CHESTER FIRE DISTRICT
Chester, South Carolina

Financial Statements
(and Auditors' Report Thereon)

For the Year Ended June 30, 2020

CHESTER FIRE DISTRICT
Chester, South Carolina
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June 30, 2020

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INDEPENDENT AUDITORS' REPORT

Honorable Chairman and
Members of the Chester Fire District Commission
Chester, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Chester Fire District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Chester Fire District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on pages 21-22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2021, on our consideration of the Chester Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Columbia, South Carolina
February 3, 2021

CHESTER FIRE DISTRICT
Chester , South Carolina
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 69,259
Receivables (net of allowance for uncollectibles):	
Property taxes	1,403
Intergovernmental	285,133
Capital assets:	
Buildings and improvements	190,977
Vehicles and equipment	586,791
Accumulated depreciation	(533,878)
Total Assets	599,685
LIABILITIES	
Accounts payable	16,888
Noncurrent liabilities:	
Due within one year	102,915
Due after one year	312,612
Total Liabilities	432,415
NET POSITION	
Invested in capital assets - net of related debt	(171,637)
Unrestricted	338,907
Total Net Position	$ 167,270

See independent auditors' report and accompanying notes to the financial statements.

CHESTER FIRE DISTRICT
Chester , South Carolina
RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCE SHEET TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
AS OF JUNE 30, 2020

Total fund balances - governmental funds, June 30, 2020	$	338,906
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Capital assets		777,768
Accumulated depreciation		(533,878)
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds		
Bonds payable		(415,526)
Total net position - governmental activities, June 30, 2020	$	167,270

See independent auditors' report and the accompanying notes to the financial statements.

CHESTER FIRE DISTRICT
Chester, South Carolina
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

		Program Revenues			Net Revenue (Expense) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
PRIMARY GOVERNMENT					
Governmental Activities					
Public safety	$ 1,948,984	$ -	$ -	$ -	$ (1,948,984)
Interest and fiscal charges	12,092	-	-	-	(12,092)
Total Governmental	1,961,076	-	-	-	(1,961,076)
Business-Type Activities					
None	-	-	-	-	-
Total Primary Government	$ 1,961,076	$ -	$ -	$ -	(1,961,076)
General Revenues					
Property taxes levied for:					
General purposes					2,009,866
Interest/investment income					36
Other income					-
Intergovernmental transfers					-
Total general revenues					2,009,902
Changes in net position					48,826
Net Position, beginning					118,444
Net Position, ending					$ 167,270

See independent auditors' report and the accompanying notes to the financial statements.

CHESTER FIRE DISTRICT
Chester , South Carolina
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Change in fund balances - governmental funds, June 30, 2020	$	(13,776)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. In the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		-
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore depreciation expense is not reported as expenditures in governmental funds.		(37,806)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of bond		-
Principal payment of long term debt		100,408
Change in net position - governmental activities, June 30, 2020	$	48,826

See independent auditors' report and the accompanying notes to the financial statements.

CHESTER FIRE DISTRICT
Chester , South Carolina
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2020

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 69,259	$ -	$ 69,259
Receivables (net of allowance for uncollectibles):			
Taxes	1,403	-	1,403
Intergovernmental	285,132	-	285,132
Total Assets	$ 355,794	$ -	$ 355,794
LIABILITIES AND FUND BALANCES			
Accounts payable	$ 250	-	$ 250
Due to City of Chester	16,638	-	16,638
Fund balances			
Unassigned	338,906	-	338,906
Total Fund Balances	338,906	-	338,906
Total Liabilities and Fund Balances	$ 355,794	$ -	$ 355,794

See independent auditors' report and accompanying notes to the financial statements.

