPEB Funding Policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make projected future benefit payments for current members for all future years. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB Liability of the City, as well as what the City's total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.75%) or 1-percentage point higher (5.75%) than the current discount rate:

	Discount Rate Sensitivity		
	1% Decrease 3.75%	Current Discount 4.75%	1% Increase 5.75%
Net OPEB Liability	\$ 713,926	\$ 579,844	\$ 465,654

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	Health Care Cost Trend Rate Sensitivity		
	1% Decrease	Current	1% Increase
Net OPEB Liability	\$ 534,551	\$ 579,844	\$ 635,052

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 10. Contingencies**

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

The City Council and City Attorney are not aware of any pending litigations or claims that would materially affect the financial statements of the City.

**Note 11. Insurance and Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains its insurance for tort liability, property, automobile fleet, boiler and machinery, and crime with the South Carolina Municipal Insurance and Risk Financing Fund (SCMIRF). Workers' compensation coverage is maintained through the South Carolina Municipal Insurance Trust (SCMIT) Fund. Both the SCMIRF and SCMIT funds are self-insured pools with other municipalities in South Carolina. The City pays an annual premium to SCMIRF and SCMIT. The City carries a \$1,000 deductible under the SCMIRF plan and no deductible under the SCMIT plan. Claims below these thresholds are managed by the City. The SCMIRF will reinsure through commercial companies for claims in excess of \$1 million for each insured event.

**Note 12. Intergovernmental Revenues**

The City receives funds from both the State of South Carolina and the federal government for various grants and projects. In addition, the City receives state shared revenue from the State of South Carolina including local option sales tax.

**Note 13. Subsequent Events**

The City has evaluated subsequent events through December 28, 2021, which is the date the financial statements were available to be issued.

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,690,513	\$ 1,690,513	\$ 1,907,709	\$ 217,196
Fines, Fees, Licenses and Permits	826,671	826,671	1,126,768	300,097
Intergovernmental	136,000	136,000	124,345	(11,655)
Other	23,300	23,300	53,774	30,474
Total Revenues	<u>2,676,484</u>	<u>2,676,484</u>	<u>3,212,596</u>	<u>536,112</u>
<b>Expenditures</b>				
Current:				
General Government	703,237	703,237	677,593	25,644
Public Safety	1,255,172	1,255,172	1,135,729	119,443
Public Works	941,247	941,247	804,196	137,051
Nondepartmental	415,425	415,425	359,175	56,250
Debt Service				
Principal	-	-	1,276	(1,276)
Interest	-	-	536	(536)
Capital Outlay	<u>64,000</u>	<u>64,000</u>	<u>228,646</u>	<u>(164,646)</u>
Total Expenditures	<u>3,379,081</u>	<u>3,379,081</u>	<u>3,207,151</u>	<u>171,930</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(702,597)</u>	<u>(702,597)</u>	<u>5,445</u>	<u>708,042</u>
<b>Other Financing Sources:</b>				
Capital Lease Proceeds	-	-	181,886	181,886
Transfer from Reserves	558,111	558,111	-	(558,111)
Transfer from Water and Sewer Fund	<u>144,486</u>	<u>144,486</u>	<u>144,486</u>	<u>-</u>
Total Other Financing Sources	<u>702,597</u>	<u>702,597</u>	<u>326,372</u>	<u>(376,225)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>331,817</u>	<u>\$ 331,817</u>
<b>Fund Balance, Beginning of Year, as restated</b>			<u>5,142,401</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 5,474,218</u>	

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**For the Fiscal Year Ended June 30, 2021**

	2021	2020	2019	2018
Contractually required contribution	\$ 282,245	\$ 287,435	\$ 255,147	\$ 248,140
Contributions in relation to contractually required contribution	(282,245)	(287,435)	(255,147)	(248,140)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 1,728,202	\$ 1,756,421	\$ 1,660,601	\$ 1,730,655
Contributions as a percentage of covered-employee payroll	16.33%	16.36%	15.36%	14.34%
Contractually required contribution	\$ 215,619	\$ 190,731	\$ 185,144	\$ 182,027
Contributions in relation to contractually required contribution	(215,619)	(190,731)	(185,144)	(182,027)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 1,750,521	\$ 1,618,019	\$ 1,603,603	\$ 1,639,753
Contributions as a percentage of covered-employee payroll	12.32%	11.79%	11.55%	11.10%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10- year trend is compiled, governments should present information for those years for which information is available

**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**SCHEDULE OF THE CITY'S NET OPEB LIABILITY**  
**June 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability	\$ 1,113,639	\$ 1,096,140	\$ 1,164,463	\$ 1,141,192	\$ 1,090,318
Plan Fiduciary Net Position	<u>533,795</u>	<u>467,149</u>	<u>446,982</u>	<u>358,081</u>	<u>355,599</u>
Net OPEB Liability	\$ 579,844	\$ 628,991	\$ 717,481	\$ 783,111	\$ 734,719
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	47.93%	42.62%	38.39%	31.38%	32.61%
Covered Payroll*	\$ 1,362,436	\$ 1,362,436	\$ 1,674,117	\$ 1,674,117	\$ 1,674,117
Net OPEB Liability as a percentage of covered payroll	42.56%	46.17%	42.86%	46.78%	43.89%

\* For years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent valuation.

Note: GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**Notes to Required Supplemental Information - OPEB**

**Changes of Benefit Terms:**

December 31, 2019 (Valuation Date: December 31, 2018)

- None

**Changes of Assumptions or Other Inputs**

December 31, 2019 (Valuation Date: December 31, 2018)

- None

### **Enterprise Funds**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public be financed or recovered primarily through user charges. The City of Bishopville has one Enterprise Fund described below:

*Wastewater Fund* - This fund is used to account for all financial resources associated with furnishing sewer service to domestic and industrial users.

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December 28, 2021

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

Honorable Mayor and City Council  
City of Bishopville  
Bishopville, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bishopville, South Carolina as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Bishopville, South Carolina's basic financial statements and have issued our report thereon dated December 28, 2021.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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



**CITY OF BISHOPVILLE, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the Fiscal Year Ended June 30, 2021**

21-1

Lack of Expertise in the Preparation of Financial Statements

**Condition:**

As is common in small municipalities, the City does not have anyone on staff with sufficient knowledge to prepare complete year-end financial statements including related footnote disclosures in accordance with accounting principles generally accepted in the United States of America. As such, City officials requested us to assist in identifying adjustments to the accounting records and prepare the financial statements including the related footnote disclosures. The outsourcing of these services is not unusual in municipalities of the City's size and is a cost benefit decision to rely on our accounting expertise rather than incurring the internal resource cost.

**Criteria:**

The City should have a system of internal controls that would enable City officials to conclude that the financial statements and the related disclosures are complete and presented in accordance with accounting principles generally accepted in the United States of America.

**Questioned Cost:**

Unknown

**Recommendations:**

We recommend that the City provide continuing education and training to existing employees in order to develop a financial reporting internal control system that would allow City officials to conclude the financial statements and related disclosures are complete and presented in accordance with accounting principles generally accepted in the United States of America.

**View of Responsible Official and Planned Corrective Action:**

City officials agree with this finding but recognize the outsourcing of certain financial reporting services may remain as a cost benefit decision for the City given its size and the cost of internal resources.