Lancaster County Capital Project Sales Tax III Application

To be considered by the Capital Project Sales Tax Commission, applications must be received by 8:30am on March 23, 2020

Complete all required fields and attach all documentation as outlined in this application. You will not be able to submit your proposal until you have done so. If you answer yes to either drop-downs on page 3, be sure to answer the additional questions below them. Please review the guidelines posted on the website to assist you in filling in the application.

Questions:

If you have questions please visit our website where you can find application guidelines as well as other helpful information.

www.mylancastersc.org/CPST

OR

Contact Sherrie Simpson

ssimpson@lancastersc.net

803-416-9307

Amount Requested: $1,000,000.00

Total Cost of Project: $1,075,000.00

Location of Project: 102 South Hampton Street, Kershaw, SC 29067

Expected timeframe to complete the project: 20 weeks to 25 weeks

SECTION I: REQUESTING ORGANIZATION INFORMATION

Name of Organization	Town of Kershaw
Contact Person and Title	Mitch Lucas, Administrator
Mailing Address	P.O. Box 145, Kershaw, SC 29067
Phone Number	803-475-6065
Email Address	mitch.lucas@townofkershawsc.gov
Website	www.townofkershawsc.gov

ORGANIZATION TYPE (check one)

☐ **501(c)** ● **Governmental** ☐ **Other**

SECTION II: PROJECT DESCRIPTION *(Please refer to the guidelines on our website to ensure your responses qualify).*

1. Describe your proposal.

The Town of Kershaw is seeking funds to renovate the second floor of the "Old Bank Building" located at 102 South Hampton Street, Kershaw, SC 29067. This building is centrally located in the hub of downtown Kershaw and for many decades was a well-known landmark for the town. The Town purchased the building during this Fiscal Year for the purpose of establishing an Early Childhood Education Center. For a while now, the Town has been working with First Steps of South Carolina, First Steps of Lancaster County and the architectural firm McClure Nicholson Montgomery with renovation and design ideas for the "Old Bank Building". The Town has since acquired the funds to renovate the first floor which will have three (3) early childhood education classrooms, a lobby area, director's office, and a teacher resource room with a full kitchen.
The Town is asking for the funds to finish the second-floor area for auxiliary space that will be used by the Town of Kershaw, Lancaster County government, State government and other non-profit organizations in assisting the citizens of the greater Kershaw Community. Included in this second-floor renovation would be a multipurpose room, computer lab and office space.
Abatement work will begin next month on the the entire "old bank building." The Town is also waiting on the architectural firm to assist with the awarding of the contract to begin the first-floor renovation. The first-floor renovation should take twenty (20) weeks to complete. We estimate the renovations on the second floor to take approximately thirty (30) weeks.

2. Describe the capital need being addressed by your proposal.

Years ago, Lancaster County had an annex of the County Government located on Fork Hill Road. At the present time there are only three services that the County maintains in this complex: the Kershaw Branch Library, Lancaster County Council on Aging Center and the EMS station. The Kershaw Branch Library will soon be located on the block adjacent to the Early Childhood Center. This renovation was also funded by the sales tax referendum. If a grant is awarded to Lancaster County Council on Aging, this program will move the Marion Boan Community Center in Kershaw.

The Town of Kershaw will lease the first floor of the Early Childhood Center to the Lancaster First Steps Program and will be willing to work with Lancaster County on a similar lease for the second floor. The Town of Kershaw will maintain the second floor by providing any maintenance and repair funds. The Town will also provide water, sewer and garbage collection at no cost for the agencies that will be using the second floor.

3. Please describe the benefit of your project to the larger community.

The Town of Kershaw is a Heart and Soul Community. We are one of the first towns in the South to be nominated for this distinction. One of the goals of the Heart and Soul committee initiative is to enhance and promote early childhood educational opportunities for the greater Kershaw Community. The Town of Kershaw does not have a First Steps 4K Program and the nearest First Steps Program is located in the city of Lancaster. There are no childcare facilities located within the town limits of Kershaw, and the closest childcare facilities are located in the Town of Heath Springs and the nearby Community of Westville. Each is more than seven (7) miles from Kershaw. The Early Childhood Center with the added second floor government service offices and the Kershaw Branch of the Lancaster County Library will make the two blocks on they occupy on "main street" Kershaw an education cornerstone. With the opportunity to renovate the second floor of the Early Childhood Center the Town of Kershaw, Lancaster County and the State of South Carolina will have the needed space to better serve all of the greater Kershaw Community citizens, especially the veterans and those considered to be low-income residents in our community. The top floor of this building will also be used by Mt. Calvary Outreach Center as well as the Kershaw Area Resource Exchange.
We feel that by working together, we can enhance the early childhood education opportunities for the children of the greater Kershaw Community and provide specific services for all the citizens of lower Lancaster County.

SECTION III: ADDITIONAL FUNDING CONSIDERATIONS *(Please refer to the guidelines on our website to ensure your responses qualify).*

1. **Will there be any additional, ongoing costs associated with your project? (i.e. personnel to run a new facility, maintenance, etc.)**

   Yes

   a. **If yes, please estimate and describe the nature of those costs in an itemized manner (i.e. personnel to run a new facility, maintenance, etc.).**

   Repair and Maintenance - $5,000.00/year
   Janitorial Services - $6,500.00/year
   Pest Control - $1,140.00/year

   b. **If yes, please indicate if there is an already identified and committed source of funding for those costs and provide information concerning the identified and committed funding source.**

   Town of Kershaw will cover the additional cost.

2. **Will there be any other government funding assistance associated with this project (i.e. Federal, State, Municipal, etc.)?**

   Yes

   a. **If yes, please indicate the amount of planned funding and the sources in an itemized manner.**

   The Town of Kershaw will commit to providing $75,000.00 for this project.

   The Town has committed over $158,000.00 for the first floor project and received other grants to complete the $936,035.00 cost for the first floor renovation.

The following attachments MUST be submitted with your application. If not, your application will not be considered.

a. An itemized budget for your proposal.
b. Copy of an annual audit for your organization performed by a certified public accountant (CPA)
c. Proof of an engineer, architect, or other third party project consultant's involvement in project scope and cost estimation.

All applicants will be invited to present their proposals to the Commission. You will be contacted by staff following your submission to schedule a time during an upcoming meeting. Please also attach any additional handouts you would like them to have during this review session. ANY HANDOUTS MUST BE ATTACHED WITH YOUR APPLICATION.

I hereby certify that I am an authorized signatory for the applicant organization and that this organization does not discriminate on the basis of race, color, age, sex, religion, sexual orientation, physical disability, veteran status, or national origin, and that all funds that may be received by applicant organization from the County of Lancaster will be solely used for the purposes set forth in this application and will comply with all laws and statutes.

eSigned via SeamlessDocs.com
Mitchell O. Lucas
Key: 5ee5b66686fc4ef842e860297d4ffbff

03/22/2020

Signature | Date

TOWN OF KERSHAW
SECOND FLOOR BANK RENOVATION

General Requirements		
	Unit Cost	Estimated Cost
Superintendent	$ 30,000.00	$ 30,000.00
Project Manager	$ 19,000.00	$ 19,000.00
Temporary Power	$ 305.00	$ 2,000.00
Phone	$ 75.00	$ 500.00
Internet	$ 25.00	$ 400.00
fire extingushers	$ 125.00	$ 500.00
daily cleanup	$ 150.00	$ 3,000.00
Porta Johns	$ 100.00	$ 400.00
dumpsters	$ 400.00	$ 3,200.00
Tools	$ 3,000.00	$ 3,000.00
Fuels	$ 120.00	$ 2,400.00
	Sub Total	$ 64,400.00
Site Work Demolition		
Demolition of Ceiling	$ 41,150.00	$ 41,150.00
Demolition of walls	$ 35,000.00	$ 30,000.00
Demolition of floors	$ 50,000.00	$ 40,000.00
Demolition of stairs	$ 45,000.00	$ 35,000.00
Demolition of area to house elevator	$ 25,000.00	$ 20,000.00
	Sub Total	$ 166,150.00
Millwork		
Structural support for ceiling	$ 25,000.00	$ 25,000.00
Structural support for new walls	$ 15,000.00	$ 15,000.00
Acosutical ceiling board	$25/square foot	$ 125,000.00
Acosutical flooring board	$35/square foot	$ 175,000.00
	Sub Total	$ 340,000.00
Emergency Egress		
Rebuiding of existing stair		$ 47,700.00
Second stair (remotely located)		$ 75,000.00
Elevator		$ 120,000.00
	Sub Total	$ 242,700.00
Fire/Plumbing/HVAC		
Fire sprinkler system		$ 25,000.00
plumbing	3 rest rooms	$ 75,000.00
HVAC	3 units	$ 60,000.00
	Sub Total	$ 160,000.00

TOWN OF KERSHAW
SECOND FLOOR BANK RENOVATION

Electrical				
New electrical			$	40,000.00
Fire Alarm			$	10,000.00
	Sub Total		$	50,000.00
Doors/hardware/windows				
doors/hardware	$	250.00	$	3,750.00
windows	$	1,500.00	$	48,000.00
	Sub Total		$	51,750.00
	Total		$	1,075,000.00

TOWN OF KERSHAW, SOUTH CAROLINA

ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2019

TOWN OF KERSHAW, SOUTH CAROLINA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019

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TOWN OF KERSHAW, SOUTH CAROLINA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019
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November 15, 2019

INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Kershaw
Kershaw, South Carolina

Report on the Financial Statements

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 Kershaw, South Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Kershaw, South Carolina, as of June 30, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the schedule of the Town's proportionate share of the net pension liability, and the schedule of the town's contributions on pages 39-40 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Kershaw, South Carolina's financial statements. The individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019, on our consideration of the Town of Kershaw, 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 Town of Kershaw, South Carolina's internal control over financial reporting and compliance.

