

TOWN OF EASTOVER, SOUTH CAROLINA

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2022

TABLE OF CONTENTS

Management's Discussion and Analysis.....	i
Independent Auditor's Report.....	1
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	4
Statement of Activities	5
Fund Financial Statements	
Government Funds	
Balance Sheet	6
Reconciliation of Governmental Funds Balance Sheet To The Statement of Net Position.....	7
Statement of Revenues, Expenditures and Changes In Fund Balance – Governmental Funds.....	8
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to The Statement of Activities.....	9
Proprietary Fund Statements	
Statement of Net Position.....	10
Statement of Revenue, Expenses and Changes in Net Position.....	11
Statement of Cash Flows.....	12
Notes to the Basic Financial Statements.....	13

Supplemental Information

Schedule of Town's Proportionate Share of the Net Pension Liability - South Carolina Retirement System (SCRS)...	36
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Schedule of Town Contributions – SCRS.....	37
--	----

Individual Fund Schedules

General Fund

Schedule of Revenues and Expenditures-Budget to Actual...	38
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Management's Discussion and Analysis

As management of the Town of Eastover, we offer the readers of the Town of Eastover's financial statements this narrative overview and analysis of the financial activities of the town of Eastover for the fiscal year ending June 30th, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All amounts, unless otherwise indicated, are expressed in actual dollars.

FINANCIAL HIGHLIGHTS

- The assets of the Town of Eastover exceeded liabilities at the close of the most recent fiscal year by \$ 2,485,439 net position. Net position increased by a total of \$ 454,905 which represents a 18.30% increase in net position for the 2021 – 2022 fiscal year. The main reason for the increase in net position was due to the increase in current assets and other assets and the decrease in total liabilities during the 2021-2022 fiscal year. The Town continues to increase its sources of income while decreasing long-term and short-term debt throughout the year.
- As of the close of the current fiscal year, the Town's Capital Assets, Net of Accumulated Depreciation increased during the year due to the attainment of additional fixed assets. The long-term liabilities continue to decrease as debt is paid in a timely fashion as well as the reduction in short-term debt.
- At the end of the current fiscal year, Other Business Liabilities decreased due to the decrease in the amounts due on water/sewer accounts. The Town continues to write off non-payable customer water/sewer during the 2021-2022 fiscal year. The Town continues to charge penalties for non-payment of services and continues to disconnect customer services.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Town of Eastover's basic financial statements. The Town of Eastover's basic financial statement comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Eastover's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of Eastover's assets and liabilities, with the differences between the two reported as *net position*. Over time, increases or

decreases in net position may serve as a useful indicator of the whether the financial position of the Town of Eastover is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Government-wide financial statements distinguish functions of the Town of Eastover that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Eastover include general government. The *business-type* activities of the Town of Eastover include the water and sewer system.

FUND FINANCIAL STATEMENTS. A fund is a grouping of relative accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Eastover, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Eastover can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The Town of Eastover maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, debt service fund all which are considered major funds. Data from these funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* listed in this report.

The Town of Eastover adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided for the general fund to demonstrate compliance with the budget.

Proprietary Funds. The Town of Eastover maintains one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Eastover uses an enterprise fund to account for its Water and Sewer operations, which includes water, sewer and storm-water impact fees.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information of the Water and Sewer operations, which is considered to be a major fund of the Town of Eastover.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement can be found in this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator for the government's financial position. In the case of the Town of Eastover, assets exceeded liabilities by \$2,027,934 at the close of the most recent fiscal year.

A portion of the Town of Eastover's net position reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The Town of Eastover uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the town of Eastover's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF EASTOVER

	Governmental Activities		Business Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	453,288	235,701	113,503	78,788	566,791	314,489
Capital Assets - Net of Accumulated Depr	1,268,862	533,564	1,687,051	2,364,811	2,955,913	2,898,375
Restricted Cash	166,498	167,380	69,101	69,061	235,599	236,441
Deferred Pension Charges	8,504	3,152	2,411	4,791	10,915	7,943
Total Assets	1,897,152	939,797	1,872,066	2,517,451	3,769,218	3,457,248
Long-Term Liabilities	58,144	104,065	826,196	864,233	884,340	968,298
Other Liabilities	305,201	385,972	42,326	41,173	347,527	427,145
Deferred Pension	40,444	27,473	11,468	3,798	51,912	31,271
Total Liabilities	403,789	517,510	879,990	909,204	1,283,779	1,426,714
Net Position:						
Capital Asset, Net of Related Debt	1,268,862	533,564	846,766	1,494,370	2,115,628	2,027,934
Restricted	166,498	167,380	69,101	69,061	235,599	236,441
Unrestricted/Unassigned	58,003	(278,657)	76,209	44,816	134,212	(233,841)
Total Net Position	1,493,363	422,287	992,076	1,608,247	2,485,439	2,030,534
Total Liabilities and Net Position	1,897,152	939,797	1,872,066	2,517,451	3,769,218	3,457,248

At the end of the current fiscal year, the Town of Eastover can report positive balances in all categories of net position for the government.

