



**TOWN OF CHAPIN,
SOUTH CAROLINA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023

Mayor

Albert R. Koon

Town Administrator

Nicholle Burroughs

Town Council

Mike Clonts

Vicki Shealy

Gregg White

Leland Teal

Director of Finance and Administrative Support

Laura Culler

Prepared By:

Finance Department

TOWN OF CHAPIN, SOUTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

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157 NW Columbia Avenue • P.O. Box 183 • Chapin, SC 29036

June 4, 2024

To the Honorable Mayor, Members of Town Council and Citizens of the Town of Chapin, South Carolina:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted accounting standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the Town of Chapin for the calendar year ended December 31, 2023.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations management of the Town has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because of the costs of internal controls should not outweigh their benefits the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by Mauldin & Jenkins Certified Public Accountants, LLC a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the calendar year ended December 31, 2023, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended December 31, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany these basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Town of Chapin's MD&A can be found immediately following the report of the independent auditors.

Profile of Government

The Town of Chapin was incorporated on December 24, 1889. The Town is located in Lexington County, South Carolina, 22 miles northwest of the capital city of Columbia and accessible by US Hwy 76 and Interstate 26 at exit 91. As of December 31, 2023, the Town occupied a land area of 2.1-square miles and serves a population of approximately 1,908 residents. The Town is empowered to levy a property tax on real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation.

The Town operates under the Mayor-Council form of government with the Mayor serving as the Chief Administrative Officer for the Town. The Council serves as a policy-making and legislative body and is made up of

Administration
803.345.2444

Municipal Court
803.575.8052

Police
803.345.6443

Utilities
803.345.0416

four at-large members plus the mayor. The Council is responsible for passing ordinances, adopting the budget, appointing committees, and hiring the Town Clerk, Town Attorney, and Municipal Judge as well as the Town Administrator, Director of Public Works and Utilities, Director of Finance and Director of Planning & Zoning, Police Chief and Ministerial Recorder. The Mayor serves as the Chief Executive Officer. The four council members and mayor are elected to four-year staggered terms, with two council members elected every two years. In 2022 Council established the position of Town Administrator who will work under the supervision of the Mayor, be responsible to the Mayor and Council for the proper administration of all policies and ordinances of the town, for the discharge of all delegated administrative functions including being responsible for human resources, day-to-day supervision of town functions with authority to delegate and supervise all Town employees.

The Town provides a range of services to its citizens, including: public safety, zoning and code enforcement, court services, community and economic development, public works, and sewer infrastructure.

The annual budget serves as the foundation for the Town's financial planning and control. All departments of the Town of Chapin are required to submit requests for appropriations. These requests are used as a starting point for the development of a proposed budget. The Director of Finance presents the proposed budget to the Council for review prior to November. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget no later than December 31st, the close of the fiscal year. The appropriated budget is prepared by fund and department. Budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is maintained by the manager at the fund level and may be amended as necessary by the Mayor during the fiscal year. The Mayor is authorized to reallocate budgeted funds from line item to line item within the General Fund and Enterprise Fund. The Mayor is also authorized at the fund level to transfer appropriated funds between departments. Council is the only authorized governing body that may amend the budget. Budget-to-actual revenue and expense comparisons are provided in the report for each individual government fund for which an appropriated budget has been adopted. For the general fund, this comparison is presented as part of the required supplementary information for government funds.

The Purchasing Agent is responsible for approving purchases initiated by Department Directors, other than contracts subject to formal bid procedures, which have been specifically itemized in the current budget up to \$25,000.00 without further Council approval, and the Mayor (Purchasing Agent) and Director of Finance (Assistant Purchasing Agent) are authorized to approve budgeted purchases up to \$50,000.00. Any purchases over \$50,000.00 must be approved by Council, as well as, all requested non-budgeted purchases in any amount, except that the Purchasing Agent may pay incidental routine invoices from vendors and credit card companies up to \$5,000.00 whether budgeted or not.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town operates.

Local Economy

According to the Bureau of Census, median household income in Chapin is approximately \$77,917. Chapin's existing retail marketplace is \$181,824,697 (as extrapolated from 2023 retail business license returns.) National retailers in the Town include Publix, Food Lion, Advance Auto, Walgreens, McDonald's, Taco Bell, Hardees, Subway, Waffle House, Dominos, Anytime Fitness, Dollar General, Bojangles, Sonic, Marcos Pizza Jersey Mikes, O'Reilly Auto Parts, Zaxby's, Lowes Foods, and Goodwill. The Town enjoys a vibrant collection of small local retailers, professional services firms, restaurants, medical practices, and service providers.

The Town is experiencing a fairly stable economic environment and is fortunate to have moved forward despite the impacts of the COVID-19 pandemic. The Town received \$812,979 from the Coronavirus State and Local Fiscal Recovery Funds and has elected to use the standard allowance for revenue loss and obligate the funds to general government services.

Long-term Financial Planning

In December 2019 Council approved a 2% Hospitality Tax which began February 1, 2020 to provide funding for the revitalization and beautification of incorporated areas of Town, improvements of Town of Chapin owned properties, and marketing and promotion of Town sponsored events. Council is planning to apply a portion of the Hospitality Tax toward pedestrian friendly facilities as well as enhanced lighting, traffic signals, and landscaping for the Chapin interchange and I -26 widening project.

Funding has been secured through the State Clean Water Revolving Loan Fund for the newly constructed 2.4 million gallon per day waste water treatment plant completed in 2020.

Major Initiatives

Planning –The Town of Chapin has spent a lot of time and effort in order to properly manage the growth of the future commercial and residential development. In December 2021 a new Comprehensive Plan was adopted. The Comprehensive Plan will serve as the foundation planning document for the Town, and will guide the management of growth and development as well as identifying long-range strategies for projects, programs, and policies. In addition, the Town engaged MRB Group in 2022 to develop a new Unified Zoning and Development Ordinance.

Tarpon Towers – The town entered into a land lease agreement with Tarpon Towers to lease real property at 157 NW Columbia Ave for the purpose of installing, constructing and maintaining one telecommunications monopole. The Tenant is leasing 4,000 square feet on the Town Hall property and will result in residual income for the Town. The rent will increase annually by 2.5% for a period of 5 years, which can be extended to a period of 26 years with notice and approval. For each sublease by additional telecommunications companies that collocate on the Tower the Town will receive an additional fee per month. In addition to providing the Town with valuable income the Tower will improve cellular service for our residences and the Town Hall property.

Road Improvement Projects – Construction has begun on the I-26 Widening Project from mile marker 85 to mile marker 101 funded by SCDOT and the Federal Highway Administration. The project will include improvements to the Chapin interchange at S-48 (Columbia Ave) or Exit 91 as well as widening of I-26. Construction is also set to begin in the next few years on the S-48 (Columbia Ave) Corridor Improvement Project to provide traffic congestion relief from the I-26 and S-48 interchange to the S-48/S-51 (Amicks Ferry Road)/US 76 (Chapin Road) intersection located in down town Chapin. The improvements will include roadway widening, new location roadway, pedestrian and bicycle facilities, intersection and overall safety improvements.

Business Development – The Town of Chapin continues to experience growth in its commercial and retail development. A leading home builder in the Southeast, Great Southern Homes moved its headquarters to Chapin in the Fall. It is a builder brand under United Homes Group. Boykin Hills, its first residential development in the town, is well underway with 198 homes sites under construction. New retail businesses include Teague's Market, Floor Boys, LLC, Julia Neal Fashions, LLC. Several additional businesses opened to include Palmetto Cosmetic Surgery and Aesthetics, Miller & Miller Group, McCutchen McLean, LLC, Chapin Hormone and Wellness, Inc., Gallup Design Build, Chapin Pediatric Dentistry, LLC and Finest Taekwondo and Fitness Center.

Water and Sewer Infrastructure – The Town continues to invest in water and wastewater infrastructure as the development of commercial and residential properties increases in the service area. The Town's service area serves Lexington County north of Lake Murray. The water and sewer system has approximately 122.18 miles of sewer lines and 31.69 miles of water lines and serves approximately 3600 sewer customers and 1300 water customers.

Technology Park – Lexington County has developed a 200+ acre Class A Business Park adjacent to the Town. There is more than 150 acres of planned residential mixed-use development next to the park that is within Town limits, which will increase property tax and business license revenue as those developments come online.

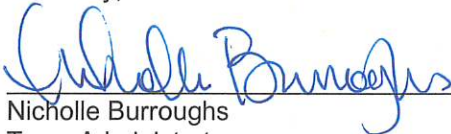
Awards and Acknowledgments

In July 2023 the Town of Chapin received the Municipal Association of South Carolina Municipal Achievement Award in recognition of its superior performance and innovative program leading to an improved quality of life for its residents. Started in 1987, the program provides local government officials and employees the opportunity to receive deserved recognition for superior and innovative efforts in local government. The program also provides a forum for sharing the best public service ideas in South Carolina.


The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Chapin, South Carolina for its annual comprehensive financial report for the fiscal year ended December 31, 2022. This was the sixth consecutive year that the Town of Chapin has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

In closing, the Town continues to make significant strides in its financial reporting and planning for the future of the community. We appreciate the effort of our employees who contributed to this report.

Sincerely,



Nicholle Burroughs
Town Administrator
Town of Chapin



Laura Culler
Director of Finance
Town of Chapin



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Chapin
South Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

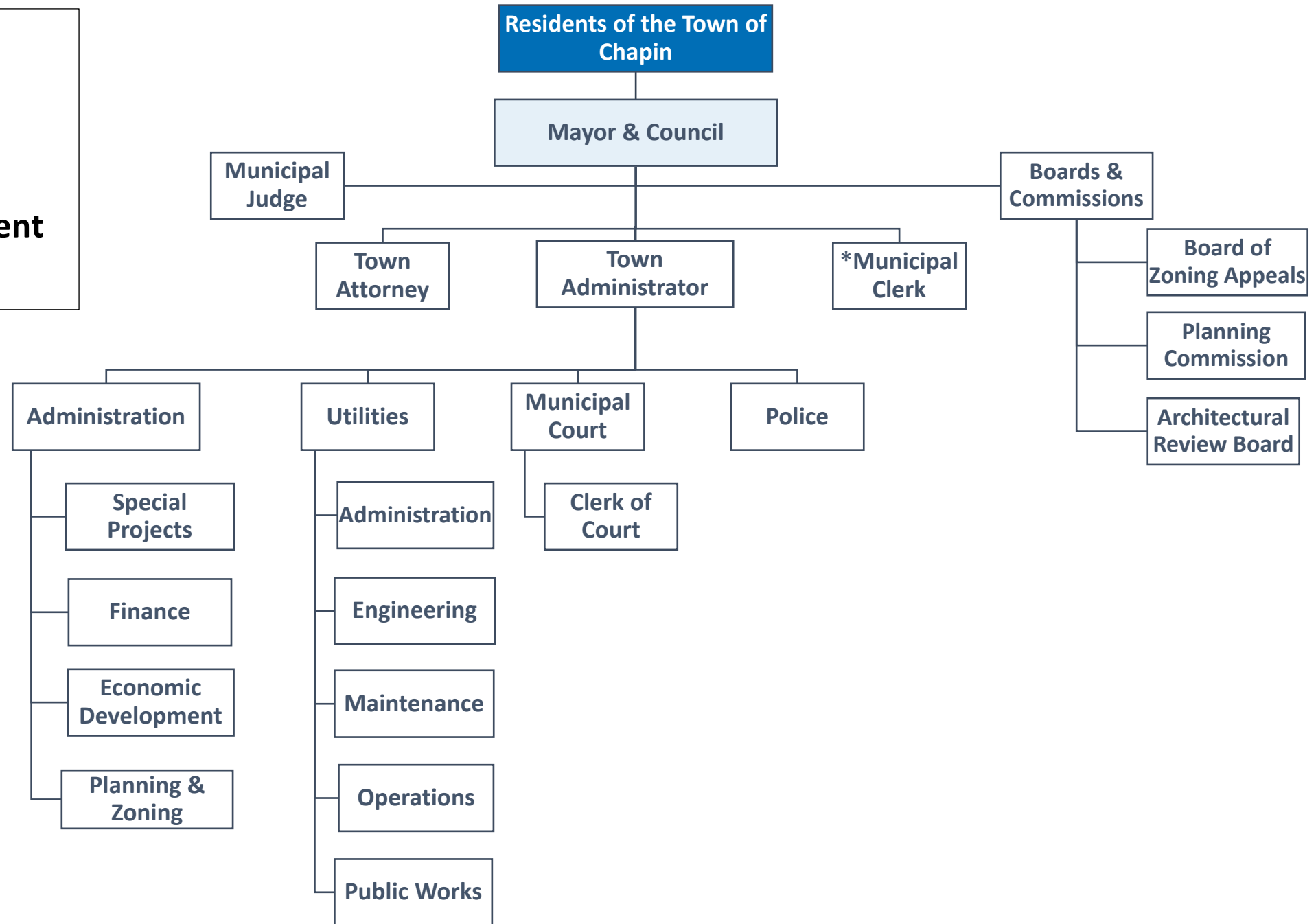
December 31, 2022

Christopher P. Morill

Executive Director/CEO



Organizational Chart by Department



* Municipal Clerk is accountable to the Mayor and Council, however administratively reports to the Town Administrator.

TOWN OF CHAPIN, SOUTH CAROLINA

PRINCIPAL OFFICIALS

December 31, 2023

ELECTED

Mayor..... Albert R. Koon
Mayor Pro Tem.....Mike Clonts
Councilwoman.....Vicki Shealy
Councilman..... Leland Teal
Councilman..... Gregg White

APPOINTED

Director of Finance.....Laura Culler
Town Clerk.....Shannon Bowers
Police Chief..... Thomas Griffin
Town Administrator..... Nicholle Burroughs
Utilities Director..... Rick Bryan
Planning and Zoning Manager Vacant

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**Honorable Mayor and Members
of the Town Council
Town of Chapin, South Carolina**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the **Town of Chapin, South Carolina** (the "Town"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 8 through 11), the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund (Page 61), the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Hospitality Tax Fund (page 62), the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - ARPA Fund (page 63), the Schedule of Proportionate Share of the Net Pension Liability – South Carolina Retirement System (page 64), the Schedule of Proportionate Share of the Net Pension Liability – Police Officers Retirement System (page 64), the Schedule of Contributions – South Carolina Retirement System (pages 65 and 66) and the Schedule of Contributions – Police Officers Retirement System (pages 65 and 66) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 the 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town's basic financial statements. The Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) is presented for the purpose of additional analysis as required by the State of South Carolina and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Columbia, South Carolina
June 4, 2024

**TOWN OF CHAPIN, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

As management of the Town of Chapin, South Carolina (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2023. The intent of this discussion and analysis is to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activities, (c) identify changes in the Town's financial position, and (d) identify significant deviations from the approved general fund budget and highlight significant issues in the individual funds. We encourage readers to consider the information presented here in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

- The Town's reporting period is January 1 to December 31.
- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent calendar year by \$35,026,589 (net position). Of this amount, \$24,009,312 represents the investment in capital assets and \$2,713,721 is considered restricted. The remaining \$8,303,556 (unrestricted) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$1,468,022.
- At the close of the current calendar year, the Town's governmental funds reported an ending fund balance of \$2,714,379, an increase of \$1,199,726.