Sheheen, Hancock and Godwin, LLP
Camden, South Carolina

TOWN OF KERSHAW, SOUTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2019

Exhibit A

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	$ 1,760,020	$ 253,246	$ 2,013,266
Property Tax Receivable, Net	37,049	-	37,049
Water and Sewer Receivable, Net	-	575,188	575,188
Other Receivables, Net	152,928	-	152,928
Capital Assets:			
Land	711,105	34,480	745,585
Construction in Process	49,770	123,055	172,825
Infrastructure	842,960	-	842,960
Buildings	4,208,840	125,703	4,334,543
Water and Sewer Facilities and Equipment	-	9,764,789	9,764,789
Furniture and Equipment	2,670,468	-	2,670,468
Less: Accumulated Depreciation	(4,193,370)	(4,572,510)	(8,765,880)
Total Capital Assets, Net of Depreciation	4,289,773	5,475,517	9,765,290
Deferred Outflows of Resources			
Prepaid Pension Cost	96,650	80,528	177,178
Total Assets and Deferred Outflows of Resources	6,336,420	6,384,479	12,720,899
Liabilities			
Accounts Payable and Accrued Liabilities	61,465	92,992	154,457
Deposits Payable	-	28,466	28,466
Current Portion of Capital Lease	25,009	-	25,009
Long-Term Liabilities:			
Due in More Than One Year:			
Compensated Absences	10,142	-	10,142
Capital Lease	246,992	-	246,992
Net Pension Liability	453,173	642,701	1,095,874
Total Liabilities	796,781	764,159	1,560,940
Deferred Inflows of Resources			
Unavailable Revenue - Memberships	3,000	-	3,000
Unavailable Revenue - Pension	48,518	50,424	98,942
Total Deferred Inflows of Resources	51,518	50,424	101,942
Net Position			
Net Investment in Capital Assets	4,017,772	5,475,517	9,493,289
Unrestricted	1,470,349	94,379	1,564,728
Total Net Position	$ 5,488,121	$ 5,569,896	$ 11,058,017

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

TOWN OF KERSHAW, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

Exhibit B

Function/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental Activities							
General Government	$ 525,272	$ 336,772	$ -	$ -	$ (188,500)	$ -	$ (188,500)
Public Safety	995,212	-	-	-	(995,212)	-	(995,212)
Public Works	453,162	255,158	-	-	(198,004)	-	(198,004)
Recreation	630,528	407,536	-	27,841	(195,151)	-	(195,151)
Capital Outlay	22,336	-	-	-	(22,336)	-	(22,336)
Total Governmental Activities	2,626,510	999,466	-	27,841	(1,599,203)	-	(1,599,203)
Business-Type Activities							
Water and Sewer	1,930,195	2,424,738	-	-	-	494,543	494,543
Total Business-Type Activities	1,930,195	2,424,738	-	-	-	494,543	494,543
Total	$ 4,556,705	$ 3,424,204	$ -	$ 27,841	(1,599,203)	494,543	(1,104,660)
General Revenues:							
Property Taxes					719,262	-	719,262
Hospitality Tax					122,347	-	122,347
Franchise Fees					173,025	-	173,025
Miscellaneous					182,227	-	182,227
Gain on Sale of Asset					68,809	-	68,809
Transfers					184,867	(184,867)	-
Unrestricted Investment Earnings					14,071	-	14,071
Intergovernmental					60,549	-	60,549
Total General Revenues					1,525,157	(184,867)	1,340,290
Change in Net Position					(74,046)	309,676	235,630
Net Position, Beginning of Year					5,562,167	5,260,220	10,822,387
Net Position, End of Year					$ 5,488,121	$ 5,569,896	$ 11,058,017

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

TOWN OF KERSHAW, SOUTH CAROLINA
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2019

Exhibit C

	General	Economic Development Fund	Fireman's Fund	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 1,407,595	$ 302,353	$ 50,072	$ 1,760,020
Receivables:				
Property Taxes, Net	37,049	-	-	37,049
Vehicle Taxes	1,554	-	-	1,554
Intergovernmental	91,785	-	-	91,785
Franchise Fees	37,983	-	-	37,983
Garbage Fees, Net	20,290	-	-	20,290
Other	1,316	-	-	1,316
Total Assets	$ 1,597,572	$ 302,353	$ 50,072	$ 1,949,997
Liabilities and Deferred Inflows of Resources				
Accounts Payable and Accrued Liabilities	$ 61,465	$ -	$ -	$ 61,465
Total Current Liabilities	61,465	-	-	61,465
Deferred Inflows of Resources:				
Unavailable Revenue - Property Taxes	22,300	-	-	22,300
Unavailable Revenue - Membership Fees	3,000	-	-	3,000
Total Deferred Inflows of Resources	25,300	-	-	25,300
Fund Balances				
Assigned:				
Economic Development Fund	-	302,353	-	302,353
Fireman's Fund	-	-	50,072	50,072
Unassigned	1,510,807	-	-	1,510,807
Total Fund Balances	1,510,807	302,353	50,072	1,863,232
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,597,572	$ 302,353	$ 50,072	$ 1,949,997

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

TOWN OF KERSHAW, SOUTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2019

Exhibit D

Total Fund Balance - Governmental Funds (Exhibit C)	$ 1,863,232
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is $8,483,143 and the accumulated depreciation is $4,193,370.	4,289,773
Receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds:	
Property Taxes	22,300
Long-term liabilities are not due and payable in the current period and, therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of	
Capital Lease	(272,001)
Compensated Absences	(10,142)
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Pension liability	(453,173)
Deferred outflows and inflows or resources related to pension are applicable to future periods and ,therefore, are not reported in the funds	
Deferred outflows of resources related to pensions (from pension schedule)	96,650
Deferred inflows of resources related to pensions (from pension schedule)	(48,518)
Total Net Position - Governmental Activities (Exhibit A)	$ 5,488,121

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

TOWN OF KERSHAW, SOUTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Exhibit E

	General Fund	Economic Development Fund	Fireman's Fund	Total Governmental Funds
Revenues				
Taxes	$ 836,004	$ -	$ -	$ 836,004
Fines, Fees, Licenses and Permits	1,172,491	-	-	1,172,491
Intergovernmental	60,549	-	-	60,549
Other	158,219	-	71,524	229,743
Total Revenues	2,227,263	-	71,524	2,298,787
Expenditures				
Current:				
General Government	471,886	-	-	471,886
Public Safety	1,322,120	-	51,354	1,373,474
Public Works	385,653	-	-	385,653
Recreation	545,890	-	-	545,890
Capital Outlay	140,642	-	-	140,642
Debt Service				
Principal and Interest	37,340	-	-	37,340
Total Expenditures	2,903,531	-	51,354	2,954,885
Excess (Deficiency) of Revenues Over (Under) Expenditures	(676,268)	-	20,170	(656,098)
Other Financing Sources (Uses)				
Sale of Fixed Assets	163,608	-	-	163,608
Capital Lease Proceeds	308,746	-	-	308,746
Transfer from Utility Fund	184,867	-	-	184,867
Total Other Financing Sources (Uses)	657,221	-	-	657,221
Net Change in Fund Balance	(19,047)	-	20,170	1,123
Fund Balances, Beginning of Year	1,529,854	302,353	29,902	1,862,109
Fund Balances, End of Year	$ 1,510,807	$ 302,353	$ 50,072	$ 1,863,232

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

TOWN OF KERSHAW, SOUTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
For the Fiscal Year Ended June 30, 2019

Exhibit F

Total Net Change In Fund Balance - Governmental Fund (Exhibit E)		$ 1,123
Amounts reported for governmental activities in the statement of activities are different because of the following:		
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlay of $654,119 exceeds depreciation of $392,307 in the period.		261,812
Lease proceeds provide current financial resources to governmental funds, but issuing debt debt increases long-term liabilities in the Statement of Net Position		(308,746)
The gain on disposal of assets has been included in the Statement of Activities, whereas in the government funds, proceeds from disposal of assets increases financial recourses. Thus, the change in net position differs from the change in fund balance by the carrying amount of the assets disposed.		(94,799)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		36,745
In Statement of Activities, certain operating expenses - compensated absences- are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation earned exceeded the amount used by this amount.		4,309
Governmental funds report town pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Town pension contributions	$ 84,690	
Cost of benefits earned net of employee contributions (pension expense from benefit schedule)	(59,180)	25,510
Change in Net Position of Governmental Activities (Exhibit B)		$ (74,046)

