

TOWN OF RAVENEL

Introduced by: Stephen Tumbleston

Date: August 29, 2023

RESOLUTION NO. 2023-04

A RESOLUTION TO ACCEPT THE 2021 TOWN OF RAVENEL AUDIT RESULTS FROM DARVER KELLY, LLP

WHEREAS, the Town of Ravenel hired Darver Kelly, LLP, an accounting firm located at 101 N. Main Street, Suite 710 in Greenville, South Carolina to conduct its annual municipal audits in August of 2019; and

WHEREAS, Darver Kelly, LLP provided the Draft version of the 2021 Town of Ravenel audit on July 17, 2023; and

WHEREAS, the Town of Ravenel wishes to formally accept the results of the 2021 Town of Ravenel audit as received;

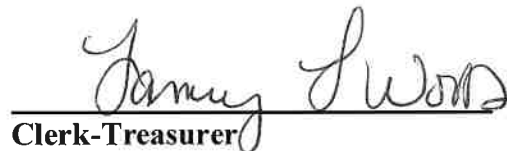
NOW BE IT THEREFORE RESOLVED that Town Council hereby accepts the 2021 Town of Ravenel Audit and authorizes the Mayor and Town Staff to execute the required journal entries on behalf of the Town as guided by Darver Kelly, LLP and in accordance with the audit documents in the attached "Exhibit A."

MOVED, APPROVED, AND ADOPTED THIS 29th DAY OF AUGUST 2023.

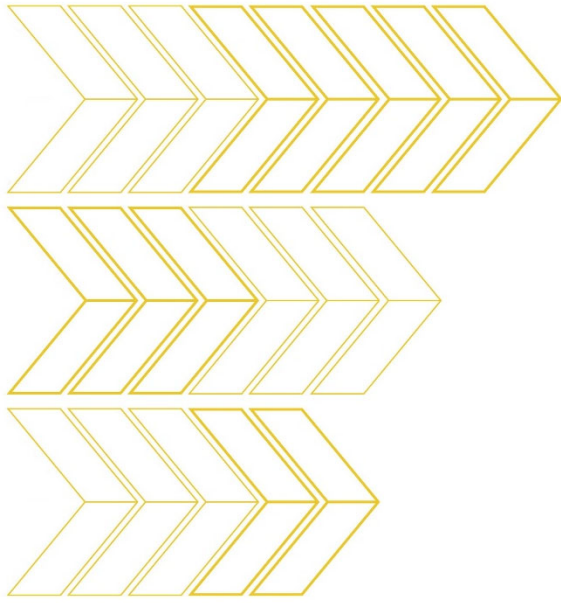
ATTEST:



Mayor Stephen Tumbleston



Clerk-Treasurer



TOWN OF RAVENEL
Ravenel, South Carolina

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

**TOWN OF RAVENEL
TABLE OF CONTENTS**

	Page
Listing of Principal Officials	I
 <i>Financial Section</i>	
Independent Auditors' Report	1-3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Balance Sheet - Governmental Funds and Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds and Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Statement of Net Position - Proprietary Fund	8
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	9
Statement of Cash Flows - Proprietary Fund	10
Notes to Financial Statements	11-26
Required Supplemental Information	
Budgetary Comparison Schedule – General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	27
 <i>Compliance Section</i>	
Independent Auditor's Report – Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	28-29
Schedule of Findings and Responses	30

**TOWN OF RAVENEL
LISTING OF PRINCIPAL OFFICIALS
YEAR ENDED DECEMBER 31, 2021**

MAYOR

STEPHEN W. TUMBLESTON

TOWN COUNCIL MEMBERS

ROBERT COCHRAN
HAROLD T. "BUCK" DUKES, JR.
ANDREA GAIL FORRIOR
LAURA PARKER
JIM RODGERS, JR.
BUCKEY WATERS

ADMINISTRATION

TAMMY WOOD – CLERK/TREASURER
MICHAEL HEMMER – TOWN/PLANNING AND ZONING ADMINISTRATOR

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Town Council
Town of Ravenel
Charleston County, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ravenel ("the Town") as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Town of Ravenel's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 Town of Ravenel, as of December 31, 2021, 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 Town of Ravenel 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.