Overview of the Financial Statements

This discussion and analysis provides an introduction to the Town of Chapin's basic financial statements, which include the following parts: (1) *government-wide financial statements*, (2) *fund financial statements*, and (3) *notes to the financial statements*. This annual report also contains certain *required supplementary information* and *other supplementary information* to aid in understanding the operations of the Town.

Government-wide Financial Statements

The government-wide statements present a long-term view of the Town's finances *as a whole*, using accrual-basis accounting—the same accounting basis that most businesses use.

There are two government-wide financial statements:

Statement of Net Position: This statement presents information on *all* of the Town's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in the Town's net position may serve as a useful indicator of whether its financial position is improving or deteriorating. However, the statement of net position does not tell the whole story. To assess the Town's overall financial health, other factors need to be considered such as the Town's economy and the condition of its *capital assets* such as its buildings and infrastructure (water and sewer lines).

Statement of Activities: This statement presents information showing how the Town's overall net position changed during the year. The Town reports a change in its net position as soon as an underlying event occurs that causes a change. The statement of activities accounts for all current-year revenues and expenses, regardless of when the Town received or paid cash. Although governments compile the statement of activities using accounting methods similar to businesses, the format of this statement is quite different from the format of a business's profit and loss statement. The statement of activities helps to show how much it costs for the Town to provide various services. It also indicates the extent to which each

**TOWN OF CHAPIN, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

government function covers its own costs through user fees, charges, or grants. The *net revenues (expenses)* column on the far right of this statement shows how much a particular function relies on taxes and other general revenues as opposed to program revenues to support its programs.

For financial reporting purposes the government-wide statements present three different kinds of *activities*:

Governmental activities: Most of the Town's basic services are included here, such as general government, and administration of justice. Taxes (real and personal property taxes), charges for services and grants provide resources to support most of these services. The Town's General Fund, Hospitality Tax Fund and the ARPA Fund are the only governmental activities of the Town.

Business-type activities: These activities usually recover all, or a significant portion, of the costs of their services or goods by charging fees to customers. The Water and Sewer Utilities Fund is the only business-type activity of the Town.

Component units: Although component units are legally separate from the Town, the Town's elected officials are financially accountable for them. For the year ended December 31, 2023, the Town did not have any component units.

Fund Financial Statements

The fund financial statements provide detailed information about the Town's most significant funds - not the Town as a whole. Funds are accounting designations that the Town uses to track specific funding sources and spending for particular purposes. The Town of Chapin, like other governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements.

The Town reports two types of *funds*:

Governmental funds: The Town reports most of its basic services in its governmental fund. The governmental fund accounts for activities that the Town reports as *governmental activities* in its government-wide statements. This fund focuses on *short-term* inflows and outflows of expendable resources. The balances remaining at the end of the year help determine whether a fund has more or less financial resources available to spend in the near future. Because the governmental fund statements lack the additional long-term focus of the government-wide statements, a reconciliation that explains the relationship (or differences) between the two kinds of statements is provided. By comparing the two kinds of statements and examining the reconciliation, a better understanding of the long-term impact of the Town's near-term funding decisions is available.

Proprietary funds: Proprietary funds charge customers for the services they provide - whether they are provided to outside customers (*enterprise funds*) or other Town departments and other governments (*internal service funds*). Proprietary funds use the *accrual basis of accounting* like businesses use. The Town reports its enterprise fund as *business-type activities* in the government-wide statements.

Notes to the Financial Statements

Immediately following the financial statements are *notes* that provide additional and pertinent information to the financial statement amounts.

**TOWN OF CHAPIN, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Required Supplementary Information

This section addresses certain *required* reporting information that supplements the basic financial statements. Included in this section is a schedule of the Town's proportionate share of the net pension liability of the South Carolina Retirement System and a schedule of contributions to the South Carolina Retirement System.

Supplementary Information

Supplementary information presented but not required by accounting principles generally accepted in the United States of America includes the Schedule of Court Fines, Assessments and Surcharges. This schedule is presented to provide information requested by the South Carolina State Treasurer's Office.

Government-wide Financial Analysis

As noted earlier, net position serves as a useful indicator of a public government's financial position. The following table reflects the condensed governmental-wide statement of net position:

TOWN OF CHAPIN, SOUTH CAROLINA NET POSITION						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 3,532,979	\$ 2,536,905	\$ 11,865,477	\$ 11,299,190	\$ 15,398,456	\$ 13,836,095
Capital Assets	4,972,187	5,098,774	31,005,308	31,177,355	35,977,495	36,276,129
Total Assets	8,505,166	7,635,679	42,870,785	42,476,545	51,375,951	50,112,224
Deferred Outflows of Resources	243,282	134,798	312,283	288,996	555,565	423,794
Long-term Liabilities Outstanding	1,453,420	1,714,389	1,865,648	13,737,022	3,319,068	15,451,411
Other Liabilities	844,708	1,014,711	12,712,380	441,147	13,557,088	1,455,858
Total Liabilities	2,298,128	2,729,100	14,578,028	14,178,169	16,876,156	16,907,269
Deferred Inflow of Resources	12,599	60,910	16,172	9,272	28,771	70,182
Net Position						
Net Investment in						
Capital Assets	4,972,187	5,098,774	19,037,125	18,855,102	24,009,312	23,953,876
Restricted	2,713,721	1,793,931	-	-	2,713,721	1,793,931
Unrestricted	(1,248,187)	(1,912,238)	9,551,743	9,722,998	8,303,556	7,810,760
Total Net Position	\$ 6,437,721	\$ 4,980,467	\$ 28,588,868	\$ 28,578,100	\$ 35,026,589	\$ 33,558,567

**TOWN OF CHAPIN, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's combined net position at December 31, 2023, was \$35,026,589, an increase of \$1,468,022 or 4.35%, from our last calendar year end or twelve months ago. \$1,457,254 of the overall increase resulted from governmental activities largely due to an increase in charges for service of \$168,466, and taxes of \$142,875 resulting from overall growth of the Town, coupled with decreases in expenditures for public safety of \$235,236 and community and development of \$230,495. Business-type activities accounted for \$10,768 in increased net position largely due to increase in costs coupled with an increase in charges for services of \$606,640 as compared to the prior fiscal year.

The largest portion of the Town's net position of \$24,009,312, (68.5%) reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens of the town and surrounding community, consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are unlikely to be sold or leased to repay these liabilities.

The balance of the restricted net position, \$2,713,721 (7.7%) represents resources subject to external restrictions as to how they may be used.

The remaining balance of the unrestricted net position, \$8,303,556 (23.8%) may be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in the Town's net position during the years ended December 31, 2023 and 2022 are shown below:

TOWN OF CHAPIN, SOUTH CAROLINA CHANGES IN NET POSITION						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program Revenues						
Charges for services	\$ 1,220,107	\$ 1,051,641	\$ 5,660,789	\$ 5,054,149	\$ 6,880,896	\$ 6,105,790
Operating grants and contributions	93,635	28,281	-	-	93,635	28,281
Capital grants and contributions	-	-	1,105,370	581,662	1,105,370	581,662
General Revenues						
Taxes	1,406,152	1,263,277	-	-	1,406,152	1,263,277
Grants and contributions not restricted to specific programs	76,406	111,600	239,254	-	315,660	111,600
Unrestricted revenue from the use of money and property	136,081	43,105	100,358	21,443	236,439	64,548
Miscellaneous	34,170	59,600	54,684	3,704	88,854	63,304
Total Revenues	2,966,551	2,557,504	7,160,455	5,660,958	10,127,006	8,218,462

**TOWN OF CHAPIN, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

TOWN OF CHAPIN, SOUTH CAROLINA CHANGES IN NET POSITION (CONTINUED)

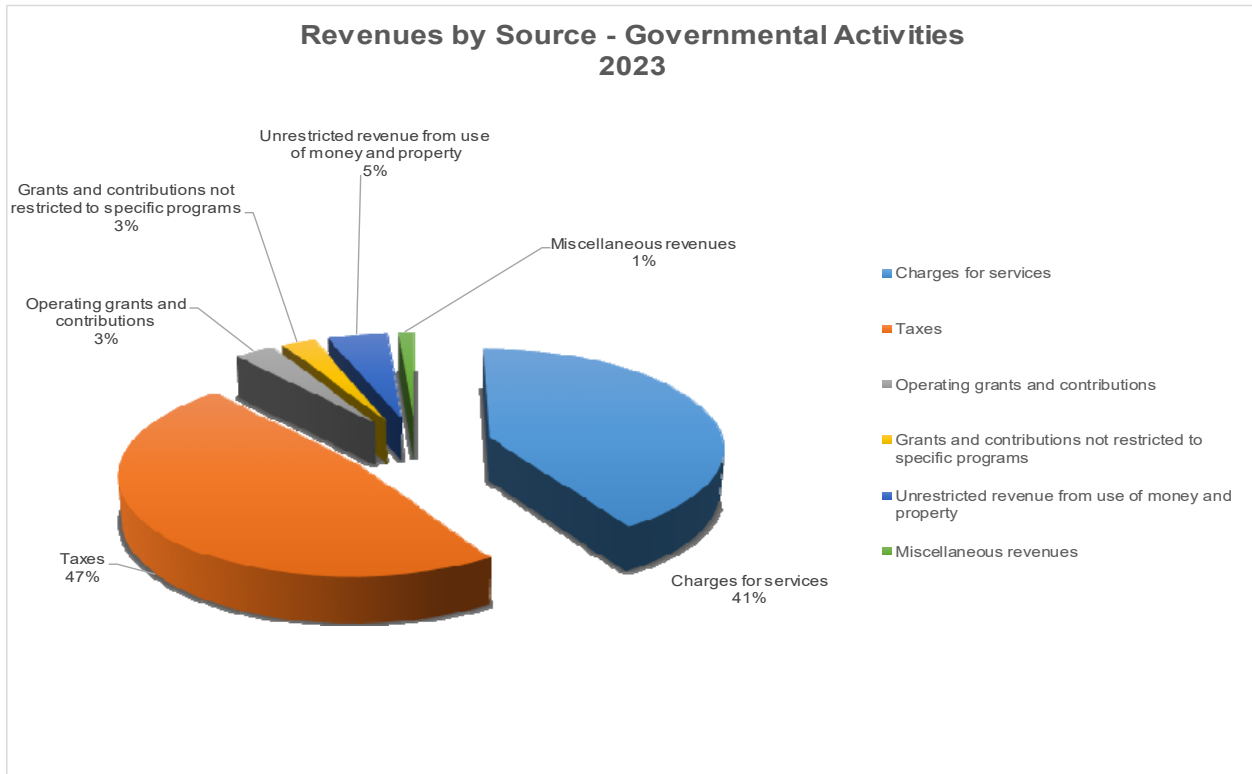
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Expenses						
General government	\$ 765,989	\$ 748,866	\$ -	\$ -	\$ 765,989	\$ 748,866
Public safety	519,072	754,308	-	-	519,072	754,308
Judicial	118,858	135,386	-	-	118,858	135,386
Public works	142,717	158,322	-	-	142,717	158,322
Community & economic development	19,061	249,556	-	-	19,061	249,556
Interest and fees	-	-	-	-	-	-
Water and sewer	-	-	7,093,287	5,896,051	7,093,287	5,896,051
	<u>1,565,697</u>	<u>2,046,438</u>	<u>7,093,287</u>	<u>5,896,051</u>	<u>8,658,984</u>	<u>7,942,489</u>
Increase (decrease) in net position before transfers	1,400,854	511,066	67,168	(235,093)	1,468,022	275,973
Transfers	<u>56,400</u>	<u>56,400</u>	<u>(56,400)</u>	<u>(56,400)</u>	<u>-</u>	<u>-</u>
Change in Net Position	1,457,254	567,466	10,768	(291,493)	1,468,022	275,973
Net Position - Beginning	<u>4,980,467</u>	<u>4,413,001</u>	<u>28,578,100</u>	<u>28,869,593</u>	<u>33,558,567</u>	<u>33,282,594</u>
Net Position - Ending	<u>\$ 6,437,721</u>	<u>\$ 4,980,467</u>	<u>\$ 28,588,868</u>	<u>\$ 28,578,100</u>	<u>\$ 35,026,589</u>	<u>\$ 33,558,567</u>

Governmental activities. Governmental activities increased the Town's net position by a net of \$1,457,854. Key elements of this increase are as follows:

- In 2023, the Town saw an increase in charges for service and an increase in taxes of \$168,466 and \$142,875, respectively.
- The Town also had \$93,635 of operating grants and contributions primarily from the ARPA Fund which was used for various equipment and construction projects.

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**TOWN OF CHAPIN, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**



Business-type activities. Business-type activities increased the Town’s net position by \$10,768. The water and sewer activities account for the increase. Key elements of this increase are as follows:

- The Town saw increases in charges for service, capital grants and contributions, and unrestricted grants and contributions of \$606,640, \$523,708, and \$339,612, respectively.
- The Town also saw an increase in expenses of about 20%, however, the robust increases in earning offset this.

Financial Analysis of the Government’s Funds

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

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

At the end of the current calendar year, the Town’s governmental funds reported an ending fund balance of \$2,714,379, an increase of \$1,199,726. The General Fund accounted for a \$279,654 increase in fund balance primarily due to increase in tax revenue of \$192,878. The Hospitality Tax Fund had an increase in fund balance of \$904,612 from decreased expenditures related to capital projects. The ARPA Fund had an increase in fund balance of \$15,460 resulting from interest revenue earned during the year.

**TOWN OF CHAPIN, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

General Fund Budgetary Highlights

For the calendar year 2023, Town Council again adopted a budget for the General Fund. The Town Council has the authority to amend the budget as required. There were three significant budgetary variances between the final budget and actual results for the General Fund. Actual fines and forfeitures revenue was approximately 37% short of the budget due to fewer fines given out. Tax income increased by 21% of the budget due to an increase in the millage rate. Also, business licensing was approximately 16% higher than the budget due to collection efforts. Overall Operating Expenses were 3% less than budgeted as expenses were monitored closely throughout the year.