TOWN OF EASTOVER - Changes in Net Position

	Governmental Activities		Business Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Charges for Services			342,391	480,225	342,391	480,225
General Revenues						
Property Taxes	142,621	72,143			142,621	72,143
Other Local Sources	403,251	53,614			403,251	53,614
Sanitation Fees	72,652	96,282			72,652	96,282
Business Licenses	10,805	6,214			10,805	6,214
Franchise Fees	101,075	111,767			101,075	111,767
Other Fees & Taxes	32,927	35,656			32,927	35,656
State Shared Revenues	113,158	156,000			113,158	156,000
Interest and Other	9,886	434			9,886	434
Total Revenues	886,375	532,110	342,391	480,225	1,228,766	1,012,335
Expenses						
General Government	(743,317)	(1,032,970)			(743,317)	(1,032,970)
Personal Services			40,413	40,413	40,413	40,413
Repairs & Maintenance			-	-	-	-
Supplies			12,496	19,512	12,496	19,512
Professional and Technical Services			5,675	996	5,675	996
Insurance and Bonding			19,687	21,051	19,687	21,051
Utilities and Telephone			7,782	8,406	7,782	8,406
Contractual Services			246,519	188,757	246,519	188,757
Depreciation			225,920	225,920	225,920	225,920
Fixed Charges			1065	5707	1065	5707
Bad Debt			15,284	95,835		
Total Expenses	(743,317)	(1,032,970)	574,841	606,597	(168,476)	(426,373)
Excess (Deficiency) of Revenue over Expenditures	143,058	(500,860)	(232,450)	(126,372)	(89,392)	(627,232)
Non-Operating Revenues/Expenses						
Interest Expense			37,732	40,108	37,732	40,108
Loss Before Transfers			(194,718)	(86,264)	(194,718)	(86,264)
Change In Net Position	143,058	(500,860)	(194,718)	(86,264)	(51,660)	(587,124)
Net Position - Beginning of the Year	1,350,305	923,147	1,186,794	1,694,511	2,617,658	-
Net Position - Ending	1,493,363	422,287	992,076	1,608,247	2,485,439	2,030,534

Governmental Activities:

- Primary government revenues increased \$354,265 - 39.97% when compared to the previous year.
- Primary government expenditures decreased \$289,653 - 28.04% when compared to the previous year.
- Excess of revenues over expenditures increased to \$143,058 during the year.

Business-Like Activities:

- Charges for services decreased by \$137,834. FYE 2021 services were listed at \$ 480,225. FYE 2022 services were listed at \$ 342,391.
- Operating expenses decreased \$31,756 during the year. FYE 2021 expense were listed at \$606,597 FYE 2022 Services were listed at \$ 574,841.

Financial Analysis of the Government's Funds

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

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

The general fund is a chief operating fund of the Town of Eastover. At the end of the current fiscal year, unassigned fund balance excess of revenues of the general fund was \$58,003.

Proprietary Funds. The Town of Eastover's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Enterprise Funds at the end of the year amounted to \$ 76,209. The factors concerning the finances of this fund have already been addressed in the discussion of the Town of Eastover's business-type activities.

Budgetary Highlight

During the year, revenues from all sources exceeded budget estimates by \$247,194. This was due to grants awarded to the Town during the 2021 – 2022 fiscal year.

Capital Assets and Debt Administration

Capital Assets. The Town of Eastover's investment in capital assets for its governmental and business-type activities as of June 30th, 2022 amount to \$2,898,375 (net of accumulated depreciation). This investment in capital assets includes land and right-of-way, buildings, systems, improvements, and equipment.

Long-Term Debt. At the end of the current fiscal year, the Town of Eastover had bonded debt outstanding of \$826,196. Long-term debt decreased \$38,037 during the year.

Request for Information

This financial report is designed to provide a general overview of the Town of Eastover's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Eastover – Town Clerk, P.O. Box 58, Eastover, SC 29044.

John E. Brown
Certified Public Accountant
209 Meadow Crest Drive
West Columbia, SC 29172
(803) 755-3384



INDEPENDENT AUDITOR'S REPORT

To Mayor Gunter
And Town Council
Town of Eastover South Carolina
Eastover, South Carolina

Disclaimer of Opinion and Unmodified 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 Eastover, South Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements. These financial statements collectively comprise the Town of Eastover, South Carolina's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-type Activities	Qualified
General Fund	Unmodified
Enterprise Fund	Qualified

Qualified Opinions on the Governmental, Business-type Activities, and Enterprise Fund

Because of the significance of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements governmental and business-type activities of the Town of Eastover, South Carolina. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinion on General Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of the Town of Eastover, 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 Disclaimer of Opinion and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Eastover, 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 disclaimer and unmodified audit opinions.

Matter Giving Rise to Disclaimer of Opinion on the Governmental Activities, Business-type Activities, and Enterprise Fund

Capital asset depreciation expense and accumulated depreciation have not been properly accounted for in accordance with accounting principles generally accepted in the United States of America. As a result, we were not able to audit the amounts presented in these financial statements. The amount by which this condition would affect the Town of Eastover, South Carolina's net position, retained earnings, and cash flows has not been determined.

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 Eastover, 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. Because of the matter described in the Basis for Disclaimer of Opinion and Unmodified Opinions section, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the governmental activities, business-type activities, and the enterprise fund. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Eastover, 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 Eastover, 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 management's discussion and analysis and budgetary comparison information – General Fund, Schedule of the Town's Contributions – Pension, and Schedule of the Town's Proportionate Share of the Net Pension Liability, as listed in the table of contents, 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.