Responsibility of Management for the Financial Statements

The Town of Ravenel's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 one year after the date that the financial statements are issued.



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

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

Other Reporting Required by *Government Auditing Standards*

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

Greenville, South Carolina
July, 2023

BASIC FINANCIAL STATEMENTS

TOWN OF RAVENEL
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	\$ 3,931,705	\$ 957,842	\$ 4,889,547
Accounts Receivable	75,177	8,450	83,627
Due from Other Governments	51,990	-	51,990
Internal Balances	2,280,732	(2,280,732)	-
Accrued Interest	7,741	1,858	9,599
Prepaid Expenses	6,565	491	7,056
Capital Assets, Net:			
Non-Depreciable	1,235,303	-	1,235,303
Depreciable, Net	993,672	3,385,462	4,379,134
Total Assets	\$ 8,582,885	\$ 2,073,371	\$ 10,656,256
Deferred Outflows of Resources			
Employer Contributions Subsequent to Measurement Date	15,546	-	15,546
Deferred Pension Charges	25,836	-	25,836
Total Deferred Outflows of Resources	41,382	-	41,382
Liabilities			
Accounts Payable	26,672	6,396	33,068
Accrued Payroll and Related Liabilities	7,777	-	7,777
Non-Current Liabilities:			
Net Pension Liability	294,519	-	294,519
Total Liabilities	328,968	6,396	335,364
Deferred Inflows of Resources			
Net Pension Deferred Inflows	15,695	-	15,695
Total Deferred Inflows of Resources	15,695	-	15,695
Net Position			
Net Investment in Capital Assets	2,228,975	3,385,462	5,614,437
Unrestricted	6,050,629	(1,318,487)	4,732,142
Total Net Position	\$ 8,279,604	\$ 2,066,975	\$ 10,346,579

The Notes to the basic financial statements are an integral part of this statement.

TOWN OF RAVENEL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Governmental Activities:							
General Government	\$ 485,673	\$ 6,763	\$ -	\$ -	\$ (478,910)	\$ -	\$ (478,910)
Public Works	148,331	-	-	-	(148,331)	-	(148,331)
Public Relations	168,994	-	-	-	(168,994)	-	(168,994)
Total Governmental Activities	802,998	6,763	-	-	(796,235)	-	(796,235)
Business-Type Activities:							
Wastewater	283,367	83,040				(200,327)	(200,327)
Total Business-Type Activities	283,367	83,040	-	-	(796,235)	(200,327)	(996,562)
General Revenues:							
Franchise Fees					129,981	-	129,981
Local Option Sales Taxes					408,213	-	408,213
Intergovernmental Revenues					80,539	-	80,539
Licenses, Permits and Fees					389,190	-	389,190
Other Income					371,607	-	371,607
Interest and Investment Earnings					17,894	1,679	19,573
Total General Revenues					1,397,424	1,679	1,399,103
Transfers					-	-	-
Change in Net Position					601,189	(198,648)	402,541
Net Position, Beginning of Year					7,678,415	2,265,623	9,944,038
Net Position, End of Year					\$ 8,279,604	\$ 2,066,975	\$ 10,346,579

The Notes to the basic financial statements are an integral part of this statement.

**TOWN OF RAVENEL
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2021**

	General Fund
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Assets	
Cash	\$ 489,993
Certificates of Deposit	3,441,712
Accounts Receivable	75,177
Due from Other Governments	51,990
Due from Wastewater Fund	2,280,732
Accrued Interest	7,741
Prepaid Expenses	6,565
	<hr/>
Total Assets	\$ 6,353,910
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Liabilities and Fund Balances	
Liabilities	
Accounts Payable	25,974
Accrued Payroll and Related Liabilities	7,777
	<hr/>
Total Liabilities	33,751
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Fund Balances	
Non-Spendable	6,565
Unassigned	6,313,594
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Total Fund Balances	6,320,159
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Total Liabilities and Fund Balances	\$ 6,353,910
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Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

Total Fund Balances - Governmental Funds	\$ 6,320,159
Amounts reported for the 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 funds. This is the amount that the cost of the assets exceeds the accumulated depreciation.	
Cost of Assets	\$ 3,066,748
Accumulated Depreciation	<u>(837,773)</u>
	2,228,975
The Town's Net Pension Liability is not due and payable in the current period and, therefore, is not reported in the funds.	(294,519)
Deferred Outflows/Inflows resulting from the recognition of the employer's share of the State's net pension are not current financial resources and, therefore, are not reported in the funds.	<u>24,989</u>
Total Net Position - Governmental Activities	\$ 8,279,604
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The Notes to the basic financial statements are an integral part of this statement.

