

**TOWN OF CLOVER,
SOUTH CAROLINA**

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

Prepared by the Finance Department

TOWN OF CLOVER, SOUTH CAROLINA

FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Town of Clover, South Carolina** (the "Town") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 5 through 13), the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund (on pages 60 - 65), the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Hospitality Tax Fund (on page 66), the Schedule of Proportionate Share of the Net Pension Liability – South Carolina Retirement System and the Schedule of Proportionate Share of the Net Pension Liability – South Carolina Police Officers Retirement System (on page 67), and the Schedule of Contributions – South Carolina Retirement System and the Schedule of Contributions – South Carolina Police Officers Retirement System (on page 68) be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Water and Sewer Fund (on pages 70 and 71) and the combining and individual nonmajor fund financial statements (on pages 72 and 73) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Uniform Schedule of Court Fines, Assessments, and Surcharges (per ACT 96) (on pages 74 and 75), as required by the State of South Carolina is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Enterprise Fund – Annual Net Earnings schedule, the Water and Sewer System Customer Information schedule, the Water, Sewer and Sanitation Rates schedule, the Water and Sewer Total Customers and Usage schedule, and the Hospitality Tax Fund schedule, collectively the “other information”, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Columbia, South Carolina
March 10, 2023

TOWN OF CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

This discussion and analysis of the Town of Clover's (the "Town") financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the Town's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the Town's financial performance.

FINANCIAL HIGHLIGHTS

- In the Statement of Net Position, the assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$16,835,785. Unrestricted net position was \$2,948,047.
- The Town's total net position increased by \$760,764 for governmental activities and increased by \$435,512 for business-type activities as total revenues of \$11,136,206 exceeded expenses by \$1,196,166.
- The current year's expense total was \$6,684,116 as compared to the \$7,021,720 generated in fees and charges, grants, general revenues and taxes for governmental programs. In the previous year, expenses were \$6,057,664 as compared to the \$6,150,755 generated in fees and charges, grants, taxes and other revenues for governmental programs. For business-type activities, town revenues were \$4,114,436 and expenses were \$3,255,924.
- The annual cost of all town programs was \$9,940,040 reflecting an increase of \$797,195 from the previous year's cost of \$9,142,845.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,502,344, an increase of \$680,077 from the prior year's fund balance. The increase is primarily due to the General Fund and Hospitality Tax Fund having increases in fund balance of \$569,571 and \$143,773, respectively. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,410,459. This represents 50% of total General Fund expenditures for the year ended June 30, 2022. The Town's total capital assets increased by \$171,714 during the current fiscal year primarily due to capital asset additions of \$1,268,341 being more than depreciation expense of \$1,041,993. Capital asset additions were primarily related to the purchase of vehicles and equipment and increases in infrastructure. The Town's total debt (including capital leases, but not compensated absences) decreased by \$31,620 (0.3%) during the current year due to the issuance of a new capital lease of \$655,000 offset by principal payments of \$686,620 made during the year.
 - The Town's net pension liabilities decreased by \$836,889 (15%) to \$4,893,225.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of two parts – *Financial Section* (which includes management's discussion and analysis, the financial statements, required supplementary information, and supplementary information) and the *Compliance Section*.

Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's financial statements. The Town's financial statements comprise three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the financial statements, this report contains required and supplementary information that will enhance the reader's understanding of the financial condition of the Town.

TOWN OF CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Statements. The financial statements include two kinds of statements that present different views of the Town. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Town's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the differences between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include general government, development services, fire, police, municipal court, recreation, and streets and sanitation. Taxes, business licenses, building permits, and state and federal grant revenues finance most of these activities. The business-type activities are the Town's water and sewer operations for which it charges its customers to provide. The government-wide financial statements can be found as listed in the table of contents.

Fund Financial Statements. The fund financial statements provide a more detailed look at the Town's most significant activities. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like all other governmental entities in South Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the general statutes or the Town's budget ordinance. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – *Governmental funds* are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow (in and out), and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and *governmental funds* is described in a reconciliation that is a part of the fund financial statements.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Special Revenue Funds (including Hospitality Tax Fund, Volunteer Fire Department Fund, Drug Fund, and Economic Development Fund), Capital Projects Fund, and Debt Service Fund. The governmental fund financial statements can be found as listed in the table of contents.

Proprietary Funds – The Town maintains one type of proprietary fund. Enterprise funds are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Proprietary funds are reported in the Statement of Net Position and the Statement of Activities. The Town's enterprise fund, a component of proprietary funds, is the same as the business-type activities we report in the government-wide statements, but they give more detailed information such as cash flow.

TOWN OF CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Financial Statements (Continued)

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents.

Other Information – In addition to the financial statements and accompanying notes, this report includes certain required supplementary information. Required supplementary information can be found as listed in the table of contents.

Supplementary information is presented immediately following the required supplementary information. These schedules can be found as listed in the table of contents.

Major Features of the Town's Government-Wide and Fund Financial Statements			
	Fund Financial Statements		
	Government-wide Financial	Governmental Funds	Proprietary Funds
Scope	Entire Town government including the Town's blended component units	The activities of the Town that are not proprietary	Activities the Town operates similar to private businesses, in the Town's case, the water and sewer operations
Required Financial Statements	<ul style="list-style-type: none"> ▪ Statement of Net Position ▪ Statement of Activities 	<ul style="list-style-type: none"> ▪ Balance Sheet ▪ Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> ▪ Statement of Net Position ▪ Statement of Revenues, Expenses, and Changes in Net Position ▪ Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets and deferred outflows of resources expected to be used and liabilities and deferred inflows of resources that come due during the year or soon, thereafter; no capital assets or long term obligations are included	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

TOWN OF CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Town's net position as of June 30, 2022, and 2021:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 7,603,074	\$ 5,424,399	\$ 4,387,911	\$ 3,918,335	\$ 11,990,985	\$ 9,342,734
Capital assets, net	9,126,169	8,643,658	6,997,875	7,308,672	16,124,044	15,952,330
Total assets	16,729,243	14,068,057	11,385,786	11,227,007	28,115,029	25,295,064
Deferred Outflows of Resources:						
Deferred pension charges	1,111,678	1,213,403	109,948	120,008	1,221,626	1,333,411
Liabilities:						
Other liabilities	1,780,687	244,270	190,531	179,054	1,971,218	423,324
Net pension liabilities	4,452,835	5,214,404	440,390	515,710	4,893,225	5,730,114
Long-term liabilities	2,614,754	2,324,511	2,085,222	2,380,738	4,699,976	4,705,249
Total liabilities	8,848,276	7,783,185	2,716,143	3,075,502	11,564,419	10,858,687
Deferred Inflows of Resources:						
Deferred pension credits	852,170	118,454	84,281	11,715	936,451	130,169
Net Position:						
Net investment						
in capital assets	6,690,438	6,478,647	4,931,707	4,957,102	11,622,145	11,435,749
Restricted	2,090,375	1,915,095	175,218	174,216	2,265,593	2,089,311
Unrestricted	(640,338)	(1,013,921)	3,588,385	3,128,480	2,948,047	2,114,559
Total net position	\$ 8,140,475	\$ 7,379,821	\$ 8,695,310	\$ 8,259,798	\$ 16,835,785	\$ 15,639,619

The Town's total assets of \$28,115,029 increased \$2,818,465 from the prior year, primarily from receipt of Federal ARPA grant funds. The Town's total liabilities increased \$705,732 due to an increase in other liabilities primarily related to ARPA grant funds awaiting expenditure as revenues are only earned when funds are expended. The changes in deferred outflows and deferred inflows of resources was primarily due to differences between expected and actual liability/investment experience and changes in the percentage of the Town's share of the net pension liability in the State retirement plans.

At the end of the current and prior fiscal year, the Town was able to report positive balances in both its net investment in capital assets and restricted categories of net position, but had a deficit in its unrestricted category of net position of (\$640,338) for the governmental activities and a positive balance of \$3,588,385 for the business-type activities at June 30, 2022.

TOWN OF CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table shows the changes in the Town's net position for fiscal year 2022 compared to 2021.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 2,784,796	\$ 2,549,933	\$ 4,083,752	\$ 4,029,024	\$ 6,868,548	\$ 6,578,957
Operating grants	420,811	220,819	-	-	420,811	220,819
Capital grants	-	-	-	-	-	-
General revenues:						
Property taxes	3,536,627	3,168,760	-	-	3,536,627	3,168,760
Interest & investment income	12,580	8,439	9,544	5,490	22,124	13,929
Other general revenues	266,956	202,804	21,140	4,300	288,096	207,104
Total revenues	7,021,770	6,150,755	4,114,436	4,038,814	11,136,206	10,189,569
Expenses:					-	-
General government	1,053,785	978,740	-	-	1,053,785	978,740
Development services	225,653	194,807	-	-	225,653	194,807
Fire department	323,902	239,473	-	-	323,902	239,473
Municipal court	291,650	223,945	-	-	291,650	223,945
Police department	2,573,280	2,418,229	-	-	2,573,280	2,418,229
Recreation	1,059,119	1,100,115	-	-	1,059,119	1,100,115
Streets and sanitation	1,105,079	839,379	-	-	1,105,079	839,379
Interest and other charges	51,648	62,976	-	-	51,648	62,976
Water and sewer	-	-	3,255,924	3,085,181	3,255,924	3,085,181
Total expenses	6,684,116	6,057,664	3,255,924	3,085,181	9,940,040	9,142,845
Increase in net position before transfers	337,654	93,091	858,512	953,633	1,196,166	1,046,724
Transfers	423,000	341,140	(423,000)	(341,140)	-	-
Change in net position	760,654	434,231	435,512	612,493	1,196,166	1,046,724
Net position, beginning of year	7,379,821	6,945,590	8,259,798	7,647,305	15,639,619	14,592,895
Net position, end of year	\$ 8,140,475	\$ 7,379,821	\$ 8,695,310	\$ 8,259,798	\$ 16,835,785	\$ 15,639,619

Governmental Activities: Revenues exceeded expenses by \$337,654 in fiscal year 2022 for its governmental activities. Revenues increased over the prior year by \$871,015 (14%) to \$7,021,770, due primarily to increases in federal grants, charges for services, and a property taxes. Expenses increased by \$626,452 (10%) to \$6,684,116 from the prior year to additional police staff, streets and sanitation expenses. Overall, governmental activities operations increased the Town's net position by \$760,654 in fiscal year 2022.

TOWN OF CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Business-type Activities: Revenues exceeded expenses by \$858,512 in fiscal year 2022 for the business-type activities. Revenues increased by \$75,622 (2%) to \$4,114,436 from the prior year due to an expanding customer base requesting service. Expenses increased by \$170,743 (6%) to \$3,255,924. The business-type activities transferred \$423,000 to governmental activities. Overall, business-type activities increased the Town's net position by \$435,512.

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balance of \$5,502,334, an increase of \$680,067 (14%) from the prior year fund balance. The increase in fund balance was the result of revenues and other financing sources of \$7,018,552 exceeding expenditures and other financing uses of \$8,578,725. The changes in revenues, expenditures, and other financing sources/uses are explained in further detail below.

\$3,410,991 (62%) of the total governmental fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is nonspendable, restricted, or assigned to indicate that it is not available for new spending as it is legally restricted by an outside agency or has been committed or assigned by Town Council as follows: restricted for (1) victims services of \$31,365 (1%) is legally restricted by the revenue source, (2) capital projects of \$716,056 (13%) is legally restricted by bonds, (3) for tourism related expenditures or operating expenditures incurred to serve tourists of \$480,800 (9%) is legally restricted by the revenue source, (4) the volunteer fire department of \$683,443 (12%) is restricted for future fire department expenses, and (5) other purposes of \$179,688 (3%) is legally restricted by the revenue source.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the total fund balance was \$3,637,951. As a measure of the General Fund's liquidity, it may be useful to compare total unassigned fund balance to total General Fund expenditures. Total unassigned fund balance of the General Fund of \$3,410,459 represents 49% of total General Fund expenditures. Highlights for the General Fund were as follows:

- Total fund balance increased by \$569,571 (19%) due to revenues and other financing uses of \$7,643,485 exceeding expenditures and other financing sources of \$6,893,914.
- General Fund revenues increased \$490,445 (9%) primarily due to an increase in local revenues.
- General Fund expenditures increased \$1,316,468 (19%) primarily due to a combination of added staff positions, increased compensation and retirement costs, increased recreation activity and facility costs, and increased street & sanitation costs.

TOWN OF CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (CONTINUED)

Proprietary Funds: The Town's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Net position of the Water and Sewer Fund at the end of the fiscal year was \$8,695,310. This was an increase of \$435,512 (5%) from the prior year balance. Details of the activity in the Water and Sewer Enterprise Fund are provided under Business-type Activities on the previous page.

Budgetary Highlights

The Town's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the General Fund and the Water and Sewer Fund (enterprise fund). There were no significant budget amendments made during fiscal year 2022.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Town's investment in capital assets as of June 30, 2022 and 2021 amounted to \$16,124,044 and \$15,952,330 (net of accumulated depreciation), respectively. This investment in capital assets includes land, buildings, improvements, park improvements, vehicles, machinery and equipment, and water/sewer systems.