December 27, 2022

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

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current assets			
Cash	\$ 303,015	\$ 101,465	\$ 404,480
Receivables	150,273	12,038	162,311
	<u>453,288</u>	<u>113,503</u>	<u>566,791</u>
Capital assets, net of accumulated depreciation	1,268,862	1,687,051	2,955,913
Other assets			
Restricted cash	166,498	69,101	235,599
	<u>166,498</u>	<u>69,101</u>	<u>235,599</u>
TOTAL ASSETS	<u>\$ 1,888,648</u>	<u>\$ 1,869,655</u>	<u>\$ 3,758,303</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension charges	8,504	2,411	10,915
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 8,504</u>	<u>\$ 2,411</u>	<u>\$ 10,915</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,897,152</u>	<u>\$ 1,872,066</u>	<u>3,769,218</u>
LIABILITIES			
Current liabilities			
Accounts payable--trade	\$ 209,495	\$ -	\$ 209,495
Accounts payable--Environmental Protection Agency	60,018	--	60,018
Interest payable	--	3,168	3,168
Compensated absences	--	8,581	8,581
Accrued liabilities and withholdings	4,648	--	4,648
Deferred revenue	31,040	--	31,040
Current portion of revenue bonds payable	--	30,577	30,577
	<u>305,201</u>	<u>42,326</u>	<u>347,527</u>
Long-term debt			
Revenue bonds	--	809,708	809,708
Net pension liability	58,144	16,488	74,632
	<u>58,144</u>	<u>826,196</u>	<u>884,340</u>
TOTAL LIABILITIES	<u>363,345</u>	<u>868,522</u>	<u>1,231,867</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension charges	40,444	11,468	51,912
Total deferred inflows of resources	<u>40,444</u>	<u>11,468</u>	<u>51,912</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>403,789</u>	<u>879,990</u>	<u>1,283,779</u>
NET POSITION			
Investment in capital assets, net of related debt	1,268,862	846,766	2,115,628
Restricted for:			
Historic Site Preservation	166,498	--	166,498
Restricted for USDA debt service compliance	--	69,101	69,101
Unrestricted and unassigned	58,003	76,209	134,212
TOTAL NET POSITION	<u>1,493,363</u>	<u>992,076</u>	<u>2,485,439</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS AND NET POSITION	<u>\$ 1,897,152</u>	<u>\$ 1,872,066</u>	<u>\$ 3,769,218</u>

See notes to financial statements.

STATEMENT OF ACTIVITIES
TOWN OF EASTOVER, SOUTH CAROLINA
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental activities						
General government	\$ 743,317	\$ --	\$ --	\$ (743,317)	\$	\$ (743,317)
Interest and fiscal charges	--	--	--	--	--	--
Business-type activities						
Water and sewer	743,317	--	--	(743,317)		(743,317)
	537,109	342,391	--		\$ (194,718)	(194,718)
TOTAL GOVERNMENT	\$ 1,280,426	\$ 342,391	\$ --			(938,035)
General revenues						
Property taxes				142,621	--	142,621
Homestead Exemption				11,293	--	11,293
Business licenses				10,805	--	10,805
Franchise fees				101,075	--	101,075
State aid to subdivisions				3,433	--	3,433
Local option sales tax				76,680	--	76,680
Other local sources				21,752	--	21,752
Sanitation fees				72,652	--	72,652
Other fees, taxes and permits				32,927	--	32,927
Grants				403,251	--	403,251
Interest and other revenue				9,886	--	9,886
Total general revenues				886,375		
CHANGE IN NET POSITION						
BEGINNING NET POSITION, as restated				143,058	(194,718)	(51,660)
				1,350,305	1,186,794	2,537,099
ENDING NET POSITION				\$ 1,493,363	\$ 992,076	\$ 2,485,439

See notes to financial statements.

BALANCE SHEET
GOVERNMENTAL FUNDS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

	General	
Assets		
Cash	\$ 303,015	
Receivables	150,273	
Restricted cash	<u>166,498</u>	
TOTAL ASSETS	<u>\$ 619,786</u>	
Liabilities and fund deficit		
Liabilities		
Accounts payable--trade	\$ 209,495	
Accounts payable--Environmental Protection Agency	60,018	
Accrued payroll liabilities and withholdings	4,648	
Interest Payable	--	
Deferred Revenue	<u>31,040</u>	
TOTAL LIABILITIES	305,201	
Fund balance (deficit)		
Nonspendable		
Assigned	166,498	
Unassigned deficit	<u>148,087</u>	
TOTAL FUND BALANCE (DEFICIT)	<u>314,585</u>	
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 619,786</u>	

See notes to financial statements.

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

Fund balance--governmental funds		\$ 314,585
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation		
Capital assets of governmental activities	\$ 1,794,764	
Less accumulated depreciation on capital assets	<u>(525,902)</u>	1,268,862
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.		
		(90,084)
Unlocated difference		--
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds		
Compensated absences	--	
Capital lease obligations	<u>--</u>	--
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 1,493,363</u></u>

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
TOWN OF EASTOVER, SOUTH CAROLINA
Year Ended June 30, 2022

Revenues	General	
Property taxes	\$	142,621
Other local sources		21,752
Sanitation fees		72,652
Business licenses		10,805
Franchise fees		101,075
Other fees, taxes and permits		32,927
State shared revenues		91,406
Grants		403,251
Interest and other		<u>9,886</u>
	TOTAL REVENUES	886,375
Expenditures		
Current		
General government		743,317
Debt service		
Principal retirement		--
Interest and fiscal charges		<u>--</u>
	TOTAL EXPENDITURES	<u>743,317</u>
	EXCESS (DEFICENCY) OF REVENUES OVER	
	EXPENDITURES	143,058
	NET CHANGE IN FUND BALANCE (DEFICIT)	143,058
Fund balance (deficit) at beginning of year (as restated)		<u>171,527</u>
	FUND BALANCE (DEFICIT) AT END OF YEAR	<u>\$ 314,585</u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
TOWN OF EASTOVER, SOUTH CAROLINA
Year Ended June 30, 2022**

Net change in fund balance--governmental funds	\$ 143,058
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the lives of the capital assets	
Capital asset purchases capitalized	--
Depreciation expense	--
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	
Decrease (increase) in compensated absences recorded in the statement of activities but not in the governmental funds.	--
Obligation under capital lease agreement	--
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 143,058</u>

See notes to financial statements.