CHESTER FIRE DISTRICT
Chester , South Carolina
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2020

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES			
Taxes - property	$ 1,893,379	$ 112,500	$ 2,005,879
Investment earnings	36	-	36
Payments in lieu of taxes	3,987	-	3,987
Other revenues	-	-	-
Total Revenues	1,897,402	112,500	2,009,902
EXPENDITURES			
Current:			
Public safety	1,911,178	-	1,911,178
Debt service	-	112,500	112,500
Total Expenditures	1,911,178	112,500	2,023,678
Excess revenue over (under) expenditures	(13,776)	-	(13,776)
OTHER FINANCING SOURCES (USES)			
Proceeds from GOB	-	-	
Intergovernmental	-	-	-
Net change in fund balances	(13,776)	-	(13,776)
Fund Balance, beginning of year	352,682	-	352,682
Fund Balance, end of year	$ 338,906	$ -	$ 338,906

See independent auditors' report and accompanying notes to the financial statements.

CHESTER FIRE DISTRICT
Chester, South Carolina
Notes to the Financial Statements
June 30, 2020

Note 1 – Summary of Significant Accounting Policies

A. General

The Chester Fire District (the District) is a special purpose tax district created in Chester County by the state of South Carolina by Act 1779 of 1972 of the South Code of Laws effective August 3, 1972. The Chester Fire District provides fire protection services within the designated Chester Fire District boundaries. The boundaries have increased twice since the District was created, in 1988 and again in 1995. The Chester Fire District is governed by the Chester Fire District Commission, which consist of five members. Chester County Council appoints two of the members, Chester City Council appoints two members and the four appointed members choose a fifth member. The term of office for the Chester Fire District Commissioners is four years.

The Chester Fire District has been determined to be a component unit of Chester County as defined by Governmental Accounting Standards Board Statement Number 14 (GASB #14).

Annually and several months before the beginning of a new fiscal year, the Chester Fire District Commission negotiates a contact with the City of Chester to provide fire protection service within the Chester Fire District. Based on the terms of this contract, the Chester Fire District submits to Chester County Council a proposed budget and a proposed contract for fire protection service with the City of Chester for the coming year. Upon approval of the budget, Chester County Council sets an annual millage rate for property tax collections for all taxpayers within the Chester Fire District. Chester County bills and collects the property taxes and the Chester County Treasurer remits property taxes collected on behalf of the Chester Fire District at the beginning of each month for the taxes collected the prior month.

The Chester Fire District has no employees and its primary expenditure is the monthly payment toward its annual contract to the City of Chester for fire protection services. Other expenditures usually include purchase of fire ladder truck, insurance coverage of it, some maintenance expenditures, debt service on long term obligations and specifically approved purchases by the District.

The financial statements of Chester Fire District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The District also applies Financial Accounting Standard Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The most significant of the Chester Fire District's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement Number 34, *Basic Financial Changes – and Management's Discussion and Analysis – for State and Local Governments.* Certain significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.

- Financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure (roads, bridges, etc.).

- A change in the fund financial statements to focus on major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

B. Financial Reporting Entity

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

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

The Chester Fire District has been determined to be a component unit of Chester County as defined by Governmental Accounting Standards Board Statement Number 14 (GASB #14).

The District has determined that no other governmental organizations are deemed component units of the Chester Fire District.

C. Basis of Presentation

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

Government-Wide Financial Statements
The statement of net position and the statement of activities display information about the District as a whole. These statements include all financial activities of the primary government, except for the fiduciary funds. The effect of interfund activity has been removed from the statements. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental activities for the District. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods or services offered by the programs, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

This government-wide focus is more on the sustainability of the District as an entity and the change in District's net position resulting from the current year's activities.

Fund Financial Statements
The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of

funds is maintained consistent with legal and managerial requirements. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental fund types are used to account for the government's general government activities. Governmental funds include the general fund, special revenue funds, capital projects funds and debt service fund. The Chester Fire District has only the following governmental fund types:

The **general fund** of the District is used to account for all financial resources except those required to be accounted for in another fund. All property taxes, intergovernmental revenues, charges for services, fines, forfeits and miscellaneous revenues are recorded in this fund except amounts that are specifically collected for service debt or for which the District Treasurer collects taxes and other funds in a fiduciary capacity.