Capital Assets and Debt Administration

Capital Assets. The Town's investment in capital assets as of December 31, 2023, amounts to \$35,977,495 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, vehicles and infrastructure and land improvements. Additional information on the Town's capital assets can be found in Note 6 of this report.

TOWN OF CHAPIN, SOUTH CAROLINA CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,035,209	\$ 1,035,209	\$ 573,825	\$ 573,825	\$ 1,609,034	\$ 1,609,034
Construction in progress	-	61,616	1,004,427	552,213	1,004,427	613,829
Building and improvements	3,122,709	3,224,598	95,729	101,574	3,218,438	3,326,172
Infrastructure and land improvements	619,116	639,749	28,525,918	28,008,898	29,145,034	28,648,647
Machinery and equipment	65,947	14,451	651,341	1,718,951	717,288	1,733,402
Vehicles	129,206	123,151	154,068	221,894	283,274	345,045
Total	<u>\$ 4,972,187</u>	<u>\$ 5,098,774</u>	<u>\$ 31,005,308</u>	<u>\$ 31,177,355</u>	<u>\$ 35,977,495</u>	<u>\$ 36,276,129</u>

Major capital asset events during the current year include the following:

- \$28,034 was capitalized out of the Old Town Hall building renovations of the government activities and can be found in Buildings and Improvements. \$56,742 was capitalized out of the police in-car camera system upgrade project of the government activities and can be found in Machinery and Equipment.
- \$38,484 spent on a 2023 Dodge Charger was capitalized as Vehicles under government activities. \$20,250 and \$8,905 spent on sidewalk replacement and installation of maple trees, respectively, was capitalized as Land Improvements under government activities.
- \$1,105,370 of donated infrastructure was capitalized as Infrastructure under business activities. \$88,631 of machinery related to the water and sewer system was capitalized as Machinery & Equipment under business-type activities.
- Expenditures of \$388,127 and retainage payable of \$39,440 related to the Lagoon Closeout project have been added to CIP under business-type activities.
- Expenditures of \$24,648 related to the East Chapin Force Main project have been added to CIP under business-type activities.

**TOWN OF CHAPIN, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Long-term Obligations

At the end of 2023, the Town had total-long term obligations outstanding of \$15,339,097 which includes \$3,319,068 in net pension liabilities. The Town's long-term debt decreased by \$112,314 which was due to an increase in the Town's proportionate share of the SCRS and PORS Plan net pension liabilities of \$262,890 offset by a reduction in the note payable for the Wastewater Treatment Plant Expansion in the amount of \$393,510 due to the principal payments. Additional information on the Town's long-term debt can be found in Note 7 of this report.

State statutes limit the amount of general obligation debt a government entity may issue, without a referendum, to 8 percent of its total assessed valuation. The current debt limitation for the Town is \$1,227,128 of which zero is outstanding.

TOWN OF CHAPIN, SOUTH CAROLINA OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Note payable	\$ -	\$ -	\$ 11,928,743	\$ 12,322,253	\$ 11,928,743	\$ 12,322,253
Compensated absences	34,612	31,233	56,674	41,747	91,286	72,980
Net pension liability	1,453,420	1,683,156	1,865,648	1,373,022	3,319,068	3,056,178
Total outstanding debt	<u>\$ 1,488,032</u>	<u>\$ 1,714,389</u>	<u>\$ 13,851,065</u>	<u>\$ 13,737,022</u>	<u>\$ 15,339,097</u>	<u>\$ 15,451,411</u>

Economic Factors and Next Year's Budget

- For the calendar year 2024, the Town Council has approved an annual budget in the amount of \$1,910,161 for the General Fund, an increase of \$152,786 (8.7%) over the prior year.
- The Town's millage rate of 13.07 for tax year 2022 remains unchanged from the prior year. The 2023 tax year millage rate for fiscal year ended 2024 will increase to 16.69.

Requests for Information

This financial report is designed to provide a general overview of the Town of Chapin for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Town of Chapin, 157 NW Columbia Avenue, Chapin, South Carolina, 29036.

TOWN OF CHAPIN, SOUTH CAROLINA

STATEMENT OF NET POSITION DECEMBER 31, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,375,153	\$ 7,724,719	\$ 12,099,872
Restricted cash	599,212	1,388,371	1,987,583
Receivables, net of allowance			
Taxes	229,727	-	229,727
Accounts	2,022	385,295	387,317
Due from county treasurer	59,600	-	59,600
Due from other governments	11,470	-	11,470
Internal balances	(1,804,004)	1,804,004	-
Inventories	-	563,088	563,088
Prepaid items	59,799	-	59,799
Capital assets:			
Non-depreciable	1,035,209	1,578,252	2,613,461
Depreciable, net of accumulated depreciation	3,936,978	29,427,056	33,364,034
Total assets	8,505,166	42,870,785	51,375,951
DEFERRED OUTFLOWS OF RESOURCES			
Pension	243,282	312,283	555,565
Total deferred outflows of resources	243,282	312,283	555,565
LIABILITIES			
Accounts payable	23,352	133,418	156,770
Claims payable	-	425,000	425,000
Retainage payable	-	39,440	39,440
Accrued salaries and related liabilities	170,450	20,063	190,513
Customer deposits	-	52,380	52,380
Unearned revenue	616,294	-	616,294
Compensated absences payable	28,204	13,243	41,447
Accrued interest payable	-	56,662	56,662
Noncurrent liabilities			
Due within one year	6,408	444,471	450,879
Due in more than one year	-	11,527,703	11,527,703
Net pension liability - due in more than one year	1,453,420	1,865,648	3,319,068
Total liabilities	2,298,128	14,578,028	16,876,156
DEFERRED INFLOWS OF RESOURCES			
Pension	12,599	16,172	28,771
Total deferred inflows of resources	12,599	16,172	28,771
NET POSITION			
Net investment in capital assets	4,972,187	19,037,125	24,009,312
Restricted for:			
Public safety	61,677	-	61,677
General government programs	17,416	-	17,416
Community and economic development	2,634,628	-	2,634,628
Unrestricted	(1,248,187)	9,551,743	8,303,556
Total net position	\$ 6,437,721	\$ 28,588,868	\$ 35,026,589

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

TOWN OF CHAPIN, SOUTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 765,989	\$ 1,180,963	\$ 93,635	\$ -
Public safety	519,072	32,286	-	-
Judicial	118,858	-	-	-
Public works	142,717	6,858	-	-
Community & economic development	19,061	-	-	-
Total governmental activities	1,565,697	1,220,107	93,635	-
Business-type activities:				
Water and sewer utilities	7,093,287	5,660,789	-	1,105,370
Total business-type activities	\$ 7,093,287	\$ 5,660,789	\$ -	\$ 1,105,370

General revenues:

- Taxes
 - Property, including fee in lieu of taxes
 - Accommodations
 - Franchise
 - Hospitality
- Grants and contributions not restricted to specific programs
- Unrestricted revenue from use of money and property
- Miscellaneous revenues
- Transfers
 - Total general revenues and transfers
 - Change in net position
- Net position, beginning of year
- Net position, end of year

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

**Net (Expenses) Revenues and
Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ 508,609	\$ -	\$ 508,609
(486,786)	-	(486,786)
(118,858)	-	(118,858)
(135,859)	-	(135,859)
(19,061)	-	(19,061)
<u>(251,955)</u>	<u>-</u>	<u>(251,955)</u>
-	(327,128)	(327,128)
<u>-</u>	<u>(327,128)</u>	<u>(327,128)</u>
278,603	-	278,603
3,275	-	3,275
271,038	-	271,038
853,236	-	853,236
76,406	239,254	315,660
136,081	100,358	236,439
34,170	54,684	88,854
56,400	(56,400)	-
<u>1,709,209</u>	<u>337,896</u>	<u>2,047,105</u>
1,457,254	10,768	1,468,022
4,980,467	28,578,100	33,558,567
<u>\$ 6,437,721</u>	<u>\$ 28,588,868</u>	<u>\$ 35,026,589</u>

TOWN OF CHAPIN, SOUTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General Fund	Hospitality Tax Fund	ARPA Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,820,014	\$ 2,555,139	\$ -	\$ 4,375,153
Receivables, net of allowance				
Taxes	150,238	79,489	-	229,727
Accounts	2,022	-	-	2,022
Due from county treasurer	59,600	-	-	59,600
Due from other governments	11,470	-	-	11,470
Due from other funds	-	-	34,498	34,498
Prepaid items	59,799	-	-	59,799
Restricted cash	-	-	599,212	599,212
	<u>2,103,143</u>	<u>2,634,628</u>	<u>633,710</u>	<u>5,371,481</u>
Total assets				
LIABILITIES				
Accounts payable	23,352	-	-	23,352
Accrued salaries and related liabilities	170,450	-	-	170,450
Unearned revenue	-	-	616,294	616,294
Due to other funds	34,498	-	-	34,498
Advances from other fund	1,804,004	-	-	1,804,004
	<u>2,032,304</u>	<u>-</u>	<u>616,294</u>	<u>2,648,598</u>
Total liabilities				
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	8,504	-	-	8,504
	<u>8,504</u>	<u>-</u>	<u>-</u>	<u>8,504</u>
Total deferred inflows of resources				
FUND BALANCE				
Nonspendable				
Prepaid items	59,799	-	-	59,799
Restricted for:				
Public safety	61,677	-	-	61,677
General government programs	-	-	17,416	17,416
Community and economic development	-	2,634,628	-	2,634,628
Unassigned	(59,141)	-	-	(59,141)
	<u>62,335</u>	<u>2,634,628</u>	<u>17,416</u>	<u>2,714,379</u>
Total fund balance				
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 2,103,143</u>	<u>\$ 2,634,628</u>	<u>\$ 633,710</u>	<u>\$ 5,371,481</u>

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

TOWN OF CHAPIN, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2023

Total governmental fund balances		\$	2,714,379
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the government funds:			
Cost of assets	\$	7,445,029	
Accumulated depreciation		<u>(2,472,842)</u>	
			4,972,187
Other long term assets are not available to pay for current period expenditures and, therefore, are not reported or are unavailable in the funds.			
			8,504
Deferred outflows of resources related to the recording of the net pension liability are recognized as expense over time and, therefore, are not reported in the funds.			
			243,282
Deferred inflows of resources related to the recording of the net pension liability do not consume current financial resources and are, therefore, not reported in the funds.			
			(12,599)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Net pension liabilities	\$	(1,453,420)	
Compensated absences payable		<u>(34,612)</u>	
			<u>(1,488,032)</u>
Net position of governmental activities	\$		<u><u>6,437,721</u></u>

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

TOWN OF CHAPIN, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (DEFICIT)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>General Fund</u>	<u>Hospitality Tax Fund</u>	<u>ARPA Fund</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 277,640	\$ -	\$ -	\$ 277,640
Other taxes	-	853,236	-	853,236
Licenses, permits, and franchise taxes	1,458,859	-	-	1,458,859
Fines and forfeitures	32,286	-	-	32,286
Intergovernmental revenues	79,682	-	93,634	173,316
Miscellaneous	84,353	70,437	15,461	170,251
Total revenues	<u>1,932,820</u>	<u>923,673</u>	<u>109,095</u>	<u>2,965,588</u>
Expenditures:				
Current:				
General government	641,718	-	93,635	735,353
Public safety	809,944	-	-	809,944
Judicial	143,244	-	-	143,244
Public works	114,660	-	-	114,660
Community & economic development	-	19,061	-	19,061
Total expenditures	<u>1,709,566</u>	<u>19,061</u>	<u>93,635</u>	<u>1,822,262</u>
Excess of revenues over expenditures	<u>223,254</u>	<u>904,612</u>	<u>15,460</u>	<u>1,143,326</u>
Other financing sources:				
Transfers in	56,400	-	-	56,400
Total other financing sources	<u>56,400</u>	<u>-</u>	<u>-</u>	<u>56,400</u>
Net change in fund balances	279,654	904,612	15,460	1,199,726
Fund balance (deficit), beginning of year	(217,319)	1,730,016	1,956	1,514,653
Fund balance, end of year	<u>\$ 62,335</u>	<u>\$ 2,634,628</u>	<u>\$ 17,416</u>	<u>\$ 2,714,379</u>

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

TOWN OF CHAPIN, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2023

Net change in fund balances - total governmental funds		\$	1,199,726
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.</p>			
Capital outlay	\$	90,799	
Depreciation expense		<u>(217,386)</u>	(126,587)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>			
			963
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>			
Compensated absences	\$	(3,379)	
Net pension liability, net of related deferred outflows and inflows of resources		<u>386,531</u>	<u>383,152</u>
Change in net position of governmental activities			<u>\$ 1,457,254</u>

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

TOWN OF CHAPIN, SOUTH CAROLINA

STATEMENT OF NET POSITION PROPRIETARY FUND TYPE - ENTERPRISE FUND DECEMBER 31, 2023

	Enterprise Fund
	Water and Sewer Utility Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 7,724,719
Accounts receivable, net of allowance	385,295
Inventories	563,088
Restricted cash	1,388,371
Total current assets	10,061,473
NONCURRENT ASSETS	
Advance to other fund	1,804,004
Capital assets:	
Non-depreciable	1,578,252
Depreciable, net of accumulated depreciation	29,427,056
Total noncurrent assets	32,809,312
Total assets	42,870,785
DEFERRED OUTFLOWS OF RESOURCES	
Pension	312,283
Total deferred outflows of resources	312,283
LIABILITIES	
CURRENT LIABILITIES	
Payable from unrestricted assets:	
Accounts payable	133,418
Claims payable	425,000
Retainage payable	39,440
Accrued expenses	20,063
Accrued interest payable	56,662
Compensated absences payable	13,243
Payable from restricted assets:	
Customer deposits payable	52,380
Current portion of notes payable from direct borrowings	401,040
Total current liabilities	1,141,246
LONG-TERM LIABILITIES	
Net pension liability	1,865,648
Noncurrent portion of compensated absences payable	43,431
Long-term portion of notes payable from direct borrowings	11,527,703
Total long-term liabilities	13,436,782
Total liabilities	14,578,028
DEFERRED INFLOWS OF RESOURCES	
Pension	16,172
Total deferred inflows of resources	16,172
NET POSITION	
Net investment in capital assets	19,037,125
Unrestricted	9,551,743
Total net position	\$ 28,588,868