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

TOWN OF KERSHAW, SOUTH CAROLINA
STATEMENT OF NET POSITION – PROPRIETARY FUND
June 30, 2019

Exhibit G

	Water and Sewer Fund
Assets	
Current Assets:	
Cash and Cash Equivalents	$ 253,246
Receivables:	
Wastewater, Net	575,188
Total Current Assets	828,434
Non-Current Assets:	
Capital Assets	
Land	34,480
Buildings	125,703
Construction in Process	123,055
Water and Sewer Facilities and Equipment	9,764,789
Less: Accumulated Depreciation	(4,572,510)
Total Non-Current Assets	5,475,517
Deferred Outflows of Resources	
Prepaid Pension Cost	80,528
Total Assets and Deferred Outflows of Resources	6,384,479
Liabilities	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	92,992
Deposit Payable	28,466
Long-Term Liabilities - Due in More Than One Year	
Net Pension Liability	642,701
Total Liabilities	764,159
Deferred Inflows of Resources	
Unavailable Revenue - Pension	50,424
Net Position	
Net Investment in Capital Assets	5,475,517
Unrestricted	94,379
Total Net Position	$ 5,569,896

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

TOWN OF KERSHAW, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2019

Exhibit H

	Water and Sewer Fund
Operating Revenues:	
Water Charges	$ 1,494,268
Sewer Charges	834,440
Penalties	21,443
Taps and Reconnections	29,939
Other	44,648
Total Operating Income	2,424,738
Operating Expenses:	
Salaries	167,423
Employee Expenses	29,297
Advertising	909
Materials and Supplies	108,333
Insurance	55,443
Vehicle Repairs	17,764
Utilities	128,006
Refunds	1,805
Professional Services	54,604
Travel and Training	13,432
Uniforms	2,460
Dues and Permits	10,024
Repairs and Maintenance	203,235
Water Testing Fees	18,425
Depreciation	262,388
Contract Services	131,587
Sludge Disposal	12,817
Water Purchase	712,243
Total Operating Expenses	1,930,195
Operating Income	494,543
Non-Operating Revenues and (Expenses):	
Transfer to General Fund	(184,867)
Total Non-Operating Revenues (Expenses)	(184,867)
Change in Net Position	309,676
Total Net Position, Beginning of Year	5,260,220
Total Net Position, End of Year	$ 5,569,896

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

TOWN OF KERSHAW, SOUTH CAROLINA
STATEMENT OF CASH FLOW – PROPRIETARY FUNDS
June 30, 2019

Exhibit I

	Enterprise Fund Water and Sewer
Cash Flows From Operating Activities:	
Cash Received From Customers	$ 2,019,721
Cash Paid to Suppliers	(1,494,165)
Cash Paid to Employees	(167,423)
Net Cash Provided By Operating Activities	358,133
Cash Flows From Noncapital Financing Activities:	
Decrease in Due To General Fund	906
Net Cash Provided By Noncapital Financing Activities	906
Cash Flows From Capital and Finance Related Activities:	
Transfers to Other Funds	(184,867)
Purchases of Capital Assets	(74,638)
Net Cash (Used) By Investing Activities	(259,505)
Net Increase in Cash	99,534
Cash, Beginning of Year	153,712
Cash, End of Year	$ 253,246

Reconciliation of Operating Income to Net Cash Provided By Operating Activities

Operating Income	$ 494,543
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	262,388
(Increase) in Receivables	(405,017)
(Increase) in Deferred Outflows	8,525
Increase in Accounts Payable and Accrued Liabilities	14,857
Increase in Net Pension Liability	742
(Decrease) in Deferred Inflows	(17,905)
Total Adjustments	(136,410)
Net Cash Provided By Operating Activities	$ 358,133

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

TOWN OF KERSHAW, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
June 30, 2019

Exhibit J

	Private-Purpose Trust Fund
Assets	
Cash and Cash Equivalents	$ 295,074
Accounts Receivable	1,754
Inventory	9,000
Property and Equipment	200,973
Accumulated Depreciation	(146,695)
Total Assets	360,106
Net Position Held in Trust	$ 360,105

TOWN OF KERSHAW, SOUTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2019

Exhibit K

	Private-Purpose Trust Fund
Additions	
Investment Earnings	
Interest Income	$ 6,706
Donations	925
Sale of Plots	5,828
Total Additions	13,459
Deductions	
Depreciation	7,147
Administrative Expenses	3,378
Total Deductions	10,525
Changes in Net Position	2,934
Net Position, Beginning of Year	357,171
Net Position, End of Year	$ 360,105

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

Note 1. Summary of Significant Accounting Policies

The Town of Kershaw municipality is incorporated under the laws of the State of South Carolina. The Town Charter was issued on December 22, 1888. The Town Council has adopted the Council form of local government. The Town Council consists of the Mayor and six Council members, all of whom are elected by the voters of the Town of Kershaw.

The financial statements of the Town of Kershaw have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Following are the more significant of the Town's accounting policies.

A. Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards,* include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Town holds the corporate powers of the organization
- the Town appoints voting majority of the organization's board
- the Town is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Town
- there is a fiscal dependency by the organization on the Town

Based on the aforementioned criteria, the Town of Kershaw has no component units.

B. Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements:

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the Town, except for fiduciary funds. The statements distinguish between those activities of the Town that are governmental in nature and those that are considered business-type activities.

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 Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Town does not allocate indirect cost.

Fund Financial Statements:

Fund financial statements of the Town 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 Town 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 Town are described below:

Governmental Funds

Governmental funds are those through which most governmental functions of the Town 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 Town's only major governmental fund.

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

General Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. Operational expenditures for general administration and the traditional services provided by the Town are paid through the General Fund.

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes. The Town has two non-major Special Revenue funds, one is the Fireman's Fund and the other is Economic Development Fund.

Fireman's Fund – This fund is used to account for the "one percent money" received from the State of South Carolina.

Economic Development Fund – This fund is used to account for economic development activities.

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The following is the Town's proprietary fund:

Enterprise Fund

Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on the net income measurement similar to the private sector. The Water and Sewer Fund is the Town's only enterprise fund and is used to account for the financial transactions related to the water and sewer service provided to the residents of the Town.

Fiduciary Fund

Fiduciary Fund reporting focuses on net position and changes in net position. The Town has one fiduciary fund which is an agency fund.

Private-Purpose Trust Funds

Private-Purpose trust funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The Kershaw Cemetery Perpetual Care Fund is the Town's only Private-Purpose Trust Fund.

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of the Town are included on the statement of net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflect the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include 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 Town finances and meets the cash flow of its proprietary fund.

Private-Purpose Trust 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

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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 Town'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.

Investments

Any investments held by the Town are stated at fair value in accordance with *GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for Investment Pools.* Investment policies of the Town must operate within existing state statutes of the State of South Carolina, which authorizes what the Town may and may not invest in. The Town did not have any investments at June 30, 2019.

E. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible taxes receivable are based upon historical trends and the aging of taxes receivable. Major receivable balances for the governmental activities include property taxes, grants, and intergovernmental revenues. Business-type activities report water and sewer revenues as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals for Federal and State revenue if they are both measurable and available. Non-exchange transactions collectible but not available such as property taxes are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government wide financial statements in accordance with the accrual basis. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Wastewater receivables compose the majority of proprietary fund receivables. All trade and property tax receivables are recorded net of any allowances for uncollectibles.

Note 1. Summary of Significant Accounting Policies (continued)

F. Short-term Interfund Receivables/Payable

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund financial balance sheet. Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position.

G. Capital Assets

The accounting treatment over property, plant and equipment (fixed assets) 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.

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 Town maintains a capitalization policy of $1,000 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 years
Buildings	25-50 years
Building Improvements	10-50 years
Sewer System	40 years
Furniture and Equipment	5-10 years
Vehicles	10 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.

Note 1. Summary of Significant Accounting Policies (continued)

H. Compensated Absences

Employee vacation is determined by years of service with the Town. Vacation time may be accumulated and does not have to be taken in the year earned. Any current unused vacation is paid upon retirement or termination. As of June 30, 2019, the Town has accrued $10,142 in compensated absences. Employees are not paid for accumulated sick leave upon retirement or termination. No liability has been accrued in the financial statements for accumulated sick leave.

I. Equity Classifications

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

a. Net investment in capital assets. This consists 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.

b. Restricted net position. This 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.

c. Unrestricted net position. This consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Statements
In the governmental fund financial statements, fund balances are classified as follows:

• Non-spendable—Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

• Restricted—Amounts that can be spent only for specific purposes because of the Town Charter, the Town Code, state or federal laws, or externally imposed conditions by grantors or creditors.

