

**TOWN OF MEGGETT**  
**SOUTH CAROLINA**  
**BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

**TOWN OF MEGGETT, SOUTH CAROLINA  
BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Town of Meggett  
Meggett, 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 Meggett, South Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Meggett, South Carolina's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Meggett, South Carolina, 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 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 of Meggett, South Carolina and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 of Meggett, South Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Meggett, South Carolina's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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 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.

#### **Other Matters**

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2023, on our consideration of the Town of Meggett, South Carolina'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 of Meggett, South Carolina'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 Town of Meggett, South Carolina's internal control over financial reporting and compliance.

*Love Bailey & Associates, LLC*

Love Bailey & Associates, LLC

Laurens, South Carolina

April 12, 2023

**TOWN OF MEGGETT, SOUTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,379,720	\$ 45,389	\$ 1,425,109
Accounts receivable	33,610	3,555	37,165
Inventory	1,534	-	1,534
Capital assets:			
Non-depreciable capital assets	1,938,704	4,071,500	6,010,204
Depreciable capital assets, net	1,471,507	922,968	2,394,475
Total assets	<u>4,825,075</u>	<u>5,043,412</u>	<u>9,868,487</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension charges	<u>21,666</u>	<u>-</u>	<u>21,666</u>
<b>LIABILITIES</b>			
Accounts payable	7,314	1,322	8,636
Non-current obligations:			
Net pension liability	119,512	-	119,512
Long-term obligations - due within one year	45,656	-	45,656
Long-term obligations - due in more than one year	367,611	-	367,611
Total liabilities	<u>540,093</u>	<u>1,322</u>	<u>541,415</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension credits	<u>21,525</u>	<u>-</u>	<u>21,525</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,410,211	5,037,844	8,448,055
Unrestricted	874,912	4,246	879,158
Total net position	<u>\$ 4,285,123</u>	<u>\$ 5,042,090</u>	<u>\$ 9,327,213</u>

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

**TOWN OF MEGGETT, SOUTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**

FUNCTIONS/PROGRAM	Program Revenues				Net (Expense) Revenue 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	\$ 399,342	\$ -	\$ -	\$ 287,719	\$ (111,623)	\$ -	\$ (111,623)
Public relations	23,830	-	-	922,199	898,369	-	898,369
Community development	9,978	582	180	-	(9,216)	-	(9,216)
Interest	14,085	-	-	-	(14,085)	-	(14,085)
Total governmental activities	447,235	582	180	1,209,918	763,445	-	763,445
Business-type activities:							
Wastewater	51,239	43,522	-	-	-	(7,717)	(7,717)
Rental	87,976	44,600	-	-	-	(43,376)	(43,376)
Total business-type activities	139,215	88,122	-	-	-	(51,093)	(51,093)
Totals	<u>\$ 586,450</u>	<u>\$ 88,704</u>	<u>\$ 180</u>	<u>\$ 1,209,918</u>	<u>763,445</u>	<u>(51,093)</u>	<u>712,352</u>
General revenues:							
Franchise fees					65,886	-	65,886
Licenses and permits					260,770	-	260,770
Local option sales tax					203,037	-	203,037
Aid to subdivisions					31,170	-	31,170
Miscellaneous					15,105	-	15,105
Total general revenues					575,968	-	575,968
Changes in net position					1,339,413	(51,093)	1,288,320
Net position, beginning of year					2,945,710	5,093,183	8,038,893
Net position, end of year					<u>\$ 4,285,123</u>	<u>\$ 5,042,090</u>	<u>\$ 9,327,213</u>

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

**TOWN OF MEGGETT, SOUTH CAROLINA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>American Rescue Plan Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,070,533	\$ 21,468	\$ 287,719	\$ 1,379,720
Accounts receivable	33,415	195	-	33,610
Inventory	-	1,534	-	1,534
Total assets	<u>\$ 1,103,948</u>	<u>\$ 23,197</u>	<u>\$ 287,719</u>	<u>\$ 1,414,864</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities				
Accounts payable	\$ 7,314	\$ -	\$ -	\$ 7,314
Total liabilities	<u>7,314</u>	<u>-</u>	<u>-</u>	<u>7,314</u>
Fund balance:				
Nonspendable:				
Inventory	-	1,534	-	1,534
Committed:				
Capital projects	-	21,663	-	21,663
American Rescue Plan Act			287,719	287,719
Unassigned	1,096,634	-	-	1,096,634
Total fund balance	<u>1,096,634</u>	<u>23,197</u>	<u>287,719</u>	<u>1,407,550</u>
Total liabilities and fund balance	<u>\$ 1,103,948</u>	<u>\$ 23,197</u>	<u>\$ 287,719</u>	<u>\$ 1,414,864</u>