The Town's capital assets (net of depreciation) as of June 30, 2022 and 2021 were as follows:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,218,516	\$ 1,218,516	\$ 41,831	\$ 41,831	\$ 1,260,347	\$ 1,260,347
Construction in progress	16,845	15,968	-	-	16,845	15,968
Equipment and buildings	6,044,445	5,663,373	377,803	304,369	6,422,248	5,967,742
Infrastructure	1,846,363	1,745,801	6,578,241	6,962,472	8,424,604	8,708,273
Total	<u>\$ 9,126,169</u>	<u>\$ 8,643,658</u>	<u>\$ 6,997,875</u>	<u>\$ 7,308,672</u>	<u>\$ 16,124,044</u>	<u>\$ 15,952,330</u>

The total increase in the Town's investment in capital assets for the current fiscal year was \$171,714 or 1%. Major capital asset events during the current fiscal year included the following:

- Capital asset additions of \$1,268,341 which consisted primarily various equipment and infrastructure.
- Depreciation expense of \$584,120 for governmental activities and \$457,873 for business-type activities.

Additional information on the Town's capital assets can be found in Note 6 of the notes to the financial statements.

TOWN OF CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt and Capital Leases

As of June 30, 2022 and 2021, the Town had total outstanding debt (including capital leases) of \$4,501,899 and \$4,516,581, respectively. Of the Town's total debt, \$300,427 was general obligation debt, which is backed by the full faith and credit of the Town. The Town's total debt and capital leases as of June 30, 2022 and 2021 were as follows:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
2012 GO bond	\$ 300,427	\$ 355,786	\$ -	\$ -	\$ 300,427	\$ 355,786
2016A Limited obligation bond	1,202,000	1,320,000	-	-	1,202,000	1,320,000
2007 Water and sewer refunded revenue bond	-	-	1,961,000	2,255,000	1,961,000	2,255,000
Total debt	1,502,427	1,675,786	1,961,000	2,255,000	3,463,427	3,930,786
Financed purchases	933,304	489,225	105,168	96,570	1,038,472	585,795
Total	\$ 2,435,731	\$ 2,165,011	\$ 2,066,168	\$ 2,351,570	\$ 4,501,899	\$ 4,516,581

The total decrease in the Town's debt and capital lease obligations for the current fiscal year was \$14,682 due to the issuance of a capital lease of \$655,000, offset by scheduled principal payments on debt and capital lease obligations for governmental and business-type activities of \$384,280 and \$256,038, respectively.

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The Town's total assessed value of taxable property at June 30, 2022, was \$23,213,528 resulting in a statutory debt limit of \$1,857,082. The Town had \$300,427 of bonded debt subject to the 8% limit and thus resulted in the Town having an unused legal debt margin of \$1,556,655.

Additional information regarding the Town's long-term obligations can be found in Note 7 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Town public officials considered many issues when establishing the upcoming year's budget, tax rates and fees. The town's fiscal year 2022-2023 General Fund budget plan reflects a revenue increase of \$456,500 or +8% from the prior year (excluding annual new equipment loans). A 4-mill operating tax increase plus a combination of new development growth make up the revenue increase. The State has implemented another 1% employer-contribution increase to the State Retirement System plans starting 7/1/2022 to further address the State's growing retirement liability. There is also a 2% cost increase to Clover's employee health/dental insurance that took effect in January 2023. With inflation running at levels not seen in the past 20 years, a 4.7% COLA was approved in July 22 for all Town staff. Financial impacts from possible pandemic or Federal Reserve monetary tightening cannot be estimated with any degree of certainty; however, the budget plan was developed using conservative values for both revenues and expenses. As in prior years, proceeds from the planned annual equipment bank lease-purchase financing (\$323,000 in fiscal year 2022-2023) will also be recorded as a revenue source in the General Fund budget.

The 2022-2023 budget does not yet include appropriation and specified use of remaining American Rescue Plan Act (ARPA) funds. The Town has received a total of \$3.245 million and is considering how to obligate this funding by the December 31, 2024, deadline.

TOWN OF CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)

General Fund expenses were balanced with projected revenues using an allocation of fund balance in the amount of \$689,500.

Enterprise Fund revenues were planned to reflect a modest revenue increase of approximately \$409,000 (excluding annual bank loans for equipment replacement). Increased revenues come from a modest volumetric 5% rate adjustment and include the continued addition of new customers through property development. The water/sewer 5% rate increase is only on water usage (no change was made to the 'base' rates) and applies to customer billings issued on or after 7/1/2021. An average Town residential customer using 4000 gallons per month will see their bill increase by less than \$2.00. This Town rate adjustment was made in response to two 5% rate increases in 2020 and 2021 by Clover's supplier of bulk water and sewer treatment, Two Rivers Utilities. The Town's last customer rate increase occurred in 2018.

Enterprise Fund administration and legislative expenses were moved to the General Fund in fiscal year 2010-2011. At that time, staff analyzed the expenses and assigned a rational percentage for each shared expense; the percentage rate is reviewed annually during the budget development process. The Enterprise Fund will reimburse the General Fund in quarterly payments for a total of \$426,600, an increase of \$3,600 over the prior year due in large part to the reallocation of expenses.

The property tax millage rate was increased from 125.0 in 2022 to 130.0 mills for operating, and reduced capital millage from 3.0 mills to 2.8 mills, for a total annual millage of 132.8 mills for tax year 2022. There were no significant changes to any other existing Town fees although staff intends to study building and zoning permit fees during the year. A Capital Improvement Plan was updated during fiscal year 2020-2021 and was used to guide budget allocations for fiscal year 2022-2023. The CIP will be updated and considered for next year's budget.

General obligation debt in the amount of \$800,000 was approved in June 2012 and issued in August 2012. Proceeds were used for New Centre Park and to purchase and renovate Town Hall. In June 2012, the 2007 Series Revenue Bond (Hospitality Tax) was refinanced from 3.99% to 3.02% and the term was extended from June 2023 to June 2027.

The Town has been successful in continuing to pay down long-term loan obligations; however, this has continued to be offset by annual increases in long-term growing annual State Retirement System contribution costs. Notably, for the 6-30-2022 fiscal year, the total State Retirement Pension Liability decreased by \$836,889. This is a significant financial change that has occurred while employer-contribution rates paid to the State Retirement plan have been increasing annually, we now see that the Town's total State Pension liability is finally declining. Annual health care costs are expected to continue having a negative financial impact on the Town. The cost of employee benefits are expected to have a significant financial impact on future resource allocations. These costs will need to be carefully balanced between competitive staff compensation and benefits levels, recruitment, training and retention programs, equipment and service delivery costs, and maintaining infrastructure improvements.

REQUESTS FOR TOWN INFORMATION

This report had been created to give our citizens, taxpayers, customers, investors and creditors a summary of Town finances and to show allocation of the money it receives. If you have any questions regarding this report, or you need additional financial information, please contact Allison Harvey, 116 Bethel Street, Clover, SC 29710, phone: (803) 222-9495, fax: (803) 222-6955, and email: aharvey@cloversc.org.

TOWN OF CLOVER, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,953,066	\$ 3,667,333	\$ 5,620,399
Cash and cash equivalents, restricted	3,215,748	240,468	3,456,216
Investments	1,522,532	-	1,522,532
Investments, restricted	156,513	-	156,513
Receivables, net of allowance:			
Taxes	336,078	-	336,078
Accounts	345,740	506,245	851,985
Due from other governments	45,762	-	45,762
Internal balances	26,135	(26,135)	-
Prepaid items	1,500	-	1,500
Capital assets:			
Non-depreciable	1,235,361	41,831	1,277,192
Depreciable, net of accumulated depreciation	7,890,808	6,956,044	14,846,852
Total assets	<u>16,729,243</u>	<u>11,385,786</u>	<u>28,115,029</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	1,111,678	109,948	1,221,626
Total deferred outflows of resources	<u>1,111,678</u>	<u>109,948</u>	<u>1,221,626</u>
LIABILITIES			
Accounts payable	175,614	15,272	190,886
Accrued liabilities	119,862	105,304	225,166
Accrued interest payable	9,330	4,705	14,035
Unearned revenue	1,475,881	-	1,475,881
Customer deposits	-	65,250	65,250
Noncurrent liabilities:			
Due within one year	516,735	355,072	871,807
Due in more than one year	2,098,019	1,730,150	3,828,169
Net pension liability	4,452,835	440,390	4,893,225
Total liabilities	<u>8,848,276</u>	<u>2,716,143</u>	<u>11,564,419</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	852,170	84,281	936,451
Total deferred inflows of resources	<u>852,170</u>	<u>84,281</u>	<u>936,451</u>
NET POSITION			
Net investment in capital assets	6,690,438	4,931,707	11,622,145
Restricted for:			
Victim's assistance	31,365	-	31,365
Judicial fund	51,967	-	51,967
Capital projects	716,589	175,218	891,807
Debt service	102,555	-	102,555
Tourism related expenditures	479,300	-	479,300
Volunteer fire department	683,443	-	683,443
Drug fund	25,156	-	25,156
Economic development fund	-	-	-
Unrestricted	(640,338)	3,588,385	2,948,047
Total net position	<u>\$ 8,140,475</u>	<u>\$ 8,695,310</u>	<u>\$ 16,835,785</u>

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

TOWN OF CLOVER, SOUTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 1,053,785	\$ 2,065,476	\$ 198,808	\$ -	\$ 1,210,499	\$ -	\$ 1,210,499
Development services	225,653	-	-	-	(225,653)	-	(225,653)
Fire department	323,902	33,545	-	-	(290,357)	-	(290,357)
Municipal court	291,650	55,483	-	-	(236,167)	-	(236,167)
Police department	2,573,280	-	-	-	(2,573,280)	-	(2,573,280)
Recreation	1,059,119	170,007	222,003	-	(667,109)	-	(667,109)
Streets and sanitation	1,105,079	460,285	-	-	(644,794)	-	(644,794)
Interest and other charges	51,648	-	-	-	(51,648)	-	(51,648)
Total governmental activities	<u>6,684,116</u>	<u>2,784,796</u>	<u>420,811</u>	<u>-</u>	<u>(3,478,509)</u>	<u>-</u>	<u>(3,478,509)</u>
Business-type activities:							
Water and sewer	3,255,924	4,083,752	-	-	-	827,828	827,828
Total business-type activities	<u>\$ 3,255,924</u>	<u>\$ 4,083,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>827,828</u>	<u>827,828</u>
General revenues:							
Taxes:							
Property					3,122,759	-	3,122,759
Hospitality					413,868	-	413,868
Intergovernmental					224,836	-	224,836
Investment income					12,580	9,544	22,124
Gain on sale of capital assets					42,120	21,140	63,260
Transfers					423,000	(423,000)	-
Total general revenues and transfers					<u>4,239,163</u>	<u>(392,316)</u>	<u>3,846,847</u>
Change in net position					760,654	435,512	1,196,166
Net position, beginning of year					7,379,821	8,259,798	15,639,619
Net position, end of year					<u>\$ 8,140,475</u>	<u>\$ 8,695,310</u>	<u>\$ 16,835,785</u>

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

TOWN OF CLOVER, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2022

	General Fund	Hospitality Tax Fund	Capital Projects Fund	Debt Service Fund	Covid Local Recovery Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 1,953,066	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,953,066
Cash and cash equivalents, restricted	144,160	420,052	572,133	71,950	1,424,447	583,006	3,215,748
Investments	1,522,532	-	-	-	-	-	1,522,532
Investments, restricted	-	-	-	-	-	156,513	156,513
Receivables, net of allowance:							
Property taxes	325,893	-	-	10,185	-	-	336,078
Accounts	314,708	31,032	-	-	-	-	345,740
Due from governments	45,762	-	-	-	-	-	45,762
Due from other funds	237	-	-	30,352	-	-	30,589
Prepaid expenditures	-	1,500	-	-	-	-	1,500
Total assets	\$ 4,306,358	\$ 452,584	\$ 572,133	\$ 112,487	\$ 1,424,447	\$ 739,519	\$ 7,607,528
LIABILITIES							
Accounts payable	\$ 172,966	\$ 2,648	\$ -	\$ -	\$ -	\$ -	\$ 175,614
Accrued liabilities	119,806	56	-	-	-	-	119,862
Unearned revenue - intergovernmental	-	-	-	-	1,423,914	-	1,423,914
Unearned revenue - judicial	51,967	-	-	-	-	-	51,967
Due to other funds	4,217	-	237	-	-	-	4,454
Total liabilities	348,956	2,704	237	-	1,423,914	-	1,775,811
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	319,451	-	-	9,932	-	-	329,383
Total deferred inflows of resources	319,451	-	-	9,932	-	-	329,383
FUND BALANCES							
Nonspendable							
Prepays	-	1,500	-	-	-	-	1,500
Restricted for:							
Victim's assistance	31,365	-	-	-	-	-	31,365
Judicial fund	51,967	-	-	-	-	-	51,967
Capital projects	144,160	-	571,896	-	533	-	716,589
Debt service	-	-	-	102,555	-	-	102,555
Tourism related expenditures	-	448,380	-	-	-	30,920	479,300
Volunteer fire department	-	-	-	-	-	683,443	683,443
Drug fund	-	-	-	-	-	25,156	25,156
Unassigned	3,410,459	-	-	-	-	-	3,410,459
Total fund balances	3,637,951	449,880	571,896	102,555	533	739,519	5,502,334
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,306,358	\$ 452,584	\$ 572,133	\$ 112,487	\$ 1,424,447	\$ 739,519	\$ 7,607,528

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

TOWN OF CLOVER, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2022

Total governmental fund balances:		\$	5,502,334
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			9,126,169
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.			329,383
Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. These deferred outflows of resources consist of pension related experience differences, assumption changes, the net difference between projected and actual earnings on investments, employer contributions subsequent to the measurement date and differences between employer contributions and proportionate share of contributions.			1,111,678
Long term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds:			
Net pension liabilities	\$ (4,452,835)		
Compensated absences payable	(179,023)		
Accrued interest payable	(9,330)		
Financed purchases	(933,304)		
General and limited obligation bonds payable	<u>(1,502,427)</u>		
			(7,076,919)
Deferred inflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds. These deferred inflows of resources consist of pension related differences between employer contributions and proportionate share contributions and the related experience differences.			<u>(852,170)</u>
Net position of governmental activities		\$	<u>8,140,475</u>

