

**TOWN OF SUMMERVILLE,  
SOUTH CAROLINA**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

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**TOWN OF SUMMERVILLE, SOUTH CAROLINA**

**TABLE OF CONTENTS**

**YEAR ENDED JUNE 30, 2023**

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	<u>Page Number</u>
List of Town Officials	1
 <b><u>FINANCIAL SECTION</u></b> 	
<b>INDEPENDENT AUDITOR'S REPORT</b>	3
<b>Basic Financial Statements:</b>	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	8
Statement of Activities	9
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds	10
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Notes to the Financial Statements	17
<b>Required Supplementary Information:</b>	
<u>Budgetary Comparison Schedule - General Fund:</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgets and Actual	46
Notes to the Budgetary Comparison Schedule	47
<u>Pension Schedules</u>	
Schedule of the Town of Summerville's Proportionate Share of the Net Pension Liability - South Carolina Retirement System	48
Schedule of Contributions - South Carolina Retirement System	49
Schedule of the Town of Summerville's Proportionate Share of the Net Pension Liability - Police Officers Retirement System	50
Schedule of Contributions - Police Officers Retirement System	51
<b>Supplementary Information:</b>	
Combining Balance Sheet - Nonmajor Governmental Funds	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	56
Uniform Schedule of Fines, Assessments, and Surcharges (Per Act 96)	58

(Continued)

TOWN OF SUMMERVILLE, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2023

---

COMPLIANCE SECTION

Schedule of Expenditures of Federal Awards	60
Notes to the Schedule of Expenditures of Federal Awards	61
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	63
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	65
Summary Schedule of Prior Year Audit Findings	67
Schedule of Findings and Questioned Costs	68
Corrective Action Plan	70

**TOWN OF SUMMERVILLE,  
SOUTH CAROLINA**

**LIST OF TOWN OFFICIALS**

**MAYOR**

Russ Touchberry

**TOWN COUNCIL MEMBERS**

Aaron Brown	District 1
Tiffany Johnson-Wilson	District 2
Vacant	District 3
Richard Waring	District 4
Kima Garten-Schmidt	District 5
Bob Jackson	District 6

**TOWN OFFICIALS**

Town Administrator	Lisa Wallace
Town Attorney	G.W. Parker
Town Clerk	Beth Messervy
Chief Judge	Trey Jameson
Director of Planning	Jessi Shuler
Director of Building Services	Don Brown
Director of Finance	Rhonda Moore, CPA
Director of Parks and Recreation	Amy Evans
Director of Public Works	Russ Cornette
Fire Chief	Brent Melcher
Police Chief	Doug Wright

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# Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

## Independent Auditor's Report

The Honorable Mayor and Members of Town Council  
Town of Summerville  
Summerville, South Carolina

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Summerville, South Carolina (the "Town"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Summerville, South Carolina, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

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

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

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

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

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule – General Fund and pension schedules, 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.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Greene Finney Cauley, LLP*

Greene Finney Cauley, LLP  
Mauldin, South Carolina  
January 29, 2024

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# Basic Financial Statements

TOWN OF SUMMERVILLE, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2023

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 20,276,568
Restricted cash and cash equivalents	17,721,358
Investments	4,241,605
Restricted Investments	22,625,973
Receivables:	
Due from other governments	2,690,028
Taxes receivable	204,660
Accounts receivable	882,557
Lease receivable	1,388,461
Inventory	150,799
Prepaid items	288,335
Capital assets:	
Non-depreciable	21,884,728
Depreciable, net	104,782,717
<b>TOTAL ASSETS</b>	<b>197,137,789</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred pension charges	10,505,930
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>10,505,930</b>
<b>LIABILITIES</b>	
Accounts payable	2,773,422
Accrued liabilities	967,620
Accrued interest payable	499,567
Due to other governments	92,394
Unearned revenue	2,579,633
Current portion of long-term liabilities	2,653,051
Long-term liabilities:	
Long-term liabilities, net of current portion	46,360,738
Net pension liability	44,432,639
<b>TOTAL LIABILITIES</b>	<b>100,359,064</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred lease receipts	1,323,682
Deferred pension credits	577,542
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,901,224</b>
<b>NET POSITION</b>	
Net investment in capital assets	98,352,812
Restricted for:	
Public safety	1,065,093
Tourism	9,018,584
Capital projects	6,910,947
Debt service	443,232
Sanitation	363,503
Stormwater mitigation	1,050,143
Unrestricted	(11,820,883)
<b>TOTAL NET POSITION</b>	<b>\$ 105,383,431</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