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



**TOWN OF MEGGETT, SOUTH CAROLINA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

Total fund balance	\$ 1,407,550
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Amounts reported for governmental activities in the statement  
of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the capital assets was \$4,155,922 and the accumulated depreciation was \$745,711	3,410,211
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The Town's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plan are not recorded in the government funds but are recorded in the statement of net position.	(119,371)
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Long-term liabilities are not due and payable in the current period  
and therefore are not reported in the funds.

Bond payable	<u>(413,267)</u>
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Total net position	<u><u>\$ 4,285,123</u></u>
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The accompanying notes are an integral part of these financial statements.

**TOWN OF MEGGETT, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>American Rescue Plan Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Franchise fees	\$ 65,886	\$ -	\$ -	\$ 65,886
Local option sales tax	203,037	-	-	203,037
Licenses and permits	260,770	-	-	260,770
Aid to subdivisions	31,170	-	-	31,170
Accommodations tax	1,786	-	-	1,786
Grants	922,199	-	287,719	1,209,918
Donations and miscellaneous	12,119	1,962	-	14,081
Total revenues	<u>1,496,967</u>	<u>1,962</u>	<u>287,719</u>	<u>1,786,648</u>
<b>EXPENDITURES</b>				
Administration	342,125	-	-	342,125
Public relations	23,830	-	-	23,830
Community development	9,978	-	-	9,978
Capital projects	996,381	-	-	996,381
Debt service - principle	44,112	-	-	44,112
Debt service - interest	14,085	-	-	14,085
Total expenditures	<u>1,430,511</u>	<u>-</u>	<u>-</u>	<u>1,430,511</u>
Excess (deficiency) of revenues over expenditures	<u>66,456</u>	<u>1,962</u>	<u>287,719</u>	<u>356,137</u>
Net changes in fund balances	66,456	1,962	287,719	356,137
Fund balance, beginning of year	<u>1,030,178</u>	<u>21,235</u>	<u>-</u>	<u>1,051,413</u>
Fund balance, end of year	<u><u>\$ 1,096,634</u></u>	<u><u>\$ 23,197</u></u>	<u><u>\$ 287,719</u></u>	<u><u>\$ 1,407,550</u></u>

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

**TOWN OF MEGGETT, SOUTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**

Net change in fund balances		\$ 356,137
Amounts reported for governmental activities in the statement of activities are different because:		
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 outlays exceeded depreciation expense in the current period.		
Capital asset additions	996,381	
Depreciation expense	<u>(61,876)</u>	934,505
Bond payments provide current financial resources to government funds, but entering into debt agreements increases long-term obligations in the Statement of Net Position		44,112
Changes in the Town's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities		<u>4,659</u>
Change in net position		<u><u>\$ 1,339,413</u></u>

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

**TOWN OF MEGGETT, SOUTH CAROLINA**  
**STATEMENT OF NET POSITION -**  
**PROPREITARY FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	<u>Wastewater</u>	<u>Rental</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 45,389	\$ -	\$ 45,389
Accounts receivable	3,555	-	3,555
Total current assets	<u>48,944</u>	<u>-</u>	<u>48,944</u>
Non-current assets			
Capital assets			
Non-depreciable capital assets	214,000	3,857,500	4,071,500
Depreciable capital assets, net	<u>233,004</u>	<u>689,964</u>	<u>922,968</u>
Total non-current assets	<u>447,004</u>	<u>4,547,464</u>	<u>4,994,468</u>
Total assets	<u>495,948</u>	<u>4,547,464</u>	<u>5,043,412</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	<u>1,322</u>	-	<u>1,322</u>
Total current liabilities	<u>1,322</u>	<u>-</u>	<u>1,322</u>
<b>NET POSITION</b>			
Net investment in capital assets	447,004	4,590,840	5,037,844
Unrestricted	<u>47,622</u>	<u>(43,376)</u>	<u>4,246</u>
Total net position	<u>\$ 494,626</u>	<u>\$ 4,547,464</u>	<u>\$ 5,042,090</u>