TOWN OF CLOVER, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Hospitality Tax Fund	Capital Projects Fund	Debt Service Fund	Covid Local Recovery Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Local revenues	\$ 5,810,917	\$ -	\$ -	\$ 92,073	\$ -	\$ 33,545	\$ 5,936,535
Interest income	8,004	253	1,630	141	533	2,019	12,580
Recreation supplement	201,300	-	-	-	-	20,703	222,003
Hospitality taxes	-	413,868	-	-	-	-	413,868
Drug funds	-	-	-	-	-	9,922	9,922
State revenues	224,836	-	-	-	-	-	224,836
Federal revenues	-	-	-	-	198,808	-	198,808
Total revenues	6,245,057	414,121	1,630	92,214	199,341	66,189	7,018,552
Expenditures:							
Current:							
General government	753,132	-	-	-	-	-	753,132
Development services	251,173	-	-	-	-	10,000	261,173
Fire department	293,586	-	-	-	-	16,547	310,133
Municipal court and legislative	280,966	-	-	-	-	-	280,966
Police department	2,736,300	-	-	-	-	-	2,736,300
Recreation	1,022,765	120,348	-	-	-	-	1,143,113
Streets and sanitation	1,334,039	-	-	-	-	-	1,334,039
Capital outlay	-	-	202,728	-	-	-	202,728
Debt service:							
Principal retirement	210,921	118,000	-	55,359	-	-	384,280
Interest	11,032	32,000	-	9,709	-	-	52,741
Total expenditures	6,893,914	270,348	202,728	65,068	-	26,547	7,458,605
Excess (deficiency) of revenues over (under) expenditures	(648,857)	143,773	(201,098)	27,146	199,341	39,642	(440,053)
Other financing sources (uses):							
Transfers in	621,808	-	100,500	-	-	-	722,308
Transfers out	(100,500)	-	-	-	(198,808)	-	(299,308)
Sale of capital assets	42,120	-	-	-	-	-	42,120
Issuance of debt	655,000	-	-	-	-	-	655,000
Total other financing sources (uses), net	1,218,428	-	100,500	-	(198,808)	-	1,120,120
Net change in fund balances	569,571	143,773	(100,598)	27,146	533	39,642	680,067
Fund balances, beginning of year	3,068,380	306,107	672,494	75,409	-	699,877	4,822,267
Fund balances, end of year	<u>\$ 3,637,951</u>	<u>\$ 449,880</u>	<u>\$ 571,896</u>	<u>\$ 102,555</u>	<u>\$ 533</u>	<u>\$ 739,519</u>	<u>\$ 5,502,334</u>

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

TOWN OF CLOVER, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FISCAL YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds	\$	680,067	
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay expense exceeded depreciation in the current period.</p>			
Capital outlay	\$	1,122,142	
Depreciation expense		<u>(584,120)</u>	
			538,022
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.</p>			
			(55,511)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>			
			(38,902)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position.</p>			
Issuance of debt	\$	(655,000)	
Principal payments		<u>384,280</u>	
			(270,720)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. The details are as follows:</p>			
Compensated absences	\$	(19,523)	
Net pension liability and related deferred inflows and outflows of resources		(73,872)	
Accrued interest on debt		<u>1,093</u>	
			<u>(92,302)</u>
Change in net position of governmental activities	\$		<u><u>760,654</u></u>

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

TOWN OF CLOVER, SOUTH CAROLINA

STATEMENT OF NET POSITION PROPRIETARY FUND TYPE - ENTERPRISE FUND JUNE 30, 2022

	Water and Sewer Fund
<hr/>	
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 3,667,333
Cash and cash equivalents, restricted	240,468
Accounts receivable, net of allowance	506,245
Total current assets	<u>4,414,046</u>
NONCURRENT ASSETS	
Capital assets	
Non-depreciable	41,831
Depreciable, net of accumulated depreciation	6,956,044
Total noncurrent assets	<u>6,997,875</u>
Total assets	<u>11,411,921</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension	109,948
Total deferred outflows of resources	<u>109,948</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	15,272
Accrued interest	4,705
Accrued liabilities	105,304
Due to other funds	26,135
Current portion of compensated absences	19,054
Current portion of financed purchases	33,018
Current portion of bond payable	303,000
Total current liabilities	<u>506,488</u>
LONG-TERM LIABILITIES	
Customer deposits	65,250
Net pension liability	440,390
Long-term portion of financed purchases	72,150
Long-term portion of bond payable	1,658,000
Total long-term liabilities	<u>2,235,790</u>
Total liabilities	<u>2,742,278</u>
DEFERRED INFLOWS OF RESOURCES	
Pension	84,281
Total deferred inflows of resources	<u>84,281</u>
NET POSITION	
Net investment in capital assets	4,931,707
Restricted - debt service	175,218
Unrestricted	3,588,385
Total net position	<u><u>\$ 8,695,310</u></u>

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

TOWN OF CLOVER, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUND TYPE - ENTERPRISE FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Water and Sewer Fund
OPERATING REVENUE	
Water and sewer fees	\$ 3,500,849
Water and sewer taps	19,430
Service connection fees	83,891
Reconnection fees and penalties	77,373
SCDHEC fees	31,406
Miscellaneous	370,803
Total operating revenues	<u>4,083,752</u>
OPERATING EXPENSES	
Water and sewer purchases	1,883,745
Salaries and wages	313,229
Maintenance and supplies	246,001
General and administrative	263,125
Depreciation	457,873
Total operating expenses	<u>3,163,973</u>
Operating income	<u>919,779</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	9,544
Gain on sale of capital assets	21,140
Interest expense	(66,416)
Intergovernmental expense	(25,535)
Total non-operating expenses, net	<u>(61,267)</u>
Income before transfers	858,512
Transfers out	<u>(423,000)</u>
Change in net position	435,512
Net position, beginning of year	<u>8,259,798</u>
Net position, end of year	<u><u>\$ 8,695,310</u></u>

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

TOWN OF CLOVER, SOUTH CAROLINA

STATEMENT OF CASH FLOWS PROPRIETARY FUND TYPE - ENTERPRISE FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers and users	\$ 4,079,544
Cash paid to suppliers	(2,379,810)
Cash paid to employees	(280,497)
Net cash provided by operating activities	<u>1,419,237</u>
CASH FLOWS USED IN NONCAPITAL FINANCING ACTIVITIES:	
Transfers to other funds	(423,000)
Net cash used in noncapital financing activities	<u>(423,000)</u>
CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from issuance of financed purchases	52,000
Principal paid on financed purchases	(43,402)
Principal paid on bonds payable	(294,000)
Payment of interest expense	(67,137)
Sale of capital assets	21,140
Intergovernmental expense	(25,535)
Acquisition and construction of capital assets	(147,076)
Net cash used in capital and related financing activities	<u>(504,010)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned on investments	<u>9,544</u>
Net cash provided by investing activities	<u>9,544</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	501,771
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,406,030</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 3,907,801</u></u>
CLASSIFIED AS:	
CASH AND CASH EQUIVALENTS	\$ 3,667,333
CASH AND CASH EQUIVALENTS, RESTRICTED	<u>240,468</u>
	<u><u>\$ 3,907,801</u></u>

(continued)

TOWN OF CLOVER, SOUTH CAROLINA

STATEMENT OF CASH FLOWS PROPRIETARY FUND TYPE - ENTERPRISE FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Water and Sewer Fund</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 919,779
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	457,873
(Increase) decrease in:	
Accounts receivable	(4,208)
Due from other funds	10,268
Deferred outflows - pension	10,060
Increase (decrease) in:	
Accounts payable	(21,635)
Accrued liabilities	35,540
Due to other funds	26,135
Compensated absences	(10,114)
Customer deposits	(1,707)
Net pension liability	(75,320)
Deferred inflows - pension	72,566
Net cash provided by operating activities	<u>\$ 1,419,237</u>

TOWN OF CLOVER, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Clover, South Carolina (the "Town") encompasses an area of approximately six miles. The Town operates under a council form of government. The mayor and six members of Town Council (the "Council") establish policy for the Town. Administrative functions are directed by the Town Administrator. The Town's major operations, as provided by its charter, include public safety (police and fire), streets, sanitation, parks and recreation, public improvements, planning and zoning and general administrative services. The more significant of the Town's accounting policies are described below.

A. Reporting Entity

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As required by GAAP, the financial statements must present the Town's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the Town both appoints a voting majority of the entity's governing body, and either 1) the Town is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to or impose specific financial burdens on the Town. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the Town and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the Town.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

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

B. Government-wide and Fund Financial Statements

Government-wide Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable, when applicable.

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

Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and proprietary funds. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Major Funds

The Town reports the following major governmental funds:

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

The **Hospitality Tax Fund** is a special revenue fund used to account for taxes collected on the sales of prepared or modified foods and beverages intended for immediate consumption and sold within the municipal limits of the Town. The expenditures of these taxes must be related to or for the promotion of tourism.

The **Capital Projects Fund** accounts for financial resources that are restricted, committed or assigned for expenditures of capital outlay related to equipment, site acquisitions, construction, renovation of capital facilities, and other capital assets for the Town.

The **Debt Service Fund** accounts for the accumulation of financial resources that are restricted, committed, or assigned for the payment of all long-term debt principal, interest and related costs for the Town.

The **COVID-19 Local Recovery Fund** accounts for proceeds directed to the Town by the U.S. Department of Treasury under the American Rescue Plan.

The Town reports the following major proprietary fund:

The **Water and Sewer Fund** accounts for the water and sewer services provided to the residents of the Town, which includes some surrounding areas.

Nonmajor Funds

In addition, the Town reports the following fund types:

The **Special Revenue Funds** are used to account for and report the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Proceeds of general long-term debt and proceeds from financed purchases are reported as other financing sources.

D. Cash and Cash Equivalents

The Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and investments in the South Carolina Local Government Investment Pool (LGIP) to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) that are not purchased from the LGIP are reported as investments.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Investments

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

F. Receivables and Payables

During the course of its operations, the Town has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. To the extent that certain transactions between funds had not been paid or received as of year-end, balances of interfund amounts or payables have been recorded.

All trade and property tax receivables are shown net of an allowance for uncollectibles (if any).

G. Inventories and Prepaid Items

Inventories and prepaid items in the governmental funds are reported under the consumption method (if material) as they are recorded as expenditures as they are used (consumed). Inventories (if any) are valued at cost (first-in, first out). Inventories and prepaid items in the governmental funds are offset by nonspendable fund balance to reflect that portion of fund balance that is not spendable in form.

H. Capital Assets

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

All capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at estimated acquisition value (as estimated by the Town) at the date of donation. As allowed by GASB No. 34, the Town has elected to prospectively report public domain ("infrastructure") general capital assets. Therefore, infrastructure capital assets acquired prior to July 1, 2003, have not been recorded, except for those accounted for in the Enterprise Fund. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Town maintains a minimum capitalization threshold of \$5,000 for all capital assets.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings and improvements	10-50
Computers	3-5
Furniture and equipment	5-7
Infrastructure	20-50
Information technology	3-5
Machinery	5-10
Vehicles	3-10
Weapons	7

I. Compensated Absences

The Town's general leave policy allows the accumulation of unused vacation leave up to a maximum of forty-five (45) days. Ninety (90) days of sick leave may be carried over from year to year. Employees terminating or retiring are paid for accumulated vacation leave based on their hourly rate of pay earned at the time of termination or retirement. Sick leave can only be paid for illness while employed with the Town.

The Town reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. The entire compensated absence liability and expense is reported in the government-wide financial statements. The portion of the liability that is applicable to the Town's water and sewer activities is also reported in the Town's Proprietary Fund. The governmental funds will also recognize compensated absences for terminations and retirements (matured liabilities) that occurred prior to year-end that are expected to be paid within a short time subsequent to year end, if they are material.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Accrued Liabilities and Long-term Obligations

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

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

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

K. Deferred Outflows/Inflows of Resources and Unearned Revenue

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has four (4) items that qualify for reporting in this category, which are related to pension obligations as follows:

1. Pension contributions made subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the subsequent year.
2. The differences between expected and actual experience is amortized into pension expense beginning in the year the deferral occurs over a closed period equal to the average remaining service lives of all plan participants.
3. The changes in proportion and differences between employer contribution and proportionate share of contributions, which will be deferred and amortized over the remaining service lives of all plan participants.
4. Changes in assumptions, which will be amortized into pension expense over a closed five-year period.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources and Unearned Revenue (Continued)

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has the following items that qualify for reporting in this category, which are related to pension obligations as follows:

1. The differences between expected and actual experience is amortized into pension expense beginning in the year the deferral occurs over a closed period equal to the average remaining service lives of all plan participants.
2. The net difference between the projected and actual earnings on pension plan investments which is deferred and amortized over a closed five-year period.
3. The changes in proportion and differences between employer contribution and proportionate share of contributions, which will be deferred and amortized over the remaining service lives of all plan participants.

The Town also has inflows which arise under the modified accrual basis of accounting that qualify for reporting in this category. The item, *unavailable revenue*, is reported only in the governmental funds balance sheet. As such, under the modified accrual basis of accounting, the governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amount became available.