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

TOWN OF CHAPIN, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023**

	Enterprise Fund
	Water and Sewer Utility Fund
OPERATING REVENUE	
Charges for services and sales	\$ 4,428,389
Connection fees	1,232,400
Intergovernmental	239,254
Miscellaneous	54,684
Total operating revenues	5,954,727
OPERATING EXPENSES	
Salaries and related expenses	1,889,841
Cost of goods sold	831,828
Administrative	880,680
Contractual services	108,211
Materials and supplies	614,464
Repairs and maintenance	361,385
Depreciation	1,818,263
Utilities	359,153
Total operating expenses	6,863,825
Operating loss	(909,098)
NON-OPERATING REVENUES (EXPENSES)	
Interest income	100,358
Interest expense	(229,462)
Total non-operating expenses, net	(129,104)
Loss before capital contributions and transfers	(1,038,202)
CAPITAL CONTRIBUTIONS	1,105,370
TRANSFERS	
Transfers out	(56,400)
Net change in net position	10,768
Net position, beginning of year	28,578,100
Net position, end of year	\$ 28,588,868

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

TOWN OF CHAPIN, SOUTH CAROLINA

STATEMENT OF CASH FLOWS PROPRIETARY FUND TYPE - ENTERPRISE FUND FOR THE YEAR ENDED DECEMBER 31, 2023

	Enterprise Fund
	Water and Sewer Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 5,966,739
Cash paid to suppliers	(2,859,676)
Cash paid to employees	(1,452,367)
Net cash provided by operating activities	1,654,696
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	(56,400)
Internal activity-payments from other funds	64,074
Net cash provided by noncapital financing activities	7,674
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on notes payable	(393,510)
Payment of interest expense	(231,330)
Acquisition and construction of capital assets	(501,406)
Net cash used in capital and related financing activities	(1,126,246)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned on investments	100,358
Net cash provided by investing activities	100,358
Net increase in cash and cash equivalents	636,482
Cash and cash equivalents, beginning of year	8,476,608
Cash and cash equivalents, end of year	\$ 9,113,090
Per Statement of Net Position	
Cash and cash equivalents	\$ 7,724,719
Cash and cash equivalents - restricted	1,388,371
	\$ 9,113,090

(Continued)

TOWN OF CHAPIN, SOUTH CAROLINA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023**

	Enterprise Fund
	Water and Sewer Utility Fund
RECONCILIATION OF OPERATING LOSS	
TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (909,098)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	1,818,263
Provision for allowance for uncollectible	
(Increase) decrease in:	
Accounts receivables	12,012
Inventory	(5,891)
Deferred outflows of resources	(23,287)
Increase (decrease) in:	
Accounts and claims payable	297,886
Accrued expenses and compensated absences payable	(38,765)
Customer deposits	4,050
Net pension liability	492,626
Deferred inflows of resources	6,900
Net cash provided by operating activities	<u>\$ 1,654,696</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Contributed capital assets	\$ 1,105,370
Net noncash investing, capital, and financing activities	<u>\$ 1,105,370</u>

TOWN OF CHAPIN, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Chapin, South Carolina was founded by Martin Chapin in 1889 and originally incorporated in 1950 under the laws of the State of South Carolina. The Town adopted the Council form of government pursuant to the Home Rule Statute, Act No. 283 of 1995. The Town operates under the Mayor Council form of government with the Mayor and four council members comprising the governing body. As authorized by its Code of Ordinances, the Town provides public safety (police), municipal court, public works (streets), water and sewer utilities, zoning administration, community development, licensing and regulation and general administrative services to its constituents.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. As required by GAAP, the financial statements must present the Town's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the Town both appoints a voting majority of the entity's governing body, and either 1) the Town is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to or impose specific financial burdens on the Town. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the Town and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the Town.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the Town having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the Town; and (c) issue bonded debt without approval by the Town. An entity has a financial benefit or burden relationship with the Town if, for example, any one of the following conditions exists: (a) the Town is legally entitled to or can otherwise access the entity's resources, (b) the Town is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the Town is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause the Town's financial statements to be misleading.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the Town. Based on the criteria above, the Town does not have any component units.

B. Government-wide and Fund Financial Statements

Government-wide Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's enterprise fund functions and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable, when applicable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and proprietary funds. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds. The Town reports no nonmajor funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

Major Funds

The Town reports the following major governmental funds:

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

The *Hospitality Tax Fund* accounts for the revenues collected as a percentage of sales for restaurants in the Town used for the improvement of tourism related services and facilities.

The *ARPA Fund* accounts for the receipt of the Coronavirus State and Local Fiscal Recovery Fund (SLFRF) allocation from the State of South Carolina as appropriated by the American Rescue Plan Act of 2021 as well as to account for the disbursement of funds as allowed under the U.S. Department of Treasury's Final Rule.

The Town reports the following major proprietary fund:

The *Water and Sewer Utility Fund* accounts for the operations and maintenance of the water and sewer distribution system owned by the Town.

Nonmajor Funds

The Town reports no nonmajor funds.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds, when applicable) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise fund) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements and proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Revenue from grants, entitlements and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. State-levied locally shared taxes are recognized as revenue in the year appropriated by the state.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are considered to be measurable if the amount is known or reasonably estimable at year-end. The following revenue sources are deemed both measurable and available if collected within 60 days of year-end: delinquent property taxes, investment earnings, fines and forfeitures, state-levied locally shared taxes, insurance taxes, certain charges for services, and grant revenues for which all eligibility requirements imposed by the provider have been met. Permits, vehicle and some franchise taxes, licenses, and miscellaneous revenues, although they may be available within 60 days of year-end are considered to be measurable only when cash is received by the Town.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental fund. Proceeds of general long-term debt are reported as other financing sources.

D. Cash and Cash Equivalents

The Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and investments in the South Carolina Local Government Investment Pool (LGIP) to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) that are not purchased from the LGIP are reported as investments. Certain assets on the Statement of Net Position are reported as restricted because their use is limited by various agreements.

E. Investments

State statutes authorize the Town to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its political subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposits collateralized, repurchase agreements secured by the foregoing obligations, and the LGIP. The LGIP is an investment mechanism authorized by the South Carolina State Legislature and is not registered with the SEC as an investment company. There is no regulatory oversight of the pool. The pool's primary objective is to acquire maximum returns on investments by pooling available funds with funds from other political subdivisions. The total fair value of the investment pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1. Investments in the pool are stated at fair value which approximates cost. The remaining investments (if any) of the Town are reported at fair value.

F. Receivables, Payables and Advances

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund receivables/payables, i.e., the current portion of interfund loans, or advances to/from other funds, i.e., the noncurrent portion of interfund loans. All other outstanding balances between funds are reported as due to/from other funds.

Advances between funds are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables, Payables and Advances (Continued)

All trade and accounts receivable are reported net of an allowance for the uncollectible amounts.

G. Inventories and Prepaid Items

Inventories of the Enterprise Fund are recorded at cost determined by the first-in, first-out method. Inventory items consist of supplies used to install and maintain water and sewer systems. Such inventories are recorded as expenses as they are used (consumed).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The costs of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets and infrastructure are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Assets with individual values under \$5,000 are considered capital assets if purchased in bulk and acquired by issuance of financed purchases payable. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation.

General capital assets are those assets not specifically related to activities reported in the Proprietary Fund. These assets generally result from expenditures in the governmental fund. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the Proprietary Fund are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective fund financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

All reported capital assets except land and construction in progress are depreciated. Useful lives for infrastructure are estimated based on the Town's historical records of necessary improvements and replacements. Depreciation is provided using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings and improvements	10-50
Land improvements	10-30
Machinery and equipment	5-15
Vehicles	5

I. Deferred Outflows/Inflows of Resources

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. Four items relating to the Town's Retirement Plans qualify for reporting in this category and are combined in the Statement of Net Position under the heading "Pension". The first item, experience losses, results from periodic studies by the actuary of the retirement plan, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. The second item results from changes in the proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions. These changes are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in future years. The third item, changes in the actuarial assumptions, adjust the net pension liabilities are amortized into pension expense over the expected remaining service lives of plan members. Additionally, any contributions made by the Town to the pension plan before year-end but subsequent to the measurement date of the Town's net pension liability are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability during the year ended December 31, 2024.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows/Inflows of Resources (Continued)

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has four items that qualify for reporting in this category. The first item, *unavailable revenue*, arises only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The second item, experience gains relating to the Town's retirement plan qualified for reporting in this category. Experience gains result from periodic studies by the actuary of the retirement plan, which adjust the net pension liability for actual experience for certain trend information that was previously assumed. These gains are recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining lives of the plan members. The third item results from changes in the proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions. The fourth item results from differences between projected investment return on pension investments and actual return on those investments, is deferred and amortized against pension expense over a five-year period, resulting in recognition as a deferred inflow of resources.

J. 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 the Police Officers Retirement System (PORS) and additions to/deductions from the SCRS' and PORS' fiduciary net position have been determined on the accrual basis of accounting as they are reported by SCRS and PORS, respectively, in accordance with generally accepted accounting principles (GAAP). 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Net Position and Fund Balance

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance - Generally, fund balance represents the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.

Restricted - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

Committed - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council through the adoption of a resolution or passage of an ordinance. Only the Town Council may modify or rescind the commitment.

Assigned - Fund balances are reported as assigned when amounts are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. Intent can be expressed by Town Council or by an official or body to which Town Council delegates the authority. The Town Council has not delegated such authority as of December 31, 2023.

Unassigned - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The Town reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town’s policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Accounting Estimates

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

M. Compensated Absences

Vacation – The Town's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental fund only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick Leave – Accumulated sick leave lapses when employees leave the employ of the Town and, upon separation from service, no monetary obligation exists.

N. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. The portion applicable to the Proprietary Fund is also recorded in the Proprietary Fund financial statements. All current payables and accrued liabilities from the governmental fund are reported in the governmental fund financial statements.

In the government-wide financial statements for the primary government, long-term debt, and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount and deferred advance refunding amounts, if applicable.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Proprietary Fund Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. The Town's business-type activities accounted for in the proprietary fund are chiefly water sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The Town utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

1. Budgets are adopted on a GAAP basis. During the spring, the Town's Administration, with other department input, develops a preliminary budget model for operational and capital expenditures, and develops revenue projections as a proposed means of financing the proposed expenditures.
2. Upon receipt of the budget estimates, the Town Council holds a first reading of the budget ordinance. Information about the budget ordinance is then published. The ordinance sets the limit at the fund level, for which expenditures may not exceed appropriations. After two readings of the budget, the Town Council legally adopts the budget through the passage of the ordinance.
3. Budget accountability rests primarily with the operating departments of the Town. In accomplishing the programs and objectives for which the budget was authorized, department directors are responsible for ensuring that their respective expenditures do not exceed the prescribed funding levels.
4. The Mayor has the authority to transfer funds across departments and functions. Such transfers are entered on the Town's records. All unused expenditure appropriations lapse at year-end. However, Town Council must approve any revisions that alter the total expenditures of any fund.
5. Budgeted amounts are as originally adopted, or as amended by Town Council.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS

Total cash and cash equivalents as of December 31, 2023, are summarized as follows:

Statement of Net Position:	
Cash	\$ 12,099,872
Restricted cash	1,987,583
Total cash	<u>\$ 14,087,455</u>
Cash deposited with financial institutions	\$ 13,383,987
South Carolina Local Government Investment Pool	703,468
	<u>\$ 14,087,455</u>

At December 31, 2023, the Town's cash included local government pools, which is managed by the State of South Carolina. The fair value of its position in the pool is the same as the value of the pool shares.

Certain cash and cash equivalents of the Town are legally restricted for specified purposes. The major types of restrictions at December 31, 2023, were those imposed by the revenue source and as stipulated in certain bond and loan offering documents.

Under State law, the Town is authorized to hold funds in deposit accounts with banking institutions and invest funds in the following items: obligations of the United States and agencies thereof, obligations of the State of South Carolina or any of its political units, banks and savings and loan associations to the extent insured by an agency of the federal government, and/or certificates of deposit where the certificates are federally insured or collaterally secured by collateral of the types in the previously mentioned items.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a policy for custodial credit risk. However, South Carolina state statutes provide that banks accepting deposits of funds from local government units must furnish an indemnity bond or pledge as collateral obligations of the United States, South Carolina and political subdivisions of South Carolina, the Federal National Mortgage Association, the Federal Home Loan Bank, the Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation. As of December 31, 2023, the Town's bank balance of \$14,011,167 was fully insured or collateralized by government investments held by the pledging financial institution's trust department or agent in the Town's name.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Investments

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's investment policy for credit risk states that the risk shall be mitigated by investing in safe institutions but does not have strict guidelines regarding credit ratings. The Town follows the investment policy statutes of the State of South Carolina related to credit risk for investments, which is as follows:

1. Obligations of the United States and agencies thereof;
2. General obligations of the State of South Carolina or any of its political units;
3. Savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation;
4. Certificates of Deposit and repurchase agreements collateralized by securities of the type described in 1) and 2) above, held by a third-party as escrow agent or custodian, of a fair value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest; and
5. No-load open and closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company, savings and loan association, or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investment policy is designed to operate within existing statutes (which are identified for all funds and fund types) of the State of South Carolina. As of December 31, 2023, none of the Town's investment balances were exposed to custodial credit risk.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Investments (Continued)

As of December 31, 2023, the Town has the following investments:

Investment Type	Fair Value	Maturities (in years) Less than 1
SC Local Government Investment Pool	\$ 703,468	\$ 703,468
	\$ 703,468	\$ 703,468

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town places no limit on the amount the Town may invest in any one issuer.

In addition, South Carolina state statutes authorize the Town to invest in the LGIP. The LGIP is not rated and is an investment trust fund created by state legislation, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The LGIP is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services.

As of December 31, 2023, the Town reported investments of \$703,468 in the LGIP. Due to the nature of these investments, as described above, they do not meet the criteria for reporting in the fair value hierarchy.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES

Receivables as of December 31, 2023, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Hospitality Tax Fund	Water and Sewer Utility Fund
Receivables:			
Taxes	\$ 159,198	\$ 79,489	\$ -
Accounts	2,022	-	404,365
Intergovernmental	71,070	-	-
Gross receivables	232,290	79,489	404,365
Less allowance for uncollectibles			
Taxes	(8,960)	-	-
Accounts	-	-	(19,070)
Total allowance	(8,960)	-	(19,070)
Net receivables	\$ 223,330	\$ 79,489	\$ 385,295

Property Taxes. The Town has an agreement with Lexington County to maintain property tax rolls and to levy and collect property taxes. The taxes collected are remitted to the Town at the end of each month with the exception of December and January, for which remittance is made twice a month. The County charges per notice for collection. Taxes are levied on September 30, and payable on or before January 15, at which time a penalty is assessed on unpaid accounts. An additional penalty of 7% is assessed on February 1 and March 16. Liens attach to the property at the time the taxes are levied. Town property tax revenues are recognized when received with the exception of those that are received by the Town within sixty days of year-end, which are recognized as revenue as of December 31. An allowance is established for delinquent taxes to the extent their collection is improbable.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances largely result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Advances to/from other funds represent amounts not expected to be repaid within one year from the date of the financial statements.