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

**TOWN OF MEGGETT, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN NET POSITION - PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	<u>Wastewater</u>	<u>Rental</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Wastewater revenue	\$ 43,522	\$ -	\$ 43,522
Rent receipts	-	44,600	44,600
Total Operation Revenues	<u>43,522</u>	<u>44,600</u>	<u>88,122</u>
<b>OPERATING EXPENSES</b>			
Alarm system	-	703	703
Cleaning service	-	5,716	5,716
Depreciation	18,824	47,169	65,993
Supplies	-	1,462	1,462
Insurance	-	3,527	3,527
Maintenance	19,533	24,529	44,062
Pest control	-	940	940
Property taxes	-	1,487	1,487
Usage fees	12,882	-	12,882
Utilities	-	2,443	2,443
Total operating expenses	<u>51,239</u>	<u>87,976</u>	<u>139,215</u>
Operating loss	(7,717)	(43,376)	(51,093)
Transfers	-	-	-
Change in net position	(7,717)	(43,376)	(51,093)
Net position, beginning of year	<u>502,343</u>	<u>4,590,840</u>	<u>5,093,183</u>
Net position, end of year	<u>\$ 494,626</u>	<u>\$ 4,547,464</u>	<u>\$ 5,042,090</u>

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

**TOWN OF MEGGETT, SOUTH CAROLINA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	<u>Wastewater</u>	<u>Rental</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 40,236	\$ 44,600	\$ 84,836
Cash payments to suppliers	(32,416)	(40,807)	(73,223)
Net cash provided by operating activities	<u>7,820</u>	<u>3,793</u>	<u>11,613</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES</b>			
Cash payments from other funds	-	(3,793)	(3,793)
Net cash used in noncapital financing activities	<u>-</u>	<u>(3,793)</u>	<u>(3,793)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(54,000)		(54,000)
Net cash used in capital and related financing activities	<u>(54,000)</u>	<u>-</u>	<u>(54,000)</u>
Net decrease of cash and cash equivalents	(46,180)	-	(46,180)
Cash and Cash Equivalents, beginning of year	88,254	-	88,254
Cash and Cash Equivalents, end of year	<u>\$ 42,074</u>	<u>\$ -</u>	<u>\$ 42,074</u>
<b>Reconciliation of operating income to net cash provided by (used for) operating activities:</b>	45,389	-	45,389
Operating income (loss)	\$ (7,717)	\$ (43,376)	\$ (51,093)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	18,824	47,169	65,993
(Increase) Decrease in Accounts Receivable	(3,286)	-	(3,286)
Increase (Decrease) in Accounts Payable	<u>(1)</u>	<u>-</u>	<u>(1)</u>
Net cash provided by operating activities	<u>\$ 7,820</u>	<u>\$ 3,793</u>	<u>\$ 11,613</u>

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

**TOWN OF MEGGETT, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Meggett, South Carolina conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

**Reporting Entity**

The Town of Meggett, South Carolina (the Town) was incorporated in 1905 under the laws of the State of South Carolina and operates under a mayor-council form of government. The Town's governing body consists of an elected mayor and four-member council.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by GAAP. The criteria used to determine whether or not an organization is included in the financial statements are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service, and financing relationships. Based upon the application of these criteria, there are no component units that should be included along with the Town of Meggett, South Carolina as part of the reporting entity.

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. 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.

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. Indirect expense allocations are eliminated for the statement of activities. 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. Internally dedicated resources are also reported as general revenues.

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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

(Continued)

**TOWN OF MEGGETT, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

Franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental fund:

General Fund – The general fund is the primary operating fund of the Town. The general fund accounts for all financial resources except those that are required to be reported in another fund.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

**Receivables and Payables**

All receivables are shown at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Such allowances are estimated based upon such factors as length of delinquency, historical analysis, and available means for collection enforcement.

(Continued)



**TOWN OF MEGGETT, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund receivables and payables outstanding at year end are eliminated upon consolidation of governmental activities in the government-wide statement of net assets.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

**Capital Assets**

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities, are recorded and depreciated in the Government Wide financial statement and the Proprietary Fund financial statements. No long-term assets or depreciation are shown in the governmental funds financial statements.

