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V. R. McConnell
Certified Public Accountant
And Business Consultant, LLC

7901 Edgewater Drive
Columbia, South Carolina 29223
Ph: (803) 788-0102

LETTER TO THOSE CHARGED WITH GOVERNANCE

June 10, 2023

Town Council
Town of Jenkinsville
P.O. Box 40,
Jenkinsville, S.C. 29065

We have audited the statement of net position and the fund balance sheet representing the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Jenkinsville, South Carolina for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 25, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Jenkinsville, South Carolina are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Town of Jenkinsville, South Carolina during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the Town's financial statements were:

> Management's estimate of the useful lives of assets is based on judgment. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that it is reasonable.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 10, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town of Jenkinsville, South Carolina's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town of Jenkinsville, South Carolina's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

There are no other matters required to be reported.

Restriction on Use

This information is intended solely for the use of the Town Council and management of the Town of Jenkinsville, South Carolina the Town of Jenkinsville, South Carolina and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

V. R. McConnell

AUDITED FINANCIAL STATEMENTS

TOWN OF JENKINSVILLE, SOUTH CAROLINA

JENKINSVILLE, SOUTH CAROLINA

Year Ended June 30, 2022

V. R. McConnell, Certified Public Accountant
And Business Consultant, LLC
7901 Edgewater Drive
Columbia, SC 29223

Contact Person: V. R. McConnell
Phone: 803-788-0102

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Jenkinsville, South Carolina

Opinions

We have audited the accompanying financial statements of the net position of governmental activities, each major fund, and the aggregate remaining fund information of the Town of Jenkinsville, South Carolina as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Jenkinsville, South Carolina's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of governmental activities, each major fund, and the aggregate remaining fund information of the Town of Jenkinsville, South Carolina, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of Jenkinsville, South Carolina, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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. The Town has not presented the management's discussion and analysis or budgetary comparison information.

Prior Period Adjustment

In our report dated July 30, 2022, we expressed an adverse opinion that the 2021 governmental activities net position in the financial statements did not fairly present the financial position in accordance with accounting principles generally accepted in the United States of America because the value of the Town's infrastructure assets was not reported in the financial statements. As discussed in Note K, the Town is now reporting the net value of infrastructure assets and the related accumulated depreciation through a prior period adjustment. The effect of the prior period adjustment is an increase in total assets and governmental activities net position in the amount of $367,025. Accordingly, our present opinion on the restated 2022 financial statements, as presented herein, is different from that expressed in our previous report.

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 of Jenkinsville, South Carolina'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 generally accepted 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 generally accepted 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 of Jenkinsville, South Carolina'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 of Jenkinsville, South Carolina'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.

Other Information

The Jenkinsville Water Company, Inc. is a separate legal entity and is not a part of the Town of Jenkinsville, South Carolina. No information related to the Jenkinsville Water Company, Inc. is included in these financial statements.

V. R. McConnell

June 10, 2023

STATEMENT OF NET POSITION
TOWN OF JENKINSVILLE, SOUTH CAROLINA
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash	$ 77,814	$ --	$ 77,814
Receivables	2,570	--	2,570
Prepaid Rent	--	--	--
Investments	11,736	--	11,736
	92,120	--	92,120
Capital assets, net of accumulated depreciation	440,051	--	440,051
Other assets			
Restricted cash	--	--	--
	--	--	--
TOTAL ASSETS	532,171	--	532,171
LIABILITIES			
Current liabilities			
Accounts payable	325	--	325
	325	--	325
Other liabilities			
Other liabilities	--	--	--
	--	--	--
TOTAL LIABILITIES	325	--	325
NET POSITION			
Investment in capital assets, net of related debt	440,051	--	440,051
Reserved for Debt service	--	--	--
Unrestricted	91,795	--	91,795
TOTAL NET POSITION	$ 531,846	$ --	$ 531,846

See notes to financial statements.