The composition of interfund payables as of December 31, 2023, is as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
Governmental Fund		
General Fund	\$ -	\$ 34,498
Special Revenue Fund		
ARPA Fund	34,498	-
	\$ 34,498	\$ 34,498

The composition of interfund advances as of December 31, 2023, is as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
Governmental Fund		
General Fund	\$ -	\$ 1,804,004
Enterprise Fund		
Water and Sewer Utility Fund	1,804,004	-
	\$ 1,804,004	\$ 1,804,004

As discussed in Note 2, the advance from the Water and Sewer Utilities Fund to the General Fund is the result of the costs of construction of the Town Hall in 2013. The Town anticipates that this advance will be eliminated in future years through General Fund revenues and/or a reduction in expenditures.

The composition of interfund transfers for the year ended December 31, 2023, is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Fund		
General Fund	\$ 56,400	\$ -
Enterprise Fund		
Water and Sewer Utility Fund	-	56,400
Total Transfers	\$ 56,400	\$ 56,400

Transfers are used to move revenues from the fund that a statute or budget requires to collect them to the fund that a statute or budget requires to expend them.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended December 31, 2023, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,035,209	\$ -	\$ -	\$ -	\$ 1,035,209
Construction in progress	61,616	23,160	-	(84,776)	-
Total	<u>1,096,825</u>	<u>23,160</u>	<u>-</u>	<u>(84,776)</u>	<u>1,035,209</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	4,527,448	-	-	28,034	4,555,482
Land improvements	1,345,563	29,155	-	-	1,374,718
Machinery and equipment	50,844	-	-	56,742	107,586
Vehicles	333,550	38,484	-	-	372,034
Total	<u>6,257,405</u>	<u>67,639</u>	<u>-</u>	<u>84,776</u>	<u>6,409,820</u>
Less Accumulated Depreciation for:					
Buildings and improvements	(1,302,850)	(129,923)	-	-	(1,432,773)
Land improvements	(705,814)	(49,788)	-	-	(755,602)
Machinery and equipment	(36,393)	(5,246)	-	-	(41,639)
Vehicles	(210,399)	(32,429)	-	-	(242,828)
Total	<u>(2,255,456)</u>	<u>(217,386)</u>	<u>-</u>	<u>-</u>	<u>(2,472,842)</u>
Total capital assets, being depreciated, net	<u>4,001,949</u>	<u>(149,747)</u>	<u>-</u>	<u>84,776</u>	<u>3,936,978</u>
Governmental activities capital assets, net	<u>\$ 5,098,774</u>	<u>\$ (126,587)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,972,187</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the business-type activities for the year ended December 31, 2023, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers/ Reclassifications</u>	<u>Ending Balance</u>
Business-type Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 573,825	\$ -	\$ -	\$ -	\$ 573,825
Construction in progress	552,213	452,214	-	-	1,004,427
Total	<u>1,126,038</u>	<u>452,214</u>	<u>-</u>	<u>-</u>	<u>1,578,252</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	114,540	-	-	-	114,540
Infrastructure and land improvements	47,729,923	1,105,370	-	682,196	49,517,489
Machinery and equipment	1,849,633	88,632	-	(682,196)	1,256,069
Vehicles	592,431	-	-	-	592,431
Total	<u>50,286,527</u>	<u>1,194,002</u>	<u>-</u>	<u>-</u>	<u>51,480,529</u>
Less Accumulated Depreciation for:					
Buildings and improvements	(12,966)	(5,845)	-	-	(18,811)
Infrastructure and land improvements	(19,365,621)	(1,625,950)	-	-	(20,991,571)
Machinery and equipment	(486,086)	(118,642)	-	-	(604,728)
Vehicles	(370,537)	(67,826)	-	-	(438,363)
Total	<u>(20,235,210)</u>	<u>(1,818,263)</u>	<u>-</u>	<u>-</u>	<u>(22,053,473)</u>
Total capital assets, being depreciated, net	<u>30,051,317</u>	<u>(624,261)</u>	<u>-</u>	<u>-</u>	<u>29,427,056</u>
Business-type activities capital assets, net	<u>\$ 31,177,355</u>	<u>\$ (172,047)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,005,308</u>

Included in current year additions are contributed water and sewer systems valued at \$1,105,370.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 129,924
Public safety	37,674
Public works	49,788
Total depreciation expense - governmental activities	\$ 217,386

NOTE 7. LONG-TERM DEBT

The Town has the following forms of long-term indebtedness:

Notes Payable from Direct Borrowings – The Town has one note that is funded by the Water and Sewer Utilities Fund. The Water and Sewer Utilities Fund note is a State Revolving Fund loan for the Wastewater Treatment Plant Upgrade. The project was completed in fiscal year 2021.

Compensated Absences Payable – These obligations represent accumulated annual leave and compensatory time benefits which were not funded by the current or prior years' revenue resources. These obligations are primarily funded by the General Fund for the Town's governmental activities and by the Water and Sewer Utilities Fund for the Town's business-type activities.

Net Pension Liability – This obligation represents the Town's allocated portion of their long-term obligation for pension benefits. This obligation is funded by the General Fund for the Town's governmental activities and by the Water and Sewer Utilities Fund for the Town's business-type activities.

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2023, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities					
Compensated absences	\$ 31,233	\$ 31,583	\$ (28,204)	\$ 34,612	\$ 28,204
Net pension liability	1,683,156	282,657	(512,393)	1,453,420	-
Total long-term liabilities	\$ 1,714,389	\$ 314,240	\$ (540,597)	\$ 1,488,032	\$ 28,204
Business-type Activities					
Notes from direct borrowings	\$ 12,322,253	\$ -	\$ (393,510)	\$ 11,928,743	\$ 401,040
Compensated absences	41,747	28,170	(13,243)	56,674	13,243
Net pension liability	1,373,022	645,483	(152,857)	1,865,648	-
Total long-term liabilities	\$ 13,737,022	\$ 673,653	\$ (559,610)	\$ 13,851,065	\$ 414,283

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Notes Payable from Direct Borrowings

In 2017, the Town Council approved a state revolving fund loan agreement in the amount of \$13,550,846 for the expansion and upgrade of the Wastewater Treatment Plant. The note is payable with quarterly payments of \$156,210 through July 2039 and then \$130,760 through July 2049 at an interest rate of 2.4%.

Debt service requirements for the note payable are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 401,040	\$ 223,800	\$ 624,840
2025	408,714	216,126	624,840
2026	416,535	208,305	624,840
2027	424,506	200,334	624,840
2028	432,629	192,211	624,840
2029 - 2033	2,290,542	833,659	3,124,201
2034 - 2038	2,518,248	605,952	3,124,200
2039 - 2043	2,235,176	456,369	2,691,545
2044 - 2047	2,801,353	206,120	3,007,473
Total	<u>\$ 11,928,743</u>	<u>\$ 3,142,876</u>	<u>\$ 15,071,619</u>

NOTE 8. OTHER INFORMATION

Commitments and Contingent Liabilities

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, could become a liability of the general fund or other applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Contingencies

The Town is contingently liable with respect to various legal proceedings which normally occur in the course of governmental operations. It is the opinion of Town management, based on the advice of legal counsel on pending litigation, that the ultimate disposition of these claims not covered by insurance will not have a material adverse effect on the financial condition of the Town.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. OTHER INFORMATION (CONTINUED)

Claims Payable

In February of 2024, the Town settled a reimbursement claim dating back to October of 2021. As a result, management of the Town recorded a claims payable liability in the amount of \$425,000 as of December 31, 2023. The liability is recorded in the business-type activities and Water and Sewer Utility Fund statement of net position.

	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Paid</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2023	\$ -	\$ 425,000	\$ -	\$ 425,000	\$ 425,000
2022	\$ -	\$ -	\$ -	\$ -	\$ -

Construction Commitments

At December 31, 2023, the Town had the following construction commitments:

East Chapin Sewer Force Main	\$ 38,716
Lagoon Abandonment & EQ Basin Reconstruction	\$1,201,572

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. For all of these risks, the Town is a member of the State of South Carolina Insurance Reserve Fund. The Town pays an annual premium to the State Insurance Reserve Fund for its general insurance coverage. The State Insurance Reserve Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims. The Town has not significantly reduced insurance coverages from the previous year and settled claims in excess of insurance coverage for the last three years were immaterial. For each of the insurance programs and public entity risk pools in which they participate, the Town has effectively transferred all risk with no liability for unfunded claims.

Economic Dependency

Dominion Energy, an American power and energy company, (the "Company") provides a major source of revenues for the Town's governmental activities. During the year ended December 31, 2023, the Company paid its franchise fee to the Town which amounted to approximately 7.8% of the revenues of the Town's governmental activities.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN

Overview

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR of the state.

Plan Descriptions

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 described below.

South Carolina Retirement System – 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.

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

Benefits

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

South Carolina Retirement System – 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits (Continued)

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.

South Carolina Police Officers Retirement System – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty. The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The Board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions (Continued)

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year, if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded. For the year ended December 31, 2023, the Town contributed \$236,972 to the SCRS plan and \$88,737 to the PORS plan.

Required employee contribution rates for the year ended December 31, 2023, are as follows:

South Carolina Retirement System

- 9.00% of earnable compensation from January 1st through June 30th
- 9.00% of earnable compensation from July 1st through December 31st

South Carolina Police Officers Retirement System

- 9.75% of earnable compensation from January 1st through June 30th
- 9.75% of earnable compensation from July 1st through December 31st

Required employer contribution rates for the year ended December 31, 2023, are as follows:

South Carolina Retirement System

- 17.41% of earnable compensation from January 1st through June 30th
- 18.41% of earnable compensation from July 1st through December 31st
- Employer incidental death benefit: 0.15% of earnable compensation

South Carolina Police Officers Retirement System

- 19.84% of earnable compensation from January 1st through June 30th
- 20.84% of earnable compensation from July 1st through December 31st
- Employer incidental death benefit: 0.20% of earnable compensation

Net Pension Liability

The June 30, 2023 (the measurement date) total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2022, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board, which utilized membership data as of July 1, 2022. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2023, using generally accepted actuarial principles.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability (Continued)

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67, less that system's fiduciary net position. As of December 31, 2023, (measurement date of June 30, 2023), the net pension liability amounts for the Town's proportionate share of the collective net pension liabilities associated with the SCRS and PORS plans are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Town's Proportionate Share of the Collective Net Pension Liability
SCRS	\$ 6,274,984	\$ 3,679,988	\$ 2,594,996	58.6%	0.010733%
PORS	\$ 2,247,782	\$ 1,523,710	\$ 724,072	67.8%	0.023786%

Actuarial Assumptions and Methods

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

The following table provides a summary of the actuarial assumptions and methods used in the June 30, 2023 valuations for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial assumptions:		
Investment rate of return	7.00%	7.00%
Projected salary increases	3.0% to 11% (varies by service)	3.5% to 10.5% (varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions and Methods (Continued)

Former Job Class	Males	Females
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 20-year capital market assumptions. The actuarial long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2023 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of the return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.62%	3.04%
Bonds	26.0%	0.31%	0.08%
Private Equity	9.0%	10.91%	0.98%
Private Debt	7.0%	6.16%	0.43%
Real Assets	12.0%		
Real Estate	9.0%	6.41%	0.58%
Infrastructure	3.0%	6.62%	0.20%
	<u>100.0%</u>		
		Total expected real return	5.31%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	<u>7.56%</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the Town's fiduciary net position was projected to be available to make all 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 total pension liability. The following table presents the sensitivity of the net pension liabilities to changes in the discount rate.

The following table presents the sensitivity of the net pension liability to changes in the discount rate.

Sensitivity of the Net Position Liability to Changes in the Discount Rate				
	1% Decrease	Current	1% Increase	
	(6%)	Discount Rate	(7%)	(8%)
SCRS	\$ 3,352,983	\$ 2,594,996	\$ 1,964,984	
PORS	\$ 1,021,412	\$ 724,072	\$ 480,512	

Pension Expense

For the year ended December 31, 2023, the Town recognized its proportionate share of collective pension expense of \$256,238 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of \$87,290 for a total of \$343,528 for the SCRS plan. Additionally, for the year ended December 31, 2023, the Town recognized its proportionate share of collective pension expense of \$85,214 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of (\$13,325) for a total of \$71,889 for the PORS plan. Total pension expense for the Town was \$415,417 as of December 31, 2023.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS pension plans, respectively, from the following sources:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 45,054	\$ 7,196
Changes of assumptions	39,759	-
Net difference between projected and actual earnings on pension plan investments	-	3,552
Changes in proportion and differences between employer contributions and proportionate share of contributions	237,554	-
Employer contributions subsequent to the measurement date	<u>117,895</u>	<u>-</u>
Total	<u>\$ 440,262</u>	<u>\$ 10,748</u>
PORS	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 34,075	\$ 8,927
Changes of assumptions	15,759	-
Net difference between projected and actual earnings on pension plan investments	-	1,242
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,163	7,854
Employer contributions subsequent to the measurement date	<u>47,306</u>	<u>-</u>
Total	<u>\$ 115,303</u>	<u>\$ 18,023</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Town contributions subsequent to the measurement date of \$117,895 and \$47,306 for the SCRS plan and the PORS plan, respectively, are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31</u>	<u>SCRS</u>	<u>PORS</u>
2024	\$ 152,238	\$ 25,721
2025	37,749	(8,989)
2026	123,153	33,999
2027	(1,521)	(757)