TOWN OF SUMMERVILLE, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) CHANGES IN NET POSITION
	Expenses	Charges For Services	Operating Grants And	Capital Contributions	
<b>PRIMARY GOVERNMENT</b>					<b>Governmental Activities</b>
Governmental Activities:					
General Government	\$ 16,256,290	15,427,616	2,220,399	339,518	\$ 1,731,243
Public Safety	28,122,748	2,648,404	582,855	-	(24,891,489)
Roads and Drainage	9,404,220	5,165,745	-	3,362,325	(876,150)
Culture and Recreation	3,897,420	469,112	500	-	(3,427,808)
Interest Expense and Fiscal Charges	1,501,039	-	-	-	(1,501,039)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 59,181,717</b>	<b>23,710,877</b>	<b>2,803,754</b>	<b>3,701,843</b>	<b>(28,965,243)</b>
General Revenues:					
Taxes:					
Property taxes levied for general purposes					17,282,353
Franchise taxes					3,673,018
Accommodation taxes					1,505,639
Hospitality taxes					5,892,531
Sales taxes					2,838,039
Grants and contributions not restricted to specific programs					1,208,159
Unrestricted investment earnings					1,468,979
Miscellaneous					81,951
Gain on Disposal of Capital Assets					424,366
Total General Revenues					<u>34,375,035</u>
<b>CHANGE IN NET POSITION</b>					<b>5,409,792</b>
NET POSITION, Beginning of Year					<u>99,973,639</u>
<b>NET POSITION, End of Year</b>					<b><u>\$ 105,383,431</u></b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

## TOWN OF SUMMERVILLE, SOUTH CAROLINA

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

	GENERAL FUND	LOCAL ACCOMMODATIONS AND HOSPITALITY TAX FUND
<b>ASSETS</b>		
Cash and cash equivalents	\$ 20,276,568	-
Restricted cash and cash equivalents	810,000	4,004,325
Investments	4,241,605	-
Restricted Investments	-	2,920,215
Receivables:		
Due from other governments	949,598	3,091
Taxes receivable	30,519	-
Accounts receivable	246,239	556,977
Lease receivable	1,388,461	-
Inventory	141,102	-
Prepaid items	284,028	-
Due from other funds	7,097	-
<b>TOTAL ASSETS</b>	<b>\$ 28,375,217</b>	<b>7,484,608</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 1,073,823	10,321
Accrued liabilities	937,942	7,346
Due to other governments	92,394	-
Unearned revenue	19,052	-
Due to other funds	-	-
<b>TOTAL LIABILITIES</b>	<b>2,123,211</b>	<b>17,667</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue	78,732	-
Deferred lease receipts	1,323,682	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,402,414</b>	<b>-</b>
<b>FUND BALANCES</b>		
Nonspendable:		
Inventory	141,102	-
Prepaid items	284,028	-
Restricted:		
Public safety	-	-
Tourism	-	7,466,941
Capital projects	810,000	-
Debt service	-	-
Sanitation	-	-
Stormwater mitigation	-	-
Committed:		
Recreation	-	-
Disaster and recovery	3,000,000	-
Assigned:		
Next year's budgeted use of fund balance	2,059,192	-
Disaster and recovery	2,000,000	-
Unassigned	16,555,270	-
<b>TOTAL FUND BALANCES</b>	<b>24,849,592</b>	<b>7,466,941</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 28,375,217</b>	<b>7,484,608</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

INFRASTRUCTURE FUND	ARPA FUND	MIDTOWN TIF FUND	OTHER NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
-	-	-	-	\$ 20,276,568
4,754,366	2,679,236	-	5,473,431	17,721,358
-	-	-	-	4,241,605
-	-	19,121,679	584,079	22,625,973
-	-	1,161,554	575,785	2,690,028
-	-	174,141	-	204,660
50,620	-	-	28,721	882,557
-	-	-	-	1,388,461
-	-	-	9,697	150,799
-	-	-	4,307	288,335
-	-	-	1,200	8,297
<b>4,804,986</b>	<b>2,679,236</b>	<b>20,457,374</b>	<b>6,677,220</b>	<b>\$ 70,478,641</b>
2,464	116,486	973,589	596,739	\$ 2,773,422
-	2,169	-	20,163	967,620
-	-	-	-	92,394
-	2,560,581	-	-	2,579,633
-	-	-	8,297	8,297
<b>2,464</b>	<b>2,679,236</b>	<b>973,589</b>	<b>625,199</b>	<b>6,421,366</b>
-	-	-	-	78,732
-	-	-	-	1,323,682
-	-	-	-	1,402,414
-	-	-	9,697	150,799
-	-	-	4,307	288,335
-	-	-	1,065,093	1,065,093
-	-	-	1,551,643	9,018,584
4,802,522	-	18,540,986	1,879,118	26,032,626
-	-	942,799	-	942,799
-	-	-	363,503	363,503
-	-	-	1,050,143	1,050,143
-	-	-	138,161	138,161
-	-	-	-	3,000,000
-	-	-	-	2,059,192
-	-	-	-	2,000,000
-	-	-	(9,644)	16,545,626
<b>4,802,522</b>	<b>-</b>	<b>19,483,785</b>	<b>6,052,021</b>	<b>62,654,861</b>
<b>4,804,986</b>	<b>2,679,236</b>	<b>20,457,374</b>	<b>6,677,220</b>	<b>\$ 70,478,641</b>