• Committed—Amounts that can be used only for specific purposes determined by a formal action by Town Council ordinance or resolution.

• Assigned—Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by Town Council.

• Unassigned—All amounts not included in other spendable classifications.

Proprietary fund equity is classified the same as in the government-wide statements.

Note 1. Summary of Significant Accounting Policies (continued)

J. 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.

K. 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.

L. 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.

M. 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.

N. 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.

Note 1. Summary of Significant Accounting Policies (continued)

O. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation.

P. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Q. Statement of Cash Flows

For the purpose of the statement of cash flows, the Town's proprietary fund considers cash and cash equivalents. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents include certificates of deposits.

R. Deferred Outflows/Inflows of Resources

In addition to assets, The Town reports deferred outflows of resources in a separate section of its government wide and proprietary fund statements. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period. The Town only has one item that qualified for reporting in this category. It is prepaid cost related to the GASB 68 pension liability.

In addition to liabilities, The Town reports deferred inflows of resources in a separate section of its government wide, governmental and proprietary fund statements. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period. The Town has two types of items which occur because governmental fund revenues are not recognized until available (collected no later than 60 days after the end of the Town's fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, deferred property taxes and grant revenue are reported in the governmental fund balance sheet. The second item is future pension revenues related to the GASB 68 pension liability.

S. 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

Note 1. Summary of Significant Accounting Policies (continued)

S. Pensions (continued)

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.

Note 2. Property Taxes

Real property taxes are levied on October 1 on the assessed valuations of property located in Lancaster 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 property taxes attach as an enforceable lien if not paid by March 16 of the following year. Penalties are added to taxes depending on the date paid as follows:

January 16-February 1	3% of tax
February 2-March 16	10% of tax
March 17 and thereafter	15 % of tax plus collection costs

Motor vehicle taxes are levied on the first day of the month in which the motor vehicle license expires and is due by the end of the month. Property taxes are billed and collected by Lancaster County. Property tax revenue is recognized when collected by the County Treasurer's Office.

Based on information provided by the Lancaster County Treasurer's Office, the Town has recorded uncollected, property taxes at June 30, 2019, of $37,049 (net of allowance for uncollectible portion of $13,540) for the General Fund. The remaining amount of $22,300 has been recorded as deferred inflows of resources on the governmental fund basic financial statements because it was not collected within 60 days of year end.

Note 3. Deposits – Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2019, $1,121,655 of the Town's bank balance of $ 2,086,313 which has a carrying value of $1,963,195 was exposed to custodial credit risk as follows:

Uninsured by FDIC, but collateral held by pledging bank in the Town's name	$1,121,655

Note 4. Other Receivables

Other governmental receivables at June 30, 2019, consist of intergovernmental revenues, franchise fees, grants and garbage fees.

Note 4. Other Receivables (continued)

Garbage fees receivable shown in the General Fund consist of garbage service rendered as of June but not collected. Water and Sewer receivables and Garbage receivables are shown net of an allowance for uncollectible of $575,188 and $11,020, respectively.

Note 5. Capital Assets

Capital Asset activity for the year ended June 30, 2019, was as follows:

	Beginning	Additions	Transfers	Disposals	Ending
Governmental Activities					
Non-depreciable assets:					
Land	$ 711,105	$ -	$ -	$ -	$ 711,105
Construction in Progress	49,770	-	-	-	49,770
Depreciable assets:					
Buildings and Improvements	4,383,522	-	(174,682)	-	4,208,840
Infrastructure	842,960	-	-	-	842,960
Furniture and Equipment	2,016,349	654,119	-	-	2,670,468
Totals	8,003,706	654,119	(174,682)	-	8,483,143
Less: Accumulated Depreciation					
Buildings and Improvements	(704,734)	(153,001)	-	80,062	(777,673)
Infrastructure	(446,218)	(41,798)	-	-	(488,016)
Furniture and Equipment	(2,730,174)	(197,507)	-	-	(2,927,681)
Totals	(3,881,126)	(392,306)	-	80,062	(4,193,370)
Governmental Activities					
Capital Assets, Net	$ 4,122,580	$ 261,813	$ (174,682)	$ 80,062	$ 4,289,773
Business-type Activities					
Non-depreciable assets:					
Land & Land Improvements	$ 34,480	$ -	$ -	$ -	$ 34,480
Construction in Process	57,049	66,006	-	-	123,055
Depreciable assets:					
Equipment	634,922	8,632	-	-	643,554
Buildings	125,703	-	-	-	125,703
Water and Sewer System	9,121,235	-	-	-	9,121,235
Totals	9,973,389	74,638	-	-	10,048,027
Less: Accumulated Depreciation					
Equipment	(498,016)	(34,964)	-	-	(532,980)
Buildings	(33,566)	(3,223)	-	-	(36,789)
Water and Sewer System	(3,778,540)	(224,201)	-	-	(4,002,741)
Totals	(4,310,122)	(262,388)	-	-	(4,572,510)
Business-type Activities					
Capital Assets, Net	$ 5,663,267	$ (187,750)	$ -	$ -	$ 5,475,517

Note 5. Capital Assets (continued)

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

General Government	$ 83,266
Public Safety	147,944
Recreation	93,731
Public Works	67,365
Total	$ 392,306

Construction in progress and construction commitments – consisted of the following at June 30, 2019:

	Expenditures To Date	Total Contract	Contract Payments Remaining
Business-type Activities:			
Wastewater Treatment Expansion	$ 58,038	$ 58,038	$ -
Hanging Rock	59,265	59,265	-
RIA	5,752	5,752	-
Total	$ 123,055	$ 123,055	$ -
Governmental Activities:			
Kershaw Industrial Park	$ 49,770	$ 49,770	$ -

Note 6. Long-Term Debt

Governmental Activities:

As of June 30, 2019, the governmental long-term debt consisted of one capital lease and compensated absences.

Capital Lease Payable

On August 17, 2018, the Town entered into a capital lease arrangement with BB&T to purchase a rescue truck and equipment in the amount of $308,746. The lease is payable in yearly installments beginning October 1, 2018. As of June 30, 2019, the Town had an outstanding balance of $272,001.

Note 6. Long-Term Debt (continued)

The following is a schedule of the future minimum payments under the capital lease and the present value of the net minimum lease payments as of June 30, 2019.

Fiscal Year Ending June 30,	
2020	$ 36,745
2021	36,745
2022	36,745
2023	36,745
2024	36,745
2025-2028	150,292
Total minimum lease payments	334,017
Less: Amounts representing interest	(62,016)
	$ 272,001

The following is a summary of changes in long-term obligations of the Town as of June 30, 2019:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Governmental Activities:					
Capital Lease Payable	$ -	$ 308,746	$ (36,745)	$ 272,001	$ 25,009
Compensated Absences	14,451	10,142	(14,451)	10,142	-
	$ 14,451	$ 318,888	$ (51,196)	$ 282,143	$ 25,009

Note 7. Employee Retirement Systems

Plan Description- The South Carolina Retirement System (SCRS), a cost–sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

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.

Note 7. Employee Retirement Systems (continued)

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.

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

Contributions- Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the board, are insufficient to maintain the amortization period set in statute, the board shall increase employer contribution rates as necessary.

After June 30, 2027, 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 eighty-five 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 eighty-five 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 eighty-five 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 eighty-five percent.

Note 7. Employee Retirement Systems (continued)

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent for SCRS. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty-year amortization period.

Required employee contribution rates for fiscal years 2019 and 2018 are as follows:

SCRS	Fiscal Year 2019	Fiscal Year 2018
Employee Class Two	9.00 % of earnable compensation	9.00 % of earnable compensation
Employee Class Three	9.00 % of earnable compensation	9.00 % of earnable compensation

Required employer contributions for fiscal years 2019 and 2018 are as follows:

SCRS	Fiscal Year 2019	Fiscal Year 2018
Employee Class Two	14.41 % of earnable compensation	13.41 % of earnable compensation
Employee Class Three	14.41 % of earnable compensation	13.41 % of earnable compensation
Employer Incidental Death Benefit	0.15 % of earnable compensation	0.15 % of earnable compensation

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.

The June 30, 2018, 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, 2017. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2018, 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, 2018.

Note 7. Employee Retirement Systems (continued)

	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 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.

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, 2018, for SCRS are presented below.