Operational expenditures for general government and fire protection services are paid through the general fund. Governmental accounting principles generally accepted in the United States of America require the presentation of a combined statement of revenues, expenditures and changes in fund balance - budget and actual for general and special revenue funds.

The **debt service fund** is used to account for the accumulation of resources and the payment of general long-term debt principal, interest and any related costs. The District has a debt service fund maintained by the Chester County Treasurer for servicing its general long-term debt.

Proprietary fund types

Proprietary funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the District is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis are financed or recovered primarily through user charges. The District has no proprietary fund operations.

Fiduciary fund types

Fiduciary funds are used to account for assets held by the District on behalf of other organizations or activities not considered an activity of the District. The District has no fiduciary fund operations.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Statement Number 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Since by definition, the District has no major funds except the general fund, no distinction between major and non-major funds is reflected in the fund financial statements.

D. Measurement Focus

Government-wide financial statements

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

Fund financial statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which governmental activities of the government-wide financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and statements for governmental funds.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Governmental–wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and the presentation of expenses versus expenditures.

Revenues – exchange and non-exchange transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: delinquent taxes collected within sixty days of fiscal year end, sales tax, grants, interest, fees and charges for service.

Chester Fire District recognizes property taxes revenues only to the existent that they do not exceed the budgeted amount approved, annually, by Chester County Council. Property taxes collected by the Chester County Treasurer in excess of the budget amounts authorized for Chester Fire District are maintained in two separate Chester County special funds, one for general operations and one for debt service, for the benefit of Chester Fire District to be used in future years.

Deferred revenue

Deferred revenue arises when assets are recognized before recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2020 (all property owned by taxpayers are assessed as of December 31, 2019), but which were billed in October 2019 to finance fiscal year 2019-20 operations, have been recorded as revenue. Because of the nature of revenue recognition for the Chester Fire District, no deferred revenue is recognized. Chester County reports these collected revenues, but not yet remitted to Chester Fire District, in two separate special accounts.

Expenses/expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds, but are recognized in the Statement of Net Position and Statement of Activity.

F. Assets, Liabilities and Equity

Cash and investments

For purposes of the Statement of Net Position, cash includes all demand, savings accounts and certificates of deposits of the District. For the purposes of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" includes all demand and savings accounts, certificates of deposit or short-term investments (including restricted assets) with original maturity of three months or less.

Investments are carried at fair value, which is based on quoted market price.

Receivables and payables

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The allowance for trade accounts receivable is computed based upon an estimate of collections within each aging category. The allowance for property taxes receivable is based upon a composite average of each delinquent tax year's collections to the outstanding balance at the beginning of the fiscal year.

Property taxes become a lien on real estate and certain personal properties owned on the preceding December 31 of each District fiscal year ended June 30. These taxes are levied on or before October 31 and are due without penalty through January 15. Penalties are added to the taxes depending on the date paid as follows:

January 16 through February 1	3% of tax
February 2 through March 15	10% of tax
March 16 and thereafter	15% of tax plus collection cost

The lien and collection date for motor vehicles is the last day of the month in which the motor vehicle license expires. The District bills and collects its own real property taxes. Chester County bills and collects vehicle property taxes and payments in lieu of taxes and remits to the District its collections monthly following the month received. Property tax revenue is recognized when past due and collectible within the current period or soon enough thereafter (defined as sixty days) to pay liabilities of the current period. An allowance is provided for an estimated amount of taxes billed that may ultimately prove to be uncollectible. Deferred revenue (property taxes) represents that portion of property taxes which is deemed not available to pay current expenses.

Inventories

The general fund of the District has no significant inventories.

Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, water & sewer systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The District defines capital assets as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Because Chester Fire District qualifies as a small governmental entity as defined by GASB 34 (governments with annual revenues less than $10 million), the District has elected not to capitalize its infrastructure retroactively as large governmental entities are required to do. Prior to June 30, 2003, Chester Fire District has not capitalized infrastructure. Infrastructure with an initial individual cost of more than $5,000 and an estimated useful life in excess of three years is being capitalized beginning July 1, 2003 and thereafter.