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**TOWN OF SUMMERVILLE, SOUTH CAROLINA**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION  
OF GOVERNMENTAL ACTIVITIES**

**JUNE 30, 2023**

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<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ 62,654,861</b>
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:	
Property taxes and other revenues that will be collected in the future, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	78,732
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets was \$208,355,591 and the accumulated depreciation was \$81,688,146.	126,667,445
Interest is recorded as an expenditure when due and payable in the governmental funds. Interest is recorded in the government-wide statements when it is incurred. This amount represents the amount of accrued interest incurred but not yet due and payable at year-end.	(499,567)
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 plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(34,504,251)
Long-term obligations, including debt and compensated absences, are not due or payable in the current period and therefore are not reported in the governmental funds.	
Long-term obligations consisted of:	
Long-term debt and premiums	(47,370,270)
Compensated absences	(1,643,519)
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 105,383,431</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

TOWN OF SUMMERVILLE, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2023

	GENERAL FUND	LOCAL ACCOMMODATIONS AND HOSPITALITY TAX FUND
<b>REVENUES</b>		
Taxes	\$ 17,074,530	-
Licenses, permits, and franchise fees	16,299,528	6,340,704
Intergovernmental revenue	5,006,753	-
Charges for services	504,887	-
Fines and forfeitures	257,223	-
Investment income	603,543	208,919
Miscellaneous revenues	489,426	25,048
<b>TOTAL REVENUES</b>	<b>40,235,890</b>	<b>6,574,671</b>
<b>EXPENDITURES</b>		
Current:		
General Government:		
Administrative	2,989,133	950,337
Planning and annexation	1,318,125	-
Engineering	800,116	-
Municipal court	604,158	-
Maintenance	909,726	-
Public buildings and grounds	2,677,024	-
Housing and development	-	-
Public Safety:		
Police	11,768,535	-
Fire	10,379,882	-
Communications	1,577,608	-
Roads and drainage:		
Street	2,930,534	-
Stormwater	-	-
Culture and recreation	3,208,096	-
Capital outlay	5,376,178	389,834
Debt service:		
Principal	744,055	360,000
Interest	99,981	230,013
<b>TOTAL EXPENDITURES</b>	<b>45,383,151</b>	<b>1,930,184</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(5,147,261)</b>	<b>4,644,487</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Sale of capital assets	1,716,534	-
Proceeds from issuance of debt	-	-
Transfers in	4,859,305	-
Transfers out	(51,372)	(3,000,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>6,524,467</b>	<b>(3,000,000)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>1,377,206</b>	<b>1,644,487</b>
FUND BALANCES, Beginning of Year	23,472,386	5,822,454
<b>FUND BALANCES, End of Year</b>	<b>\$ 24,849,592</b>	<b>7,466,941</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

INFRASTRUCTURE FUND	ARPA FUND	MIDTOWN TIF FUND	OTHER NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
1,469,207	-	174,141	-	\$ 18,717,878
-	-	-	1,312,324	23,952,556
2,200,772	2,220,399	1,161,553	3,151,364	13,740,841
-	-	-	4,938,484	5,443,371
-	-	-	36,930	294,153
-	-	462,856	170,705	1,446,023
-	-	-	24,165	538,639
<b>3,669,979</b>	<b>2,220,399</b>	<b>1,798,550</b>	<b>9,633,972</b>	<b>64,133,461</b>
-	180,569	-	679,525	4,799,564
-	-	-	-	1,318,125
-	-	-	-	800,116
-	-	-	-	604,158
-	-	-	-	909,726
1,520,276	-	-	-	4,197,300
-	-	-	225,192	225,192
-	9,783	-	598,132	12,376,450
-	14,102	-	171,998	10,565,982
-	-	-	334,429	1,912,037
-	-	-	1,884,671	4,815,205
-	-	23,236	1,772,379	1,795,615
-	-	-	-	3,208,096
131,072	233,440	3,234,328	3,005,865	12,370,717
665,000	-	-	-	1,769,055
513,950	-	420,916	-	1,264,860
<b>2,830,298</b>	<b>437,894</b>	<b>3,678,480</b>	<b>8,672,191</b>	<b>62,932,198</b>
<b>839,681</b>	<b>1,782,505</b>	<b>(1,879,930)</b>	<b>961,781</b>	<b>1,201,263</b>
-	-	-	-	1,716,534
-	-	21,363,715	-	21,363,715
-	-	-	51,372	4,910,677
-	(1,782,505)	-	(76,800)	(4,910,677)
-	(1,782,505)	21,363,715	(25,428)	23,080,249
<b>839,681</b>	<b>-</b>	<b>19,483,785</b>	<b>936,353</b>	<b>24,281,512</b>
3,962,841	-	-	5,115,668	38,373,349
<b>4,802,522</b>	<b>-</b>	<b>19,483,785</b>	<b>6,052,021</b>	<b>\$ 62,654,861</b>