System	Total Pension Liabiltiy	Plan Fiduciary Net Position	Employers Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	48,821,730,067	26,414,916,370	145,094	54.10%

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

Note 7. Employee Retirement Systems (continued)

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 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.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	47.0%		
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options Strategies	5.0%	5.52%	0.28%
Real Assets	10.0%		
Real Estate (Private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
Opportunistic	13.0%		
GTAA/Risk Parity	8.0%	3.75%	0.30%
Hedge Funds (non-PA)	2.0%	3.45%	0.07%
Other Opportunistic Strategies	3.0%	3.75%	0.11%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.05%	0.18%
Emerging Markets Debt	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration (Net)	2.0%	0.34%	0.01%
Total Expected Return	100%		5.03%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.28%

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 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	$ 1,400,323	$ 1,095,874	$ 878,221

Note 7. Employee Retirement Systems (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the Town reported a liability of $1,095,874 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating state entities, actuarially determined. At June 30, 2019, the Town's proportion was 0.004891 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the Town recognized pension benefit of $99,974. As of June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,978	$ 6,449
Changes of assumptions	43,478	-
Net difference between projected and actual earnings on pension plan investments	17,408	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	29,624	92,493
Town contributions subsequent to measurement date	84,690	-
Total	$ 177,178	$ 98,942

The Town's contributions subsequent to the measurement date of $84,690 are reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in the pension expense as follows:

Year Ended June 30:	SCRS	Total
2019	$ 18,679	$ 18,679
2020	(9,977)	(9,977)
2021	(13,484)	(13,484)
2022	(1,672)	(1,672)
Total	$ (6,454)	$ (6,454)

Note 8. Volunteer Fireman's Retirement Plan

The Town participates in a defined contribution pension plan covering all eligible volunteer firemen. The plan is sponsored by the South Carolina State Firemen's Association. Contributions to the plan are made at the discretion of the Town Council. Total contributions for the year ended June 30, 2019, were $0.

Note 9. Risk Management

The Town is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. To help minimize the risks of loss, the Town purchases insurance coverage through the South Carolina Insurance Reserve Fund and other insurance carriers.

Note 10. Economic Dependency

The Town of Kershaw receives approximately 58% of total water and sewer income from the prison.

Note 11. Leases

The Golf Course fund has entered into the following lease:

- Golf Course Equipment lease for 60 months, beginning February 1, 2016, and ending January 1, 2021.

The lease expense related to these leases for the year ended June 30, 2019, amounted to $26,911.

Note 12. Interfund Transaction

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The governmental and proprietary type funds financial statements generally reflect such transactions as transfers.

Transfers are used to (1) move revenues from the fund that statue or budget requires to collect them to the fund that statue or budget requires to expend them, (2) move receipts restricted to debt service form the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Individual fund operating transfers for fiscal year 2019 were as follows:

General Fund	
Transfer from Proprietary Funds	$ (184,867)
Proprietary Funds	
Transfer to General Fund	$ 184,867

Note 13. Commitments and Contingencies

In the normal course of business, the Town enters into agreements with contractors for construction projects. As of June 30, 2019, open contracts and project budgets for construction totaled $172,825, of which $172,825 has been recorded as construction in progress.

Note 14. Subsequent Events

The Town evaluated all events or transactions that occurred after June 30, 2019, through November 15, 2019, the date the Town issued these financial statements. During this period, the Town did not have any material subsequent events that required recognition in the Town's disclosures to the June 30, 2019, financial statements.

General Fund

The General Fund is the major operating fund of the Town and is used to account for resources traditionally associated with government which are not required legally or by the sound financial management to be accounted for in another fund.

TOWN OF KERSHAW, SOUTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes			
Local Option Sales Tax	$ -	$ 508,559	$ 508,559
Real Property	174,542	182,474	7,932
Vehicles	20,525	22,624	2,099
Hospitality Tax	121,000	122,347	1,347
Subtotal	316,067	836,004	519,937
Fines, Fees, Licenses and Permits			
Business License and Penalties	192,600	336,772	144,172
Franchise Fees	313,046	173,025	(140,021)
Country Club	306,504	305,726	(778)
Recreation	134,910	101,810	(33,100)
Garbage Fees	256,700	255,158	(1,542)
Subtotal	1,203,760	1,172,491	(31,269)
Intergovernmental			
State Government Revenue	40,717	41,222	505
Accommodations Tax	9,032	7,580	(1,452)
Inventory Tax	11,747	11,747	-
Subtotal	61,496	60,549	(947)
Other			
Interest	165	14,071	13,906
Grants	-	27,841	27,841
Miscellaneous	235,062	116,307	(118,755)
Subtotal	235,227	158,219	(77,008)
Total Revenues	1,816,550	2,227,263	410,713

TOWN OF KERSHAW, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
Current:			
General Government	$ 470,101	$ 471,886	$ (1,785)
Public Safety	789,913	1,322,120	(532,207)
Public Works	393,815	385,653	8,162
Recreation	574,887	545,890	28,997
Capital Outlay	74,900	140,642	(65,742)
Debt Service			
Principal and Interest	255,116	37,340	217,776
Total Expenditures	2,558,732	2,903,531	(344,799)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(742,182)	(676,268)	65,914
Other Financing Sources (Uses):			
Sale of Fixed Assets	-	163,608	163,608
Capital Lease Proceeds	-	308,746	308,746
Transfer from Utility Fund	742,182	184,867	(557,315)
Total Other Financing Sources (Uses)	742,182	657,221	(84,961)
Net Change in Fund Balance	$ -	(19,047)	$ (19,047)
Fund Balance, Beginning of Year		1,529,854	
Fund Balance, End of Year		$ 1,510,807	

TOWN OF KERSHAW, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Taxes	$ 725,500	$ 316,067	$ 836,004	$ 519,937
Fines, Fees, Licenses and Permits	1,068,300	1,203,760	1,172,491	(31,269)
Intergovernmental	47,000	61,496	60,549	(947)
Other	178,450	235,227	158,219	(77,008)
Total Revenues	2,019,250	1,816,550	2,227,263	410,713
Expenditures				
Current:				
General Government	385,053	470,101	471,886	(1,785)
Public Safety	813,405	789,913	1,322,120	(532,207)
Public Works	381,847	393,815	385,653	8,162
Recreation	551,986	574,887	545,890	28,997
Capital Outlay	90,400	74,900	140,642	(65,742)
Debt Service				
Principal and Interest	-	255,116	37,340	217,776
Total Expenditures	2,222,691	2,558,732	2,903,531	(344,799)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(203,441)	(742,182)	(676,268)	65,914
Other Financing Sources (Uses):				
Sale of Fixed Assets	-	-	163,608	163,608
Capital Lease Proceeds	-	-	308,746	308,746
Transfer from Utility Fund	203,441	742,182	184,867	(557,315)
Total Other Financing Sources (Uses)	203,441	742,182	657,221	(84,961)
Net Change in Fund Balance	$ -	$ -	(19,047)	$ (19,047)
Fund Balance, Beginning of Year			1,529,854	
Fund Balance, End of Year			$ 1,510,807	

TOWN OF KERSHAW, SOUTH CAROLINA
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Fiscal Year Ended June 30, 2019

SCRS	2019	2018	2017	2016	2015
Town's proportion of the net pension liability (asset)	0.0048910%	0.0048550%	0.0057350%	0.0052550%	0.0060510%
Town's proportionate share of the net pension liability (asset)	$ 1,095,874	$ 1,092,939	$ 1,224,988	$ 996,636	$ 1,041,782
Town's covered employee payroll	$ 498,369	$ 485,439	$ 491,935	$ 555,404	$ 492,704
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	219.89%	225.14%	249.01%	179.44%	211.44%
Plan fiduciary net position as a percentage of total pension liability	0.00%	0.00%	0.00%	0.00%	0.00%

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

TOWN OF KERSHAW, SOUTH CAROLINA
SCHEDULE OF THE TOWN'S CONTRIBUTIONS
June 30, 2019

	2019	2018	2017	2016	2015
Contractually required contribution	$ 84,690	$ 65,826	$ 56,868	$ 61,428	$ 53,705
Contributions in relation to contractually required contribution	(84,690)	(65,826)	(56,868)	(61,428)	(53,705)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Town's covered-employee payroll	$498,369	$485,439	$491,935	$555,404	$492,704
Contributions as a percentage of covered-employee payroll	16.99%	13.56%	11.56%	11.06%	10.90%

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

A. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The accounting system provides for appropriate budgetary control. Budgetary comparisons are included in the supplemental schedules for the General Fund and the Wastewater Fund. All annual appropriations lapse at fiscal year-end.

The Town does not use encumbrance accounting due to the size of operations involved.

B. Legal Compliance – Budgets

The Finance Committee, composed of three members of the Town Council, submits to Town Council an operating budget. The budget includes proposed expenditures and the means for financing them. The budget is prepared by fund, object and activity. Public meetings are held to obtain additional comments from interested individual taxpayers. The fiscal year of the Town begins each July 1, and the Council adopts the tentative budget for the coming year. The budget is legally adopted after majority approval by Town Council in two consecutive readings.

The general government, public safety and capital outlay had excess expenditures over appropriations in the amount of $1,785, $532,207 and $65,742, respectively.