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the governmental fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are reported at their fair market value as of the date received. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the values of the assets or materially extend an asset’s life are not. All capital assets are depreciated, except for land and construction in progress. Depreciation is computed using the straight-line method over the following useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and Improvements	20 – 50
Wastewater System Infrastructure	5 – 30
Office and Equipment	5 – 20

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Premiums and discounts, are deferred and amortized over the life of the related obligations. Obligations are reported net of applicable premiums or discounts. Issuance costs are expensed as incurred. In the fund financial statements, governmental fund types recognize premiums and discounts, as well as 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 debt service expenditures.

(Continued)

**TOWN OF MEGGETT, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Fund Balance**

Non-spendable – This classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – This classification includes amounts that can be spent only for specific purposes pursuant to constraints imposed by formal action of the Town. Such formal action may be in the form of an ordinance or resolution and may be modified or rescinded by subsequent formal action.

Assigned – This classification includes amounts that are intended by the Town to be used for specific purposes, but are neither restricted nor committed. Assignments may be made only by the governing body or official.

Unassigned – This classification represents the residual balance with the General Fund, which has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances.

Unless specifically designated otherwise, fund expenditures and encumbrances are from restricted fund balances to the extent of restricted fund balance revenue, followed by committed fund balance, assigned fund balance, and unassigned fund balance, respectively.

Below are the fund balance classifications for the governmental funds at June 30, 2022

Fund Balances	Total Governmental Funds
Nonspendable	\$ 1,534
Committed	309,382
Unassigned	1,096,634
Total Fund Balances	\$ 1,407,550

(Continued)

**TOWN OF MEGGETT, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Net Position**

Classifications of net position in government-wide statements are net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through state statute.

**New Accounting Pronouncements**

GASB Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this statement were effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. The Town did not have any leases that were affected by GASB 87.

In May 2019, the AICPA Auditing Standards Board (ASB) issued, Statement on Auditing Standards (SAS) No. 134, Auditor Reporting and Amendments, including amendments addressing disclosures in the audit of financial statements as a final standard. SAS 134 has enhanced the auditors reporting related to going concern, expanded the description of the auditor's responsibility, and put an emphasis on key audit matters (if applicable). The pronouncement amends AU-C section 570 and AU-C section 260 relating to the auditor's consideration of an entity's ability to continue as going concern and the auditors' communication with those charged with governance. SAS 134 is effective for engagements performed in accordance with SAS for period ending on or after December 15, 2021. The Town's adoption of this standard does not have a material impact on the financial statements.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

As set forth in the Town Charter, the Town Council adopts an annual budget prepared in accordance with the basis of accounting utilized by the Town's operating fund. Additionally, cash outlays for debt principal and fixed assets funded by operations are budgeted, but treated differently in accordance with generally accepted accounting principles. After joint workshops with the Town Council, the Mayor submits to the Town Council a proposed operating budget covering the general fund for the fiscal year commencing the following July 1.

These workshops and hearings are open to the public. The operating budget includes proposed expenditures and the means for financing them. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of an ordinance. Appropriations lapse at the end of each fiscal year.

The Mayor is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any fund or transfer amounts between departments must be approved by the Town Council. The presented budgeted amounts are as originally adopted, or as last amended by the Town Council.

**TOWN OF MEGGETT, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

**NOTE 3 – CASH AND INVESTMENTS**

**Deposits and Investments**

The State of South Carolina General Statutes permit the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Cash is maintained in FDIC or NCUA insured demand deposits or savings accounts. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Town.

Concentration of credit risk – The Town's investment policy currently does not involve investment in any individual issuers.

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy is that all deposits in excess of federal insurance amounts be collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

As of June 30, 2022, of the total deposits with financial institutions of \$1,420,431, the Federal Deposit Insurance Corporation (FDIC) or U.S. government backed securities covers the total deposits. The Town has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on cash and cash equivalents.