BALANCE SHEET
GOVERNMENTAL FUND
GENERAL FUND
TOWN OF JENKINSVILLE, SOUTH CAROLINA
June 30, 2022

Assets			
Cash		$	77,814
Receivables			2,570
Prepaid Rent			--
Investments			11,736
	TOTAL ASSETS	$	92,120
Liabilities and fund balance			
Liabilities			
Accounts payable		$	325
Other Liabilities			--
	TOTAL LIABILITIES		325
Fund balance			
Unreserved, reported in			
Nonspendable			--
Unassigned			91,795
	TOTAL FUND BALANCE		91,795
	TOTAL LIABILITIES AND FUND BALANCE	$	92,120

See notes to financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
TOWN OF JENKINSVILLE, SOUTH CAROLINA
June 30, 2022

Fund balance--governmental fund		91,795
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation		
Capital assets of governmental activities	$ 478,851	
Less accumulated depreciation on capital assets	(38,800)	440,051
NET ASSETS OF GOVERNMENTAL ACTIVITIES		$ 531,846

See notes to financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Jenkinsville, South Carolina (Town) was originally incorporated on March 6, 2008 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 Strong Mayor form of government with the Mayor and four council members comprising the governing body. As authorized by its Code of Ordinances, the Town provides general administrative services to its constituents.

The Town complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In both the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB pronouncements are followed. FASB and APB are the accepted standard setting bodies for establishing financial and reporting principles for business-type or enterprise reporting principles. The Town does not have any business-type or enterprise fund activities.

Financial Reporting Entity

In evaluating how to define the Town's financial reporting entity, management has considered all potential component units associated with the Town. The decision to include a potential component unit in the financial reporting entity was made by applying the criteria set forth by GAAP regardless of legal arrangements. The basic criterion for including a potential component unit is the Town's ability to exercise oversight responsibility. The most significant manifestation of this ability to exercise financial interdependency. Other manifestations include the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion is the scope of public service provided by the potential component unit and considering the extent to which the activity benefits the Town or its constituents, to the extent to which the activity is conducted within the Town's geographic boundaries and is generally available to its constituents.

A third criterion is the existence of special financing relationships between the potential component unit and the Town, regardless of whether the Town is able to exercise oversight responsibilities. Based upon the application of these criteria, the Town's financial reporting entity comprises the primary government, the Town of Jenkinsville. Currently, the Town has no component units.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--continued

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Town Council or the component unit provides services entirely to the Town. These component units' funds are blended into those of Town by appropriate activity type to compose the primary government presentation. Currently, the Town has no blended component units

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the Town has no discretely presented component units.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, inter-governmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

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

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--continued

The funds of the financial reporting entity are described below:

General Fund

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes. Currently, the Town has no Special Revenue Funds.

Capital Project Fund

The Capital Project Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes only on Capital Project Fund and it is used to account for the acquisition of Capital assets with transfers and/or advances made from other funds. The Town has no requirements to utilize a Capital Projects Fund.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the Town other than debt service payments made by enterprise funds. Currently, the Town has no requirements to utilize a Debt Service Fund.

Permanent Fund

The Permanent Fund accounts for assets held by the Town pursuant to a trust agreement. The principal portion of this fund must remain intact, but the earnings may be used to achieve the objectives of the fund. Currently, the Town has no Permanent Funds.

Proprietary Fund

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Currently, the Town has no Enterprise Funds.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--continued

Fiduciary Funds (not included in government-wide statements)

Agency Funds

Agency Funds account for significant assets held by the Town in a purely custodial capacity. Currently, the Town has no significant Agency Funds.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in Item b.) below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

a.) All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b.) The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in nets assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--continued

Basis of Accounting

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

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

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

Assets, Liabilities and Equity

Cash and Investments

For purpose of the Statement of Net Assets, "cash, including time deposits" includes all demand savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

The Town is authorized by ordinance to invest in obligations to the U.S. Treasury and commercial paper.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classifies as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--continued

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes and intergovernmental revenues.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as Local option sales tax, property taxes, business licenses, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis but not deferred in the government-wide financial statements in accordance with the accrual basis. In instances in which differences between the use of the full accrual method and the modified accrual method (i.e. 60 day rule) of revenue recognition is not considered to be material, the Town utilizes the modified-accrual basis for both government-wide and governmental fund financial reporting where both are reasonably expected to result in similar results.

Capital Assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. Capital assets purchased or acquired with an original costs of $1,000 or more are reported at historical cost or estimated historical costs. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed asset are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The Town has maintained historical cost records on the majority of its fixed assets and, accordingly, carries these assets at historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--continued

Buildings	25 - 50 years
Improvements	3 - 50 years
Machinery and equipment	3 - 20 years
Utility system	25 - 50 years
Infrastructure	25 - 50 years

Fund Financial Statements

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

Restricted Assets

Restricted assets include cash and investments of the governmental and proprietary fund that are legally restricted for their use. Cash balances for the victim's assistance account are recorded as restricted cash. There are no Proprietary Fund restricted assets.