Unearned Revenue

The Town also defers revenue recognition in connection with resources that have been billed or received, but not yet earned.

L. Pensions

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Net Position and Fund Balance

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

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

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

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

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

Assigned – Fund balances are reported as assigned when amounts are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. Intent can be expressed by the Council or by an official or body to which the Council delegates the authority. The Council has not delegated such authority as of June 30, 2022.

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Net Position and Fund Balance (Continued)

Fund Balance Policy – The Town strives to maintain a minimum unreserved fund balance in various funds for the purpose of floating the Town's operations in times of temporary cash flow shortages, emergencies, unanticipated economic downturns, and one-time opportunities.

N. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the General Fund during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities. For budget purposes, encumbrances and unused expenditure appropriations lapse at year-end.

O. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

P. Proprietary Funds Operating and Non-operating Revenues and Expenses

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

NOTES TO FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2022, expenditures exceeded appropriations for the following functions:

Fund	Function	Expenditures
General	General government	\$ 12,982
General	Municipal court	46,850
General	Legislative	416
General	Police department	243,900
General	Fire department	23,986

The over expenditures in the General Fund were funded by greater than anticipated revenues.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Total cash, cash equivalents, and investments as of June 30, 2022, are summarized as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 5,620,399
Cash and cash equivalents, restricted	3,456,216
Investments	1,522,532
Investments, restricted	156,513
	<u>\$ 10,755,660</u>
Cash deposited with financial institutions	\$ 6,668,892
Certificates of deposit	1,679,045
South Carolina Local Government Investment Pool	2,407,723
	<u>\$ 10,755,660</u>

Certain cash and cash equivalents of the Town are legally restricted for specified purposes. The major types of restrictions at June 30, 2022, were those imposed by the revenue source (i.e., hospitality tax, drug fund, etc.) and as stipulated in the bond offering documents.

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

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2022, all of the Town's deposits were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust department in the Town's name.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Interest Rate Risk – Investments

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

The Town's investment policy limits the weighted average maturity of investments to less than five years.

Credit Risk – Investments

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

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investment policy is designed to operate within existing statutes (which are identified for all funds and fund types) of the State of South Carolina. As of June 30, 2022, none of the Town's investment balances were exposed to custodial credit risk.

Concentration of Credit Risk – Investments

The Town's investment policy states that no more than 50% of the Town's investment portfolio will be invested in a single security type. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures. As of June 30, 2022, none of the Town's investment balances were exposed to concentration of credit risk.

In addition, South Carolina state statutes authorize the Town to invest in the LGIP. The LGIP is an investment trust fund created by state legislation, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The LGIP is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Fair Value Measurements

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

As of June 30, 2022, the Town reported investments of \$2,407,723 in the LGIP and \$1,679,045 in certificates of deposits issued by commercial banks and are recorded at amortized cost which approximates fair value. Due to the nature of these investments, as described above, they do not meet the criteria for reporting in the fair value hierarchy.

NOTE 4. RECEIVABLES

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Hospitality Tax Fund	Debt Service Fund	Water and Sewer Fund	Total
Receivables:					
Property taxes	\$ 325,893	\$ -	\$ 10,185	\$ -	\$ 336,078
Accounts	314,708	31,032	-	518,745	864,485
Gross receivables	<u>640,601</u>	<u>31,032</u>	<u>10,185</u>	<u>518,745</u>	<u>1,200,563</u>
Less allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,500)</u>	<u>(12,500)</u>
Net receivables	<u>\$ 640,601</u>	<u>\$ 31,032</u>	<u>\$ 10,185</u>	<u>\$ 506,245</u>	<u>\$ 1,188,063</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2022, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Service Fund	Water and Sewer Fund	\$ 26,135
General Fund	Capital Projects Fund	237
Debt Service Fund	General Fund	4,217
		<u>\$ 30,589</u>

Interfund balances largely result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of interfund transfers for the year ended June 30, 2022, consisted of the following:

<u>Transfer in</u>	<u>Transfer out</u>	<u>Amount</u>
General Fund	Water and Sewer Fund	\$ 423,000
General Fund	Covid Local Recovery Fund	198,808
Capital Projects Fund	General Fund	100,500
Total transfers		<u>\$ 722,308</u>

Transfers are used (1) to move revenues from the fund that a statute or budget requires to collect them to the fund that a statute or budget requires to expend them, and (2) to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2022, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,218,516	\$ -	\$ -	\$ -	\$ 1,218,516
Construction in progress	15,968	877	-	-	16,845
Total	<u>1,234,484</u>	<u>877</u>	<u>-</u>	<u>-</u>	<u>1,235,361</u>
Capital assets, being depreciated:					
Buildings and improvements	5,726,541	28,291	-	-	5,754,832
Computers	124,510	-	(17,459)	-	107,051
Furniture and equipment	213,630	-	(2,800)	-	210,830
Infrastructure	2,742,738	249,370	-	-	2,992,108
Information technology	320,358	48,688	-	-	369,046
Machinery	1,364,557	139,060	(24,428)	-	1,479,189
Vehicles	3,353,128	655,856	(53,749)	-	3,955,235
Weapons	14,911	-	-	-	14,911
Total	<u>13,860,373</u>	<u>1,121,265</u>	<u>(98,436)</u>	<u>-</u>	<u>14,883,202</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,747,394)	(163,378)	-	-	(1,910,772)
Computers	(119,880)	(1,366)	15,697	-	(105,549)
Furniture and equipment	(160,058)	(11,643)	2,800	-	(168,901)
Infrastructure	(996,937)	(148,808)	-	-	(1,145,745)
Information technology	(198,788)	(18,463)	-	-	(217,251)
Machinery	(905,426)	(65,964)	24,428	-	(946,962)
Vehicles	(2,307,805)	(174,498)	-	-	(2,482,303)
Weapons	(14,911)	-	-	-	(14,911)
Total	<u>(6,451,199)</u>	<u>(584,120)</u>	<u>42,925</u>	<u>-</u>	<u>(6,992,394)</u>
Total capital assets, being depreciated, net	<u>7,409,174</u>	<u>537,145</u>	<u>(55,511)</u>	<u>-</u>	<u>7,890,808</u>
Governmental activities capital assets, net	<u>\$ 8,643,658</u>	<u>\$ 538,022</u>	<u>\$ (55,511)</u>	<u>\$ -</u>	<u>\$ 9,126,169</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the business-type activities for the year ended June 30, 2022, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 41,831	\$ -	\$ -	\$ -	\$ 41,831
Total	41,831	-	-	-	41,831
Capital assets, being depreciated:					
Buildings and improvements	14,299	-	-	-	14,299
Computers	21,316	-	-	-	21,316
Furniture and equipment	8,546	-	-	-	8,546
Infrastructure	17,294,975	-	-	-	17,294,975
Information technology	-	9,095	-	-	9,095
Machinery	742,104	44,943	-	-	787,047
Vehicles	529,444	93,038	(54,658)	-	567,824
Total	18,610,684	147,076	(54,658)	-	18,703,102
Less accumulated depreciation for:					
Buildings and improvements	(1,578)	(357)	-	-	(1,935)
Computers	(21,316)	-	-	-	(21,316)
Furniture and equipment	(8,546)	-	-	-	(8,546)
Infrastructure	(10,332,503)	(384,231)	-	-	(10,716,734)
Information technology	-	-	-	-	-
Machinery	(545,155)	(34,094)	-	-	(579,249)
Vehicles	(434,745)	(39,191)	54,658	-	(419,278)
Total	(11,343,843)	(457,873)	54,658	-	(11,747,058)
Total capital assets, being depreciated, net	7,266,841	(310,797)	-	-	6,956,044
Business-type activities capital assets, net	\$ 7,308,672	\$ (310,797)	\$ -	\$ -	\$ 6,997,875

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental Activities	
General government	\$ 38,104
Fire department	66,576
Municipal court	1,004
Police department	116,258
Recreation	254,211
Streets and sanitation	107,967
Total depreciation expense - governmental activities	<u>\$ 584,120</u>

NOTE 7. LONG-TERM OBLIGATIONS

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

General Obligation Bonds – The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for use in governmental activities. The primary source of revenue for repayment of bonds is the General Fund. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. The bonds contain a provision that, in the event of default, the principal amount of the bonds outstanding shall become immediately due and payable.

Limited Obligation Bonds – The Town issues limited obligation bonds to provide funds for the acquisition and construction of major capital facilities for use in governmental activities. The primary source of revenue for repayment of bonds is the Hospitality Tax Fund. Limited obligation bonds are direct obligations and pledge the full faith and credit of the Town. The bonds contain a provision that, in the event of default, the principal amount of the bonds outstanding shall become immediately due and payable.

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

Financed Purchases – The Town has entered into multiple financed purchases arrangements of various equipment. Financed purchases are paid from the General Fund and the Water and Sewer Fund.

Compensated Absences Payable – These obligations represent accumulated annual leave and compensatory time benefits which were not funded by the current or prior years' revenue resources. These obligations are primarily funded by the General Fund and the Water and Sewer Fund.

Revenue Bonds – These bonds are funded by the Water and Sewer Fund and were used for certain improvements to the system.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2022, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities					
2012 General obligation bond	\$ 355,786	\$ -	\$ (55,359)	\$ 300,427	\$ 56,876
2016A Limited obligation bond	1,320,000	-	(118,000)	1,202,000	121,000
Net pension liability	5,214,404	912,344	(1,673,913)	4,452,835	-
Financed purchases	489,225	655,000	(210,921)	933,304	270,808
Compensated absences	159,500	87,574	(68,051)	179,023	68,051
Total long-term liabilities	<u>\$ 7,538,915</u>	<u>\$ 1,654,918</u>	<u>\$ (2,126,244)</u>	<u>\$ 7,067,589</u>	<u>\$ 516,735</u>
Business-type activities					
2007 Revenue bond	\$ 2,255,000	\$ -	\$ (294,000)	\$ 1,961,000	\$ 303,000
Net pension liability	515,710	101,372	(176,692)	440,390	-
Financed purchases	96,570	52,000	(43,402)	105,168	33,018
Compensated absences	29,168	14,793	(24,907)	19,054	19,054
Total long-term liabilities	<u>\$ 2,896,448</u>	<u>\$ 168,165</u>	<u>\$ (539,001)</u>	<u>\$ 2,525,612</u>	<u>\$ 355,072</u>

General Obligation Bonds

On August 23, 2013, the Council entered into a General Obligation Bond, Series 2012, in the amount of \$800,000. The proceeds will be used to purchase and renovate a new administrative building, renovate the existing administrative building, construct improvements at New Centre Park, renovate and improve an indoor recreation facility and storage area and pay off issuance costs. Payments are due on April 1, 2013, through 2027 in the amount of \$65,107 at an interest rate of 2.74%. The bonds are payable from a direct ad valorem tax on all taxable property in the Town.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Bonds (Continued)

The annual requirements for debt service on general obligation bonds outstanding at June 30, 2022, are summarized as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 56,876	\$ 8,231	\$ 65,107
2024	58,434	6,673	65,107
2025	60,035	5,072	65,107
2026	61,680	3,427	65,107
2027	63,402	1,705	65,107
Total	<u>\$ 300,427</u>	<u>\$ 25,108</u>	<u>\$ 325,535</u>

Limited Obligation Bonds

On June 15, 2016, the Council entered into Limited Obligation Bonds, Series 2016A, in the amount of \$1,641,000. The proceeds will be used to construct improvements at New Centre Park for Phase II. Payments are due through June 30, 2031, in the amount of \$149,000 at an interest rate of 2.42%. The bond is payable from hospitality taxes generated in the Town.

The annual requirements for debt service on limited obligation bonds outstanding at June 30, 2022, are summarized as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 121,000	\$ 29,088	\$ 150,088
2024	124,000	26,160	150,160
2025	127,000	23,159	150,159
2026	130,000	20,286	150,286
2027	133,000	16,490	149,490
2028-2031	567,000	34,702	601,702
Total	<u>\$ 1,202,000</u>	<u>\$ 149,885</u>	<u>\$ 1,351,885</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Financed Purchases Agreement

The Town has various financed purchase arrangements which are mainly for the purchase of equipment. These financed purchases are due annually over the next five years with payments ranging from \$37,711 to \$85,112 and interest rates between 1.57% and 2.74%.

The annual requirements for debt service on the financed purchases outstanding at June 30, 2022, are summarized as follows:

Governmental Activities

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 270,808	\$ 14,272	\$ 285,080
2024	203,778	9,418	213,196
2025	161,022	6,290	167,312
2026	163,284	4,035	167,319
2027	134,412	1,692	136,104
Total	<u>\$ 933,304</u>	<u>\$ 35,707</u>	<u>\$ 969,011</u>

Business-type Activities

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 33,018	\$ 1,722	\$ 34,740
2024	33,597	1,136	34,733
2025	13,848	539	14,387
2026	14,041	340	14,381
2027	10,664	194	10,858
Total	<u>\$ 105,168</u>	<u>\$ 3,931</u>	<u>\$ 109,099</u>

Revenue Bonds

On October 29, 2007, the Council adopted an ordinance providing for the issuance and sale of Series 2007 Waterworks and Sewer System Improvement and Refunding Revenue Bond (the "Series 2007 Bond") in an amount of \$5,850,000. The ordinance provides for the cost of certain improvements and for the advance refunding and defeasance of Series 1999 revenue bonds. During fiscal year 2012, the bank proposed to amend the terms of the Series 2007 Bond as it relates to the outstanding principal. Specifically, the bank proposed to lower the interest rate to 3.02% and to extend the term until December 1, 2027. These amendments were finalized on June 27, 2012. All gross revenues of the water and sewer systems are pledged as security for the Series 2007 Bond.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Bonds (Continued)

The annual requirements for debt service on revenue bonds outstanding at June 30, 2022, are summarized as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 303,000	\$ 54,647	\$ 357,647
2024	312,000	45,360	357,360
2025	322,000	35,787	357,787
2026	331,000	25,927	356,927
2027	341,000	15,780	356,780
2028	352,000	5,315	357,315
Total	<u>\$ 1,961,000</u>	<u>\$ 182,816</u>	<u>\$ 2,143,816</u>

NOTE 8. OTHER INFORMATION

A. Commitments and Contingent Liabilities

Grants

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

Litigation

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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. OTHER INFORMATION (CONTINUED)

B. Risk Management

The Town is exposed to various risks of losses related to torts, including theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town is a member of the South Carolina Municipal Insurance and Risk Financing Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments. The Town pays an annual premium to the Municipal Insurance and Risk Financing Fund for its general insurance and workers' compensation. The South Carolina Municipal Insurance and Risk Financing Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims.