**TOWN OF RAVENEL
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>General Fund</u>
Revenues	
Franchise Fees	\$ 129,981
Local Option Sales Taxes	408,213
Intergovernmental Revenues	80,539
Licenses, Permits and Fees	389,190
Charges for Services	6,763
Other Income	371,607
Interest and Investment Earnings	<u>17,894</u>
Total Revenues	<u>1,404,187</u>
Expenditures	
Current:	
General Government	502,877
Public Works	132,631
Public Relations	109,213
Capital Outlay	<u>76,733</u>
Total Expenditures	<u>821,454</u>
Excess (Deficiency) Revenues over Expenditures	582,733
Other Financing Sources (Uses)	
Transfers Out	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>
Net Change in Fund Balance	582,733
Fund Balance, Beginning of Year,	<u>5,619,669</u>
Fund Balance, End of Year	<u><u>\$ 6,202,402</u></u>

**Reconciliation of Statement of Governmental Fund Statement of Revenue, Expenditures and Changes
In Fund Balance of Governmental Funds to the Statement of Activities**

Total Net Change in Fund Balance - Governmental Funds	\$ 582,733
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Amounts reported for the governmental activities in the Statement of Activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	8,726
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Disposals of fixed assets result in removing the cost of fixed assets and related accumulated depreciation resulting in a gain or loss on the sale on the Statement of Activities	-
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Retirement and pension expense in the Statement of Activities is measured by the Town's proportionate share of the SCRS pension expense. In the governmental funds, however, the expenditure is measured by the current contributions to the retirement and pension system. This is the amount current contributions exceed the Town's proportionate share.

Town's proportionate share of total pension expense	\$ 5,816	
Current contributions to the Retirement System	<u>(15,546)</u>	<u>9,730</u>

Change in Net position of Governmental Activities	<u><u>\$ 601,189</u></u>
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The Notes to the basic financial statements are an integral part of this statement.

**TOWN OF RAVENEL
PROPRIETARY FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Wastewater Fund
Assets	
Current Assets	
Cash	\$ 220,785
Certificates of Deposit	737,057
Accounts Receivable	8,450
Accrued Interest	1,858
Prepaid Expenses	491
Total Current Assets	968,641
Noncurrent Assets:	
Capital Assets , Net	3,385,462
Total Noncurrent Assets	3,385,462
Total Assets	\$ 4,354,103
Liabilities	
Current Liabilities:	
Accounts Payable	6,396
Due to General Fund	2,280,732
Total Current Liabilities	2,287,128
Total Liabilities	2,287,128
Net Position	
Net Investment in Capital Assets	3,385,462
Unrestricted	(1,318,487)
Total Net Position	\$ 2,066,975

The Notes to the basic financial statements are an integral part of this statement.

**TOWN OF RAVENEL
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 31, 2021**

	<u>Wastewater Fund</u>
Operating Revenues	
Sewer Fees	\$ 83,040
Total Operating Revenues	<u>83,040</u>
Operating Expenses	
Supplies	6,314
Contractual and Professional Fees	51,962
Repairs and Maintenance	96,874
Utilities	6,687
Depreciation	<u>121,530</u>
Total Operating Expenses	283,367
Operating Income (Loss)	<u>(200,327)</u>
Non-Operating Revenues (Expenses)	
Interest Income	<u>1,679</u>
Total Non-Operating Revenues (Expenses)	1,679
Income Before Transfers	(198,648)
Transfers (To) From Other Funds	<u>-</u>
Change in Net Position	(198,648)
Net Position, Beginning of Year	<u>2,335,166</u>
Net Position, End of Year	<u><u>\$ 2,136,518</u></u>

The Notes to the basic financial statements are an integral part of this statement.