Pension Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for SCRS and PORS. The ACFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, P.O. Box 11960, Columbia, SC 29211-1960.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CHAPIN, SOUTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND DEFICIT - BUDGET AND ACTUAL - GAAP BASIS FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 229,700	\$ 229,700	\$ 277,640	\$ 47,940
Licenses, permits, and franchise taxes	1,260,500	1,260,500	1,458,859	198,359
Fines and forfeitures	51,500	51,500	32,286	(19,214)
Intergovernmental revenues	46,800	46,800	79,682	32,882
Miscellaneous	67,250	67,250	84,353	17,103
Total revenues	<u>1,655,750</u>	<u>1,655,750</u>	<u>1,932,820</u>	<u>277,070</u>
Expenditures:				
Current:				
General Government:				
Administrative	395,584	395,584	569,347	(173,763)
Mayor and council	63,524	63,524	72,371	(8,847)
Community and				
economic development	126,120	126,120	-	126,120
Zoning	79,395	79,395	-	79,395
Public safety:				
Police	814,600	814,600	809,944	4,656
Judicial:				
Municipal court	159,874	159,874	143,244	16,630
Public works	118,278	118,278	114,660	3,618
Total expenditures	<u>1,757,375</u>	<u>1,757,375</u>	<u>1,709,566</u>	<u>47,809</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(101,625)</u>	<u>(101,625)</u>	<u>223,254</u>	<u>324,879</u>
Other financing sources:				
Transfers in	56,400	56,400	56,400	-
Total other financing sources	<u>56,400</u>	<u>56,400</u>	<u>56,400</u>	<u>-</u>
Net change in fund balances	<u>(45,225)</u>	<u>(45,225)</u>	<u>279,654</u>	<u>324,879</u>
Fund (deficit), beginning of year	<u>(217,319)</u>	<u>(217,319)</u>	<u>(217,319)</u>	<u>-</u>
Fund (deficit), end of year	<u>\$ (262,544)</u>	<u>\$ (262,544)</u>	<u>\$ 62,335</u>	<u>\$ 324,879</u>

TOWN OF CHAPIN, SOUTH CAROLINA

**HOSPITALITY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other taxes	\$ 780,000	\$ 780,000	\$ 853,236	\$ 73,236
Miscellaneous	3,000	3,000	70,437	67,437
Total revenues	<u>783,000</u>	<u>783,000</u>	<u>923,673</u>	<u>140,673</u>
Expenditures:				
Current:				
Community and economic development	783,000	783,000	19,061	763,939
Total expenditures	<u>783,000</u>	<u>783,000</u>	<u>19,061</u>	<u>763,939</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>904,612</u>	<u>904,612</u>
Fund balance, beginning of year	<u>1,730,016</u>	<u>1,730,016</u>	<u>1,730,016</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,730,016</u>	<u>\$ 1,730,016</u>	<u>\$ 2,634,628</u>	<u>\$ 904,612</u>

TOWN OF CHAPIN, SOUTH CAROLINA

ARPA FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenues	\$ 675,339	\$ 675,339	\$ 93,634	\$ (581,705)
Miscellaneous	1,000	1,000	15,461	14,461
Total revenues	<u>676,339</u>	<u>676,339</u>	<u>109,095</u>	<u>(567,244)</u>
Expenditures:				
Current:				
General Government:				
Administrative	676,339	676,339	93,635	582,704
Total expenditures	<u>676,339</u>	<u>676,339</u>	<u>93,635</u>	<u>582,704</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>15,460</u>	<u>15,460</u>
Fund balance, beginning of year	<u>1,956</u>	<u>1,956</u>	<u>1,956</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,956</u>	<u>\$ 1,956</u>	<u>\$ 17,416</u>	<u>\$ 15,460</u>

TOWN OF CHAPIN, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2023**

South Carolina Retirement System					
Plan Year Ended June 30	Town's proportion of the net pension liability	Town's proportionate share of the net pension liability	Town's covered payroll	Town's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.010733%	\$ 2,594,996	\$ 1,357,022	191%	58.60%
2022	0.009642%	2,337,343	1,148,094	204%	57.10%
2021	0.009282%	2,008,843	1,049,297	191%	60.70%
2020	0.009039%	2,309,584	1,008,406	229%	50.70%
2019	0.009391%	2,144,354	991,669	216%	54.40%
2018	0.008747%	1,959,924	906,439	216%	54.10%
2017	0.008101%	1,823,665	817,368	223%	53.30%
2016	0.006923%	1,478,743	670,421	221%	52.90%
2015	0.004757%	902,188	383,998	235%	57.00%
2014	0.001987%	342,096	184,220	186%	57.00%

South Carolina Police Officers Retirement System					
Plan Year Ended June 30	Town's proportion of the net pension liability	Town's proportionate share of the net pension liability	Town's covered payroll	Town's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.023786%	\$ 724,072	\$ 416,754	174%	67.80%
2022	0.023969%	718,835	379,338	189%	66.40%
2021	0.022798%	586,563	342,806	171%	70.40%
2020	0.022542%	747,534	340,527	220%	58.80%
2019	0.026023%	745,812	377,451	198%	62.70%
2018	0.026097%	739,499	361,228	205%	61.70%
2017	0.027210%	745,380	366,400	203%	60.90%
2016	0.026900%	580,117	291,756	199%	60.40%
2015	0.026900%	586,219	276,159	212%	64.60%
2014	0.016600%	317,757	207,008	153%	67.50%

The assumptions used in the preparation of the above schedules are disclosed in Note 9 to the financial statements.

TOWN OF CHAPIN, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023**

South Carolina Retirement System						
Year Ended December 31	Statutorily required contribution	Contributions relative to statutorily required contribution	Contribution deficiency (excess)	Town's covered payroll	Contributions as a percentage of covered payroll	
2023	\$ 236,972	\$ 236,972	\$ -	\$ 1,313,327	18.04%	
2022	205,283	205,283	-	1,198,634	17.13%	
2021	180,819	180,819	-	1,121,697	16.12%	
2020	165,573	165,573	-	1,064,096	15.56%	
2019	149,681	149,681	-	993,669	15.06%	
2018	130,643	130,643	-	926,696	14.10%	
2017	114,864	114,864	-	910,936	12.61%	
2016	84,466	84,466	-	746,327	11.32%	
2015	63,480	63,480	-	577,855	10.99%	
2014	26,833	26,833	-	249,898	10.74%	

South Carolina Police Officers Retirement System						
Year Ended December 31	Statutorily required contribution	Contributions relative to statutorily required contribution	Contribution deficiency (excess)	Town's covered payroll	Contributions as a percentage of covered payroll	
2023	\$ 88,737	\$ 88,737	\$ -	\$ 427,419	20.76%	
2022	75,039	75,039	-	378,992	19.80%	
2021	69,684	69,684	-	370,398	18.81%	
2020	64,749	64,749	-	354,982	18.24%	
2019	65,349	65,349	-	369,171	17.70%	
2018	61,938	61,938	-	370,392	16.72%	
2017	53,622	53,622	-	353,992	15.15%	
2016	48,772	48,772	-	348,524	13.99%	
2015	36,461	36,461	-	268,814	13.56%	
2014	34,453	34,453	-	262,988	13.10%	

TOWN OF CHAPIN, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS FOR THE YEAR ENDED DECEMBER 31, 2023

The assumptions used the preparation of the previous schedules are as follows:

	SCRS	PORS
System	SCRS	PORS
Calculation date	July 1, 2021	July 1, 2021
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	5-year Smoothed	5-year Smoothed
Amortization method	Level % of pay	Level % of pay
Amortization period	26 years maximum, closed period	26 years maximum, closed period
Investment return	7.00%	7.00%
Inflation	2.25%	2.25%
Salary increases	3.00% plus step-rate increases for members with less than 21 years of service.	3.50% plus step-rate increases for members with less than 21 years of service.
Mortality	2020 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2020. Male rates are multiplied by 97% for non-educators and 95% for educators. Female rates multiplied by 107% for non-educators and 94% for educators.	2020 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2020. Male rates are multiplied by 127% and females rates are multiplied by 107%.

**OTHER SUPPLEMENTARY INFORMATION REQUIRED
BY THE STATE OF SOUTH CAROLINA**

**TOWN OF CHAPIN, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
FOR THE YEAR ENDED DECEMBER 31, 2023**

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected	N/A	N/A	\$ 33,983	\$ 33,983
Court fines and assessments remitted to State Treasurer	N/A	N/A	18,100	18,100
Total Court Fines and Assessments retained	<u>N/A</u>	<u>N/A</u>	15,883	15,883
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	N/A	N/A	742	742
Assessments retained	N/A	N/A	1,400	1,400
Total Surcharges and Assessments retained for victim services	<u>N/A</u>	<u>N/A</u>	\$ 2,142	\$ 2,142

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC):

<u>VICTIM SERVICE FUNDS COLLECTED</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	\$ 60,129	N/A	\$ 60,129
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer	-	N/A	-
Victim Service Assessments Retained by City/County Treasurer	1,400	N/A	1,400
Victim Service Surcharges Retained by City/County Treasurer	742	N/A	742
Interest Earned	782	N/A	782
Grant Funds Received			
Grant from:	-	N/A	-
General Funds Transferred to Victim Service Fund	-	N/A	-
Contribution Received from Victim Service Contracts:			
(1) Town of	-	N/A	-
(2) Town of	-	N/A	-
(3) City of	-	N/A	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	\$ 63,053	N/A	\$ 63,053

**TOWN OF CHAPIN, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	\$ -	N/A	\$ -
Operating Expenditures	399	N/A	399
Victim Service Contract(s):			
(1) Paulina Gomez - Victim Advocate	390	N/A	390
(1) Stacy Turner - Victim Advocate	420	N/A	420
Victim Service Donation(s):			
(1) Sistercare	2,000	N/A	2,000
Transferred to General Fund	-	N/A	-
Total Expenditures from Victim Service Fund/Program (B)	3,209	N/A	3,209
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	59,844	N/A	59,844
Less: Prior Year Fund Deficit Repayment	-	N/A	-
Carryforward Funds – End of Year	\$ 59,844	N/A	\$ 59,844

**TOWN OF CHAPIN, SOUTH CAROLINA
STATISTICAL SECTION**

FOR THE YEAR ENDED DECEMBER 31, 2023

This section of the Town of Chapin, South Carolina’s annual comprehensive financial report presents detailed trend and other information as a context for understanding what the information in the basic financial statements, notes to the basic financial statements, required supplementary information and other supplementary information says about the Town’s overall financial health.

	<u>Page</u>
Financial Trends	69 – 73

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity	74 - 78
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These schedules contain information to help the reader assess the Town’s most significant local revenue source, property tax.

Debt Capacity	79 - 82
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These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town’s ability to issue additional debt in the future.

Demographic and Economic Information	83 and 84
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town’s financial activities take place.

Operating Information	85 - 87
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These schedules contain service and infrastructure data to help the reader understand how the information in the Town’s financial report relates to the services the Town provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

**TOWN OF CHAPIN, SOUTH CAROLINA
NET POSITION BY COMPONENTS
LAST TEN CALENDAR YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016*	2015	2014
Governmental activities										
Net investment in capital assets	\$ 4,972,187	\$ 5,098,774	\$ 5,125,575	\$ 5,184,868	\$ 5,267,190	\$ 5,318,892	\$ 5,379,002	\$ 4,390,105	\$ 5,512,582	\$ 5,620,601
Restricted	2,713,721	1,793,931	1,232,629	569,978	66,668	67,713	69,875	-	2,714,727	2,710,658
Unrestricted	(1,248,187)	(1,912,238)	(1,945,203)	(2,417,383)	(2,518,140)	(2,251,242)	(2,211,401)	(1,009,042)	(1,971,317)	(2,171,761)
Total governmental activities net position	<u>\$ 6,437,721</u>	<u>\$ 4,980,467</u>	<u>\$ 4,413,001</u>	<u>\$ 3,337,463</u>	<u>\$ 2,815,718</u>	<u>\$ 3,135,363</u>	<u>\$ 3,237,476</u>	<u>\$ 3,381,063</u>	<u>\$ 3,541,265</u>	<u>\$ 3,448,840</u>
Business-type activities										
Net investment in capital assets	\$ 19,037,125	\$ 18,855,102	\$ 19,150,090	\$ 19,496,711	\$ 18,432,494	\$ 16,654,743	\$ 14,963,725	\$ 10,898,167	\$ 11,546,285	\$ 11,596,721
Restricted	-	-	-	-	-	-	-	-	2,714,727	2,710,658
Unrestricted	9,551,743	9,722,998	9,719,503	8,973,164	9,186,711	8,027,862	8,175,697	7,405,155	2,714,527	2,783,594
Total business-type activities net position	<u>\$ 28,588,868</u>	<u>\$ 28,578,100</u>	<u>\$ 28,869,593</u>	<u>\$ 28,469,875</u>	<u>\$ 27,619,205</u>	<u>\$ 24,682,605</u>	<u>\$ 23,139,422</u>	<u>\$ 18,303,322</u>	<u>\$ 16,975,539</u>	<u>\$ 17,090,973</u>
Primary Government										
Net investment in capital assets	\$ 24,009,312	\$ 23,953,876	\$ 24,275,665	\$ 24,681,579	\$ 23,699,684	\$ 21,973,635	\$ 20,342,727	\$ 15,288,272	\$ 17,058,867	\$ 17,217,322
Restricted	2,713,721	1,793,931	1,232,629	569,978	66,668	67,713	69,875	-	2,714,727	2,710,658
Unrestricted	8,303,556	7,810,760	7,774,300	6,555,781	6,668,571	5,776,620	5,964,296	6,396,113	743,210	611,833
Total primary government net position	<u>\$ 35,026,589</u>	<u>\$ 33,558,567</u>	<u>\$ 33,282,594</u>	<u>\$ 31,807,338</u>	<u>\$ 30,434,923</u>	<u>\$ 27,817,968</u>	<u>\$ 26,376,898</u>	<u>\$ 21,684,385</u>	<u>\$ 20,516,804</u>	<u>\$ 20,539,813</u>

* Net position of the Town's business-type activities has been restated to reflect the correction of an error in the December 31, 2016 report.