Long-Term Debt

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

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The Town currently has no long-term debt.

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

Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

a.) Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--continued

b.) Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c.) Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* classifies fund balance into the following categories:

- Nonspendable: amounts that cannot be spent due to form; for example, inventories and prepaid amounts. The Town does not have any nonspendable fund balance.
- Restricted: amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation. This is the same definition used in *GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, for restricted assets. The Town does not have any restricted fund balance.
- Committed: amounts constrained for a specific purpose by the government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. Currently, the Town has no committed fund balance.
- Assigned: positive amounts remaining in governmental funds other than the general fund not classified as nonspendable, restricted or committed. The Town has no assigned fund balance.
- Unassigned: amounts in the general fund not classified in one of the above categories. All of the Town's fund balance is classified as unassigned.

Revenues, Expenditures and 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
	Capital outlay

Proprietary Fund--by operating and nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--continued

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at the fiscal year end. Project length financial plans are adopted for all capital projects funds whenever such projects are in force.

Encumbrances

The Town does not record encumbrances. Normally, encumbrances represent executory contracts including purchase orders that are outstanding commitments of the Town and are reported as a reservation of the respective fund balance of the Governmental Funds and an appropriation of retained earnings of the Proprietary Fund. They do not constitute and expenditure (expense) or liability under such until such time the goods are received or the service rendered, but are an extension of formal budgetary integration of the Governmental Funds and a commitment of the Proprietary Fund.

Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported by the governmental fund that will pay it as an expenditure and a fund liability. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement, where applicable.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the Town's financial position and results of operations and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

NOTE B - COMPLIANCE AND ACCOUNTABILITY

By its nature as a local governmental unit, the Town and its component units are subject to various federal, state and local laws and contractual requirements. The Town's compliance with significant laws and regulations and demonstration of its stewardship over the Town's resources follows:

Legal Compliance - Budgets

During February or March of each fiscal year, the Mayor prepares a budget based on the prior year actual expenditures and projected revenue and presents it to Town Council. The budget then goes through two readings, the first in March and the second reading is done approximately 14 days later, at which time, the budget is passed. The budget is prepared by financial statement line item.

Expenditures may not legally exceed budgeted appropriations. During the year no supplementary appropriations were necessary.

Deposits and Investments - Laws and Regulations

In accordance with South Carolina State law the Town is authorized to invest in the following types of investments:

a.) Direct obligations of the U.S. Government or its agencies or instrumentalities to which the full faith and credit of the U.S. Government is pledged.

b.) General obligations of the State of South Carolina or any of its political units.

c.) Savings and loan associations to the extent they are secured by the Federal Deposit Insurance Corporation.

d.) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, with a market value of not less than the amount of the certificate of deposit so secured, including interest.

Property Taxes

Based on the Fairfield County property tax rates, the Town has opted not to enact a property tax of its citizens.

NOTE B - COMPLIANCE AND ACCOUNTABILITY -- continued

Debt Restrictions and Covenants

General Obligation Debt

The State of South Carolina limits the amount of outstanding general obligation bonded debt of the Town for non-utility or non-street purposes to no more that 8 percent of net assessed property valuation. For the year ended June 30, 2019, the Town had no outstanding general obligation debt.

Deficit Prohibition - South Carolina State Law prohibits the creation of a deficit fund balance in any individual fund of the Town's primary government.

NOTE C - CASH AND INVESTMENTS

At June 30, 2022 the Town's reconciled cash balance was $77,814 and the bank balance was $77,814. The bank balances and investments were classified into three categories of custody risk assumed by the Town based upon how its deposits and investments were insured or secured with collateral at June 30, 2022. The categories of credit risk are defined as follows:

Interest rate risk:
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town has no specific policy for interest rate risk. In accordance with its investment policy, the Town manages its exposure to declines in fair values by generally limiting direct investments to securities with maturities of less than two (2) years.

Credit risk:
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statute and Town policy limit the Town's investments to obligations of the United States and agencies thereof; general obligations of the State of South Carolina or any of its political units provided such obligations are rated as an "A" or better by Moody's Investors Service, Inc. and Standard and Poor's Corporation or their respective successors; interest bearing accounts in savings and loan associations to the extent that the same are insured by an agency of the Federal government; certificates of deposit where the certificates are collaterally secured by securities of the types described above, held by a third party as escrow agent or custodian, of a fair value not less than the amount of the certificates 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 United States Government; or deposit accounts with banking institutions insured and secured in the same manner.