**STATEMENT OF NET POSITION
PROPRIETARY FUND
WATER AND SEWER SYSTEM
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022**

Assets	
Current assets	
Cash	\$ 101,465
Receivables--trade--net of allowance for uncollectible accounts	12,038
	<hr/>
	113,503
Non-Current Assets	
Capital assets, net of accumulated depreciation	1,687,051
Restricted Assets	<hr/>
	69,101
TOTAL ASSETS	<hr/>
	1,869,655
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension charges	<hr/>
	2,411
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<hr/>
	\$ 1,872,066
	<hr/>
Liabilities	
Current liabilities	
Accounts payable	\$ --
Compensated absences	8,581
Interest payable	3,168
Current portion of revenue bonds payable	30,577
Long-term liabilities	
Net pension liability	16,488
Revenue bonds	809,708
Total long-term liabilities	<hr/>
	826,196
TOTAL LIABILITIES	<hr/>
	868,522
DEFERRED INFLOWS OF RESOURCES	
Deferred pension charges	<hr/>
	11,468
Total deferred inflows of resources	<hr/>
	11,468
Net position	
Invested in capital assets, net of related debt	846,766
Restricted for USDA debt service compliance	69,101
Unrestricted (deficit)	<hr/>
	76,209
	<hr/>
	992,076
TOTAL LIABILITIES DEFERRED INFLOWS AND NET POSITION	<hr/>
	\$ 1,872,066
	<hr/>

See notes to financial statements.

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
WATER AND SEWER SYSTEM
TOWN OF EASTOVER, SOUTH CAROLINA
Year Ended June 30, 2022

Operating revenues		
Charges and fees	\$	336,418
Other		<u>5,973</u>
	TOTAL REVENUE	342,391
Operating expenses		
Personal services		40,413
Repairs and maintenance		—
Supplies		12,496
Professional and technical services		5,675
Insurance and bonding		19,687
Utilities and Communications		7,782
Contractual Services		246,519
Depreciation		225,920
Fixed Charges		1,065
Bad debt expense		<u>15,284</u>
		<u>574,841</u>
	OPERATING LOSS	(232,450)
Non-operating revenues (expenses)		
Interest expense		<u>37,732</u>
	LOSS BEFORE TRANSFERS	<u>(194,718)</u>
	CHANGE IN NET POSITION	(194,718)
Net Position at beginning of year, as restated		<u>1,186,794</u>
	NET POSITION AT END OF YEAR	<u>\$ 992,076</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
WATER AND SEWER SYSTEM
TOWN OF EASTOVER, SOUTH CAROLINA
Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 336,418
Other operating receipts	5,973
Payments to suppliers	(293,224)
Payments to employees and benefit providers	<u>(40,413)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 8,754

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

Unlocated difference	<u>13,166</u>
----------------------	---------------

NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES 13,166

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on capital debt	(30,156)
Interest paid on capital debt	<u>37,732</u>

NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES 7,576

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from liquidation of restricted cash deposits	<u>--</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS 29,496

Cash and cash equivalents at beginning of year	<u>141,070</u>
--	----------------

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 170,566

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating loss	\$ (232,450)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense and amortization	225,920
Change in assets and liabilities	
(Increase) decrease in accounts receivable	(5,259)
(Increase) decrease in pension related deferred outflows of resources	2,380
(Decrease) increase in accounts payable	--
(Decrease) increase in accrued liabilities and withholdings	(34)
(Decrease) increase in net pension liability	(6,536)
(Decrease) increase in pension related deferred inflows of resources	7,670
Other	<u>17,063</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 8,754

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Eastover, South Carolina (the Town) is authorized by its charter issued December 24, 1880 and amended on June 17, 1976 to operate as an incorporated municipality under a mayor-council form of government under the laws of the State of South Carolina. The Town has four Council members along with the Mayor. As authorized by its Code of Ordinances, the Town provides public works (streets and sanitation), water and sewer services, licensing and regulation and general administrative services to its constituents.

The Town follows accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units in the preparation and presentation of its financial statements. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In both the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB pronouncements are followed. FASB and APB are the accepted standard setting bodies for establishing financial and reporting principles for business-type or enterprise reporting principles.

Financial Reporting Entity

Using the criteria of GASB Statement No. 14, The Financial Reporting Entity, as amended by GASB No. 39, Determining Whether Certain Organizations are Component Units, the basic financial statements of the Town presents the reporting entity that consists of the primary government and those organizations for which the primary government is financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion could cause the Town's financial statements to be misleading or incomplete. Financial accountability is defined as appointment of a voting majority of the separate organization's board and either a) the ability to impose will be the primary government, or b) the possibility that the separate organization will provide a financial benefit to or impose a financial burden on the primary government. At June 30, 2021, there were no such material component units of the Town.

Basis of Presentation

Government-wide Financial Statements

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

Fund Financial Statements

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

NOTES TO FINANCIAL STATEMENTS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--continued

- a.) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b.) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Proprietary Fund

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Town of Eastover Water and Sewer System.

Fiduciary Funds (not included in government-wide statements)

Fiduciary fund reporting focuses on net assets and changes in net assets, and is used to report assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the government's own programs. The Town currently has no fiduciary funds.

Measurement Focus and Basis of Accounting

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

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in Item b.) below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

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

NOTES TO FINANCIAL STATEMENTS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--continued

- b.) The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- c.) Fiduciary funds are not involved in the measurement of results of operations, therefore, measurement focus is not applicable to them.

Basis of Accounting

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

In the fund financial statements, governmental funds and trust funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including capital outlays) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

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

Assets, Liabilities and Net Position

Cash and Investments

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

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The Town is authorized by ordinance to invest in obligations to the U.S. Treasury and commercial paper. The Town's permanent fund investments consist of short-term money-market deposits and mutual fund investments with maturity date of one year or less at the time of purchase. These investments are carried at fair value. Permanent funds that are governed by testamentary trust agreements are bound by the terms of those agreements and are not subject to ordinance authorizations and restrictions.