The Town has not significantly reduced insurance coverages from the previous year and settled claims in excess of insurance coverage for the last three years were immaterial. For each of the insurance programs and public entity risk pools in which they participate, the Town has effectively transferred all risk with no liability for unfunded claims.

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NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN

Retirement Plan

Overview:

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, and governed by an 11-member Board, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the RSIC and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR of the state.

Plan Description:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Retirement Plan (Continued)

Plan Description (Continued):

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

Membership:

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is described below.

South Carolina Retirement System - Generally, all employees of covered employers are required to participate in and contribute to the SCRS as a condition of employment. This plan covers general employees, teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the SCRS with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the SCRS with an effective date of membership on or after July 1, 2012, is a Class Three member.

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

Benefits:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Retirement Plan (Continued)

Benefits (Continued):

South Carolina Retirement System - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Retirement Plan (Continued)

Contributions:

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contributions rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the Board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the Board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent. For the year ended June 30, 2022, the Town contributed \$256,378 to the SCRS plan and \$223,408 to the PORS plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Retirement Plan (Continued)

Contributions (Continued):

Required employee contribution rates for the year ended June 30, 2022, are as follows:

South Carolina Retirement System

	<u>2022</u>
Employee Class Two	9.00%
Employee Class Three	9.00%

South Carolina Police Officers Retirement System

	<u>2022</u>
Employee Class Two	9.75%
Employee Class Three	9.75%

Required employer contribution rates for the year ended June 30, 2022, are as follows:

South Carolina Retirement System

	<u>2022</u>
Employee Class Two	16.41%
Employee Class Three	16.41%
Employer incidental death benefit	0.15%

South Carolina Police Officers Retirement System

	<u>2022</u>
Employee Class Two	18.84%
Employee Class Three	18.84%
Employer incidental death benefit	0.20%
Employer accidental death benefit	0.20%

Net Pension Liability:

The June 30, 2021, (the measurement date) total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2021, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS. The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67, less that system's fiduciary net position. As of June 30, 2022, (measurement date of June 30, 2021), the net pension liability amounts for the County's proportionate share of the collective net pension liabilities associated with the SCRS and PORS plans are as follows on the following page.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Retirement Plan (Continued)

Net Pension Liability (Continued):

	SCRS	PORS
Total pension liability	\$ 7,743,748	\$ 6,255,958
Plan fiduciary net position	4,703,926	4,402,555
Employer's net pension liability	<u>\$ 3,039,822</u>	<u>\$ 1,853,403</u>
Plan fiduciary net position as a percentage of the total pension liability	60.7%	70.4%
Town's proportionate share of the collective net pension liability	0.0140460%	0.0720350%

Actuarial Assumptions and Methods:

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

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2020, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment rate of return	7.00%	7.00%
Projected salary increases	3.0% to 11.0% (varies by service)	3.5% to 10.5% (varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued):

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

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table on the following page.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity	9.0%	9.68%	0.87%
Private Debt	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real Estate (Private)	9.0%	6.01%	0.54%
Infrastructure (Public)	3.0%	5.08%	0.15%
	100.0%		
		Total expected real return	5.18%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	7.43%

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Retirement Plan (Continued)

Discount Rate:

The discount rate used to measure the TPL was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity of the Net Position Liability to Changes in the Discount Rate

Fiscal Year	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
SCRS	\$ 3,981,672	\$ 3,039,822	\$ 2,256,787
PORS	2,689,045	1,853,403	1,168,877

Pension Expense:

For the year ended June 30, 2022, the Town recognized its proportionate share of collective pension expense of \$221,972 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of \$101,017 for a total of \$322,989 for the SCRS plan. Additionally, for the year ended June 30, 2022, the Town recognized its proportionate share of collective pension expense of \$202,763 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of \$44,935 for a total of \$247,698 for the PORS plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Retirement Plan (Continued)

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

At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS pension plans, respectively, from the following sources:

South Carolina Retirement System	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,782	\$ 4,103
Changes of assumptions	166,390	-
Net difference between projected and actual earnings on pension plan investments	-	441,574
Changes in proportion and differences between employer contributions and proportionate share of contributions	208,454	59,532
Employer contributions subsequent to the measurement date	256,378	-
Total	<u>\$ 683,004</u>	<u>\$ 505,209</u>
South Carolina Police Officers Retirement System	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 63,051	\$ 5,772
Changes of assumptions	132,193	-
Net difference between projected and actual earnings on pension plan investments	-	415,524
Changes in proportion and differences between employer contributions and proportionate share of contributions	119,970	9,946
Employer contributions subsequent to the measurement date	223,408	-
Total	<u>\$ 538,622</u>	<u>\$ 431,242</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):
Town contributions subsequent to the measurement date of \$256,378 and \$223,408 for the SCRS plan and the PORS plan, respectively, are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	SCRS	PORS
2023	\$ 44,207	\$ 35,458
2024	24,753	26,986
2025	17,687	(31,061)
2026	(165,230)	(147,411)
Total	<u>\$ (78,583)</u>	<u>\$ (116,028)</u>

Pension Plan Fiduciary Net Position:

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

NOTE 10. DEFERRED COMPENSATION PLANS

Internal Revenue Code Section 457 Plan

The Town offers its employees a deferred compensation plan, through the State of South Carolina, created in accordance with Internal Revenue Code Section 457. The plan, available to all regular employees, permits participants to defer a portion of their salaries until future years. The deferred compensation is not available to the employee or his beneficiaries until termination, retirement, death, disability or an approved hardship.

All amounts of compensation deferred under the plan are held in trust for the contributing employee and are not subject to claims of the employer's general creditors. The plan is administered by the State of South Carolina.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFERRED COMPENSATION PLANS (CONTINUED)

Internal Revenue Code Section 401(k) Plan

The Town also offers its employees participation in a deferred compensation plan, through the State of South Carolina, created in accordance with Internal Revenue Code Section 401(k). The 401(k) plan has the same eligibility requirements as the 457 plan, although the withdrawal provisions are more lenient under the 401(k). All amounts of compensation deferred under the plan are held in trust for the contributing employee and are not subject to claims of the employer's general creditors. The funds are administered by the State of South Carolina.

NOTE 11. SUBSEQUENT EVENT

In September 2022, the Town entered into a financed purchase agreement with a bank in the amount of \$383,000 at a rate of 3.22% over five (5) years. The proceeds will be used to purchase equipment for various departments.

NOTE 12. TAX ABATEMENT PROGRAM

As of June 30, 2022, the Town provides tax abatements through one program – the Economic Development Program.

The Town, acting through its Council, is authorized and empowered under and pursuant to the provisions of Chapter 44 of Title 12, Code of Laws of South Carolina 1976, as amended, to enter into agreements with any industry or business whereby the industry or business would pay fees in lieu of taxes with respect to certain properties which constitute “economic development properties” through which powers the industrial development of the State of South Carolina will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate or remain in the State and thus utilize and employ the manpower, products, and resources of the State and benefit the general public welfare of the Town by providing services, employment, recreation, or other public benefits not otherwise provided locally.

Abatements are obtained through the program by application by a sponsor to the Council prior to commencing the improvements and are subject to approval by the Council by passage of an ordinance. Eligible abatements agreements are subject to a minimum investment as outlined in each individual agreement. The Code of Laws of South Carolina provides for a recapture of fees upon termination of approved agreements that did not meet the minimum investment criteria in the time frame provided for in each agreement. At the time of termination, the sponsor shall pay to the Town an additional fee equal to the difference between the total amount of property taxes that would have been paid by the sponsor had the project been taxable, taking into account exemptions from property taxes that would have been available to the sponsor, and the amount of fee payments actually made by the sponsor.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. TAX ABATEMENT PROGRAM (CONTINUED)

Abatement agreements under the Economic Development Program equal a 100 percent reduction in property taxes during the exemption period as outlined in the agreement. A fee in lieu of tax (FILOT) is to be paid within the following parameters: the sponsor shall pay to the Town an annual fee payment in connection with the economic development property which has been placed in service, in an amount not less than that the property taxes that would be due on the economic development property if it were taxable but using; (1) an assessment ratio of not less than 4 percent; (2) a millage rate this is either fixed for the life of the fee or is allowed to increase or decrease every fifth year in step with the average cumulative actual millage rate applicable to the project based upon the preceding five year period; or (3) a fair market value for the economic development property.

No other commitments were made by the Town as part of the agreements.

Taxes abated as a result of the agreements under the Economic Development Program totaled \$130,839 for the year ended June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CLOVER, SOUTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Local revenues:				
Property taxes - current	\$ 2,691,000	\$ 2,691,000	\$ 2,752,693	\$ 61,693
Property taxes - prior	78,000	78,000	68,150	(9,850)
Vehicle property taxes	295,000	295,000	248,745	(46,255)
Garbage revenue	470,000	470,000	460,285	(9,715)
Court fines	50,000	50,000	55,483	5,483
Business licenses	850,000	850,000	1,218,022	368,022
Zoning fees	7,500	7,500	9,750	2,250
Building permits	115,000	115,000	213,396	98,396
Cemetery assessments	10,000	10,000	9,196	(804)
Donations	100	100	2,400	2,300
Shelter fees	5,000	5,000	11,355	6,355
Dog licenses	-	-	44	44
Live well Clover fees	2,000	2,000	784	(1,216)
Recreation revenue	75,000	75,000	90,768	15,768
Recreation concessions	10,000	10,000	1,021	(8,979)
Miscellaneous revenues	1,500	1,500	8,466	6,966
Larne building	20,000	20,000	28,875	8,875
Grant - recreation	37,100	37,100	46,626	9,526
Miscellaneous grant revenue	9,000	9,000	6,463	(2,537)
Gallery 120 programs	3,500	3,500	8,541	5,041
York county fire supplement	32,800	32,800	32,858	58
Other revenues	15,000	15,000	41,009	26,009
Franchise fees	510,000	510,000	473,720	(36,280)
Payment in lieu of taxes	7,500	7,500	-	(7,500)
Festival revenue	12,000	12,000	22,267	10,267
Total local revenues	5,307,000	5,307,000	5,810,917	503,917
Recreation supplement	201,000	201,000	201,300	300
State apportionments	150,000	150,000	224,836	74,836
Interest income	4,000	4,000	8,004	4,004
Total revenues	5,662,000	5,662,000	6,245,057	583,057
Expenditures:				
Current:				
General government:				
Salaries	290,000	290,000	295,132	(5,132)
Social security	22,400	22,400	23,370	(970)
Retirement	48,000	48,000	46,847	1,153
Deferred compensation	2,250	2,250	2,402	(152)
Insurance - health	43,000	43,000	42,573	427
Workers compensation	1,400	1,400	827	573
Health reimbursement	12,000	12,000	44,834	(32,834)
Employees wellness	4,000	4,000	2,088	1,912
Utilities	6,000	6,000	4,728	1,272
Telephone	1,500	1,500	2,515	(1,015)
Maintenance and supplies	500	500	-	500
Vehicle repairs	250	250	-	250
Vehicle routine maintenance	250	250	1,586	(1,336)
Vehicle fuel	1,500	1,500	1,314	186
Insurance - property/liability	5,500	5,500	5,154	346
Insurance - vehicle	500	500	427	73
Insurance - tort	2,100	2,100	1,938	162
Insurance - bond	100	100	100	-

(Continued)