**TOWN OF SUMMERVILLE, SOUTH CAROLINA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2023**

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**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 24,281,512**

Amounts reported for the governmental activities in the Statement of Activities  
are different because of the following:

Because some revenues will not be collected for several months after the Town's fiscal year ends, they are not considered to be available and are recorded as unavailable revenues in the governmental funds. This amount represents the change in unavailable revenue from the prior year.	33,682
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but increases long-term liabilities in the Statement of Net Position.	(20,000,000)
Bond principal payments and lease purchase payments are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	1,769,055
Premiums on issuance of debt must be deferred and amortized over the life of the respective debt in the Statement of Activities. This is the change in premiums outstanding compared to prior year.	(1,228,531)
Changes in the Town's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	(2,122,222)
Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and payable and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due and payable. This amount represents the change in accrued interest from the prior year.	(237,561)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(366,008)
In the Statement of Activities the loss on the disposal of capital assets is reported, whereas in the governmental funds, proceeds from the disposal of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets disposed.	(1,292,168)
Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This amount represents the amount by which capital asset additions of \$10,306,778 exceeded depreciation of \$5,734,745 in the current period.	4,572,033

<b>TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 5,409,792</b>
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The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

## TOWN OF SUMMERVILLE, SOUTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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The Town of Summerville, South Carolina (the “Town”) operates under a charter originally granted by the State of South Carolina on December 17, 1847. The government is a municipal corporation governed by an elected Mayor and six-member council. The Town provides the following services: general government (administrative services, planning and annexation, engineering, municipal court, maintenance, and public buildings and grounds), public safety (police, fire, and communications), roads and drainage (street and stormwater), and recreation.

#### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. The Reporting Entity

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”), as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town’s accounting policies are described below.

As required by GAAP, the financial statements must present the Town’s financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the Town both appoints a voting majority of the entity’s governing body, and either 1) the Town is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the Town. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the Town and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the Town.

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

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

**Blended Component Unit.** The Summerville Redevelopment Corporation (the “Corporation”) was created and organized in accordance with Title 31, Chapter 10 of the South Carolina Code of Laws. The Corporation is governed by members of the Town Council. In addition, a financial burden exists to the Town as the Town has assumed the obligation of providing financial support to the Corporation. Separate financial statements for the Corporation are not prepared. The Corporation was dissolved during the year ended June 30, 2023.

# TOWN OF SUMMERVILLE, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Town (the “Primary Government”). The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Town does not report any business-type activities.

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

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, includes property taxes, grants, and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

Governmental **fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, intergovernmental revenues, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the government considers property taxes to be available if they are collected within sixty (60) days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under financed purchase agreements are reported as other financing sources.

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

TOWN OF SUMMERVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

**Governmental fund types** are those through which all of the functions of the Town are financed. The Town's expendable financial resources and related assets and liabilities are accounted for through governmental funds.

The Town's governmental fund types and major funds are as follows:

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

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

- i) The **Local Accommodations and Hospitality Tax Fund, a major fund** and an unbudgeted fund is a special revenue fund used to account for the taxes collected in the tourist related businesses, including restaurants and hotels. The expenditures of these taxes must be related to or for the promotion of tourism.
- ii) The **Infrastructure Fund, a major fund** and an unbudgeted fund is a capital projects fund used to account for the acquisition or construction of major infrastructure projects.
- iii) The **ARPA Fund, a major fund** and an unbudgeted fund is a special revenue fund used to account for the proceeds received through the Federal Coronavirus State and Local Fiscal Recovery Fund Program which is restricted as to use in accordance with the applicable Federal legislation.
- iv) The **Midtown TIF Fund, a major fund** and an unbudgeted fund is a special revenue fund used to account for the proceeds from the Limited Obligation Bonds and from property tax revenue generated by the growth in assessed value within the Midtown Redevelopment Project Area ("TIF District"). The revenues of the fund are restricted for funding infrastructure improvements within the TIF District.