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

Major outlays for capital assets are capitalized as the projects are constructed. Interest incurred during the construction phase of proprietary capital assets is included as part of the capitalized value of the assets constructed.

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	30 years
Building improvements	15 years
Fire Trucks	20 years
Vehicles	5 years
Furniture and equipment	3 to10 years

Compensated absences

The Chester Fire District has no employees; therefore compensated absences are not recognized.

Net Pension Liability

The Chester Fire District has no employees; therefore net pension liability is not recognized.

Fund equity - reservations and designations of fund balances

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with reservations indicating those fund balances which do not represent expendable resources and, therefore, are not available for expenditure.

The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

- **Nonspendable fund balance** amounts are not in a spendable for (such as inventory or prepaids) or are required to be maintained intact.
- **Restricted fund balance** amounts are constrained to specific purposes by their providers (such as grantors, bondholders, or higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed fund balance** amounts are constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- **Assigned fund balance** amounts are what the government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- **Unassigned fund balance** amounts are available for any purpose; these amounts are reported only in the general fund.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted fund balances are available. The District applies uncommitted and unassigned resourced when an expense is incurred for purposes for which any unrestricted fund balance is available.

Net position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through restrictions imposed by creditors, grantors, laws, or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

G. Revenues, Expenditures and Expenses

Property taxes

The District follows Governmental Accounting Standards Board (GASB) Statement Number 33, *Accounting and Financial Reporting for Non-exchange Transactions* to account for non-exchange revenues that primarily consist of imposed non-exchange revenues or ad valorem taxes. Under the standard, a receivable is recorded when an enforceable legal claim for property taxes has arisen and revenue is recognized when the resources are available.

Operating revenues and expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing or delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, non-capital financing or investing activities.

Expenditures/expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character:	Current (further classified by function)
	Debt service

Use of estimates

The financial statements include estimates and assumptions that affect the District's financial position and results of operations and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Subsequent events

The District evaluated all events and transactions that occurred after June 30, 2020 through the date these financial statements were available to be issued on February 3, 2021. No subsequent events were identified.

H. Stewardship, Compliance and Accountability

Budgetary information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund. Should the District be awarded grants, they are budgeted over the life of the grant or project according to the terms of the grant and its stated budget.

The Chester Fire District's annual budget for the year is determined by the contract it signs for fire protection service with the City of Chester. Therefore, the City of Chester Fire Department submits it proposed budget and its proposed contract for the coming year to the Chester Fire District by March 15. Corresponding with this request, the City of Chester Fire Department submits its budget to through channel to the City Council of City of Chester.

City of Chester may negotiate directly with the Chester Fire District so that a contract for the coming year is signed. The contract must be signed and approved by both Chester Fire District and the City of Chester before June 1st. The Chester Fire District submits its budget based on the signed contract with the City of Chester to Chester County Council for their approval. Chester County sets the property tax millage based on the approved budget. This must be accomplished before June 30.

Budgets, as reported in the financial statements, are originally passed by Chester County ordinance and may be subsequently amended. During the year, no supplementary appropriations were enacted. All annual appropriations lapse at year end.

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. There were no encumbrances reserved as of June 30, 2020.

Budget Basis of Accounting

The District has legally adopted a budget for the general fund. The District's budgetary process is based primarily upon the cash basis of accounting. It is the opinion of the District that a meaningful comparison of actual results to budget can be presented for the General Fund due to the fact that there is no material difference between actual results on the GAAP basis and actual results on a budget basis.