TOWN OF RAVENEL NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The Town of Ravenel ("The Town") was granted a charter by the State of South Carolina in 1949 and operates under a Mayor-Council form of government. The services of the Town of Ravenel include public improvements, land use regulations, as well as other public and general administrative services.

Reporting Entity

The basic 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. The Town's most significant accounting policies are described below.

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Town). The effect of interfund activity has been removed from these financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, on fees and charges for support.

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. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

Government-wide financial statements

The government-wide financial statements 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. Appropriations are recognized as revenues in the year for which they are appropriated. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as 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. Sales taxes, local option sales taxes, and intergovernmental revenues are collected by the State and subsequently remitted to the Town. These are recognized in the period collected prior to distribution by the State. Franchise fees, licenses, interest, and other revenues associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the government considers its revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period with the exception of certain reimbursement expenditure grants for which a twelve-month availability period is used.

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Basis of Presentation (Continued) *Governmental Fund Financial Statements (Continued)*

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, capital lease expenditures, as well as expenditures related to claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are generally reported as capital outlay expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Fund financial statements report detailed information about the Town. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are a minimum number of funds maintained to keep the accounts consistent with legal and managerial requirements. The following fund types are used by the Town.

Governmental Fund Types

Governmental Fund Types are those through which all governmental functions of the Town are financed. The Town's expendable financial resources and related assets and deferred outflows of resources (if any) and liabilities and deferred inflows of resources (if any) are accounted for through governmental funds. Governmental funds are accounted for using current financial resources measurement focus and the modified accrual basis of accounting. The following are the Town's major and nonmajor governmental funds:

The General Fund, a major fund, and a budgeted fund, is the general operating fund of the Town and accounts for all revenues and expenditures of the Town except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Proprietary Fund Types

Proprietary fund types are accounted for based on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of proprietary funds are primarily charges for services and fees. Operating expenses for proprietary funds include the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are generally reported as non-operating items. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The Town has one enterprise fund; it does not have any internal service funds.

Enterprise funds are used to account for operations (a) that 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. The Town has the following enterprise fund:

Wastewater Fund

The *Wastewater Fund*, a major enterprise fund, is used to account for the Town's stormwater drainage operations. For purposes of the statement of cash flows for the Wastewater Fund, the Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Fiduciary Fund Types

Fiduciary fund types include *agency funds*. These funds are used to account for assets held by the Town in a trustee capacity for individuals, other governments, and/or other funds. Agency funds are generally used to account for cash and other miscellaneous assets that the Town holds on behalf of others. The Town is responsible for certain assets of the St. Paul's Music Festival. Agency funds are custodial in nature and do not present results of operations.

Budget

The Town legally adopts an annual budget for the General Fund prior to the beginning of each year. The Town's budget process is the following:

1. Prior to November 1, the budget committee submits to Town Council a proposed budget for the year commencing the following January 1.
2. A public hearing is held at the next meeting to hear the proposed budget which requires a second reading and vote at the following meeting to adopt the final budget.
3. The Mayor is authorized to transfer funds between departments within a fund. Town Council must approve any revisions that alter total expenditures of any fund.
4. Formal budgetary integration is employed as a management control device during the year for the general, and special revenue or capital projects fund when applicable.
5. Budgets are adopted on the modified accrual basis of accounting and are consistent with US generally accepted accounting principles.

Budget amounts are for the current year and at the end of the year all excess appropriations lapse.

Cash, Cash Equivalents and Investments

The Town's operating cash and investment policy is designed to operate within existing statutes (which are identical for all non-fiduciary funds, fund types and component units within the State of South Carolina).

The Town's cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three (3) months or less from the date of acquisition. The Town's cash and investment objectives are preservation of capital, liquidity, and yield.

The Town has primarily used Certificates of Deposits ("CDs") in the General Fund operating activities. CDs are bond-type investments issued by a bank when a person or company deposits a certain amount of money for a determined amount of time. The maturity can be up to ten years, and interest is paid to the holder of the CD at an agreed upon rate. Funds removed before maturity are subject to a penalty.