The Town also reports thirteen non-major and unbudgeted special revenue funds.

**TOWN OF SUMMERVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity**

***1. Cash, Cash Equivalents, and Investments***

**Cash and Cash Equivalents**

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

**Investments**

The Town's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types, and component units within the State of South Carolina) that authorize the Town to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) 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, of a market 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 federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.



TOWN OF SUMMERVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

**1. Cash, Cash Equivalents, and Investments (Continued)**

**Investments (Continued)**

- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The Town's cash investment objectives are preservation of capital, liquidity, and yield. The Town reports its cash and investments at fair value which is discussed in Note I.C.14 below, with the exception of amounts invested in the State Local Government Investment Pool (the "Pool").

The Pool investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31 "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*" and GASB Statement No. 72 "*Fair Value Measurement and Application*", investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

**2. Receivables and Payables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Taxes receivable are comprised of delinquent real property taxes, net of an allowance for uncollectible accounts.

Accounts receivable in the General Fund are comprised of franchise taxes and reimbursements. Accounts receivable in the Special Revenue Funds are comprised of accommodations taxes, hospitality taxes, E911 fees, sanitation fees, intergovernmental reimbursements and stormwater utility fees.

**3. Inventories and Prepaids**

Inventories and prepaid items in the governmental funds are reported under the consumption method (if material) as they are recorded as expenditures as they are used (consumed). Inventories of diesel fuel oil are valued at cost (first-in, first-out). Inventories and prepaid items in the governmental funds are reported as nonspendable fund balance to reflect that portion of fund balance that is not an available expendable resource.

TOWN OF SUMMERVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

4. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and right-to-use leases assets, are reported in the governmental activities in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not increase the capacity or efficiency of an item or add to the value of the asset or materially extend the assets' lives beyond original estimates, are not capitalized.

Major outlays for capital assets are capitalized as projects are constructed.

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

Description	Governmental Activities
Buildings	40 years
Improvements	10-40 years
Infrastructure	15-50 years
Vehicles and rolling equipment	5-10 years
Right-to-use equipment	5-10 years
Furniture and equipment	5-10 years

5. Compensated Absences

The Town allows employees to accumulate unused sick leave with no limit. Employees are not reimbursed for accumulated sick leave for any reason other than retirement. An employee retiring with 15 years of continuous service, as described by the South Carolina Retirement System, will receive payment for up to one-third of unused sick leave not to exceed the equivalent of 45 pay days. Employees are allowed to accumulate up to the equivalent of six weeks of accrued vacation. Upon termination, accumulated vacation will be paid to the employee. All vacation and compensatory pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in governmental funds only to the extent they are payable from current resources and represent matured liabilities, for example, as a result of employee resignations and retirements.

6. Accrued Liabilities and Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method when material. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time of debt issuance.

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

**TOWN OF SUMMERVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

**7. *Lease Accounting***

The Town is the lessor for certain noncancellable leases of real property and spaces within existing Town buildings. The Town recognizes a lease receivable and a deferred inflow of resources for deferred lease receipts in accordance with these transactions. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments made at or before the lease commencement date, less certain other amounts to be paid by the Town (if any). Subsequently, the deferred inflow of resources is amortized into lease revenue on a straight-line basis over the lease term. Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments: The lease agreements entered into by the Town as lessor do not include stated interest rates. Therefore, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments that the Town will receive over the term of the lease agreement. The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease.

**8. *Deferred Outflows and Inflows of Resources***

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has one type of deferred outflows of resources. The Town reports deferred pension charges in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. The deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently has three types of deferred inflows of resources: (1) The Town reports unavailable revenue for property taxes only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (revenues) in the period the amounts become available. (2) The Town also reports deferred pension credits in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. The deferred pension credits are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP. (3) The Town reports deferred lease receipts in its Statement of Net Position and Balance Sheet in accordance with GASB Statement No. 87 "Leases" ("GASB #87" or "Statement"). The deferred lease receipts are amortized in a systematic and rational method and recognized as interest revenue in future periods in accordance with GASB #87.

TOWN OF SUMMERVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

9. Fund Equity

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

**Nonspendable** – includes amounts that inherently cannot be spent either because they are not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

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

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

**Assigned** – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. Town Council assigns fund balance by an approved motion before the report issuance date.

**Unassigned** – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

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

The Town's minimum fund balance policy effective for the year ended June 30, 2023 required a committed fund balance equal to \$3,000,000 for disaster and recovery. The Town Council's Finance Committee amended the Town's existing minimum fund balance policy for the General Fund in September 2023. The amended policy requires an unassigned fund balance equal to at least 30% of the total General Fund revenues for the previous audited fiscal year. The Policy also requires \$5,000,000 to be committed for disaster and recovery. The policy will be reevaluated every three years as needed.