**NOTE 4 – RECEIVABLES**

Receivables at June 30, 2022 for the government's individual major funds in the aggregate are as follows:

Receivables:	
MASC	\$ 10,764
State shared revenues	22,651
Total Receivables	<u>\$ 33,415</u>

**TOWN OF MEGGETT, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 5 – CAPITAL ASSETS**

**Capital Assets**

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

<b>Primary Government Activities</b>	<b>Balance at June 30, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2022</b>
Non-depreciable assets:				
Land	\$ 1,812,549	\$ 870,225	\$ -	\$ 2,682,774
Total non-depreciable assets	1,812,549	870,225	-	2,682,774
Depreciable capital assets:				
Buildings and Improvements	1,205,709	126,156	-	1,331,865
Equipment and furnishings	141,283	-	-	141,283
Total depreciable capital assets	1,346,992	126,156	-	1,473,148
Less accumulated depreciation	683,835	61,876	-	745,711
Total depreciable capital assets, net	663,157	64,280	-	727,437
Total capital assets, net	\$ 2,475,706	\$ 934,505	\$ -	\$ 3,410,211

(Continued)

**TOWN OF MEGGETT, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

**NOTE 5 – CAPITAL ASSETS, Continued**

<b>Business-Type Activities</b>	<b>Balance at June 30, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2022</b>
Non-depreciable assets:				
Land	\$ 3,856,000	\$ -	\$ -	\$ 3,856,000
Wastewater tap rights	160,000	54,000	-	214,000
Construction in progress	1,500	-	-	1,500
Total non-depreciable assets	4,017,500	54,000	-	4,071,500
Depreciable capital assets:				
Wastewater system	584,180	-	-	584,180
Rental buildings & improve	946,245	-	-	946,245
Rental equipment	119,574	-	-	119,574
Total depreciable capital assets	1,649,999	-	-	1,649,999
Less accumulated depreciation	664,831	62,200	-	727,031
Total depreciable capital assets, net	985,168	62,202	-	922,968
Total capital assets, net	\$ 5,002,668	\$ (8,200)	\$ -	\$ 4,994,468

**TOWN OF MEGGETT, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

**NOTE 6 – LONG-TERM OBLIGATIONS**

On August 1, 2019, the Town issued a \$500,000 general obligation note for purchase of purchasing land (see Note 5). The note bears interest at 2.86% maturing August 1, 2029 with annual payments of \$60,121 on August 1. Presented below is a summary of changes in the long-term obligations for the Town's governmental activities for the year ended June 30, 2022:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GO Note	\$ 457,379	\$ -	\$ 44,112	\$ 413,267	\$ 45,656

Presented below is a summary of debt service requirements to maturity as of June 30, 2022:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 45,656	\$ 14,465	\$ 60,121
2024	47,254	12,867	60,121
2025	48,908	11,213	60,121
2026	50,620	9,501	60,121
2027	52,392	7,729	60,121
2028-2030	168,437	11,926	180,363
Total	\$ 413,267	\$ 67,701	\$ 480,968

**NOTE 7 – PENSION PLAN**

**Employee Retirement Systems**

The Town participates in the State of South Carolina's retirement plans, which are administered by the South Carolina Public Employee Benefit Authority (PEBA).

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 ctuary of the Systems.

(Continued)

**TOWN OF MEGGETT, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 7 – PENSION PLAN, Continued**

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 containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The Comprehensive Annual Financial Report is publicly available through PEBA's website at [www.peba.sc.gov](http://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.

**Plan Descriptions**

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

**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.

(Continued)



**TOWN OF MEGGETT, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 7 – PENSION PLAN, Continued**

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

**Contributions**

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS 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 employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017 for SCRS 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 employer contribution 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 is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

(Continued)

**TOWN OF MEGGETT, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 7 – PENSION PLAN, Continued**

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 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.

Required employee contribution rates<sup>1</sup> are as follows:

	<u>Fiscal Year 2022<sup>1</sup></u>	<u>Fiscal Year 2021<sup>1</sup></u>
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%

Required employer contribution rates<sup>1</sup> are as follows:

	<u>Fiscal Year 2022<sup>1</sup></u>	<u>Fiscal Year 2021<sup>1</sup></u>
SCRS		
Employee Class Two	16.41%	15.41%
Employee Class Three	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%

**Actuarial Assumptions and Methods**

Actuarial valuations of the ongoing 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.