TOWN OF KERSHAW, SOUTH CAROLINA
SCHEDULE OF GENERAL FUND EXPENDITURES
GENERAL GOVERNMENT
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
General Government			
Salaries	$ 122,200	$ 120,348	$ 1,852
Employee Expenses	52,700	60,551	(7,851)
Material and Supplies	10,000	9,706	294
Council Expense	2,600	2,586	14
Insurance	32,316	31,901	415
Community Development	41,500	34,992	6,508
Technology and Equipment	55,500	35,557	19,943
Advertising	7,000	5,472	1,528
Utilities	19,000	17,833	1,167
Professional Fees	36,000	35,040	960
Travel and Training	7,285	6,940	345
Dues	7,000	6,636	364
Repairs and Maintenance	35,000	26,630	8,370
Bank Charges	8,000	8,570	(570)
Capital Outlay	58,000	83,011	(25,011)
Other	34,000	69,124	(35,124)
Total General Government Expenditures	$ 528,101	$ 554,897	$ (26,796)

TOWN OF KERSHAW, SOUTH CAROLINA
SCHEDULE OF GENERAL FUND EXPENDITURES
PUBLIC WORKS
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Police Department			
Contract Services	$ 551,355	$ 551,355	$ -
Materials and Supplies	100	73	27
Utilities	1,300	1,255	45
Repairs and Maintenance	500	-	500
Sub-Total	553,255	552,683	572
Court			
Fines and Fees - State	4,188	4,188	-
Victims Advocate	4,190	4,190	-
Sub-Total	8,378	8,378	-
Fire Department			
Contract Services	119,000	129,043	(10,043)
Materials and Supplies	17,000	15,421	1,579
Uniforms	14,000	12,219	1,781
Insurance	8,240	7,740	500
Repairs and Maintenance	3,500	3,828	(328)
Vehicle Repairs	4,000	3,071	929
Travel and Training	44,500	44,185	315
Dues	1,140	1,139	1
Technology Expense	10,500	11,901	(1,401)
Principal and Interest	-	37,340	(37,340)
Capital Outlay	255,116	526,522	(271,406)
Utilities	5,600	5,299	301
Other	800	691	109
Sub-Total	483,396	798,399	(315,003)
Total Public Safety Expenditures	$ 1,045,029	$ 1,359,460	$ (314,431)

TOWN OF KERSHAW, SOUTH CAROLINA
SCHEDULE OF GENERAL FUND EXPENDITURES
PUBLIC WORKS
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

Sanitation Department	Budget	Actual	Variance Positive (Negative)
Salaries	$ 154,492	$ 152,783	$ 1,709
Employee Expenses	33,656	32,578	1,078
Materials and Supplies	8,500	5,587	2,913
Insurance	54,002	53,427	575
Uniforms	3,200	2,951	249
Vehicle Repairs	43,000	41,464	1,536
Utilities	30,000	29,368	632
Repairs and Maintenance	18,400	15,347	3,053
Sundry Labor	120	120	-
Advertising	260	260	-
Equipment	3,030	2,030	1,000
Solid Waste Disposal	8,000	12,207	(4,207)
Capital Outlay	1,000	1,539	(539)
Other	37,155	37,531	(376)
Total Public Works Expenditures	$ 394,815	$ 387,192	$ 7,623

TOWN OF KERSHAW, SOUTH CAROLINA
SCHEDULE OF GENERAL FUND EXPENDITURES
RECREATION
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Recreation			
Salaries	$ 99,889	$ 97,178	$ 2,711
Employee Expenses	16,425	14,751	1,674
Materials and Supplies	23,592	20,420	3,172
Insurance	14,500	14,721	(221)
Utilities	35,000	33,864	1,136
Repairs and Maintenance	19,550	20,307	(757)
Software & Technology	6,467	4,990	1,477
Community Development	9,048	9,048	-
Advertising	1,216	1,289	(73)
Sales Tax	3,113	2,969	144
Travel and Training	2,800	1,324	1,476
Dues	550	660	(110)
Capital Outlay	-	9,292	(9,292)
Other	4,750	4,732	18
Sub-Total	236,900	235,545	1,355
Country Club			
Salaries	125,000	124,149	851
Employee Expenses	22,563	22,105	458
Materials and Supplies	38,300	39,366	(1,066)
Uniforms	550	547	3
Insurance	16,849	16,622	227
Contract Services	27,840	26,911	929
Fuel and Oil Expense	9,000	9,049	(49)
Sales Tax	15,500	15,090	410
Equipment	9,000	9,288	(288)
Travel and Training	142	142	-
Dues	1,700	1,657	43
Repairs and Maintenance	40,250	15,513	24,737
Utilities	22,000	21,216	784
Other	9,093	8,540	553
Capital Outlay	15,900	56,092	(40,192)
Advertising	200	150	50
Sub-Total	353,887	366,437	(12,550)
Total Recreation Expenditures	$ 590,787	$ 601,982	$ (11,195)

Special Revenue Funds

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

Fireman's Fund – To account for "one percent money" received from the State.

Economic Development Fund – To account for economic development activities.

TOWN OF KERSHAW, SOUTH CAROLINA
BALANCE SHEET
SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2019

	Economic Development Fund	Fireman's Fund
Cash and Cash Equivalents	$ 302,353	$ 50,072
TOTAL ASSETS	$ 302,353	$ 50,072
Fund Balance		
Assigned	$ 302,353	$ 50,072
TOTAL LIABILITIES AND FUND BALANCE	$ 302,353	$ 50,072

TOWN OF KERSHAW, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2019

	Economic Development Fund	Fireman's Fund
Revenues:		
State	$ -	$ 5,604
Contributions	-	65,901
Interest	-	19
Total Revenues	-	71,524
Expenditures:		
Contributions	-	5,800
Repairs and Maintenance	-	43,029
Other	-	2,525
Total Expenditures	-	51,354
Excess of Revenues Over Expenditures	-	20,170
Net Change in Fund Balance	-	20,170
Assigned Fund Balance, Beginning of Year	302,353	29,902
Assigned Fund Balance, End of Year	$ 302,353	$ 50,072

Enterprise Fund

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 Town of Kershaw has one Enterprise Fund described below:

> ***Water and Sewer Fund*** - This fund is used to account for all financial resources associated with furnishing Water & Sewer service to domestic and industrial users.

TOWN OF KERSHAW, SOUTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Operating Revenues:			
Water Charges	$ 1,189,478	$ 1,494,268	$ 304,790
Sewer Charges	825,000	834,440	9,440
Penalties	20,000	21,443	1,443
Taps and Reconnections	27,700	29,939	2,239
Other	43,500	44,648	1,148
Total Operating Income	2,105,678	2,424,738	319,060
Operating Expenses:			
Salaries	173,575	167,423	6,152
Employee Expenses	38,701	29,297	9,404
Advertising	910	909	1
Materials and Supplies	135,804	108,333	27,471
Insurance	55,106	55,443	(337)
Vehicle Repairs	18,500	17,764	736
Utilities	132,000	128,006	3,994
Refunds	2,100	1,805	295
Professional Services	120,000	54,604	65,396
Travel and Training	14,000	13,432	568
Uniforms	3,000	2,460	540
Dues and Permits	10,300	10,024	276
Repairs and Maintenance	195,045	203,235	(8,190)
Water Testing Fees	19,500	18,425	1,075
Depreciation	-	262,388	(262,388)
Contract Services	132,750	131,587	1,163
Sludge Disposal	14,000	12,817	1,183
Water Purchase	715,000	712,243	2,757
Total Operating Expenses	1,780,291	1,930,195	(149,904)
Operating Income	325,387	494,543	169,156
Non-Operating Revenues:			
Transfer to General Fund	(325,387)	(184,867)	140,520
Total Non-Operating Revenues	(325,387)	(184,867)	140,520
Change in Net Position	$ -	309,676	$ 309,676
Total Net Position, Beginning of Year		5,260,220	
Total Net Position, End of Year		$ 5,569,896	

November 15, 2019

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 Town Council
Town of Kershaw
Kershaw, 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 Town of Kershaw, South Carolina as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Kershaw, South Carolina's basic financial statements and have issued our report thereon dated November 15, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Kershaw, 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 Town of Kershaw, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Kershaw, 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 serve than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Sheheen, Hancock and Godwin, LLP
Camden, South Carolina

McCLURE
NICHOLSON
MONTGOMERY
architects

March 20, 2020

Attention: Mitch Lucas
Town Administrator
Town of Kershaw
113 S. Hampton St.
PO Box 145
Kershaw, SC29067

Reference: Bank of Kershaw- Second Floor

Mitch,

Please find the attached schematic floor plan drawings for the second floor of the Bank of Kershaw Building. This plan adapts the existing (unoccupied) second floor so that it can be utilized as office space and a proposed community computer lab. Since this building is a locally listed the intent is to maintain the existing character as much as possible.