# TOWN OF SUMMERVILLE, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

##### *10. Net Position*

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when limitations are imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws and regulations of other governments. All other net position is reported as unrestricted.

The Town applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

##### *11. Pensions*

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.A and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The Town recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the Town's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the Town's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

##### *12. Accounting Estimates*

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

##### *13. Encumbrances*

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital project funds. At June 30, 2023, certain amounts which were restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. As of June 30, 2023, significant encumbrances included in the fund balance of the General Fund amounted to \$47,664.

**TOWN OF SUMMERVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

**14. Fair Value**

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

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

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

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

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

**15. Deficit Fund Balance**

The Victims' Advocate Fund and the CDBG Grant Fund reported deficit fund balances of \$6,340 and \$3,304, respectively, as of June 30, 2023. These deficits will be eliminated through future revenues.

**16. Comparative Data**

Comparative data (i.e. presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

**II. BUDGETARY INFORMATION**

The Town has elected to present its budgetary information for the General Fund as a separate schedule and not as a financial statement. See the Notes to the Budgetary Comparison Schedule (following the notes to the financial statements) for details regarding the Town's budgetary information and process.

# TOWN OF SUMMERVILLE, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

### III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

#### A. Deposits and Investments

##### *Deposits*

**Custodial Credit Risk for Deposits:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2023, all of the Town's deposits were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust department in the Town's name.

##### *Investments*

As of June 30, 2023, the Town had the following investments and maturities (as defined by GASB #40):

Investment Type	Fair Value	Credit Ratings		Maturity Less than 1 Year	Fair Value Level
		S&P	Moody's		
State Local Government Investment Pool^	\$ 28,881,371	Unrated	Unrated	\$ 28,881,371	N/A
Certificates of deposit	4,092,689	N/A	N/A	4,092,689	Level 1
First American Treasury Obligation	23,576,700	AAAm	Aaa-mf	23,576,700	Level 1
Total	<u>\$ 56,550,760</u>			<u>\$ 56,550,760</u>	

^Investments in 2a-7 like pools do not require interest rate risk disclosure.

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

The Town's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk:** Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The Town's investment policy allows for investments in the LGIP. As of June 30, 2023, the underlying security ratings of the Town's investment in the LGIP may be obtained from the LGIP's complete financial statements. This investment pool does not have a credit quality rating assigned. These financial statements may be obtained by writing to the State Treasurer's Office, Local Government Investment Pool, Post Office Box 11778, Columbia, South Carolina 29211. Additionally, the Town may invest in obligations of the United States, obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, Bank of Cooperatives, Federal Intermediate Credit Bank, Federal Land Banks, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Government National Mortgage Association, Federal Housing Administration, and Farmer's Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise issued by at least two nationally recognized credit organizations.

**Concentration of Credit Risk for Investments:** Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town's investment policy states that no more than 50% of the total investment portfolio will be invested in a single security type or with a single financial institution.

TOWN OF SUMMERVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

A. Deposits and Investments (Continued)

*Investments (Continued)*

**Reconciliation to Financial Statements**

Financial Statements	Amount
Statement of Net Position	
Cash and Cash Equivalents	\$ 18,929,422
Cash and Cash Equivalents - Restricted	19,068,504
Investments	4,241,605
Investments - Restricted	22,625,973
<b>Total per the financial statements</b>	<b>\$ 64,865,504</b>
Notes	Amount
Deposits	\$ 8,314,744
Investments	56,550,760
<b>Total per the notes</b>	<b>\$ 64,865,504</b>

B. Receivables and Deferred Inflows of Resources

Property taxes attach as an enforceable lien on property as of January 1 of the current year. Taxes are levied and billed the following September on all property other than vehicles and are payable without penalty in accordance with the dates set for payment of Dorchester, Berkeley, and Charleston County taxes (by January 15 of the following year). Penalties and charges are assessed if taxes are not paid by the following dates:

January 16 through February 1	- 3% penalty for tax due
February 2 through March 15	- 10% penalty for tax due
March 16 - Lien Date	- 15% penalty for tax due
Unpaid Taxes After One Year	- Property is sold by the County Tax Collector at the annual tax sale held the first Monday in November each year.

**Note:** Dorchester, Berkeley, and Charleston counties bill and collect current and delinquent property taxes under contractual agreement with the Town.

Town tax revenues are recognized in the period for which they are levied. Taxes on licensed motor vehicles are levied during the month when the taxpayer's license is up for renewal and are, therefore, recognized when cash is received by the Town.