Accounts Receivable and Payable

Accounts receivable consist primarily of amounts collected by the State of South Carolina and Charleston County for distribution to the Town as well as collectable franchise fees. Based on historical experience, all receivables are considered to be collectable, therefore, there is no allowance for doubtful accounts.

Payables represent liabilities incurred in the current period.

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as "internal balances".

1. Summary of Significant Accounting Policies (Continued)

Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and lowest priority to unobservable inputs (Level 3 Measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Town can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability is often based on developed models in which there are few, if any, observable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The Town believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

Capital Assets

General capital assets are those assets specifically related to activities reported 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. All capital assets are capitalized at cost (or estimated historical cost) and updated for any additions and retirements during the year. Donated capital assets are recorded at their acquisition value (as estimated by the Town) as of the date received. Infrastructure assets include streets, curbs, sidewalks, paved recreation trails, streetlights, signs, signals, and storm drains. The Town maintains a capitalization threshold of \$5,000 for its capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. The Town considers resurfacing of streets and parking lots to be normal maintenance that does not add to the value of those assets.

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are complete and placed in service, at which time the complete costs of the project are transferred to the appropriate capital asset category. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

Description	Governmental Activities Useful Lives	Business-Type Activities Useful Lives
Buildings and Improvements	20 - 50 Years	N/A
Infrastructure and Sewer Lines	15 - 50 Years	25 - 50 Years
Machinery and Equipment	5 - 15 Years	10 - 15 Years
Furniture and Fixtures	15 Years	N/A

Compensated Absences

Town employees earn vacation based on years of services and can earn between ten (10) and twenty (20) days per year. Employees are required to use their annual leave each calendar year as it is earned. An employee who departs the Town may be entitled to be paid for any unused vacation in that year based on the terms of departure. Unused sick leave is not available to be reimbursed upon termination. Therefore, there is no liability recorded for compensated absences as of December 31, 2021.

1. Summary of Significant Accounting Policies (Continued)

Classification of Fund Balance

The Town classifies its governmental fund balances as follows:

Nonspendable - includes amounts that inherently cannot be spent either because it is not in spendable form (i.e., prepaids or inventories) or because of legal or contractual requirements.

Restricted - includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed - includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision-making authority before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned - includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date.

Unassigned - includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts of restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The Town's practice is to generally use restricted amounts first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the Town generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Accounting Estimates

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

2. Deposits and Investments

Deposits

As of December 31, 2021, the Town's cash and investments were all held in depository accounts with financial institutions.

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposit's may not be recovered. Of the Town's bank balances of \$509,838 at December 31, 2021, \$259,838 was uninsured by the Federal Deposit Insurance Corporation (FDIC).

2. Deposits and Investments (Continued)

Investments

The Town's investments are in Certificates of Deposit and the State Treasurer' Local Government Investment Pool (SCLGIP) and are collateralized. The Town's investments are categorized 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 an asset. Investments in the SCLGIP are valued at the fair value of the underlying investments which are readily available quoted prices in active markets and considered a Level 1 investment)

As of December 31, 2021, The Town's investments have the following recurring fair value measurements (Level 2 inputs):

<u>Investment Type</u>	<u>Fair Value Level</u>	<u>Maturity</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Certificates of Deposit	Level 2	12-20 Months	\$ 2,260,141	\$ 2,260,141
Local Governemnt Investment Pool	Level 1	Various	1,918,628	1,918,628
Total			<u>4,178,769.58</u>	

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

Concentration of credit risk is large risk exposure to specific credit risks. The Town does not have a formal investment policy to limit the amount it would invest with any one issuer.

3. Interfund Receivables, Payables and Transfers

Interfund balances at December 31, 2021, consisted of the following fund receivables and payables, all of which are expected to be repaid at a future date

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 2,280,732	\$ -
Wastewater Fund	-	2,280,732
Totals	<u>\$ 2,280,732</u>	<u>\$ 2,280,732</u>

The outstanding balances between funds result from the timing of payments made with the General Fund for expenditures incurred by other Funds, which are reimbursed to the General Fund subsequent to year-end.