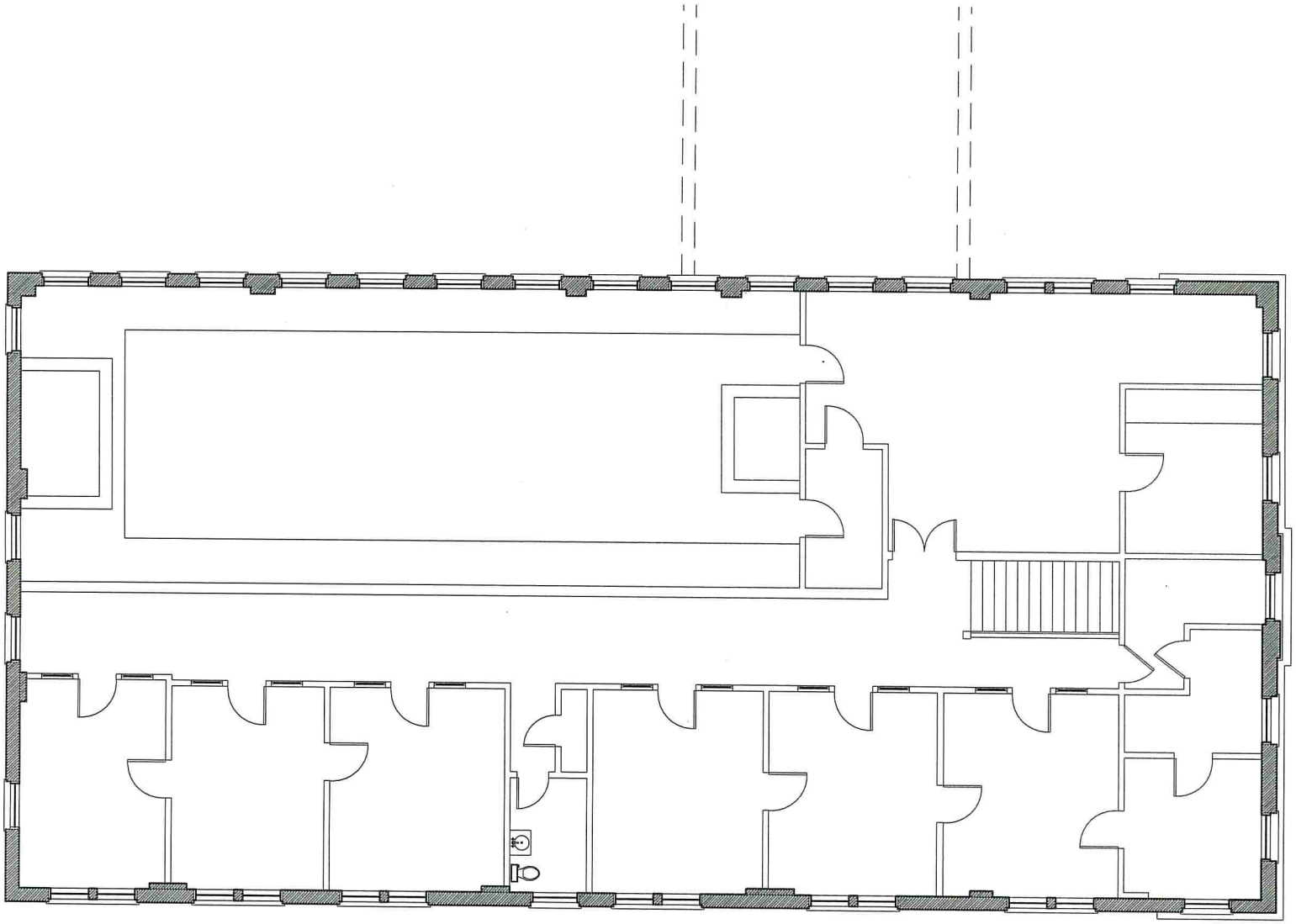
The attached drawings include "As-Built" drawings, proposed floor plan and a preliminary code analysis of the proposed improvements. Based on these drawings the scope of work for this project will include the following:

- Selected demolition as required for the proposed improvements
- Rebuilding the existing stair so that it is safe and code compliant (the reconstructed stair will now be enclosed in a one hour rated shaft
- The addition of a second stair (remotely located as required by code)
- The construction of an one hour rated elevator shaft and the installation of a two stop elevator
- The installation of new second floor acoustical improvements (acoustical board and flooring designed to limit sound transmission between the first floor First Step uses from the proposed second floor office and computer lab uses
- Build new male and female restrooms.
- Completely new wall, ceiling and floor finishes
- The design and installation of a completely new HVAC, Electrical, Plumbing, Fire Alarm and Fire Sprinkler system.
- Create dropped soffits for HVAC trunk lines.
- Allowance for site improvements including parking, drainage and paving. ($150,000)
- Replacement of (37) 2nd floor windows with new clad windows with clear insulated low E glass and similar design to original windows.
- Structural improvements, including foundations, structure and modifications to existing structure as required for main stair redesign, new elevator shaft, new rear stair and rooftop mechanical system supports.

Based on this scope of work our pricing consultant has estimateted the cost of construction to be $1,075,000.00. This should be considered as the average which could vary 10% up or down. Note that this does not include furnishings, equipment, soft cost such as Architects and Engineers fees, testing or contingency.
Sincerely,

Jim Montgomery, AIA
Principal, MNM Architects

Encl. Existing 2nd floor As-Built dwg, Proposed 2nd Floor Plan, 2nd Floor Life Safety Plan



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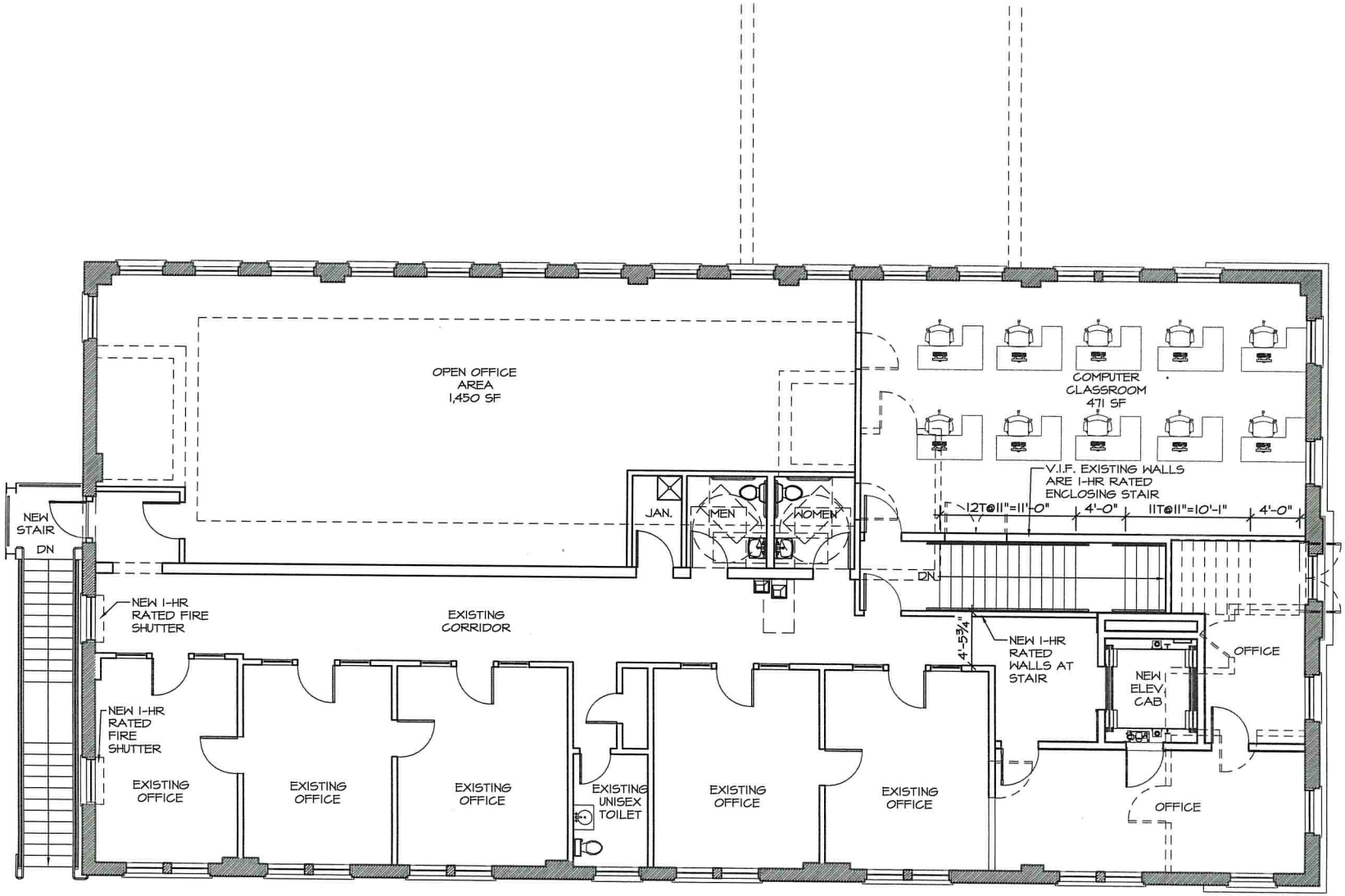
2108 South Boulevard - Suite 110
Charlotte, NC 28203
tel. 704.332.6763
fax 704.334.6262
www.mnmarchitects.com