NOTES TO FINANCIAL STATEMENTS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--continued

Interfund Receivables and Payables

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

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, sanitation charges, business licenses, and intergovernmental revenues and grants. Business-type activities report water and sewerage charges as their major receivables.

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

Capital Assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. Capital assets purchased or acquired with original costs of \$5,000 or more are reported at historical cost or estimated historical costs. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The Town has not been able to produce capital asset ledgers in support of beginning capital asset balances at year end.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities (where determinable), with accumulated depreciation reflected in the Statement of Net Position. Estimated depreciation is provided over the asset's estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives of type of assets is as follows:

NOTES TO FINANCIAL STATEMENTS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--continued

Buildings	25 - 50 years
Improvements	10 - 50 years
Machinery and equipment	3 - 20 years
Utility system	25 - 50 years
Infrastructure	25 - 50 years

Fund Financial Statements

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

Restricted Assets

Restricted assets include cash and investments that are legally restricted as their use. The primary restricted assets are related to municipal court deposits within the general fund and testamentary trust deposits and investments within the permanent fund.

Long-Term Debt

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

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, notes payable and obligations under capital lease agreements.

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

Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or are available to be issued. There are two types of subsequent events.

- a.) Recognized subsequent events are events or transactions that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements. Recognized subsequent events generally result in the retroactive adjustment of the related amounts recorded in the financial statement.
- b.) Non-recognized subsequent events, consists of events or transactions that provided evidence about conditions that did not exist at the date of the balance sheet but arose subsequent to that date. Non-recognized subsequent events do not generally result in changes in amounts recorded, but are disclosed in notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--continued

The financial statements are considered available to be issued when they are complete in a format that complies with GAAP and all approvals necessary for issuance have been obtained from management and others charged with governance. Management evaluates all subsequent events from the balance sheet date through the date that the financial statements are available to be issued.

Equity Classifications

Government-wide Statements

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

- a.) Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b.) Restricted - Consists of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation, net of related liabilities payable from restricted liabilities.
- c.) Unrestricted - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

In the fund financial statements the following classifications describe the relative strength of the spending constraints:

- a.) Non-spendable fund balance - The portion of fund balance that cannot be spent because it is not in a spendable form (such as inventory), or is legally or contractually required to be maintained intact.
- b.) Restricted fund balance - The portion of fund balance constrained on being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
- c.) Committed fund balance - The portion of fund balance constrained for specific purposes through a signed resolution by the Town's highest level of decision-making authority, the Town council, prior to the end of the current fiscal year. The constraint may be removed or changed only through an additional resolution of the Town council.
- d.) Assigned fund balance - The portion of fund balance set aside for planned or intended purposes. An intended use of any amount may be expressed by the Town council and recorded in the minutes of an executive meeting. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose for which they are assigned.
- e.) Unassigned fund balance - The residual portion of fund balance that does not meet any of the above criteria.

NOTES TO FINANCIAL STATEMENTS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--continued

If both restricted and unrestricted amounts of fund balances are available for use when an expenditure is incurred, it is the Town's policy to use restricted amounts first. Unrestricted fund balance will be used in the following order: committed, assigned and unassigned.

Revenues, Expenditures and Expenses

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

In the fund financial statements, expenditures are classified as follows:

Governmental Funds--by character	Current (further classified by function)
	Debt service
	Capital outlay

Proprietary Fund--by operating and nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources. In instances in which a procurement outlay can be defrayed from both unrestricted and restricted resources, the Town customarily follows a practice of first applying restricted resources toward acquisition followed, secondarily, by restricted resources.

Budgets

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

Encumbrances

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

Compensated Absences

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

NOTES TO FINANCIAL STATEMENTS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--continued

Interfund Transfers

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

Use of Estimates

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

Implementation of New Accounting Pronouncements

Beginning in fiscal year ended June 30, 2015, the Town implemented the following statements issued by the Governmental Accounting Standards Board (GASB):

- a.) GASB Statement 72, "Fair Value Measurement and Application, in February 2015"—which provides guidance for determining a fair value measurement for financial reporting purposes, and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. See Note C for more details.

NOTE B - COMPLIANCE AND ACCOUNTABILITY

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

Legal Compliance - Budgets

During May and June of each fiscal year, the Town Council develops and approves a budget for the Town's upcoming fiscal year. The budget is prepared by fund, function and activity, and includes information on the current year estimates and requested appropriations for the next fiscal year. A proposed budget is formulated and presented to Town Council for review and revision. The revised budget is submitted and exposed for debate during formal budget hearings open to the public. Changes to the budget resulting from these hearings must be within the revenues and reserves estimated as available by original availability estimates, or either the estimated revenues must be changed by an affirmative vote of majority of the Town Council. The budget for each upcoming fiscal year is usually adopted before the end of the prior fiscal year.

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

Deposits and Investments - Laws and Regulations

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

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

NOTES TO FINANCIAL STATEMENTS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

NOTE B - COMPLIANCE AND ACCOUNTABILITY--continued

- b.) General obligations of the State of South Carolina or any of its political units.
- c.) Savings and loan associations to the extent they are secured by the Federal Deposit Insurance Corporation.
- d.) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, with a market value not less than the amount of the certificate of deposit so secured, including interest.

Property Taxes

Real property and all personal property taxes, other than automobile property taxes, attach as an enforceable lien on January 1st of each year. Real property taxes are levied in September of each year and are payable before January 15th of the subsequent year. Automobile property taxes attach a lien and are levied throughout the year depending on when the vehicle's license tag expires. These taxes are assessed and collected by Richland County, South Carolina under a joint billing and collection agreement. Other personal property taxes are levied in September of each year and are payable by January 15th of the subsequent year.