The Town has imposed upon all improved property in the town limits a sanitation collection fee, to be billed annually by the County Auditor on the property tax bill and collected by the County Treasurer in the same manner as provided for property taxes. Revenue is recognized when fees are received during the current calendar year or within 60 days subsequent to year-end.

Beginning in 2019, the Town has imposed a stormwater utility fee to be billed annually by the County Auditor on the property tax bill and collected by the County Treasurer in the same manner as provided for property taxes.



**TOWN OF SUMMERVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**B. Receivables and Deferred Inflows of Resources (Continued)**

Receivables at June 30, 2023, for the Town's individual major funds and nonmajor funds are as follows:

	General Fund	Local Accommodations and Hospitality Tax Fund	Infrastructure Fund	Midtown TIF Fund	Non-Major Governmental Funds	Totals
Due from other governments	\$ 949,598	3,091	-	1,335,695	575,785	\$ 2,864,169
Taxes receivable	255,395	-	-	-	-	255,395
Accounts receivable	246,239	556,977	50,620	-	28,721	882,557
Lease receivable	1,388,461	-	-	-	-	1,388,461
Less: Allowance	(224,876)	-	-	-	-	(224,876)
Net Receivables	<u>\$ 2,614,817</u>	<u>560,068</u>	<u>50,620</u>	<u>1,335,695</u>	<u>604,506</u>	<u>\$ 5,165,706</u>

**C. Interfund Receivables, Payables, and Transfers**

Interfund Balances as of June 30, 2023, consisted of the following:

Fund	Receivable	Payable
<b><u>Major Governmental Funds:</u></b>		
General Fund	\$ 7,097	\$ -
<b><u>Non-Major Governmental Funds:</u></b>		
Federal Equitable Sharing Fund	1,200	-
State Drug Fund	-	8,297
Totals	<u>\$ 8,297</u>	<u>\$ 8,297</u>

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All balances are expected to be made within one year.

**TOWN OF SUMMERVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

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**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**C. Interfund Receivables, Payables, and Transfers (Continued)**

Transfers between funds for the year ended June 30, 2023, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<b><u>Major Governmental Funds:</u></b>		
General Fund	\$ 4,859,305	\$ 51,372
Local Accommodations and Hospitality Tax Fund	-	3,000,000
ARPA Fund	-	1,782,505
<b><u>Non-Major Governmental Funds:</u></b>		
Summerville Redevelopment Corporation	-	177
State Accommodations Tax Fund	-	76,623
Victims' Advocate Fund	51,372	-
Totals	<u>\$ 4,910,677</u>	<u>\$ 4,910,677</u>

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

**TOWN OF SUMMERVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**D. Capital Assets**

Capital asset activity for the Town's governmental activities for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets, Non-Depreciable:					
Land and Improvements	\$ 11,068,762	-	665,352	-	\$ 10,403,410
Construction In Progress	7,072,097	4,537,660	-	(128,439)	11,481,318
Total Capital Assets, Non-Depreciable	<u>18,140,859</u>	<u>4,537,660</u>	<u>665,352</u>	<u>(128,439)</u>	<u>21,884,728</u>
Capital Assets, Depreciable:					
Buildings	33,340,548	3,519,275	888,457	-	35,971,366
Improvements	10,682,581	92,119	-	128,439	10,903,139
Infrastructure	104,869,371	-	-	-	104,869,371
Vehicles and rolling equipment	24,206,829	1,817,514	458,547	-	25,565,796
Furniture and equipment	8,820,981	340,210	-	-	9,161,191
Leased assets	87,081	-	87,081	-	-
Total Capital Assets, Depreciable	<u>182,007,391</u>	<u>5,769,118</u>	<u>1,434,085</u>	<u>128,439</u>	<u>186,470,863</u>
Less: Accumulated Depreciation for:					
Buildings	14,761,587	979,824	-	-	15,741,411
Improvements	6,209,064	393,620	-	(397,527)	6,205,157
Infrastructure	35,917,088	2,177,402	-	-	38,094,490
Vehicles and rolling equipment	16,896,322	1,811,892	785,546	(2,880,251)	15,042,417
Furniture and equipment	2,954,886	372,007	-	3,277,778	6,604,671
Leased assets	21,723	-	21,723	-	-
Total Accumulated Depreciation	<u>76,760,670</u>	<u>5,734,745</u>	<u>807,269</u>	<u>-</u>	<u>81,688,146</u>
Total Capital Assets, Depreciable, Net	<u>105,246,721</u>	<u>34,373</u>	<u>626,816</u>	<u>128,439</u>	<u>104,782,717</u>
Governmental Activities Capital Assets, Net	<u>\$ 123,387,580</u>	<u>4,572,033</u>	<u>1,292,168</u>	<u>-</u>	<u>\$ 126,667,445</u>

As of June 30, 2023, the Town construction commitments related to various capital projects for approximately \$22,150,000.