**TOWN OF CHAPIN, SOUTH CAROLINA
CHANGES IN NET POSITION
LAST TEN CALENDAR YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016*	2015	2014
Expenses										
Governmental activities:										
General government	\$ 765,989	\$ 748,866	\$ 642,973	\$ 676,206	\$ 796,162	\$ 764,702	\$ 839,683	\$ 975,716	\$ 702,816	\$ 570,239
Public safety - police	519,072	754,308	701,677	674,875	816,938	828,595	789,610	590,472	545,060	467,123
Public safety - fire	-	-	-	-	-	-	-	-	-	220
Judicial	118,858	135,386	115,479	139,894	174,202	177,112	179,035	151,069	145,316	147,129
Public works	142,717	158,322	147,258	155,020	145,296	147,425	130,776	59,153	-	70,302
Community and economic development	19,061	249,556	47,114	11,056	-	-	-	-	-	-
Street	-	-	-	-	-	-	-	-	-	64,026
Interest and fees	-	-	1,524	4,944	8,548	12,028	23,671	-	-	-
Total governmental activities expense	<u>1,565,697</u>	<u>2,046,438</u>	<u>1,656,025</u>	<u>1,661,995</u>	<u>1,941,146</u>	<u>1,929,862</u>	<u>1,962,775</u>	<u>1,776,410</u>	<u>1,393,192</u>	<u>1,319,039</u>
Business-type activities:										
Water and sewer	<u>7,093,287</u>	<u>5,896,051</u>	<u>5,405,120</u>	<u>4,783,221</u>	<u>3,885,223</u>	<u>3,415,990</u>	<u>3,213,730</u>	<u>3,117,047</u>	<u>3,052,162</u>	<u>5,072,404</u>
Total primary government expenses	<u>8,658,984</u>	<u>7,942,489</u>	<u>7,061,145</u>	<u>6,445,216</u>	<u>5,826,369</u>	<u>5,345,852</u>	<u>5,176,505</u>	<u>4,893,457</u>	<u>4,445,354</u>	<u>6,391,443</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,180,963	1,006,484	1,269,837	1,004,006	923,695	1,112,370	1,182,252	-	-	-
Public safety	32,286	35,124	24,343	32,853	54,081	64,797	72,173	68,824	70,287	71,843
Public works	6,858	10,033	9,280	4,513	3,995	2,200	4,068	-	-	-
Operating grants and contributions	93,635	28,281	75,769	-	-	-	50,000	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenue	<u>1,313,742</u>	<u>1,079,922</u>	<u>1,379,229</u>	<u>1,041,372</u>	<u>981,771</u>	<u>1,179,367</u>	<u>1,308,493</u>	<u>68,824</u>	<u>70,287</u>	<u>71,843</u>
Business-type activities:										
Charges for services:										
Water and sewer	5,660,789	5,054,149	5,122,827	4,266,947	4,456,722	3,881,666	4,635,703	3,554,848	2,525,514	2,391,936
Operating grants and contributions	-	-	-	-	-	-	-	606,046	407,145	-
Capital grants and contributions	1,105,370	581,662	729,819	1,387,905	2,375,133	1,092,571	3,453,446	-	-	-
Total business-type activities program revenue	<u>6,766,159</u>	<u>5,635,811</u>	<u>5,852,646</u>	<u>5,654,852</u>	<u>6,831,855</u>	<u>4,974,237</u>	<u>8,089,149</u>	<u>4,160,894</u>	<u>2,932,659</u>	<u>2,391,936</u>
Total primary government revenues	<u>8,079,901</u>	<u>6,715,733</u>	<u>7,231,875</u>	<u>6,696,224</u>	<u>7,813,626</u>	<u>6,153,604</u>	<u>9,397,642</u>	<u>4,229,718</u>	<u>3,002,946</u>	<u>2,463,779</u>
Net (expense) revenue										
Governmental activities	(251,955)	(966,516)	(276,796)	(620,623)	(959,375)	(750,495)	(654,282)	(1,707,586)	(1,322,905)	(1,247,196)
Business-type activities	(327,128)	(260,240)	447,526	871,631	2,946,632	1,558,247	4,875,419	1,043,847	(119,503)	(2,680,468)
Total primary government net revenue (expense)	<u>\$ (579,083)</u>	<u>\$ (1,226,756)</u>	<u>\$ 170,730</u>	<u>\$ 251,008</u>	<u>\$ 1,987,257</u>	<u>\$ 807,752</u>	<u>\$ 4,221,137</u>	<u>\$ (663,739)</u>	<u>\$ (1,442,408)</u>	<u>\$ (3,927,664)</u>

(continued)

**TOWN OF CHAPIN, SOUTH CAROLINA
CHANGES IN NET POSITION
LAST TEN CALENDAR YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016*	2015	2014
General Revenues										
Governmental activities:										
Taxes	\$ 1,406,152	\$ 1,263,277	\$ 1,176,253	\$ 981,847	\$ 484,007	\$ 483,042	\$ 377,153	\$ 1,243,383	\$ 1,130,135	\$ 1,066,479
Grants and contributions not restricted	76,406	111,600	44,104	34,259	33,852	32,635	40,063	201,829	146,505	147,789
Gain on sale of assets	-	-	-	-	5,935	9,010	-	-	-	-
Revenue from use of money and property	136,081	43,105	27,059	26,581	40,120	22,469	17,925	31,808	28,879	28,786
Interest	-	-	-	-	-	-	-	323	231	385
Miscellaneous	34,170	59,600	48,518	43,281	19,416	44,826	19,154	70,041	109,580	121,565
Transfers	56,400	56,400	56,400	56,400	56,400	56,400	56,400	-	-	-
Total governmental activities general revenue	<u>1,709,209</u>	<u>1,533,982</u>	<u>1,352,334</u>	<u>1,142,368</u>	<u>639,730</u>	<u>648,382</u>	<u>510,695</u>	<u>1,547,384</u>	<u>1,415,330</u>	<u>1,365,004</u>
Business-type activities:										
Revenue from use of money and property	100,358	21,443	5,371	19,404	41,947	38,388	12,149	4,570	4,069	-
Miscellaneous	293,938	3,704	3,221	16,035	4,421	2,948	4,932	-	-	-
Transfers	(56,400)	(56,400)	(56,400)	(56,400)	(56,400)	(56,400)	(56,400)	-	-	-
Total business-type activities general revenue	<u>337,896</u>	<u>(31,253)</u>	<u>(47,808)</u>	<u>(20,961)</u>	<u>(10,032)</u>	<u>(15,064)</u>	<u>(39,319)</u>	<u>4,570</u>	<u>4,069</u>	<u>-</u>
Total primary government	<u>2,047,105</u>	<u>1,502,729</u>	<u>1,304,526</u>	<u>1,121,407</u>	<u>629,698</u>	<u>633,318</u>	<u>471,376</u>	<u>1,551,954</u>	<u>1,419,399</u>	<u>1,365,004</u>
Changes in Net Position										
Prior period adjustment	-	-	-	-	-	-	-	279,366	-	384,630
Cumulative change in accounting principle	-	-	-	-	-	-	-	-	-	(677,725)
Governmental activities	1,457,254	567,466	1,075,538	521,745	(319,645)	(102,113)	(143,587)	(160,202)	92,425	117,808
Business-type activities	10,768	(291,493)	399,718	850,670	2,936,600	1,543,183	4,836,100	1,048,417	(115,434)	(2,680,468)
Total primary government	<u>\$ 1,468,022</u>	<u>\$ 275,973</u>	<u>\$ 1,475,256</u>	<u>\$ 1,372,415</u>	<u>\$ 2,616,955</u>	<u>\$ 1,441,070</u>	<u>\$ 4,692,513</u>	<u>\$ 1,167,581</u>	<u>\$ (23,009)</u>	<u>\$ (2,855,755)</u>

* Net position of the Town's business-type activities has been restated to reflect the correction of an error in the December 31, 2016 report.

**TOWN OF CHAPIN, SOUTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN CALENDAR YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016*	2015	2014
General Fund										
Nonspendable	\$ 59,799	\$ 47,000	\$ 31,145	\$ 40,062	\$ 46,973	\$ 50,145	\$ 58,315	\$ -	\$ -	\$ -
Restricted	61,677	61,959	62,674	64,827	66,668	67,713	69,875	-	-	-
Unassigned	(59,141)	(326,278)	(387,436)	(861,657)	(1,064,658)	(1,061,891)	(1,300,840)	(1,352,901)	855,959	1,661,098
Total General Fund	<u>62,335</u>	<u>(217,319)</u>	<u>(293,617)</u>	<u>(756,768)</u>	<u>(951,017)</u>	<u>(944,033)</u>	<u>(1,172,650)</u>	<u>(1,352,901)</u>	<u>855,959</u>	<u>1,661,098</u>
Other Governmental Funds										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	2,652,044	1,731,972	1,169,955	505,151	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Other Governmental Fund	<u>\$ 2,652,044</u>	<u>\$ 1,731,972</u>	<u>\$ 1,169,955</u>	<u>\$ 505,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total All Governmental Funds	<u>\$ 2,714,379</u>	<u>\$ 1,514,653</u>	<u>\$ 876,338</u>	<u>\$ (251,617)</u>	<u>\$ (951,017)</u>	<u>\$ (944,033)</u>	<u>\$ (1,172,650)</u>	<u>\$ (1,352,901)</u>	<u>\$ 855,959</u>	<u>\$ 1,661,098</u>

* Fund balance of the Town's General Fund has been restated to reflect the correction of an error in the December 31, 2016 report.

TOWN OF CHAPIN, SOUTH CAROLINA
CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN CALENDAR YEARS

	2023	2022	2021	2020	2019	2018	2017	2016*	2015	2014
Revenues										
Licenses	\$ 1,458,859	\$ 1,265,981	\$ 1,520,431	\$ 1,256,072	\$ 1,169,173	\$ 1,327,923	\$ 1,313,198	\$ 1,243,383	\$ 1,130,135	\$ 1,066,479
Property taxes	277,640	233,690	240,436	175,627	212,752	220,093	195,599	201,829	146,505	147,789
Other taxes	853,236	804,204	710,523	515,803						
Fines	32,286	35,124	24,343	32,853	54,081	64,797	72,173	68,824	70,287	71,843
Intergovernmental revenues	173,316	144,449	125,157	39,428	37,542	34,465	41,085	31,808	28,879	28,786
Interest	-	-	-	-	-	-	-	323	231	385
Miscellaneous	170,251	102,705	76,577	69,458	59,536	67,295	87,079	70,041	109,580	121,565
Charges for services	-	-	-	-	23,470	43,984	39,249	-	-	-
Total revenues	<u>2,965,588</u>	<u>2,586,153</u>	<u>2,697,467</u>	<u>2,089,241</u>	<u>1,556,554</u>	<u>1,758,557</u>	<u>1,748,383</u>	<u>1,616,208</u>	<u>1,485,617</u>	<u>1,436,847</u>
Expenditures										
General administration	662,982	542,078	465,528	442,388	507,535	474,680	545,535	587,890	477,279	360,285
Mayor and council	72,371	70,047	50,774	54,642	62,401	59,792	62,470	59,344	40,476	40,416
Public safety	809,944	835,431	691,652	573,459	683,828	677,078	675,636	577,707	452,054	425,438
Municipal court	143,244	133,762	117,126	130,621	157,187	159,603	161,520	151,069	145,316	147,129
Public works	114,660	111,749	106,255	100,783	87,706	90,502	74,144	59,153	-	70,302
Community and economic development	19,061	249,556	47,114	11,056	-	-	-	-	-	-
Street department	-	-	-	-	-	-	-	-	-	21,650
Capital outlay	-	61,615	21,555	-	-	-	-	44,775	27,500	14,716
Debt service:										
Principal	-	-	122,495	126,615	123,073	119,651	118,141	77,770	75,148	72,623
Interest	-	-	3,413	7,081	10,623	14,044	15,554	19,531	20,396	22,931
Total expenditures	<u>1,822,262</u>	<u>2,004,238</u>	<u>1,625,912</u>	<u>1,446,645</u>	<u>1,632,353</u>	<u>1,595,350</u>	<u>1,653,000</u>	<u>1,577,239</u>	<u>1,238,169</u>	<u>1,175,490</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,143,326</u>	<u>581,915</u>	<u>1,071,555</u>	<u>642,596</u>	<u>(75,799)</u>	<u>163,207</u>	<u>95,383</u>	<u>38,969</u>	<u>247,448</u>	<u>261,357</u>
Other financing sources (uses)										
Transfers in	56,400	56,400	56,400	56,400	56,400	56,400	56,400	-	-	-
Proceeds from sale of capital assets	-	-	-	-	12,415	9,010	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	28,468	-	-	-
Total other financing sources (uses)	<u>56,400</u>	<u>56,400</u>	<u>56,400</u>	<u>56,400</u>	<u>68,815</u>	<u>65,410</u>	<u>84,868</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,199,726	638,315	1,127,955	599,400	(6,984)	228,617	180,251	38,969	247,448	261,357
Fund balances, beginning	1,514,653	876,338	(251,617)	(951,017)	(944,033)	(1,172,650)	(1,352,901)	863,387	(1,661,098)	(1,542,805)
Prior period adjustments to noncurrent	-	-	-	-	-	-	-	(2,255,257)	-	(379,650)
Fund balances, ending	<u>\$ 2,714,379</u>	<u>\$ 1,514,653</u>	<u>\$ 876,338</u>	<u>\$ (251,617)</u>	<u>\$ (951,017)</u>	<u>\$ (944,033)</u>	<u>\$ (1,172,650)</u>	<u>\$ (1,352,901)</u>	<u>\$ 855,969</u>	<u>\$ (1,661,098)</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	7.85%	9.24%	8.40%	8.53% (1)	8.37%	6.35%	7.89%	8.23%

* Fund balance of the Town's General Fund has been restated to reflect the correction of an error in the December 31, 2016 report
(1) Reflects \$27,933 being included in the "debt service as a percentage of noncapital expenditures" calculation for December 31, 2018.

**TOWN OF CHAPIN, SOUTH CAROLINA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN CALENDAR YEARS**

<u>Calendar Year</u>	<u>Business Licenses Taxes</u>	<u>Franchise Taxes</u>	<u>Property Taxes</u>	<u>Total</u>
2023	\$ 1,147,244	\$ 271,038	\$ 209,621	\$ 1,627,903
2022	1,015,335	249,646	233,690	1,498,671
2021	1,269,837	241,313	240,436	1,751,586
2020	1,004,006	247,554	212,771	1,464,331
2019	900,225	264,953	212,752	1,377,930
2018	1,068,385	257,338	220,093	1,545,816
2017	1,143,003	166,127	195,599	1,504,729
2016	1,119,830	152,497	154,132	1,426,459
2015	984,910	152,307	131,005	1,268,222
2014	930,868	132,483	130,778	1,194,129

TOWN OF CHAPIN, SOUTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN CALENDAR YEARS

<u>Calendar Year End</u>	<u>Tax Year</u>	<u>Real Property Assessed Value</u>	<u>Personal Property Assessed Value</u>	<u>Total Taxable Assessed Value</u>	<u>Tax Millage</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
12/31/2023	2022	\$ 12,125,020	\$ 3,845,400	\$ 15,970,420	13.070	\$ 276,482,561	5.78%
12/31/2022	2021	11,534,400	4,095,620	15,630,020	13.070	264,252,142	5.91%
12/31/2021	2020	11,273,770	4,126,140	15,399,910	13.070	259,817,449	5.93%
12/31/2020	2019	10,327,890	4,376,140	14,704,030	12.884	243,541,024	6.04%
12/31/2019	2018	9,791,370	4,677,600	14,468,970	12.884	238,338,162	6.07%
12/31/2018	2017	9,604,140	4,641,560	14,245,700	11.505	233,500,496	6.10%
12/31/2017	2016	8,794,550	3,878,220	12,672,770	11.505	215,772,376	5.87%
12/31/2016	2015	8,662,700	2,980,400	11,643,100	11.505	201,927,285	5.77%
12/31/2015	2014	8,234,010	2,744,360	10,978,370	11.505	191,718,735	5.73%
12/31/2014	2013	8,050,310	2,676,650	10,726,960	11.505	185,838,996	5.77%

Note: The above data was provided by the Lexington County Tax Assessor and the Lexington County Auditor.