In the fund financial statements, property taxes are recorded as revenue in the period in which they are levied and become due and available within the current period or expected to be collected soon enough thereafter (within 60 days of each year end) to be used to pay liabilities of the current period. Additional amounts due to be collected after the 60-day period are considered immaterial in total and no additional accrual in the government-wide financial statements is recorded.

General Obligation Debt

The State of South Carolina limits the amount of outstanding general obligation bonded debt of the Town for non-utility or non-street purposes to no more than 8 percent of net assessed property valuation. For the year ended June 30, 2021 the Town had no outstanding general obligation bonded debt.

Revenue Bonds Payable

Water and sewer revenue is restricted by revenue bond indentures to the extent necessary to retire outstanding bond obligations. In addition to principal and interest payments, the town is required to fund and maintain certain restricted cash reserves as follows:

- a.) Cushion Fund - an amount estimated to be needed for the cost of operating and maintaining the water and sewer system to the Operation and Maintenance Fund.
- b.) Depreciation Fund - 1/12th of the amount budgeted for the year for replacing or restoring obsolete capital-asset items of the water and sewer system.
- c.) Contingency Fund - 1/12th of the amount budgeted for the year for improvements, betterments, and extensions of the water and sewer system.

Deficit Prohibition

South Carolina State Law prohibits the creation of a deficit fund balance in any individual fund of the Town's primary government. The Town does not have a deficit fund balance in any individual fund at year end.

NOTES TO FINANCIAL STATEMENTS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

NOTE C - CASH AND INVESTMENTS

At June 30, 2021 the Town's cash deposits were \$464,501 and the bank balance was \$465,514. The bank balances and investments were classified into three categories of custody risk assumed by the Town based upon how its deposits and investments were insured or secured with collateral at June 30, 2021. The categories of credit risk are defined as follows:

Interest rate risk:

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

The Town did not have any investments at year end.

Credit risk:

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

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

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

Concentration of credit risk

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

NOTES TO FINANCIAL STATEMENTS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

NOTE C - CASH AND INVESTMENTS-- continued

Custodial credit risk --deposits:

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

Custodial credit risk --investments:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. The Town did not have any investments at year end.

Fair Value of Investments

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

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

Category 1 - Insured by FDIC or collateralized with securities held by the Town (or public trust) or by its agent in its name.

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Town's or its custodial trusts' (for permanent trust funds) name.

Category 3 - Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Town's name; or collateralized with no written or approved collateral agreement.

	Category			Bank
	1	2	3	Balance
Demand deposits	\$ 640,079	\$ --	\$ --	\$ 640,079
Investments	--	--	--	--
	<u>\$ 640,079</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 640,079</u>
Carrying value on Government-wide Statement of Net Assets:				
Unrestricted cash, including time deposits				\$ 404,480
Restricted cash, including time deposits				<u>235,599</u>
				<u>\$ 640,079</u>

NOTES TO FINANCIAL STATEMENTS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

NOTE D - RECEIVABLES

Receivables at June 30, 2022 consisted of the following:

	Governmental Activities	Business type Activities	Total
Property taxes	\$ --	\$ --	\$ --
Service customers	--	318,788	318,788
Intergovernmental--state revenues	--	--	--
Other	150,273	--	150,273
	<u>150,273</u>	<u>318,788</u>	<u>469,061</u>
Less allowance for uncollectibles	--	306,750	306,750
	<u>\$ 150,273</u>	<u>\$ 12,038</u>	<u>\$ 162,311</u>

NOTE E - CAPITAL ASSETS

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

	Balance at June 30, 2021	Additions	Disposals	Balance at June 30, 2022
Governmental activities				
Cost or other basis				
Land	\$ 25,500	\$ --	\$ --	\$ 25,500
Buildings and improvements	1,143,249	--	--	1,143,249
Furniture and equipment	108,905	--	--	108,905
Transportation equipment	136,383	800	--	137,183
Other Fixed Assets	41,938	--	--	41,938
Infrastructure (sidewalks)	337,989	--	--	337,989
Construction In Progress	--	--	--	--
	<u>1,793,964</u>	<u>800</u>	<u>--</u>	<u>1,794,764</u>
Less accumulated depreciation	1,260,400	--	734,498	525,902
Governmental activities capital assets, net	<u>\$ 533,564</u>	<u>\$ 800</u>	<u>\$ (734,498)</u>	<u>\$ 1,268,862</u>
Depreciation expense by activity				
General government		\$ --		
Public works		--		
		<u>\$ --</u>		

Due to the absence of capital asset ledgers, all depreciation expense on unidentifiable general fund assets prior to fiscal year ended February 28, 2011 is charged to general government activities within the statement of activities.

NOTES TO FINANCIAL STATEMENTS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

NOTE E - CAPITAL ASSETS--continued

	Balance at June 30 2021	Additions	Disposals	Balance at June 30 2022
Business-type activities				
Cost or other basis				
Land	\$ 3,183	\$ --	\$ --	\$ 3,183
Sewer system plant	2,791,569	--	--	2,791,569
Water System	2,285,141	--	--	2,285,141
Construction-in-progress	438,530	--	--	438,530
	5,518,423	--	--	5,518,423
Less accumulated depreciation	3,153,612	677,760	--	3,831,372
Business-type activities				
capital assets, net	\$ 2,364,811	\$ (677,760)	\$ --	\$ 1,687,051

NOTE F - REVENUE BONDS PAYABLE

Revenue bonds were issued to acquire or construct proprietary fund assets and the revenue derived from these assets are pledged to repay the related bond principal and interest. All revenue bond transactions are accounted for as business-type activities. Accordingly, all amounts including outstanding principal and accrued interest at June 30, 2022 are immediately due and payable and appropriately classified as current liabilities.