Interfund transfers for the year ended December 31, 2021 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ -
Wastewater Fund	-	-
Totals	<u>\$ -</u>	<u>\$ -</u>

4. Capital Assets

Capital asset activity for the Town's governmental activities for the year ended December 31, 2021 was as follows:

Governmental Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital Assets, Non-Depreciable:				
Land	\$ 1,235,303	\$ -	\$ -	\$ 1,235,303
Total Capital Assets, Non Depreciable	<u>1,235,303</u>	<u>-</u>	<u>-</u>	<u>1,235,303</u>
Capital Assets, Depreciable:				
Buildings and Improvements	943,339	-	-	943,339
Equipment and Vehicles	218,674	-	-	218,674
Infrastructure	592,699	76,733	-	669,432
Total Capital Assets, Depreciable	<u>1,754,712</u>	<u>76,733</u>	<u>-</u>	<u>1,831,445</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	461,651	37,788	-	499,439
Equipment and Vehicles	146,439	12,874	-	159,313
Infrastructure	160,367	18,654	-	179,021
Total Accumulated Depreciation	<u>768,457</u>	<u>69,316</u>	<u>-</u>	<u>837,773</u>
Total Capital Assets, Depreciable, Net	<u>986,255</u>	<u>7,417</u>	<u>-</u>	<u>993,672</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,221,558</u>	<u>\$ 7,417</u>	<u>\$ -</u>	<u>\$ 2,228,975</u>

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

<u>Functions/Programs</u>	<u>Depreciation Expense</u>
General Government	\$ 48,521
Public Relations	13,863
Community Development	<u>6,932</u>
Total Depreciation - Governmental Activities	<u>\$ 69,316</u>

4. Capital Assets (Continued)

Capital asset activity for the Town's business-type activities for the year ended December 31, 2021 was as follows:

Business-Type Activities	Beginning Balance	Additions	Disposals	Ending Balance
Capital Assets, Non-Depreciable:				
Land	\$ -	\$ -	\$ -	\$ -
Total Capital Assets, Non Depreciable	-	-	-	-
Capital Assets, Depreciable:				
Wastewater System	4,861,210	-	-	4,861,210
Total Capital Assets, Depreciable	4,861,210	-	-	4,861,210
Less: Accumulated Depreciation for:				
Wastewater System	1,354,218	121,530	-	1,475,748
Total Accumulated Depreciation	1,354,218	121,530	-	1,475,748
Total Capital Assets, Depreciable, Net	3,506,992	(121,530)	-	3,385,462
Business-Type Activities Capital Assets, Net	<u>\$ 3,506,992</u>	<u>\$ (121,530)</u>	<u>\$ -</u>	<u>\$ 3,385,462</u>

5. Retirement Plan

Description of the Entity

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR 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 comprehensive annual financial report of the state.

5. Retirement Plan (Continued)

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.

In addition to the plan described above, PEBA also administers three single-employer defined benefit pension plans, which are not covered in this report. They are the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG).

Membership

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

SCRS

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

Benefits

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

SCRS

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

The 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.

5. 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 each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2021. 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 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 first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 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 first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

Required employee contribution rates are as follows:

	<u>Fiscal Year 2022</u>	<u>Fiscal Year 2021</u>
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%

Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

Required employer contribution rates are as follows:

	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2019</u>
SCRS		
Employer Class Two	15.41%	14.41%
Employer Class Three	14.41%	14.41%
Employer Incidental Death Benefit	0.15%	0.15%

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 for first use in the July 1, 2021 actuarial valuation.

5. Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued)

The June 30, 2019, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2010. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2021.

	SCRS
Actuarial Cost Method	Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.25%
Projected Salary Increases	3.0% - 12.5%
Includes Inflation at	2.25%
Benefits Adjustments	lesser of 1% or \$500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2021, TPL are as follows.