TOWN OF CLOVER, SOUTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures (Continued):				
Current (Continued):				
General government (Continued):				
Uniforms and equipment	\$ 500	\$ 500	\$ -	\$ 500
Bank charges	12,000	12,000	4,907	7,093
Office supplies and expenditures	12,000	12,000	13,260	(1,260)
Building maintenance	8,000	8,000	7,081	919
Advertisement	500	500	-	500
Dues, subscriptions, and donations	8,000	8,000	8,989	(989)
Training, meetings, and travel	5,000	5,000	6,243	(1,243)
Legal fees	28,000	28,000	29,762	(1,762)
Auditing fees	21,900	21,900	21,900	-
Election expense	6,000	6,000	7,844	(1,844)
Holiday certificates and awards	12,000	12,000	10,526	1,474
Computer maintenance and expenditures	57,000	57,000	62,301	(5,301)
Y.C. Council on Aging	1,000	1,000	-	1,000
Postage	2,000	2,000	2,455	(455)
Professional services	46,000	46,000	38,708	7,292
Tax collection fees	4,500	4,500	4,434	66
Equipment lease	14,000	14,000	18,999	(4,999)
Lane maintenance and supplies	12,000	12,000	13,782	(1,782)
Capital expenditures	25,000	25,000	6,425	18,575
Economic development	20,500	20,500	16,170	4,330
Armory expenditures	3,000	3,000	3,511	(511)
Total General government	740,150	740,150	753,132	(12,982)
Development Services				
Salaries	87,000	87,000	90,714	(3,714)
Social security	6,700	6,700	7,137	(437)
Retirement	14,400	14,400	14,681	(281)
Deferred compensation	-	-	690	(690)
Insurance - health	15,550	15,550	15,444	106
Workers compensation	500	500	494	6
Utilities	1,600	1,600	1,718	(118)
Telephone	600	600	1,852	(1,252)
Maintenance and supplies	300	300	-	300
Vehicle repairs	300	300	48	252
Vehicle routine maintenance	1,500	1,500	1,045	455
Vehicle fuel	1,200	1,200	1,297	(97)
Insurance - property	100	100	100	-
Insurance - vehicle	500	500	817	(317)
Insurance - tort	500	500	775	(275)
Insurance - bond	50	50	150	(100)
Uniforms and equipment	500	500	160	340
Office supplies and expenditures	500	500	1,078	(578)
Building maintenance	3,000	3,000	-	3,000
Advertisement	300	300	-	300
Dues, subscriptions, and donations	1,200	1,200	1,037	163
Training, meetings, and travel	5,500	5,500	2,329	3,171
Animal control	150	150	-	150
Computer maintenance and expenditures	17,000	17,000	27,501	(10,501)
Postage	200	200	214	(14)
Professional services	18,000	18,000	19,602	(1,602)
Equipment Lease Cash	100	100	54	46
Planning committee/BZA	1,500	1,500	-	1,500
Capital expenditures	47,000	47,000	12,446	34,554
Planning expenditures	50,000	50,000	49,790	210
Total Development Services	275,750	275,750	251,173	24,577

(Continued)

TOWN OF CLOVER, SOUTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures (Continued):				
Current (Continued):				
Fire Department:				
Salaries	\$ 74,500	\$ 74,500	\$ 82,126	\$ (7,626)
Volunteer firemen	22,000	22,000	20,220	1,780
Overtime	2,000	2,000	4,437	(2,437)
Social security	7,600	7,600	8,467	(867)
Retirement	14,600	14,600	15,906	(1,306)
Deferred compensation	750	750	1,550	(800)
Health insurance	15,550	15,550	15,444	106
Workers compensation	2,800	2,800	3,257	(457)
Utilities	8,500	8,500	7,762	738
Telephone	4,000	4,000	6,838	(2,838)
Maintenance and supplies	10,000	10,000	10,254	(254)
Vehicle repairs	10,000	10,000	9,864	136
Vehicle routine maintenance	4,000	4,000	3,137	863
Vehicle fuel	5,000	5,000	8,958	(3,958)
Insurance - property/liability	4,500	4,500	4,192	308
Insurance - vehicle	7,700	7,700	7,312	388
Insurance - tort	500	500	150	350
Uniforms/Equipment	1,000	1,000	571	429
Radio expense	3,500	3,500	-	3,500
Drug testing	500	500	53	447
Building maintenance	3,500	3,500	11,476	(7,976)
Contract maintenance	2,000	2,000	-	2,000
Dues, subscriptions, and donations	2,100	2,100	135	1,965
Training, meetings, and travel	3,000	3,000	1,885	1,115
Auditing fees	1,000	1,000	-	1,000
Computer maintenance and expenditures	5,500	5,500	6,819	(1,319)
Postage	-	-	5	(5)
Professional services	1,500	1,500	1,155	345
Grant match	5,000	5,000	22,415	(17,415)
Capital expenditures	45,000	45,000	38,947	6,053
Explorer program	2,000	2,000	251	1,749
Total Fire Department	269,600	269,600	293,586	(23,986)
Municipal Court:				
Salaries	40,000	40,000	39,478	522
Social security	3,000	3,000	3,104	(104)
Retirement	6,700	6,700	62,546	(55,846)
Insurance - health	7,800	7,800	8,366	(566)
Workers compensation	100	100	70	30
Utilities	3,500	3,500	3,771	(271)
Telephone	600	600	654	(54)
Maintenance and supplies	100	100	29	71
Insurance - property/liability	150	150	136	14
Insurance - tort	410	410	388	22
Insurance - bond	40	40	-	40
Office supplies and expenditures	4,000	4,000	913	3,087
Indigent defense	31,700	31,700	35,034	(3,334)
Building maintenance	3,000	3,000	2,387	613
Dues, subscriptions, and donations	200	200	85	115
Training, meetings, and travel	500	500	1,660	(1,160)
Auditing fees	1,500	1,500	-	1,500
Computer maintenance and expenditures	5,500	5,500	5,500	-
Postage	500	500	706	(206)
Jury fees	500	500	160	340
Capital expenditures	5,000	5,000	-	5,000
Professional services	40,000	40,000	36,663	3,337
Total Municipal Court	154,800	154,800	201,650	(46,850)

(Continued)

TOWN OF CLOVER, SOUTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures (Continued):				
Current (Continued):				
Legislative:				
Council salaries	\$ 33,250	\$ 33,250	\$ 33,000	\$ 250
Social security	2,550	2,550	2,543	7
Retirement	5,500	5,500	4,311	1,189
Workers compensation	400	400	366	34
Insurance - tort	14,100	14,100	13,433	667
Insurance - bond	100	100	100	-
Uniforms and equipment	500	500	57	443
Office supplies and equipment	1,500	1,500	1,392	108
Advertisement	500	500	1,259	(759)
Dues, subscriptions, and donations	3,500	3,500	3,344	156
Training, meetings, and travel	16,000	16,000	16,932	(932)
Computer maintenance and expenditures	1,000	1,000	2,579	(1,579)
Total Legislative	78,900	78,900	79,316	(416)
Police Department:				
Salaries - police officers	1,032,000	1,032,000	1,120,468	(88,468)
Salaries - dispatchers	150,200	150,200	188,680	(38,480)
Overtime	50,000	50,000	62,802	(12,802)
Social security	95,100	95,100	106,042	(10,942)
Retirement	230,000	230,000	250,522	(20,522)
Deferred compensation	10,000	10,000	12,285	(2,285)
Insurance - health	202,250	202,250	182,982	19,268
Insurance - legal	6,200	6,200	6,580	(380)
Workers compensation	30,400	30,400	30,210	190
Utilities	15,000	15,000	11,054	3,946
Telephone	35,000	35,000	25,961	9,039
Maintenance and supplies	16,000	16,000	16,212	(212)
Vehicle repairs	15,000	15,000	21,853	(6,853)
Vehicle routine maintenance	13,000	13,000	14,917	(1,917)
Vehicle fuel	50,000	50,000	89,103	(39,103)
Insurance - property/liability	3,500	3,500	3,197	303
Insurance - vehicle	11,500	11,500	10,924	576
Insurance - tort	65,000	65,000	55,189	9,811
Insurance - bond	250	250	254	(4)
Uniforms and equipment	25,000	25,000	18,028	6,972
Community relations	5,000	5,000	277	4,723
Reserve officer program	12,000	12,000	9,841	2,159
Office supplies and expenditures	10,000	10,000	7,856	2,144
Radio service	5,000	5,000	7,480	(2,480)
Jail expenditures	40,000	40,000	14,404	25,596
Drug testing	3,000	3,000	369	2,631
Building maintenance	12,000	12,000	39,475	(27,475)
NCIC	700	700	-	700
Dues, subscriptions, and donations	22,000	22,000	22,731	(731)
Training, meetings, and travel	10,000	10,000	9,615	385
Computer maintenance and expenditures	51,500	51,500	58,894	(7,394)
Postage	100	100	68	32
Professional services	3,000	3,000	5,179	(2,179)
K-9 unit	1,000	1,000	628	372
Equipment lease	4,700	4,700	6,970	(2,270)
Grant expenditures	5,000	5,000	12,278	(7,278)
Capital expenditures	252,000	252,000	312,972	(60,972)
Total Police Department	2,492,400	2,492,400	2,736,300	(243,900)

(Continued)

TOWN OF CLOVER, SOUTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures (Continued):				
Current (Continued):				
Recreation:				
Salaries	\$ 379,500	\$ 379,500	\$ 354,800	\$ 24,700
Labor	10,000	10,000	8,469	1,531
Social security	30,300	30,300	29,128	1,172
Retirement	62,900	62,900	57,449	5,451
Deferred compensation	4,200	4,200	2,484	1,716
Insurance - health	62,200	62,200	51,480	10,720
Workers compensation	3,500	3,500	3,010	490
Utilities	90,000	90,000	88,729	1,271
Telephone	4,400	4,400	4,764	(364)
Maintenance and supplies	54,000	54,000	90,694	(36,694)
Vehicle repairs	2,000	2,000	2,550	(550)
Vehicle routine maintenance	1,000	1,000	475	525
Vehicle fuel	8,000	8,000	12,778	(4,778)
Insurance - property/liability	3,900	3,900	3,650	250
Insurance - vehicle	3,100	3,100	2,966	134
Insurance - tort	4,500	4,500	4,263	237
Insurance - bond	100	100	-	100
Facility rental	2,500	2,500	1,522	978
Uniforms and equipment	2,500	2,500	805	1,695
Office supplies and expenditures	2,000	2,000	1,980	20
Drug testing	400	400	369	31
Building maintenance	10,000	10,000	13,578	(3,578)
Advertisement	1,000	1,000	321	679
Umpires, referees, etc.	50,000	50,000	40,760	9,240
Recreation supplies	75,000	75,000	69,428	5,572
Dues, subscriptions, and donations	2,500	2,500	2,575	(75)
Training, meetings, and travel	5,300	5,300	4,064	1,236
Concessions	13,000	13,000	1,346	11,654
Computer maintenance and expenditures	30,000	30,000	11,855	18,145
Postage	50	50	9	41
Gallery 120 expenditures	7,500	7,500	8,305	(805)
Professional services	6,000	6,000	966	5,034
Festivals	1,500	1,500	1,440	60
Grant matching expenditures	57,500	57,500	56,846	654
Capital expenditures	15,600	15,600	16,906	(1,306)
Capital expenditures - Financed	43,000	43,000	42,380	620
Park upgrades	110,250	110,250	29,455	80,795
Live well Clover expenditures	5,000	5,000	166	4,834
Total Recreation	1,164,200	1,164,200	1,022,765	141,435
Streets and Sanitation:				
Salaries	345,200	345,200	360,816	(15,616)
Social security	26,800	26,800	28,081	(1,281)
Retirement	57,100	57,100	57,954	(854)
Deferred compensation	3,750	3,750	3,831	(81)
Insurance - health	62,200	62,200	61,776	424
Workers compensation	12,600	12,600	12,313	287
Utilities	86,000	86,000	86,214	(214)
Telephone	2,000	2,000	1,908	92
Maintenance and supplies	25,000	25,000	16,269	8,731
Vehicle repairs	20,000	20,000	17,071	2,929
Vehicle routine maintenance	10,000	10,000	10,746	(746)
Vehicle fuel	20,000	20,000	40,941	(20,941)
Insurance - property/liability	850	850	810	40

(Continued)

TOWN OF CLOVER, SOUTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures (Continued):				
Current (Continued):				
Streets and Sanitation (Continued):				
Insurance - vehicle	\$ 13,000	\$ 13,000	\$ 12,280	\$ 720
Insurance - tort	3,000	3,000	2,713	287
Insurance - bond	100	100	-	100
Uniforms rental	2,000	2,000	2,847	(847)
Uniforms and equipment	800	800	1,020	(220)
Waste management	4,500	4,500	5,586	(1,086)
Landfill fees	150,000	150,000	141,802	8,198
Curbside recycling	50,000	50,000	66,812	(16,812)
Office supplies and expenditures	300	300	171	129
Drug testing	500	500	-	500
Building maintenance	10,000	10,000	1,450	8,550
Contract maintenance	1,000	1,000	-	1,000
Dues, subscriptions, and donations	400	400	240	160
Training, meetings, and travel	100	100	-	100
Computer maintenance and expenditures	1,500	1,500	1,392	108
Postage	50	50	61	(11)
Professional services	5,000	5,000	225	4,775
Stormwater repair	25,000	25,000	-	25,000
Pedestrian Improvements	5,000	5,000	-	5,000
Street repair - minor	5,000	5,000	272	4,728
Grant matching expenditures	4,000	4,000	-	4,000
Capital expenditures	130,000	130,000	26,425	103,575
Capital expenditures - Financed	400,000	400,000	345,317	54,683
Cemetery	30,000	30,000	26,696	3,304
Total Streets and Sanitation	1,512,750	1,512,750	1,334,039	178,711
Debt service:				
Principal retirement	339,500	339,500	210,921	128,579
Interest	2,200	2,200	11,032	(8,832)
Total Debt Service	341,700	341,700	221,953	119,747
Total expenditures	7,030,250	7,030,250	6,893,914	136,336
Deficiency of revenues under expenditures	(1,368,250)	(1,368,250)	(648,857)	719,393
Other financing sources (uses):				
Transfers in	423,000	423,000	621,808	198,808
Transfers out	(100,500)	(100,500)	(100,500)	-
Issuance of debt	655,000	655,000	655,000	-
Sale of capital assets	18,000	18,000	42,120	24,120
Total other financing sources, net	995,500	995,500	1,218,428	222,928
Net change in fund balances	(372,750)	(372,750)	569,571	942,321
Fund balances, beginning of year	3,068,380	3,068,380	3,068,380	-
Fund balances, end of year	\$ 2,695,630	\$ 2,695,630	\$ 3,637,951	\$ 942,321