The following bond issues comprise revenue bonds payable as of June 30, 2022:

Sewer Loan Payable

The Town is in a long-term debt agreement to pay the United States of America, acting through the United States Department of Agriculture (USDA) or its registered assigns, the principal sum of \$884,100 plus interest on this principal amount at the rate of 4.50% per annum, which shall be payable in two payments due on November 6, 2001 and November 6, 2002 of interest only and thereafter in monthly installments of principal and interest of \$4,059 each on the 6th day of each month commencing December 6, 2002 and ending on November 6, 2040. This debt is collateralized by a revenue bond.

\$ 604,274

Water Loan Payable

The Town is in a long-term debt agreement to pay the United States of America, acting through the United States Department of Agriculture (USDA), the principal sum of \$370,400 plus interest on this principal amount at the rate of 4.50% per annum, which shall be payable in monthly installments of principal and interest of \$1,667 each on the 28th day of each month commencing on September 28, 2000 for a term of 40 years. The debt is collateralized by a revenue bond.

236,011

\$ 840,285

The following is a summary of bond transactions for the year ended June 30, 2022:

Revenues bonds payable at June 30, 2021	\$ 870,441
Less revenue bonds retired	30,156
Revenues bonds payable at June 30, 2022	<u>\$ 840,285</u>

NOTES TO FINANCIAL STATEMENTS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

NOTE F - REVENUE BONDS PAYABLE--continued

The original annual debt-service requirements to amortize outstanding revenue bonds as of June 30, 2022 had the Town not defaulted on its revenue bond covenants, including interest payments were as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	30,577	38,136	68,713
2024	31,983	36,729	68,712
2025	33,455	35,257	68,712
2026	34,994	33,718	68,712
2027	36,604	32,108	68,712
2028 - 2031	209,884	133,676	343,560
2032 - 2036	262,817	80,743	343,560
Thereafter	199,971	18,057	218,028
	<u>\$ 840,285</u>	<u>\$ 408,424</u>	<u>\$ 1,248,709</u>

NOTE G - PENSION PLAN(S)

State Retirement Plan

The Town participates in the State of South Carolina Public Employee Benefit Authority ("PEBA"), created on July 1, 2012, 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 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 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.

NOTES TO FINANCIAL STATEMENTS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

NOTE G - PENSION PLAN(S)--continued

Plan Descriptions

The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective 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.

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the S.C. General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

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

In addition to the plans 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.

State ORP - As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly at or after the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the members account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

NOTES TO FINANCIAL STATEMENTS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

NOTE G - PENSION PLAN(S)--continued

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

Plan 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 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 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.

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

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

NOTES TO FINANCIAL STATEMENTS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

NOTE G - PENSION PLAN(S)--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, 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. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, 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 the 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 equal to or greater than 85 percent.

Required Contribution rates are as follows:

	SCRS Rates		
	2022	2021	2020
Employer Rate:			
Retirement	16.41%	15.41%	15.41%
Incidental Death Benefit	0.15%	0.15%	0.15%
Accidental Death Contributions	0.20%	0.20%	0.20%
Employee Rate	9.00%	9.00%	9.00%

The required contributions and percentages of amounts contributed by the Town to the Plan for the past three years were as follows:

Year Ended June 30,	SCRS Contributions		PORS Contributions	
	Required	% Contributed	Required	Contributed
2022	\$ 6,620	100%	\$ -	100%
2021	\$ 6,321	100%	\$ -	100%
2020	\$ 9,987	100%	\$ -	100%

NOTES TO FINANCIAL STATEMENTS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

NOTE G - PENSION PLAN(S)--continued

Eligible payrolls of the Town covered under the Plans for the past three years were as follows:

Year Ended June 30,	SCRS :Payroll	PORS Payroll
2022	\$ 39,975	\$ -
2021	\$ 40,621	\$ -
2020	\$ 50,259	\$ -

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.

The June 30, 2021, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2020. 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. 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 FY 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 for SCRS.

Actuarial Cost Method	SCRS
	Entry Age Normal
Investment Rate of Return	7.00%
Projected Salary Increases	3.0% to 11.0% (varies by service)
(Includes Inflation at)	2.75%
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%	2016 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

NOTES TO FINANCIAL STATEMENTS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

NOTE G - PENSION PLAN(S)--continued

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 and PORS are presented below:

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
SCRS	\$ 55,131,579,363	\$ 33,490,305,970	\$ 21,641,273,393	60.7%
PORS	\$ 8,684,586,488	\$ 6,111,672,064	\$ 2,572,914,424	70.4%

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.

At June 30, 2022, the Town reported liabilities of approximately \$74,632 for its proportionate share of the net pension liabilities for the SCRS Plan. The net pension liabilities were measured as of June 30, 2021, and the total pension liabilities for the Plan used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report as of July 1, 2020 that was projected forward to the measurement date.

The Town's proportions of the net pension liabilities were based on a projection of the Town's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At June 30, 2022 the Town's SCRS proportion was .0003 percent, which was equal to its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the Town recognized pension expense of approximately \$6,620 for the SCRS. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
SCRS		
Differences Between Expected and Actual Experience	\$ 1,271	\$ 101
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	5,559	10,841
Changes in proportionate share, plus difference in proportionate share of employer Contributions	(2,535)	
Town's Contributions Subsequent to the Measurement Date	6,620	40,970
	<u>10,915</u>	<u>-</u>
Total SCRS	<u>\$ 10,915</u>	<u>\$ 51,912</u>

Approximately \$6,620 that were reported as deferred outflows of resources, which represent the Town's contributions subsequent to the measurement date to the SCRS, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS will be recognized as pension expense as follows:

NOTES TO FINANCIAL STATEMENTS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

NOTE G - PENSION PLAN(S)--continued

Year Ended June 30,	SCRS
2022	\$ (11,742)
2023	(15,936)
2024	(9,262)
2025	(4,057)
2026	-
Total	<u>\$ (40,997)</u>

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 as 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 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.