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplies by 92%	2016 PRSC Females multiplies by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplies by 100%	2016 PRSC Females multiplies by 111%
Public Safety and Firefighters	2016 PRSC Males multiplies by 125%	2016 PRSC Females multiplies by 111%

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2021, for SCRS is presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 55,131,579,363	\$ 33,490,305,970	\$ 21,641,273,393	60.7%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Retirement Plan (Continued)

Long-term Expected Rate of Return

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

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 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

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	9.0%	6.01%	5.40%
Infrastructure	3.0%	5.08%	0.15%
Total Expected Return	<u>100.0%</u>		<u>5.18%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u><u>7.43%</u></u>

Discount Rate

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

5. Retirement Plan (Continued)

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7.25 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

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

System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Decrease (8.25%)
SCRS	\$ 340,017	\$ 269,969	\$ 211,383

Pension Expense

Components of collective pension expense reported in the Schedules of Pension Amounts by Employer for the fiscal year ended June 30, 2021, are presented below.

Description	SCRS
Service Cost	\$ 3,888,100
Interest on the Total Pension Liability	13,901,828
Plan Administrative Costs	66,228
Plan Member Contributions	(3,522,381)
Expected Return on Plan Assets	(7,126,147)
Recognition of Current Year Amortization - Difference Between Expected and Actual Experience & Assumption Changes	2,002,864
Recognition of Current Year Amortization - Difference Between Projected and Actual Investment Earnings	(3,244,151)
Other	<u>6,020</u>
Total Aggregate Pension Expense	<u>\$ 5,972,361</u>

Additional items included in Total Employer Pension Expense in the Schedules of Pension Amounts by Employer are the current period amortized portions of deferred outflows and/or inflows of resources related to changes in employers' proportionate share of the collective NPL and differences between actual employer contributions and proportionate share of total plan employer contributions. These two deferrals are specific to cost-sharing multiple-employer defined benefit pension plans as discussed in paragraphs 54 and 55 of GASB 68.

5. Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources.

	SCRS		Total Net Deferred
	Deferred Outflows of Resources	Deferred Inflows of Resources	Outflows/ (Inflows) of Resources
Difference Between Expected and Actual Experience	\$ 186	\$ 1,939	\$ (1,753)
Net Difference Between Projected and Actual Investment Earnings	8,462	6,072	\$ 2,390
Assumption Changes	5,440	-	5,440
Deferred Amounts from Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Employer Contributions	7,294	16,211	(8,917)
	<u>\$ 21,382</u>	<u>\$ 24,222</u>	<u>(2,840)</u>

Deferred outflows of resources of \$8,038 related to pensions resulted from Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Any 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
2020	\$ (7,586)
2021	8,509
2022	2,765
2023	<u>(848)</u>
	<u>\$ 2,840</u>

As discussed in paragraph 71b of GASB 68, collective deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual pension plan investment earnings in different measurement periods should be aggregated and included as a net collective deferred outflow of resources related to pensions or a net collective deferred inflow of resources related to pensions. Accordingly, the Outstanding Balance of Deferred Outflows of Resources in the Schedules of Pension Amounts by Employer reflects the current net difference between projected and actual pension plan investment earnings.

Additional items reported within the Outstanding Balance of Deferred Outflows and Inflows of Resources in the Schedules of Pension Amounts by Employer result from the two cost-sharing multiple-employer defined benefit pension plan-specific deferrals previously discussed.

5. Retirement Plan (Continued)

Employer Contributions

Employers' proportionate shares were calculated on the basis of employer contributions remitted to the plan by employers and nonemployer contributions appropriated in the State's budget. In an effort to help 'offset a portion of the burden of the increased contribution requirement for employers, the General Assembly funded 1 percent of the SCRS contribution increases for fiscal year 2021. The State's budget appropriated these funds directly to PEBA for the South Carolina Retirement System Trust Fund. The amount of nonemployer funds appropriated for fiscal year 2021 totaled \$88.7 million for SCRS.

Employer contributions recognized by the Systems that are not representative of future contribution effort are excluded in the determination of employers' proportionate shares. Examples of employer contributions not representative of future contribution effort are contributions towards the purchase of employee service purchases and employer contributions paid by employees.