Bank of Kershaw - 2nd Floor

SCHEMATIC DESIGN
KERSHAW, SC

2nd FLOOR PLAN
AS-BUILT
SCALE: 1/8" = 1'-0"

03.20.2020



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Bank of Kershaw - 2nd Floor

SCHEMATIC DESIGN

KERSHAW, SC

PROPOSED 2nd FLOOR PLAN

SCALE: 1/8" = 1'-0"

03.20.2020

PLUMBING FIXTURE CALCULATIONS

AREA: 4,708 SQUARE FEET

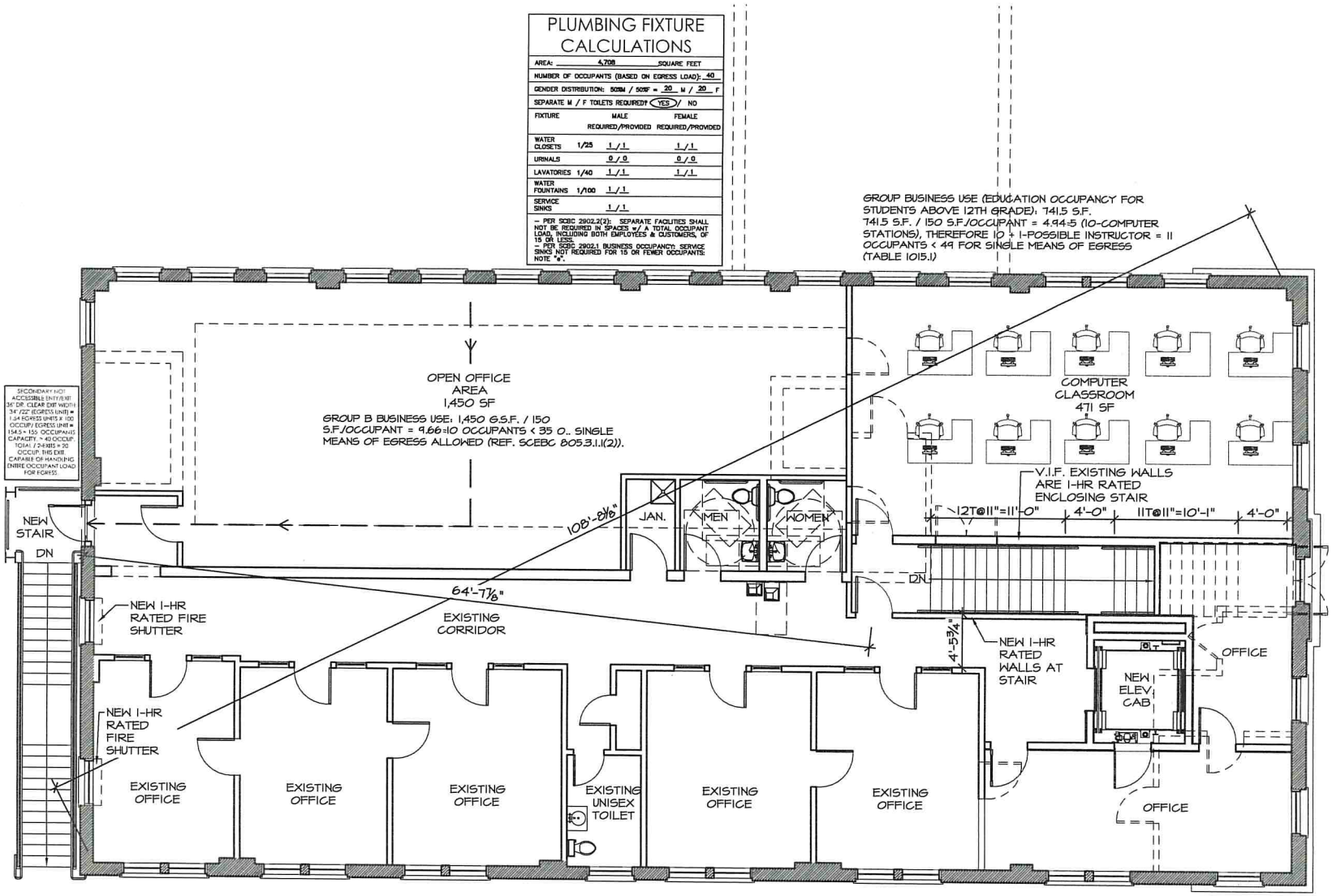
NUMBER OF OCCUPANTS (BASED ON EGRESS LOAD): 40

GENDER DISTRIBUTION: 50% / 50% = 20 M / 20 F

SEPARATE M / F TOILETS REQUIRED? (YES) / NO

FIXTURE		MALE REQUIRED/PROVIDED	FEMALE REQUIRED/PROVIDED
WATER CLOSETS	1/25	1 / 1	1 / 1
URINALS		0 / 0	0 / 0
LAVATORIES	1/40	1 / 1	1 / 1
WATER FOUNTAINS	1/100	1 / 1	
SERVICE SINKS		1 / 1	

– PER SCBC 2902.2(2): SEPARATE FACILITIES SHALL NOT BE REQUIRED IN SPACES w/ A TOTAL OCCUPANT LOAD, INCLUDING BOTH EMPLOYEES & CUSTOMERS, OF 15 OR LESS.
– PER SCBC 2902.1 BUSINESS OCCUPANCY: SERVICE SINKS NOT REQUIRED FOR 15 OR FEWER OCCUPANTS: NOTE "e".



EXISTING NOT ACCESSIBLE PRIMARY ENTRY/EXIT - FOR 2ND FLOOR - REQUIRED MEANS OF EGRESS (DRS. AT GRADE LEVEL) FR 36" DRS. = 68" CLEAR EXIT WIDTH. 68" /22" (EGRESS UNIT) = 3.09 EGRESS UNITS X 100 OCCUP/ EGRESS UNIT = 309 OCCUPANTS CAPACITY > 40 OCCUP. TOTAL / 2-EXITS = 20 OCCUP. THIS EXIT CAPABLE OF HANDLING ENTIRE OCCUPANT LOAD FOR EGRESS

GENERAL NOTES:

- 2ND FLOOR: 4,708 G.S.F. (INSIDE F.O. EXTERIOR WALLS INCLUDING STAIR AND ELEVATOR SHAFTS.)

- 2018 SC EXISTING BC IS REFERENCED CODE FOR THE PROJECT.

- THE WORK AREA IS THE ENTIRE BUILDING INTERIOR. ALTERATION LEVEL III TO AN EXISTING BANK/OFFICE BUILDING.

- OCCUPANCY 1ST FLOOR: GROUP E - DAY CARE (SCBC 305.2)
- OCCUPANCY 2ND FLOOR: GROUP B - BUSINESS (SCBC 304.1)

- 2ND FLOOR OCCUPANT LOAD FOR EGRESS: 4,708 G.S.F. - COMPUTER CLASSROOM (471 G.S.F. (11 O.) = 4,237 G.S.F. / 150 S.F./O. = 28.25 O. + 11 O. = 39.25 = 40 O.

- CONSTRUCTION TYPE OF EXISTING BUILDING: TYPE V-B UNPROTECTED (WILL BE) SPRINKLERED, 2-STORY BUILDING.

- 2-EXITS REQUIRED - REF. SCEBC TABLE 805.3.1.1(2).

- CORRIDORS NOT REQUIRED TO BE RATED: SCEBC 805.5 EXCEPTION REF. SCBC: TABLE 1020.1 OCCUPANT LOAD > 30 AND BUILDING SPRINKLERED.

- NON-SEPARATED USE:
SCBC TABLE 506.2 ALLOWABLE AREA
  - BUSINESS: 27,000 S.F. (MOST RESTRICTIVE) > 4,708 S.F./FLR. OK.
  - EDUCATION/DAYCARE: 28,500 S.F.
SCBC TABLE 504.4 ALLOWABLE STORIES
  - BUSINESS: 3
  - EDUCATION/DAYCARE: 2 (MOST RESTRICTIVE) = 2-STORIES EXISTING. OK
SCBC TABLE 504.3 ALLOWABLE BLDG. HT IN FEET
  - BUSINESS: 60'
  - EDUCATION/DAYCARE: 60' (SAME REQ.) > 31'-6" OK
SCBC SECT. 903.2.3 GROUP E
  - 903.2.3.1 FIRE AREA MAX.: 12,000 S.F. > 4,708 S.F. OK
  - 903.2.3.2 GROUP E - LOCATED ON FLOOR OTHER THAN LEVEL OF EXIT DISCHARGE - LOCATED ON 1ST FLR. OK
  - 903.2.3.3 GROUP E OCCUPANT LOAD > 300. WORST CASE: 4,708 GSF / 20 S.F. NET (FOR CLASSROOMS) = 235 O. < 300 O. MAX. FOR NO SPRINKLER.

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Bank of Kershaw - 2ND fLOOR

SCHEMATIC DESIGN
KERSHAW, SC

2nd FLOOR PLAN LIFE-SAFETY
LIFE-SAFETY
SCALE: 1/8" = 1'-0"

03.20.2020