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<sup>1</sup> Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

**TOWN OF MEGGETT, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 7 – PENSION PLAN, Continued**

The June 30, 2021, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2020. The TPL was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles. There was no legislation enacted during the 2021 legislative session that had a material change in the benefit provisions for any of the systems. In fiscal year 2021 the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

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

	<b>SCRS</b>
Actuarial Cost Method	Entry age normal
Investment Rate of Return <sup>2</sup>	7%
Projected Salary Increases	3.0% to 11.0% (varies by service) <sup>1</sup>
Benefit 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 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.

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

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

(Continued)

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<sup>2</sup> Includes inflation at 2.25%

**TOWN OF MEGGETT, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 7 – PENSION PLAN, Continued**

**Net Pension Liability**

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB 67 less that system's fiduciary net position. NPL total, as of June 30, 2022, for SCRS are presented below.

<b>System</b>	<b>Employers' Net Pension Liability (Asset)</b>	<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>The Town's Proportionate Share of the Collective Net Pension Liability</b>
SCRS	\$ 119,512	50.7%	.00055%

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 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

**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 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 on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

**TOWN OF MEGGETT, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 7 – PENSION PLAN, Continued**

<b>Allocation/Exposure</b>	<b>Policy Target</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Long-Term Expected Portfolio Real Rate of Return</b>
<b>Public Equity<sup>3</sup></b>	46.0%	6.87%	3.16%
<b>Bonds</b>	26.0%	.27%	0.07%
<b>Private Equity<sup>1 4</sup></b>	9.0%	9.68%	0.87%
<b>Private Debt<sup>2</sup></b>	7.0%	5.47%	0.39%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate <sup>2</sup>	9.0%	6.01%	0.54%
Infrastructure <sup>2</sup>	3.0%	5.08%	0.15%
Total Expected Real Return <sup>5</sup>	100.0%		5.18%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.43%

**Pensions**

At June 30, 2022, The Town reported a liability of \$119,512 for its proportionate share of the NPL. The NPL was measured as of June 30, 2021, and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date. The Town's proportion of the NPL was based on a projection of The Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

(Continued)

<sup>3</sup> The target weight to Private Equity will be equal to its actual weight, reported by the custodial bank, as of prior month end. When flows have occurred, flow adjusted weights are used to more accurately reflect the impact of the asset class weight. Private Equity and Public Equity combine for 55% of the entire portfolio.

<sup>4</sup> Staff and Consultant will notify the Commission if Private Markets assets exceed 25% of total assets.

<sup>5</sup> Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 20% of total assets.

**TOWN OF MEGGETT, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 7 – PENSION PLAN, Continued**

For the year ended June 30, 2022, The Town recognized pension expense of \$4,151. At June 30, 2022 The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>SCRS</b>		
Differences between expected and actual experience	\$ 8,578	\$ (161)
Changes of assumptions:		
Investment experience changes	-	
Changes in proportion and differences between:		
The Town's contributions and proportionate share		
of contributions	65	(17,361)
The Town's contributions subsequent to the		(4,003)
measurement date	13,023	
Total	<u>\$ 21,666</u>	<u>\$ (21,525)</u>

An amount of \$21,666 reported as deferred outflows of resources related to pensions resulting from The Town's contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended June 30, 2022.

The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at the measurement date. Average remaining service lives of all employees provided with pensions through the pension plan at the measurement date was 4.00 years for SCRS:

Measurement Period Ending June 30	
2022	\$ (2,865)
2023	(2,020)
2024	(1,502)
2025	(6,495)
Net Balance of Deferred Outflow/(Inflow) of Resources	<u>\$ (12,882)</u>

**Discount Rate**

The discount rate used to measure the TPL was 7 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.

(Continued)

**TOWN OF MEGGETT, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

**NOTE 7 – PENSION PLAN, Continued**

**Sensitivity Analysis**

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

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

System	1.00% Decrease (6%)	Current Discount Rate (7%)	1.00% Increase (8%)
SCRS	\$ 156,546	\$ 119,512	\$ 88,719

**Additional Financial and Actuarial Information**

Information contained in these Notes to the Schedules of Employer and Nonemployer 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 accounting 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' Comprehensive Annual Financial Report.

**NOTE 8 – OTHER INFORMATION**

**Risk Management**

The Town is exposed to various risks of loss relating to torts, workers compensation claims, theft of, damage to, and destruction of assets, errors and omission, and natural disasters. For all of these risks, the Town is a member of the State of South Carolina Insurance Reserve 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 State Insurance Reserve Fund for its general insurance. The State Insurance Reserve Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims.