The Town's contributions to the SCRS for the last three fiscal years were as follows:

	2020	2019	2018
SCRS			
Employee Contributions	\$ 16,071	\$ 10,446	\$ 11,692
Employer Contributions	<u>27,518</u>	<u>17,245</u>	<u>18,042</u>
Total	<u>\$ 43,589</u>	<u>\$ 27,691</u>	<u>\$ 29,734</u>

Note that the amounts listed above exclude non-employer contributions.

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Non-employer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2021, and the valuation report as of June 30, 2021. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' CAFR.

6. Risk Management

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. For all of these risks, the Town is a member of the South Carolina Municipal Insurance Reserve Fund ("SCMIRF"), a public entity risk pool operating as a common risk management and insurance program for local governments for general risk. The Town pays premiums to SCMIRF for this coverage.

7. Contingent Liabilities

The Town is periodically the subject of litigation by a variety of plaintiffs. Although the outcome of these claims is not presently determinable, it is the opinion of the Town's management and attorney that resolution of these matters, either individually or in the aggregate, will not have a material adverse effect on the financial condition of the Town.

8. Subsequent Events

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is expected to be temporary, there is uncertainty around the duration of the impact of the virus on the economy. The related financial impact on the Town and the duration cannot be estimated at this time.

The Town has evaluated the effects subsequent events would have on the financial statements through the date of the auditors' report, which is the date the financial statements were available for issuance.

REQUIRED SUPPLEMENTAL INFORMATION

**TOWN OF RAVENEL
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual	Variance
Revenue				
Franchise Fees	\$ 100,000	\$ 100,000	\$ 129,981	\$ 29,981
Local Option Sales Taxes	370,000	370,000	408,213	38,213
Intergovernmental Revenues	61,270	61,270	80,539	19,269
Licenses, Permits and Fees	373,050	373,050	389,190	16,140
Charges for Services	6,750	6,750	6,763	13
Rental Income	12,000	12,000	11,100	(900)
Grant Income	-	-	351,514	351,514
Other Income	1,300	1,300	8,993	7,693
Interest and Investment Earnings	6,000	6,000	17,894	11,894
Total Revenue	930,370	930,370	1,404,187	473,817
Expenditures				
Current:				
General Government				
Salaries and Benefits	305,600	305,600	306,495	(895)
Legal	45,000	45,000	31,975	13,025
Professional Fees	15,000	15,000	13,300	1,700
Meetings and Travel	9,500	9,500	7,860	1,640
Office Expense	26,850	26,850	47,048	(20,198)
Utilities	38,200	38,200	24,204	13,996
Insurance	58,500	58,500	49,748	8,752
Election Expense	-	-	1,775	(1,775)
Other Expenses	18,500	18,500	20,472	(1,972)
Public Works				
Streets	45,000	45,000	44,583	417
Landscaping	60,000	60,000	61,880	(1,880)
Vehicle	3,250	3,250	3,003	247
Sidewalks and Maintenance	1,500	1,500	9,506	(8,006)
Other	10,000	10,000	13,659	(3,659)
Public Relations				
Advertising	5,000	5,000	7,037	(2,037)
Community Programs	47,500	47,500	38,550	8,950
Community Parks and Facilities	25,500	25,500	36,669	(11,169)
Beautification	53,000	53,000	26,957	26,043
Capital Outlay	200,000	200,000	76,733	123,267
Total Expenditures	967,900	967,900	821,454	146,446
Excess (Deficiency) of Revenues over Expenditures	(37,530) *	(37,530) *	582,733	620,263
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change In Fund Balance	\$ (37,530)	\$ (37,530)	582,733	\$ 620,263
Fund Balance, Beginning of Year			5,619,669	
Fund Balance, End of Year			\$ 6,202,402	

* The Town Council approved the use of \$37,530 of reserves to bring the budget to a net change of -0-.

Note: The budgets are presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America

COMPLIANCE SECTION



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

Honorable Mayor and Town Council
Town of Ravenel
Charleston County, South Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ravenel as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town of Ravenel's basic financial statements, and have issued our report thereon dated July, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Ravenel's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Ravenel's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Ravenel'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Ravenel's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose an instance of noncompliance or other matter that is 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.

Greenville, South Carolina
July, 2023

**TOWN OF RAVENEL
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2021**

None