NOTE C - CASH AND INVESTMENTS-- continued

Statutes also allow the State Treasurer to assist local governments in investing funds. The State treasurer also provides oversight for the State Treasurer's Local Government Investment Pool (LGIP), of which, the fair value of the Town's investments are the same as the value of the pooled shares. Permitted investments for the LGIP are (1) obligations of the United States, its agencies and instrumentalities; (2) obligations of corporations, states, and political subdivisions which bear an investment grade rating at a minimum of two rating agencies; (3) certificates of deposit, if the certificates are secured collaterally by securities of the types described in (1) and (2) of this paragraph and held by a third party as escrow agent or custodian and are of a market value not less than the amount of the certificates of deposit so secured, including interest; except that this collateral is not required to the extent the certificates of deposit are insured by an agency of the federal government; (4) obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, the African Development Bank, and the Asian Development Bank; (5) repurchase agreements, if collateralized by securities of the types described in items (1) and (2) of this paragraph and held by a third party as escrow agent or custodian and of a market value not less than the amount of the repurchase agreement so collateralized, including interest; and (6) guaranteed investment contracts issued by a domestic or foreign insurance company or other financial institution, whose long-term unsecured debt rating bears the two highest ratings of at least two nationally recognized rating services.

The statutes provide that all authorized investments shall have maturities consistent with the time or times when the invested monies will be needed in cash. The Town is under no contractual agreements which further restrict investment alternatives.

<u>Concentration of credit</u>

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town currently does not have a policy regarding the concentration of credit risk.

<u>Custodial credit risk --deposits:</u>

In the case of deposits, custodial credit risk is the risk that, in the event of bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk.

<u>Custodial credit risk --investments:</u>

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town 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 does not have a formal policy for custodial credit risk. The Town did not have any investments at year end.

Fair Value of Investments

The Town measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for <u>identical</u> investments in <u>active</u> markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as following:

	Balance at June 30, 2021	Additions	Disposals	Balance at June 30, 2022
Governmental activities				
Cost or other basis				
Land	$ 5	$ --	$ --	$ 5
Buildings and improvements	38,100	24,446	--	62,546
Furniture and equipment	1,913	--	--	1,913
Infrastructure	--	388,387	--	388,387
Work In Process	--	26,000	--	26,000
	40,018	438,833	--	478,851
Less accumulated depreciation				
Buildings and improvements	5,157	2,600		7,757
Furniture and equipment	1,913	--	--	1,913
Infrastructure	--	29,130	--	29,130
Transportation equipment	--	--	--	--
	7,070	31,730	--	38,800
Governmental activities capital assets, net	$ 32,948	$ 407,103	$ --	$ 440,051

Depreciation expense by activity	
General government	$ 31,730
Public safety	--
	$ 31,730

NOTE F - RETIREMENT PLAN

The Town does not currently have a retirement plan.

NOTE G - RISK MANAGEMENT AND CONTINGENCIES

The Town is exposed to various risks of losses related to torts; thefts of; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Town manages risk through employee educational and prevention programs and through the purchase of casualty and liability insurance. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims the Town considers all events that might give rise to possible claims both reported and unreported.

In the normal course of operations, the Town participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

NOTE H - COMMITTMENTS

The Town has no commitments or contingencies as of June 30, 2022.

NOTE I - RELATED PARTY TRANSACTIONS

The Town does not have any related party transactions they are required to report.

NOTE J - SUBSEQUENT EVENTS

The Town has reviewed events through June 10, 2023 the date this report was available to be issued and has not identified any additional information that needs disclosure.

NOTE K - PRIOR PERIOD ADJUSTMENT

Amounts previously reported as net position of each respective opinion unit for the year ended June 30, 2021 have been retroactively restated to reflect corrections of errors in reporting infrastructure assets and related accumulated depreciation as follows:

	Government-Wide Type		Fund Type	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Net position as previously reported	$ 115,939	$ --	$ 83,036	$ --
Prior Period Adjustment:				
Correct infrastructure asset error	367,025	--	--	--
As restated	$ 482,964	$ --	$ 83,036	$ --