DETAILED NOTES ON ALL FUNDS

Note 2 - Cash and Investments

The District is authorized by South Caroline State Law to invest in the following types of investments:

1. Obligations of the United States, and its agencies, the principal and interest of which is fully guaranteed by the United States.
2. Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to the refinement or graduation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
3. General obligations of the State of South Carolina or any of its political units; or revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or graduation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
4. Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
5. Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificate of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
6. Repurchase agreements when collateralized by securities as set forth in this section.
7. No load open-end or 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 or 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, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (1), (2), (3), and (6) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

Cash and cash equivalents of the District consist of cash maintained with a financial institution. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to cash and are within three months of maturity when purchased.

At year end, the carrying amount of the District's cash deposits (which includes checking accounts, savings accounts and certificates of deposit, if applicable), was $69,259 and the bank balances were $70,545. Of the bank balances, up to $250,000 was covered by federal depository insurance (FDIC).

Note 3 - Receivables and Deferred Revenue

Property taxes receivables at June 30, 2020 including penalties, are as follows:

Real property and vehicle taxes through Chester County	$ 1,403
Less allowance for doubtful accounts	-
Total property taxes receivable - net of allowance for uncollectibles	$ 1,403

Intergovernmental receivables at June 30, 2020 are as follows;

City of Chester	$ 285,132
Total intergovernmental receivables	$ 285,132

No deferred revenues were recorded in theses financial statements.

Chester County sets a millage rate for all taxpayers who live within the Chester Fire District and includes this billing with their annual Chester County and Chester School District property tax assessment and billing each October. Chester County collects these taxes and remits them to the Chester Fire District's taxes up to their Chester County Council approved budgeted amount.

Property taxes being held by Chester County as of June 30, 2020, for Chester Fire District, to be used in future years are as follow:

Designated for Chester Fire District general operations	$ 1,075,754
Designated for Chester Fire District debt service on outstanding general obligation bonds	112,930
Total held by Chester County for future use as of June 30, 2020	$ 1,188,684

Note 4 - Capital Assets

Primary government capital asset activity for the year ended June 30, 2020 is as follows:

Governmental Activities:	Balance 6/30/2019	Additions	Disposals	Balance 6/30/2020
Capital assets, being depreciated:				
Buildings	$ 190,977	$ -	$ -	$ 190,977
Vehicles and equipment	586,791	-	-	586,791
Total capital assets, being depreciated	777,768	-	-	777,768
Less accumulated depreciation for:				
Buildings	140,278	6,594	-	146,872
Machinery and equipment	355,794	31,212	-	387,006
Total accumulated depreciation	496,072	37,806	-	533,878
Total capital assets, being depreciated, net	281,696	(37,806)	-	243,890
Governmental activities capital assets, net	$ 281,696	$ (37,806)	$ -	$ 243,890

Depreciation expense was charged as direct expenses to programs of the District government as follows:

Governmental Activities:	
Public safety	$ 37,806
	$ 37,806

Note 5 - Long-Term Debt

Long-term liability activity for the year was comprised of obligations under a general obligation bond to purchase fire/ladder truck. Activity for the fiscal year is as follows:

	Balance 6/30/2019	Additions	Retirements	Balance 6/30/2020
General Obligation Bonds				
$850,000; semi-annual payments of $56,250 which includes interest Due 6/18/24	515,935	-	100,408	415,527
Total bonds payable	515,935	-	100,408	415,527
Total general long-term debt	$ 515,935	$ -	$ 100,408	$ 415,527

CHESTER FIRE DISTRICT
Chester, South Carolina
Notes to the Financial Statements -- continued
June 30, 2020

Future maturities is as follows:

	Principal	Interest	Total
June 30, 2021	$ 102,915	$ 9,585	$ 112,500
2022	105,452	7,048	112,500
2023	108,051	4,449	112,500
2024	99,109	2,993	102,102
	$ 415,527	$ 24,075	$ 439,602

Interest expense for the year related to long term debt was $12,092.