TOWN OF CLOVER, SOUTH CAROLINA

**HOSPITALITY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GAAP BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Hospitality taxes	\$ 275,000	\$ 275,000	\$ 413,868	\$ 138,868
Interest income	100	100	253	153
Other revenue	5,000	5,000	-	(5,000)
Total revenues	<u>280,100</u>	<u>280,100</u>	<u>414,121</u>	<u>134,021</u>
Expenditures:				
Current:				
Overtime	8,500	8,500	9,951	(1,451)
Festivals	45,000	45,000	38,718	6,282
Contract maintenance	35,000	35,000	28,007	6,993
Special events	25,000	25,000	34,312	(9,312)
Professional fees	8,000	8,000	3,280	4,720
Advertisement	1,800	1,800	80	1,720
Supplies	500	500	-	500
Capital expenses	6,000	6,000	6,000	-
Debt service:				
Principal retirement	118,000	118,000	118,000	-
Interest	32,600	32,600	32,000	600
Total expenditures	<u>280,400</u>	<u>280,400</u>	<u>270,348</u>	<u>10,052</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(300)</u>	<u>(300)</u>	<u>143,773</u>	<u>144,073</u>
Other financing sources:				
Transfers in	300	300	-	300
Total other financing sources	<u>300</u>	<u>300</u>	<u>-</u>	<u>300</u>
Net change in fund balances	-	-	143,773	144,373
Fund balances, beginning of year	<u>306,107</u>	<u>306,107</u>	<u>306,107</u>	<u>-</u>
Fund balances, end of year	<u>\$ 306,107</u>	<u>\$ 306,107</u>	<u>\$ 449,880</u>	<u>\$ 144,373</u>

TOWN OF CLOVER, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE PLAN YEAR ENDED JUNE 30, 2022

South Carolina Retirement System

Plan Year Ended June 30,	Town's proportion of the net pension liability	Town's proportionate share of the net pension liability	Town's covered payroll	Town's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.014046%	\$ 3,039,822	\$ 1,525,350	199%	60.74%
2020	0.013020%	3,326,806	1,452,543	229%	50.71%
2019	0.013555%	3,095,198	1,431,385	216%	54.40%
2018	0.013078%	2,930,399	1,355,262	216%	54.10%
2017	0.012108%	2,725,706	1,034,687	263%	53.34%
2016	0.013324%	2,845,989	1,249,674	228%	52.91%
2015	0.013330%	2,527,719	1,200,371	211%	56.99%
2014	0.013220%	2,276,390	1,136,845	200%	59.92%
2013	0.013220%	2,371,555	1,185,777	200%	56.39%

South Carolina Police Officers Retirement System

Plan Year Ended June 30,	Town's proportion of the net pension liability	Town's proportionate share of the net pension liability	Town's covered payroll	Town's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.072035%	\$ 1,853,403	\$ 1,095,194	169%	70.37%
2020	0.072471%	2,403,308	1,106,944	217%	58.79%
2019	0.064920%	1,860,556	952,684	195%	62.69%
2018	0.062955%	1,783,858	762,697	234%	61.63%
2017	0.062710%	1,717,951	747,898	230%	60.94%
2016	0.067640%	1,715,543	831,419	206%	60.45%
2015	0.066150%	1,441,671	813,419	177%	64.57%
2014	0.066580%	1,274,568	711,515	179%	67.55%
2013	0.066850%	1,380,123	771,018	179%	62.98%

The above schedules will present 10 years of information once it is accumulated.

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

TOWN OF CLOVER, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

South Carolina Retirement System

Fiscal Year Ended June 30,	Actuarially required contribution	Contributions in relation to the actuarially required contribution	Contribution deficiency (excess)	Town's covered payroll	Contributions as a percentage of covered payroll
2022	\$ 256,378	\$ 256,378	\$ -	\$ 1,548,174	16.56%
2021	237,344	226,016	-	1,525,350	14.82%
2020	226,016	226,016	-	1,452,543	15.56%
2019	208,401	208,401	-	1,431,385	14.56%
2018	183,773	183,773	-	1,355,262	13.56%
2017	139,390	139,390	-	1,034,687	13.47%
2016	142,706	142,706	-	1,249,674	11.42%
2015	136,214	136,214	-	1,200,371	11.35%
2014	127,239	127,239	-	1,136,854	11.19%

South Carolina Police Officers Retirement System

Fiscal Year Ended June 30,	Actuarially required contribution	Contributions in relation to the actuarially required contribution	Contribution deficiency (excess)	Town's covered payroll	Contributions as a percentage of covered payroll
2022	\$ 223,408	\$ 223,408	\$ -	\$ 1,173,363	19.04%
2021	197,573	199,693	-	1,095,194	18.23%
2020	199,693	199,693	-	1,106,944	18.04%
2019	161,800	161,800	-	952,684	16.98%
2018	140,514	140,514	-	762,967	18.42%
2017	118,543	118,543	-	747,898	15.85%
2016	118,474	118,474	-	831,872	14.24%
2015	109,890	109,890	-	813,419	13.51%
2014	102,816	102,816	-	711,515	14.45%

The above schedules will present 10 years of information once it is accumulated.

TOWN OF CLOVER, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION NOTES TO THE SCHEDULE OF CONTRIBUTIONS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Actuarial assumptions used in determining the statutorily required contributions are as follows:

System	SCRS	PORS
Calculation date	July 1, 2019	July 1, 2019
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	5-year smoothed	5-year smoothed
Amortization method	Level % of pay	Level % of pay
Amortization period	28-year maximum, closed	28-year maximum, closed
Investment return	7.25%	7.25%
Inflation	2.25%	2.25%
Salary increases	3.00% plus step-rate increases for members with less than 21 years of service.	3.50% plus step-rate increases for members with less than 15 years of service.
Mortality	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Males rates multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non-educators and 98% for educators.	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Males rates multiplied by 125% and female rates are multiplied by 111%.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF CLOVER, SOUTH CAROLINA

WATER AND SEWER FUND SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BUDGET AND ACTUAL - GAAP BASIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Operating Revenues				
Miscellaneous revenues	\$ 10,000	\$ 10,000	\$ 2,142	\$ (7,858)
Set-off debt revenue	3,000	3,000	2,335	(665)
Service connection fees	70,000	70,000	83,891	13,891
Water revenue	1,700,000	1,700,000	1,798,321	98,321
Water taps	16,000	16,000	15,700	(300)
Late fees	85,000	85,000	77,373	(7,627)
Sewer revenue	1,610,000	1,610,000	1,702,528	92,528
Sewer taps	5,000	5,000	3,730	(1,270)
Pre-treatment fees	2,000	2,000	6,650	4,650
Project revenue	-	-	299,320	299,320
Transfer fee	1,000	1,000	375	(625)
SCDHEC fee	31,000	31,000	31,406	406
Credit card revenue	59,000	59,000	59,981	981
Total operating revenues	3,592,000	3,592,000	4,083,752	491,752
Operating Expenses				
Administrative and General				
Depreciation expense	-	-	457,873	(457,873)
Total administrative and general	-	-	457,873	(457,873)
Water and Sewer				
Salaries	345,850	345,850	242,229	103,621
Social security	26,800	26,800	20,097	6,703
Retirement	57,300	57,300	27,391	29,909
Pension expense	-	-	21,447	(21,447)
Deferred compensation	2,250	2,250	2,065	185
Insurance - health	60,300	60,300	41,184	19,116
Workers compensation	3,500	3,500	3,298	202
Utilities	97,000	97,000	86,722	10,278
Telephone	20,000	20,000	23,700	(3,700)
Maintenance and supplies	95,000	95,000	106,308	(11,308)
Vehicle repairs	15,000	15,000	1,524	13,476
Vehicle routine maintenance	5,000	5,000	4,953	47
Vehicle fuel	30,000	30,000	35,062	(5,062)
Insurance - property/liability	3,300	3,300	3,069	231
Insurance - vehicle	4,100	4,100	3,885	215
Insurance - tort	2,200	2,200	1,938	262
Insurance - bond	100	100	-	100
Uniform rentals	2,400	2,400	2,058	342
Uniforms and equipment	1,200	1,200	787	413
Bad debts	20,000	20,000	30,619	(10,619)
Bank charges	62,500	62,500	66,375	(3,875)
Office supplies and expenses	1,500	1,500	1,616	(116)
Drug testing	300	300	105	195
Building maintenance	10,000	10,000	3,216	6,784
Advertisement	100	100	570	(470)
Contract maintenance	25,000	25,000	23,757	1,243
Dues, subscriptions, and donations	1,300	1,300	1,481	(181)
Training, meetings, and travel	1,000	1,000	179	821
Computer maintenance and expenses	4,000	4,000	5,948	(1,948)
Postage	50	50	-	50
Professional services	55,000	55,000	4,625	50,375
Capital leases	67,400	67,400	-	67,400
Lab testing	18,000	18,000	13,009	4,991
DHEC fee	12,000	12,000	11,813	187
Capital expenses	210,000	210,000	-	210,000
Capital expenditure - financed	52,000	52,000	(26,516)	78,516
Meter purchase	25,000	25,000	26,003	(1,003)
Monitoring and surcharge	20,000	20,000	31,839	(11,839)
Water purchases	768,000	768,000	869,784	(101,784)
Sewer purchases	1,090,000	1,090,000	1,013,960	76,040
Total Water and Sewer	3,214,450	3,214,450	2,706,100	508,350
Total Operating Expenses	3,214,450	3,214,450	3,163,973	50,477
Operating income	377,550	377,550	919,779	542,229

(Continued)

TOWN OF CLOVER, SOUTH CAROLINA

WATER AND SEWER FUND SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BUDGET AND ACTUAL - GAAP BASIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Non-operating Revenues (Expenses)				
Interest income	\$ 5,000	\$ 5,000	\$ 9,544	\$ 4,544
Gain on sale of capital assets	5,000	5,000	21,140	16,140
Interest expense	(362,000)	(362,000)	(66,416)	295,584
Intergovernmental expense	(42,600)	(42,600)	(25,535)	17,065
Other revenues	54,300	54,300	-	(54,300)
	<u>(340,300)</u>	<u>(340,300)</u>	<u>(61,267)</u>	<u>279,033</u>
Income before transfers	37,250	37,250	858,512	821,262
Transfers out	(423,000)	(423,000)	(423,000)	-
Total transfers	<u>(423,000)</u>	<u>(423,000)</u>	<u>(423,000)</u>	<u>-</u>
Change in net position	(385,750)	(385,750)	435,512	821,262
Net position, beginning of year	<u>8,259,798</u>	<u>8,259,798</u>	<u>8,259,798</u>	<u>-</u>
Net position, end of year	<u>\$ 7,874,048</u>	<u>\$ 7,874,048</u>	<u>\$ 8,695,310</u>	<u>\$ 821,262</u>

TOWN OF CLOVER, SOUTH CAROLINA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2022

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Volunteer Fire Department Fund	Drug Fund	Economic Development Fund	
ASSETS				
Cash and cash equivalents, restricted	\$ 526,930	\$ 25,156	\$ 30,920	\$ 583,006
Investments, restricted	156,513	-	-	156,513
Total assets	683,443	25,156	30,920	739,519
LIABILITIES				
Total liabilities	-	-	-	-
FUND BALANCES				
Restricted:				
Fire department	683,443	-	-	683,443
Police department	-	25,156	-	25,156
Tourism	-	-	30,920	30,920
Total fund balances	683,443	25,156	30,920	739,519
Total liabilities and fund balances	<u>\$ 683,443</u>	<u>\$ 25,156</u>	<u>\$ 30,920</u>	<u>\$ 739,519</u>

TOWN OF CLOVER, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Volunteer Fire Department Fund	Drug Fund	Economic Development Fund	
Revenues:				
Drug funds < \$1,000	\$ -	\$ 4,448	\$ -	\$ 4,448
Drug funds > \$1,000	-	5,474	-	5,474
Local Revenue:				
Pool fills	32,325	-	-	32,325
Donations	1,220	-	-	1,220
Intermediate Revenue				
Recreation - York County	20,703	-	-	20,703
Interest income - local	776	15	64	855
Interest income - recreation	1,164	-	-	1,164
Total revenues	56,188	9,937	64	66,189
Expenditures:				
Local fund:				
Current:				
Development services	-	-	10,000	10,000
Total local fund	-	-	10,000	10,000
Recreation fund:				
Current:				
Firemen's recreation	8,499	-	-	8,499
Training and meetings	4,580	-	-	4,580
Uniforms and service awards	3,468	-	-	3,468
Total recreation fund	16,547	-	-	16,547
Total expenditures	16,547	-	10,000	26,547
Excess (deficiency) of revenues over (under) expenditures	39,641	9,937	(9,936)	39,642
Net change in fund balances	39,641	9,937	(9,936)	39,642
Fund balances, beginning of year	643,802	15,219	40,856	699,877
Fund balances, end of year	\$ 683,443	\$ 25,156	\$ 30,920	\$ 739,519

TOWN OF CLOVER, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
FOR THE YEAR ENDED JUNE 30, 2022

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected	N/A	N/A	\$ 110,533	\$ 110,533
Court fines and assessments remitted to State Treasurer	N/A	N/A	64,579	64,579
Total Court Fines and Assessments retained	N/A	N/A	\$ 45,954	\$ 45,954
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	N/A	N/A	\$ 1,365	\$ 1,365
Assessments retained	N/A	N/A	-	-
Total Surcharges and Assessments retained for victim services	N/A	N/A	\$ 1,365	\$ 1,365