The Town has not significantly reduced insurance coverage from the previous year or settled claims materially in excess of insurance coverage for the last three years. For each of the public entity risk pools in which the Town participates, it has effectively transferred all risk with no liability for unfunded claims.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

**NOTE 9 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through April 12, 2023 which is the date the financial statements were available to be issued.

**TOWN OF MEGGETT, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>				
Franchise fees	\$ 75,000	\$ 75,000	\$ 65,886	\$ (9,114)
Local option sales tax	130,000	130,000	203,037	73,037
Licenses and permits	210,500	210,500	260,770	50,270
Aid to subdivisions	20,000	20,000	31,170	11,170
Accommodations tax	-	-	1,786	1,786
Grants	980,800	980,800	922,199	(58,601)
Donations and miscellaneous	14,330	14,330	12,119	(2,211)
Total revenues	<u>1,430,630</u>	<u>1,430,630</u>	<u>1,496,967</u>	<u>66,337</u>
<b>EXPENDITURES</b>				
Administration	359,580	359,580	342,125	(17,455)
Public relations	18,000	18,000	23,830	5,830
Community development	12,500	12,500	9,978	(2,522)
Capital projects	1,040,550	1,040,550	996,381	(44,169)
Debt service		-	58,197	58,197
Total expenditures	<u>1,430,630</u>	<u>1,430,630</u>	<u>1,430,511</u>	<u>(119)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>66,456</u>	<u>66,456</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Reserve fund		-	-	-
Transfers	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances			66,456	
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>1,030,178</u>	<u>21,235</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,096,634</u>	<u>\$ 21,235</u>

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



**TOWN OF MEGGETT, SOUTH CAROLINA**  
**SCHEDULE OF THE TOWN'S PENSION PLAN CONTRIBUTIONS -**  
**SOUTH CAROLINA RETIREMENT SYSTEM**  
**YEAR ENDED JUNE 30, 2022**

Only eight years of information is presented as only eight years of data were available

<b>SCRS</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 13,024	\$ 9,714	\$ 9,585	\$ 8,963	\$ 8,341	\$ 6,746	\$ 5,185	\$ 6,156
Contributions in relation to the contractually required contribution	<u>13,024</u>	<u>9,714</u>	<u>9,585</u>	<u>8,963</u>	<u>8,341</u>	<u>6,746</u>	<u>5,185</u>	<u>6,156</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 79,365	\$ 63,033	\$ 62,200	\$ 62,200	\$ 62,200	\$ 59,125	\$ 46,883	\$ 57,266
Contributions as a percentage of covered-employee payroll	16.41%	15.41%	15.41%	14.41%	13.41%	11.41%	11.06%	10.75%

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

**TOWN OF MEGGETT, SOUTH CAROLINA**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE**  
**NET PENSION LIABILITY - SOUTH CAROLINA RETIREMENT SYSTEM**  
**YEAR ENDED JUNE 30, 2022**

Only seven years of information is presented as only eight years of data were available

<b>SCRS</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Town's proportion of the net pension liability	0.00055%	0.00055%	0.00058%	0.00059%	0.00058%	0.00048%	0.00058%
Town's proportionate share of the net pension liability	\$ 119,512	\$ 141,086	\$ 133,115	\$ 133,004	\$ 130,117	\$ 102,100	\$ 109,241
Town's covered-employee payroll	\$ 63,033	\$ 62,200	\$ 62,200	\$ 62,200	\$ 59,125	\$ 46,883	\$ 57,266
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	189.6%	226.8%	214.0%	213.8%	220.1%	217.8%	190.8%
Plan fiduciary net position as a percentage of the total pension liability	50.7%	50.7%	54.4%	54.1%	53.3%	52.9%	57.0%

Notes to schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.



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*

To the Town of Meggett  
Meggett, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Meggett, South Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Meggett, South Carolina's basic financial statements, and have issued our report thereon dated April 12, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of Meggett, South Carolina'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 Town of Meggett, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Meggett, South Carolina'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 Town of Meggett, South Carolina'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.

*Love Bailey & Associates, LLC*

Love Bailey & Associates, LLC  
Laurens, South Carolina  
April 12, 2023