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%	0.54%
Infrastructure	3.0%	5.08%	0.15%
Total Expected Real Return	100.0%		5.18%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			<u>7.43%</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 contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all 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.

NOTES TO FINANCIAL STATEMENTS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

NOTE G - PENSION PLAN(S)--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 1.00 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% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
SCRS	\$ 97,759	\$ 74,632	\$ 55,409

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' CAFR.

NOTE H - RISK MANAGEMENT AND CONTINGENCIES

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

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

NOTES TO FINANCIAL STATEMENTS
TOWN OF EASTOVER, SOUTH CAROLINA
June 30, 2022

NOTE I - RESTATEMENT

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

	Government-Wide Type		Fund Type	
	Governmental Activities	Business type Activities	Governmental Activities	Business type Activities
As previously reported	\$ 422,287	\$ 1,608,247	\$ 17,109	\$ 1,608,247
Prior Period Adjustment				
Correct Prior Period Errors	928,018	(421,453)	154,418	(421,453)
GASB 68 Adjustments	--	--	--	--
Other	--	--	--	--
Deferred Outflows - Contributions made During 2020	--	--	--	--
As restated	<u>\$ 1,350,305</u>	<u>\$ 1,186,794</u>	<u>\$ 171,527</u>	<u>\$ 1,186,794</u>

NOTE J - COMMITMENTS

The Town was charged \$125,018 by the Environmental Protection Agency (EPA) as a result of an Office of Inspector General investigation which determined the Town misappropriated EPA funds surrounding a grant the Town received in 2006. The Town is making payments totaling \$1,000 per month against this balance.

NOTE K - SUBSEQUENT EVENTS

The Town has evaluated subsequent events through December 27, 2022. Management has determined there are no subsequent events to report.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF EASTOVER, SOUTH CAROLINA
Schedule of the Town's Proportionate Share of the Net Pension Liability
South Carolina Retirement Systems
At June 30, 2022
Last Nine Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset)	0.000345%	0.000497%	0.062000%	0.051700%	0.000708%	0.000609%	0.000455%	0.000455%	0.000522%
Town's proportionate share of the net pension liability (asset)	\$ 74,632	\$ 127,089	\$ 141,476	\$ 115,821	\$ 159,382	\$ 130,082	\$ 86,293	\$ 86,293	\$ 89,871
Town's covered-employee payroll	\$ 39,975	\$ 40,621	\$ 50,260	\$ 63,064	\$ 71,902	\$ 39,975	\$ 40,621	\$ 50,259	\$ 47,386
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	186.70%	312.87%	281.49%	183.66%	221.67%	325.41%	212.43%	171.70%	189.66%
Plan fiduciary net position as a percentage of the total pension liability	60.70%	50.70%	54.40%	54.10%	53.30%	52.90%	56.99%	59.90%	56.39%

Notes to schedule:

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

Only nine years of information is presented as only nine years of data are available.

See independent auditor's report.

TOWN OF EASTOVER, SOUTH CAROLINA
Schedule of Town Contributions
South Carolina Retirement System (SCRS)
Years Ended June 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 6,620	\$ 6,321	\$ 9,987	\$ 9,182	\$ 9,750	\$ 8,106	\$ 6,429	\$3,471	\$ 4,952
Contributions in relation to the contractually required contribution	6,620	6,321	9,987	9,182	9,750	6,428	6,429	\$3,471	\$ 4,952
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,678	\$ -	\$ -	\$ -
Town's covered employee payroll	\$ 39,975	\$ 40,621	\$ 50,260	\$ 63,064	\$ 71,902	\$ 39,975	\$ 40,621	\$50,259	\$ 47,386
Contributions as a percentage of covered-employee payroll	16.56%	15.56%	19.87%	14.56%	13.56%	20.28%	15.83%	6.91%	10.45%

Notes to schedule:

Only nine years of information is presented as only nine years of data are available.

See independent auditor's report.

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
GENERAL FUND
TOWN OF EASTOVER, SOUTH CAROLINA
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Favorable (Unfavorable)
Revenues				
Local sources				
Property taxes	\$ 100,000	\$ 100,000	\$ 142,621	\$ 42,621
Other local sources	25,000	24,801	21,752	(3,049)
Sanitation fees	75,000	75,000	72,652	(2,348)
Business licenses	5,000	5,000	10,805	5,805
Franchise fees	130,000	130,000	101,075	(28,925)
Other fees, taxes and permits	3,000	3,000	32,927	29,927
	338,000	337,801	381,832	44,031
State sources				
State aid to subdivisions	25,500	25,500	3,433	(22,067)
Local option sales tax	95,000	95,000	76,680	(18,320)
Homestead exemption	11,500	11,500	11,293	(207)
	132,000	132,000	91,406	(40,594)
Other sources				
Grants	--	--	403,251	403,251
Interest and other	--	--	9,886	9,886
	--	--	413,137	413,137
TOTAL REVENUES	470,000	469,801	886,375	416,574
Expenditures				
General government				
Personnel	170,500	170,500	183,913	(13,413)
Purchased services	226,000	226,000	520,036	(294,036)
Supplies	40,000	40,000	39,368	632
	436,500	436,500	743,317	(306,817)
Total departmental expenditures	436,500	436,500	743,317	(306,817)
TOTAL EXPENDITURES	436,500	436,500	743,317	(306,817)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	33,500	33,301	143,058	109,757
Proceeds from capital lease	--	--	--	--
NET CHANGE IN FUND BALANCE	33,500	33,301	143,058	109,757
Fund balance at beginning of year, as restated	--	--	\$ 171,527	171,527
FUND BALANCE AT END OF YEAR	\$ 33,500	\$ 33,301	\$ 314,585	\$ 281,284