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	\$ 42,159	N/A	\$ 42,159
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer	-	N/A	-
Victim Service Assessments Retained by City/County Treasurer	-	N/A	-
Victim Service Surcharges Retained by City/County Treasurer	1,365	N/A	1,365
Interest Earned	-	N/A	-
Grant Funds Received			
Grant from:	-	N/A	-
General Funds Transferred to Victim Service Fund	-	N/A	-
Contribution Received from Victim Service Contracts:			
(1) Town of	-	N/A	-
(2) Town of	-	N/A	-
(3) City of	-	N/A	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	\$ 43,524	N/A	\$ 43,524

TOWN OF CLOVER, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
FOR THE YEAR ENDED JUNE 30, 2022

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	\$ -	N/A	\$ -
Operating Expenditures	12,159	N/A	12,159
Victim Service Contract(s):			
(1) Entity's Name	-	N/A	-
(2) Entity's Name	-	N/A	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	-	N/A	-
(2) Rape Crisis Center:	-	N/A	-
(3) Other local direct crime victims service agency:	-	N/A	-
Transferred to General Fund	-	N/A	-
Total Expenditures from Victim Service Fund/Program (B)	12,159	N/A	12,159
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	31,365	N/A	31,365
Less: Prior Year Fund Deficit Repayment	-	N/A	-
Carryforward Funds – End of Year	\$ 31,365	N/A	\$ 31,365

TOWN OF CLOVER, SOUTH CAROLINA

ENTERPRISE FUND - ANNUAL NET EARNINGS FISCAL YEAR ENDED JUNE 30, 2022

CHANGES IN NET POSITION OF WATER AND SEWER FUND	\$	435,512
ADJUSTMENTS		
Depreciation		457,873
Interest Paid on Bonds		66,416
Transfers Out to General Fund		<u>423,000</u>
ANNUAL NET EARNINGS (As defined in Section 2.02 of Series 2007 Bond Agreement)	\$	<u>1,382,801</u>
120% of Annual Principal and Interest Requirement	\$	<u>429,344</u>

In accordance with the Series 2008 Bond Agreement, the Town will prescribe, maintain and collect rates and charges for the services and facilities furnished by the Waterworks and Sewer System which, together with other income, will yield "annual net earnings" from its water and sewer fund in the current fiscal year equal to at least one hundred twenty percent (120%) of the annual principal and interest requirements in such fiscal year for all bonds outstanding. As of June 30, 2022, the Town's "annual net earnings" from its water and sewer fund were above the threshold required by the foregoing terms.

TOWN OF CLOVER, SOUTH CAROLINA

WATER AND SEWER SYSTEM CUSTOMER INFORMATION FISCAL YEAR ENDED JUNE 30, 2022

The following information relates to the ten largest water and sewer customers of the System for the fiscal year ended June 30, 2022:

Largest Water Customers

Customers	Average Monthly Water Usage (in gallons)	Average Monthly Water Bill	Average Percentage of Total System Monthly Water Billings
Cap Yarns LLC	1,065,500	\$ 4,736	0.54%
Clover High School	698,833	2,244	0.35%
Honeywell	421,653	2,554	0.21%
Southeast Nonwovens	410,842	2,491	0.21%
Parkside at Bethel LP	142,474	917	0.07%
SC Regional Housing	107,967	701	0.05%
Bethel Housing	104,917	750	0.05%
Bethel Elementary	94,333	1,375	0.05%
Ready Mix of the Carolinas	79,583	600	0.04%
Munzing	76,129	784	0.04%
Total	<u>3,202,231</u>	<u>\$ 17,152</u>	

Largest Sewer Customers

Customers	Average Monthly Water Usage (in gallons)	Average Monthly Water Bill	Average Percentage of Total System Monthly Sewer Billings
Clover High School	514,083	\$ 3,044	0.32%
Honeywell	421,653	2,365	0.26%
Parkside at Bethel LP	128,833	781	0.08%
SC Regional Housing	107,967	668	0.07%
Bethel Elementary	104,917	736	0.07%
Larne Elementary	79,583	599	0.05%
Performance Friction	74,458	487	0.05%
Griggs Rd Elementary	67,750	535	0.04%
Isochem Colors	66,280	884	0.04%
Clover Washerette	65,117	436	0.04%
Total	<u>1,630,641</u>	<u>\$ 10,535</u>	

TOWN OF CLOVER, SOUTH CAROLINA

WATER, SEWER, AND SANITATION RATES YEAR ENDED JUNE 30, 2022

Water and sewer rates were revised by an ordinance (the "Rate Ordinance") enacted June 9, 2018, with new rates effective July 25, 2018.

Water Rates

Customers are billed for water usage based upon a minimum charge plus a volume charge for monthly usage in excess of the applicable minimum usage. The following rates for water usage within and outside Town limits were effective for usage beginning July 26, 2018.

Metered Water Rates Inside Town:	First 1,999 gallons for \$17.38 (minimum) plus \$5.63 per thousand gallons for 2,000-10,000 gallons \$5.63 per thousand gallons for 10,001-100,000 gallons \$5.63 per thousand gallons for 100,001-250,000 gallons \$5.63 per thousand gallons for over 250,000 gallons
Metered Water Rates Outside Town:	First 1,999 gallons for \$34.76 (minimum) plus \$11.27 per thousand gallons for 2,000-10,000 gallons \$11.27 per thousand gallons for 10,001-100,000 gallons \$11.27 per thousand gallons for 100,001-250,000 gallons \$5.88 per thousand gallons for over 250,000 gallons

Sewer Rates

The Town charges for wastewater treatment based upon the number of gallons of water consumed and by the type of customer. The following rates for wastewater treatment within and outside Town limits were effective for usage beginning July 26, 2018:

	<u>Base Charge</u>	
Sewer Rates Inside Town:	\$22.65	\$5.15 per 1,000 gallons of water usage
Sewer Rates Outside Town:	\$45.14	\$10.29 per 1,000 gallons of water usage

Sprinkler Head Fee Outside Town

All businesses located outside the corporate limits of the Town having a sprinkler system tap on to the Town's water system pay an annual charge of \$2.97 to the Town for each sprinkler head forming a part of their sprinkler system, which is billed and paid monthly.

TOWN OF CLOVER, SOUTH CAROLINA

WATER, SEWER, AND SANITATION RATES YEAR ENDED JUNE 30, 2022

Sanitation and Landfill Fees

The Town charges monthly rates for the sanitation and landfill services provided based on the type of customer and the size of the container.

Residential Garbage Collection:

\$16.00 for any portion of each calendar month

Residential Garbage Collection:

\$25 Minimum for any portion of each calendar month

\$66 Four collections per month 2-yard container

\$75 Four collections per month 4-yard container

\$100 Four collections per month 6-yard container

\$120 Four collections per month 8-yard container

Water Connection Charges

Size	Inside City			Outside City		
	Capacity Charge	Meter Charge	Installation Charge**	Capacity Charge	Meter Charge	Installation Charge**
3/4 Inch Service	\$ 1,500	\$ 150	\$ 700	\$ 1,500	\$ 150	\$ 700
1 Inch Service	3,750	300	800	3,750	300	800
1 1/2 Inch Service	7,500	1,800	950	7,500	1,800	950
2 Inch Service*	12,000	actual cost	actual cost	12,000	actual cost	actual cost
3 Inch Service*	24,000	actual cost	actual cost	24,000	actual cost	actual cost
4 Inch Service*	37,500	actual cost	actual cost	37,500	actual cost	actual cost
6 Inch Service*	75,000	actual cost	actual cost	75,000	actual cost	actual cost
8 Inch Service*	120,000	actual cost	actual cost	120,000	actual cost	actual cost
10 Inch Service*	189,000	actual cost	actual cost	189,000	actual cost	actual cost

TOWN OF CLOVER, SOUTH CAROLINA

WATER, SEWER, AND SANITATION RATES YEAR ENDED JUNE 30, 2022

Sewer Connection Charges

Size	Inside City		Outside City	
	Capacity Charge	Installation Charge**	Capacity Charge	Installation Charge**
3/4 Inch Service	\$ 2,230	N/A	\$ 2,230	N/A
1 Inch Service	5,575	N/A	5,575	N/A
1 1/2 Inch Service	11,150	N/A	11,150	N/A
2 Inch Service*	17,840	actual cost	17,840	actual cost
3 Inch Service*	35,680	actual cost	35,680	actual cost
4 Inch Service*	55,750	\$ 800	55,750	\$ 800
6 Inch Service*	111,500	actual cost	111,500	actual cost
8 Inch Service*	178,400	actual cost	178,400	actual cost
10 Inch Service*	280,980	actual cost	280,980	actual cost

*Note: Customer to furnish meter pit built to the Town's specifications for 2" and greater service connections.

**Note: Meter and installation costs reflect DHEC requirements and cost incurred at time of installation

Other Fees

\$75 Service connection fee on all water and sewer customers.

\$75 Deposit for connection of water and sewer (subject to reduction to \$30 for customers who meet certain credit requirements).

\$30 Water disconnection-reconnection fee.

\$50 Additional charge when water is reactivated by the customer or any other parties before the past due bill and the disconnect-reconnect administrative fee have been paid.

\$100 Deposit required prior to reconnection of any customer who has not previously paid a deposit and who has been disconnected four times within a preceding twelve month period for failure to pay water and/or sewer charges in a timely manner. A disconnect-reconnect administrative fee will also apply.

Special Rates

The Council may negotiate special water and/or sewer rates for any customer classification that makes a significant capital contribution to the System.

TOWN OF CLOVER, SOUTH CAROLINA

WATER AND SEWER TOTAL CUSTOMERS AND USAGE YEAR ENDED JUNE 30, 2022

Customer and usage information for water and sewer for the Town as of June 30, 2022, is as follows:

	2022	
Number of Customers	Sewer	Water
Residential	3,243	3,502
Non-residential		
Commercial	217	247
Government	30	59
Industrial	25	30
Total	3,515	3,838

	2022	
Number of Customers	Sewer	Water
Within Municipal Boundaries		
Total Customers	253	304
Total Residential Customers	2,960	3,034
Total	3,213	3,338
Outside of Municipal Boundaries		
Total Customers	19	32
Total Residential Customers	283	468
Total	302	500

	2022	
Number of Customers	Sewer	Water
Total Dollars		
Inside Municipal Boundaries	\$ 1,410,829	\$ 1,384,644
Outside Municipal Boundaries	284,222	413,552
Total	\$ 1,695,051	\$ 1,798,196

	2022	
Total Gallons		
Inside Municipal Boundaries	146,405,070	174,299,753
Outside Municipal Boundaries	14,589,030	24,376,257
Total	160,994,100	198,676,010

TOWN OF CLOVER, SOUTH CAROLINA

HOSPITALITY TAX FUND YEAR ENDED JUNE 30, 2022

Effective January 1, 2007, the Town of Clover implemented a 2% Local Hospitality Tax applied to the total amount of the charge for prepared or modified foods and beverages intended for immediate consumption and sold within the municipal limits of the Town of Clover.

Hospitality tax expenditures are restricted by state law. Tax proceeds can fund:

- 1) Tourism-related buildings including, but not limited to, civic centers, coliseums, and aquariums;
- 2) Tourism-related cultural, recreational, or historic facilities;
- 3) Beach access and renourishment;
- 4) Highways, roads, streets, and bridges providing access to tourist destinations;
- 5) Advertisements and promotions related to tourism development; and
- 6) Water and sewer infrastructure to serve tourism-related demand.

State law also allows an amount up to fifty percent (50%) of the prior year's hospitality tax collections to be used during the current year for operation and maintenance of those items listed above including police, fire protection, emergency medical services, and emergency-preparedness operations directly attendant to those facilities.

A summary of historic hospitality revenues and expenditures is as follows:

	2022	2021	2020	2019	2018	2017 and prior	Cumulative to date
Total revenue	\$ 413,868	\$ 292,576	\$ 275,568	\$ 283,265	\$ 278,582	\$ 1,482,008	\$ 3,025,867
Total expenditures	(120,348)	(55,912)	(91,646)	(96,368)	(102,528)	(380,554)	(847,356)
Interest income	253	126	239	334	1,404	3,667	6,023
Debt service	(150,000)	(149,796)	(150,540)	(150,000)	(150,000)	(853,724)	(1,604,060)
Issuance of limited obligation bond	-	-	-	-	-	1,873,000	1,873,000
Transfers out	-	-	-	-	(1,614,454)	(489,639)	(2,104,093)
Net change	<u>\$ 143,773</u>	<u>\$ 86,994</u>	<u>\$ 33,621</u>	<u>\$ 37,231</u>	<u>\$ (1,586,996)</u>	<u>\$ 1,634,758</u>	<u>\$ 349,381</u>

COMPLIANCE SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Town of Clover, South Carolina** (the "Town") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 10, 2023.

Report on Internal Control over Financial Reporting

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

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

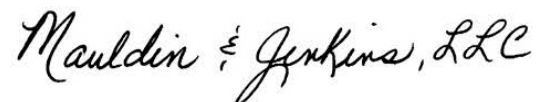
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid.

Columbia, South Carolina
March 10, 2023

TOWN OF CLOVER, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditors issued on whether the financial statements
audited were in accordance with GAAP.

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

____ Yes X No

Significant deficiencies identified?

____ Yes X None reported

Noncompliance material to financial statements noted?

____ Yes X No

Federal Awards

There was not an audit of major federal award programs as of June 30, 2022, due to the total amount expended being less than \$750,000.

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.

SECTION IV PRIOR YEAR FINDINGS AND RESPONSES

None reported.