**TOWN OF CHAPIN, SOUTH CAROLINA
PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN CALENDAR YEARS**

Tax Year	Town of Chapin			Overlapping Rates						
	Operating Millage	Debt Service Millage	Total Town Millage	County			School District			Total Direct & Overlapping Rates
			Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
2023	16.690	0.000	16.960	115.493	10.450	125.943	266.000	69.500	335.500	478.133
2022	13.070	0.000	13.070	110.571	10.550	121.121	246.100	69.500	315.600	449.791
2021	13.070	0.000	13.070	110.571	10.550	121.121	246.100	69.500	315.600	449.791
2020	12.884	0.000	12.884	110.015	11.750	121.765	246.100	75.400	321.500	456.149
2019	12.884	0.000	12.884	112.255	12.050	124.305	256.900	75.400	332.300	469.489
2018	12.884	0.000	12.884	112.255	11.950	124.205	256.900	54.800	311.700	448.789
2017	11.505	0.000	11.505	110.084	11.650	121.734	256.900	54.800	311.700	444.939
2016	11.505	0.000	11.505	109.668	12.350	122.018	251.500	54.800	306.300	439.823
2015	11.505	0.000	11.505	109.136	12.350	121.486	251.500	52.500	304.000	436.991
2014	11.505	0.000	11.505	109.117	13.000	122.117	235.800	52.500	288.300	421.922

**TOWN OF CHAPIN, SOUTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2023			Taxpayer	2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Dominion Energy South Carolina	\$ 1,235,380	1	7.74%	South Carolina Electric & Gas	\$ 758,950	1	7.08%
Chapin & Lex LLC	916,160	2	5.74%	General Information Services	353,480	2	3.30%
Rayco Inc.	384,520	3	2.41%	Rayco Inc.	317,000	3	2.96%
Soley Chapin Center LLC	308,970	4	1.93%	Ellett Brothers Inc.	298,710	4	2.78%
Global Strategies Upcycle	283,290	5	1.77%	Chapin Center LLC	220,870	5	2.06%
DGK LLC	238,620	6	1.49%	Premark Packaging LLC	183,220	6	1.71%
Boyin Hills Spe LLC	229,310	7	1.44%	Generations of Chapin, Inc.	176,760	7	1.65%
Chapin Orthopedic Properties	214,530	8	1.34%	S & W Land Co LLC	166,690	8	1.55%
S&W Land Co LLC	208,280	9	1.30%	Bellsouth Telecommunications	149,550	9	1.39%
PA Chapin LLC	202,810	10	1.27%	P M Systems Corporation	103,480	10	0.96%
	<u>\$ 4,221,870</u>		<u>26.43%</u>		<u>\$ 2,728,710</u>		<u>25.44%</u>

Source: Lexington County Auditor's Office

**TOWN OF CHAPIN, SOUTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN CALENDAR YEARS**

<u>Tax Year</u>	<u>Total Tax Levy</u>	<u>Collections within the Levy Year</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2014	\$ 124,472	\$ 119,635	96.11%	\$ 4,054	\$ 123,689	99.37%
2015	127,335	123,458	96.96%	3,616	127,074	99.80%
2016	135,117	131,321	97.19%	3,796	135,117	100.00%
2017	148,852	144,959	97.38%	3,659	148,618	99.84%
2018	164,533	157,867	95.95%	6,666	164,533	100.00%
2019	184,842	179,702	97.22%	3,184	182,886	98.94%
2020	191,339	183,653	95.98%	2,368	186,021	97.22%
2021	207,353	193,632	93.38%	2,068	195,700	94.38%
2022	205,414	198,185	96.48%	5,062	203,247	98.95%
2023	211,956	203,977	96.24%	5,412	209,389	98.94%

Source: Lexington County Auditor's Office

**TOWN OF CHAPIN, SOUTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN CALENDAR YEARS**

Tax Year	Governmental Activities			Business-type	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Lease Obligations	Notes Payable	State Revolving Fund Loan			
2014	\$ 581,497	\$ -	\$ -	\$ -	\$ 581,497	1.56%	\$ 399
2015	509,276	-	-	-	509,276	1.28%	328
2016	431,507	-	150,000	-	581,507	1.45%	369
2017	347,754	21,226	122,854	-	491,834	1.08%	307
2018	263,343	14,490	94,350	6,379,595	6,751,778	14.22%	4,147
2019	177,269	7,420	64,422	12,829,853	13,078,964	25.55%	8,009
2020	89,499	-	32,996	13,002,943	13,125,438	23.41%	7,888
2021	-	-	-	12,708,374	12,708,374	23.62%	6,903
2022	-	-	-	12,322,253	12,322,253	23.97%	6,561
2023	-	-	-	11,928,743	11,928,743	22.30%	6,252

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) See the schedule of Demographic and Economic Statistics for personal income and population data

**TOWN OF CHAPIN, SOUTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN CALENDAR YEARS**

<u>Tax Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Estimated Actual Taxable Value of Property(1)</u>	<u>Per Capita (1)</u>
2014	\$ 581,497	0.31%	\$ 399
2015	509,276	0.27%	328
2016	431,507	0.21%	274
2017	347,754	0.16%	217
2018	263,343	0.11%	162
2019	177,269	0.07%	109
2020	89,499	0.04%	54
2021	-	0.00%	-
2022	-	0.00%	-
2023	-	0.00%	-

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property tax value data.

(2) See the schedule of Demographic and Economic Statistics for population data.

**TOWN OF CHAPIN, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
CURRENT YEAR**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt:			
Lexington County	\$ 17,225,000	1.06%	\$ 181,775
Lexington Richland School District 5	\$ 195,264,445	4.23%	\$ 8,257,309
Direct Debt:			
Town of Chapin Direct Debt	\$ -	100.00%	\$ -

Sources: Assessed value data used to estimate applicable percentages provided by Lexington Count and Lexington Richland School District 5. Debt outstanding provided by Lexington County and Lexington Richland School District 5.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's or School District's taxable assessed value that is within the Town's boundaries and dividing it by the County's or School District's total taxable assessed value.

**TOWN OF CHAPIN, SOUTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN CALENDAR YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Debt Limit	\$ 1,277,619	\$ 1,250,402	\$ 1,231,993	\$ 1,176,322	\$ 1,157,518	\$ 1,139,656	\$ 1,013,822	\$ 931,448	\$ 878,270	\$ 858,157
Total Net Debt Applicable to Limit	-	-	-	89,499	177,269	263,343	347,754	431,507	509,276	581,497
Legal Debt Margin	<u>\$ 1,277,619</u>	<u>\$ 1,250,402</u>	<u>\$ 1,231,993</u>	<u>\$ 1,086,823</u>	<u>\$ 980,249</u>	<u>\$ 876,313</u>	<u>\$ 666,068</u>	<u>\$ 499,941</u>	<u>\$ 368,994</u>	<u>\$ 276,660</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	7.61%	15.31%	23.11%	34.30%	46.33%	57.99%	67.76%

Legal Debt Margin Calculation for 2022

Assessed Value	\$ 15,970,420
Debt Limit (8% of Total Assessed Value)	1,277,619
Debt Applicable to Limit: General Obligation Bonds	<u>-</u>
Legal Debt Margin	<u>\$ 1,277,619</u>

Note: Under state law, the Town's outstanding general obligation debt shall not exceed eight percent (8%) of total assessed property value unless approved by a majority vote of qualified electors of the political subdivision voting in a referendum authorized by law.

**TOWN OF CHAPIN, SOUTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Calendar Year	Population (1)	Personal Income (2) (amounts expressed in thousands)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
2014	1,459	\$ 37,229	\$ 25,516	362	5.6%
2015	1,554	39,923	25,691	396	5.0%
2016	1,575	40,106	25,464	439	2.0%
2017	1,604	45,331	28,261	422	2.5%
2018	1,628	47,468	29,157	399	1.7%
2019	1,633	51,199	31,353	429	8.1%
2020	1,664	56,057	33,688	485	8.2%
2021	1,841	53,017	28,798	371	8.5%
2022	1,878	46,448	24,733	363	10.4%
2023	1,908	53,493	28,036	376	9.3%

Data sources:

(1) City and Town Population Totals: 2020-2023 (Annual Estimates of the Resident Population for Incorporated Places in SC: April 1, 2020 to July 1, 2023)

(2) 2018-2022 American Community Survey 5-Year Estimates (Table S1101 - HOUSEHOLDS AND FAMILIES) and 2018-2022 American Community Survey 5-Year Estimates (Table S1901 - INCOME IN THE PAST 12 MONTHS (IN 2022 INFLATION-ADJUSTED DOLLARS))

(3) 2018-2022 American Community Survey 5-Year Estimates (Table S1401 - SCHOOL ENROLLMENT)

(4) 2018-2022 American Community Survey 5-Year Estimates (Table S2301 - EMPLOYMENT STATUS)

**TOWN OF CHAPIN, SOUTH CAROLINA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2023			2014*		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
General Information Services	198	1	N/A	N/A	1	N/A
Lexington School District 5	158	2	N/A	N/A	2	N/A
Lowe's Food	93	3	N/A	N/A	3	N/A
Generations of Chapin, Inc.	45	4	N/A	N/A	4	N/A
Sonic	43	5	N/A	N/A	5	N/A
Chophouse of Chapin	39	6	N/A	N/A	6	N/A
Chapin Family Practice	38	7	N/A	N/A	7	N/A
Palmetto Bone & Joint	36	8	N/A	N/A	8	N/A
Zaxby's	36	9	N/A	N/A	9	N/A
Rainbow International	36	10	N/A	N/A	10	N/A
	<u>722</u>		<u>N/A</u>	<u>N/A</u>		<u>N/A</u>

* Information for 2014 employment is not available.

Source: Finance Department

**TOWN OF CHAPIN, SOUTH CAROLINA
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN CALENDAR YEARS**

Function:	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Government										
Police	8	7	6	6	6	7	7	7	6	6
Communication and Economic Development	-	-	1	1	1	1	1	1	1	1
Communications	1	-	-	-	-	-	-	-	-	-
Town Administrator	1	1	-	-	-	-	-	-	-	-
Zoning	1	1	1	1	1	1	1	1	1	-
Town Clerk	1	1	1	1	1	1	1	1	-	-
Finance	1	1	1	1	1	2	2	2	2	2
Municipal Court	1	1	1	1	1	1	1	1	1	1
Public Works	1	1	1	1	1	1	1	-	-	-
	<u>15</u>	<u>13</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>14</u>	<u>14</u>	<u>13</u>	<u>11</u>	<u>10</u>

Source: Finance Department

**TOWN OF CHAPIN, SOUTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN CALENDAR YEARS**

Function:	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Police Department										
Calls for Service	3,607	3,550	2,706	3,442	N/A	N/A	3,738	3,378	N/A	N/A
Offenses Reported	732	646	450	550	592	590	420	358	N/A	N/A
Arrests	68	69	53	73	199	147	106	49	N/A	N/A
Driving Under the Influence	13	17	6	18	22	33	18	8	N/A	N/A
Drugs	55	52	20	24	34	51	48	19	N/A	N/A
Assaults	18	19	21	11	37	12	18	31	N/A	N/A
Larceny	32	32	40	45	93	98	57	74	N/A	N/A
Arrest Warrants	68	68	24	56	182	135	74	N/A	N/A	N/A
Tickets	496	347	205	328	497	744	1,030	917	N/A	N/A
Municipal Court										
Court Case Counts	498	388	285	380	559	813	992	944	917	N/A
Jury Trial Counts	-	-	-	-	3	4	3	1	1	N/A
General Government										
Business Licenses Issued	569	468	645	482	527	497	554	508	N/A	N/A
Zoning Permits Issued	72	33	35	24	28	16	33	N/A	N/A	N/A
Sign Permits Issued	17	8	29	9	27	16	28	N/A	N/A	N/A

N/A Information is not available. This schedule is a work in progress and will be updated the following year when information becomes available.

Source: Finance Department, Police Department, Court, Zoning

**TOWN OF CHAPIN, SOUTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN CALENDAR YEARS**

Function:	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Police Department										
Police Vehicles	11	11	8	8	8	8	9	7	6	6
Utility and Public Works Department										
Utility Trucks	16	19	16	12	11	11	9	8	N/A	N/A
Public Works Trucks	2	2	2	2	2	1	1	-	-	-

N/A Information is not available. This schedule is a work in progress and will be updated the following year when information becomes available.

Source: Finance Department

COMPLIANCE SECTION

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

**The Honorable Mayor and Members
of the Town Council
Town of Chapin, 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, and each major fund of the **Town of Chapin, South Carolina** (the "Town") as of and for the year ended December 31 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 4, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Town of Chapin, South Carolina's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Columbia, South Carolina
June 4, 2024

TOWN OF CHAPIN, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

Yes No

Significant deficiencies identified?

Yes No

Noncompliance material to financial statements noted?

Yes No

Federal Awards

There was not an audit of major federal award programs as of December 31, 2023, due to the total amount expended being less than \$750,000.

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2023-001. Segregation of Duties

Criteria: Internal controls should be in place to provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: Appropriate segregation of duties does not exist among recording and tracking capital asset acquisitions and depreciation as well as reconciling the various activity to the to the general ledger system. Several instances of overlapping duties were noted during interviews regarding internal control procedures.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures.

Effect: Failure to properly segregate duties among the various financial cycles in the funds possessed by the Town can lead to errors not detected or corrected during the normal course of business.

Cause: The lack of segregation of duties is due to the limited number of individuals available to perform all of the duties as well as the lack of a properly developed integrated work plan with appropriate controls.

Recommendation: The duties among the various financial cycles associated with the various funds of the Town should be segregated among employees to eliminate various overlapping duties.

Views of Responsible Officials and Planned Corrective Action: We concur. The Town is in the process of reviewing their respective systems to evaluate and determine the most efficient and effective solution to properly segregate duties among the financial cycles of the Town.

TOWN OF CHAPIN, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2022

2022-001. Segregation of Duties

Criteria: Internal controls should be in place to provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: Appropriate segregation of duties does not exist among recording, distribution, and reconciliation of cash accounts and other financial cycles in the various funds possessed by the Town. Several instances of overlapping duties were noted during interviews regarding internal control procedures.

Status: Unresolved. See current year finding 2023-001.