CHESTER FIRE DISTRICT
Chester , South Carolina
DETAILED BUDGETARY COMPARISON - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
TAXES:				
Property taxes - current	$ 1,923,948	$ 1,923,948	$ 1,704,335	$ (219,613)
Property taxes - delinquent	-	-	189,044	189,044
	1,923,948	1,923,948	1,893,379	(30,569)
INVESTMENT EARNINGS:				
Interest income	-	-	36	36
PAYMENTS IN LIEU OF TAXES:				
Payments in lieu of taxes	-	-	3,987	3,987
OTHER REVENUES				
Miscellaneous income	-	-	-	-
TOTAL REVENUES	1,923,948	1,923,948	1,897,402	(26,546)
EXPENDITURES				
Current:				
PUBLIC SAFETY:				
FIRE SERVICES				
Repairs and maintenance	2,000	2,000	4,522	(2,522)
Audit	4,000	4,000	3,900	100
Contracted services	1,883,948	1,883,948	1,883,949	(1)
Fireman's Fund	-	-	-	-
Noncapitalized equipment	3,000	3,000	1,483	1,517
Insurance	16,000	16,000	17,324	(1,324)
	1,908,948	1,908,948	1,911,178	(2,230)
Total Public Safety	1,908,948	1,908,948	1,911,178	(2,230)
Capital outlay	15,000	15,000	-	15,000
TOTAL EXPENDITURES	1,923,948	1,923,948	1,911,178	12,770
EXCESS EXPENDITURES OVER REVENUES	-	-	(13,776)	(13,776)
OTHER FINANCING SOURCES (USES)				
Intergovernmental	-	-	-	-
EXCESS EXPENDITURES OVER REVENUES AND OTHER FINANCING SOURCES AND (USES)	-	-	(13,776)	(13,776)
Beginning Fund Balance, July 1, 2019	-	-	352,682	352,682
Ending Fund Balance, June 30, 2020	$ -	$ -	$ 338,906	$ 338,906

CHESTER FIRE DISTRICT
Chester , South Carolina
DETAILED BUDGETARY COMPARISON - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
TAXES:				
Property taxes - current	$ 112,500	$ 112,500	$ 112,500	$ -
Property taxes - delinquent	-	-	-	-
	112,500	112,500	112,500	-
PAYMENTS IN LIEU OF TAXES:				
Payments in lieu of taxes	-	-	-	-
TOTAL REVENUES	112,500	112,500	112,500	-
EXPENDITURES				
DEBT SERVICE				
Principal	100,408	100,408	100,408	-
Interest	12,092	12,092	12,092	-
	112,500	112,500	112,500	-
TOTAL EXPENDITURES	112,500	112,500	112,500	-
OTHER FINANCING SOURCES (USES)				
Proceeds from General Obligation Bond	-	-	-	-
Intergovernmental transfers	-	-	-	-
EXCESS EXPENDITURES OVER REVENUES	-	-	-	-
FUND BALANCE, JUNE 30, 2019	-	-	-	-
FUND BALANCE, JUNE 30, 2020	$ -	$ -	$ -	$ -

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

To the Chairman and Members of
Chester Fire District Commission
Chester, 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, each major fund, and the aggregate remaining fund information of Chester Fire District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 3, 2021.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Chester Fire District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in accompanying schedule of findings and questioned costs as Finding #17.1 that we consider to be a significant deficiency.

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

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.

Camp, Moring + Brendle, LLC

Columbia, South Carolina
February 3, 2021

CHESTER FIRE DISTRICT, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

1. Summary of the auditors' results	
a. Financial Statements	
i. Type of auditors' report issued :	Unmodified
ii. Internal control over financial reporting:	
1. Material weakness(es) identified?	No
2. Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
3. Noncompliance material to the financial statements.	No
b. Dollar threshold used to distinguish between type A and type B programs:	$750,000
c. Auditee qualified as low-risk?	Yes

Generally Accepted Governmental Auditing Standards Findings and Questioned Costs:

NONE.

CHESTER FIRE DISTRICT, SOUTH CAROLINA

STATUS OF PRIOR YEAR AUDIT FINDINGS

June 30, 2020

During our current audit, we reviewed the status of corrective action taken on reportable conditions resulting from the audit of Chester Fire District for the year ended June 30, 2019.

NONE.