Depreciation expense was charged to functions as follows:

Functions/Programs	Amount
General Government	\$ 943,647
Public Safety	1,684,781
Roads and Drainage	2,566,983
Culture and Recreation	539,334
Total Depreciation Expense	<u>\$ 5,734,745</u>

TOWN OF SUMMERVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations

The Town issues bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds are direct obligations and pledge the full faith and credit of the Town. The primary source of revenue for repayment of bonds is the General Fund. Limited Obligation Bonds are paid using resources from the Local Accommodations and Hospitality Tax Fund, Infrastructure Fund and Midtown TIF Fund. Limited Obligation bonds are direct obligations and pledge the full faith and credit of the Town. Financed purchase obligations are special obligations of the Town payable from the general revenues of the Town through the General Fund. The full faith, credit and taxing powers of the Town are not pledged for the payment of revenue bonds or financed purchase agreements nor the interest thereon.

Details on the Town’s outstanding debt issues, all of which are considered direct borrowings / placements, and financed purchase agreements as of June 30, 2023 are as follows:

<u>General Obligation Bonds</u>	<u>Principal Outstanding at Year End</u>
The Town issued \$7,295,000 of Series 2016 general obligation refunding bonds during 2016. The bonds bear interest rates of 2.00% to 3.00% payable semiannually on March 1 and September 1 each year commencing on September 1, 2016. Principal payments are payable on March 1 of each year through maturity on March 1, 2037. The Series 2016 bonds were issued for the purpose of refunding the Town’s Series 2007 general obligation bonds and to pay the costs of issuance of the 2016 bonds. The 2016 bond issuance resulted in an original issue premium of \$188,093. The refunding transaction resulted in the Series 2007 bonds being in-substance defeased by placing a portion of the proceeds of the Town’s Series 2016 general obligation bonds into an irrevocable trust account to provide for all future debt service payments on the Series 2007 bonds. Accordingly, the trust account assets and the liability for the Series 2007 bonds are not included in the Town’s financial statements. Additionally, the reacquisition price exceeded the net carrying amount of the 2007 bonds by \$230,783. This amount is recognized on the government-wide Statement of Net Position as a deferred outflow of resources and amortized over the remaining life of the 2016 bonds. The Town advance refunded the 2007 bonds to reduce its total debt service payments by \$1,122,282, which resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$908,438. At June 30, 2023, \$5,335,000 of defeased 2007 bonds remain outstanding.	\$ 5,265,000

TOWN OF SUMMERVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

	Principal Outstanding at Year End
<b><u>Limited Obligation Bonds</u></b>	
The Town issued \$16,115,000 of Series 2015A (Franchise Fee Pledge) limited obligation bonds during 2015. The bonds bear interest at rates of 2.00% to 5.00% and mature October 1, 2035.	\$ 11,950,000
The Town issued \$8,370,000 of Series 2015B (Hospitality Fee Pledge) limited obligation bonds during 2015. The bonds bear interest at rates of 2.00% to 5.00% and mature October 1, 2035.	6,120,000
The Town issued \$20,000,000 of Series 2022 (Tax Increment Pledge) limited obligation bonds during 2023. The bonds bear interest at rates of 4.50% to 5.00% and mature October 1, 2042. A premium on the issuance of bonds was received of approximately \$1,364,000.	20,000,000
Total Limited Obligation Bonds	<u>\$ 38,070,000</u>
<b><u>Financed Purchase Agreements</u></b>	
During fiscal year 2022, The Town entered into a finance purchase arrangement (FPA 10/21 (A)) with a financial institution to finance the acquisition of certain equipment. The note was issued in the principal amount of \$1,347,000 and is payable in annual installments, including principal and interest, on October 29th for a term of five years and bears interest at a rate of 1.10%.	\$ 1,083,462
During fiscal year 2022, The Town entered into a finance purchase arrangement (FPA 10/21 (B)) with a financial institution to finance the acquisition of certain equipment. The note was issued in the principal amount of \$1,129,437 and is payable in annual installments, including principal and interest, on October 29th for a term of five years and bears interest at a rate of 1.72%.	1,024,962
Total Financed Purchase Agreements	<u>\$ 2,108,424</u>

**TOWN OF SUMMERVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**E. Long-Term Obligations (Continued)**

A summary of changes in long-term obligations for the Town's governmental activities for the year ended June 30, 2023 is presented below.

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
GO Bond Debt:					
2016 GO Bonds	\$ 5,575,000	-	310,000	5,265,000	\$ 315,000
Total GO Bond Debt	<u>5,575,000</u>	<u>-</u>	<u>310,000</u>	<u>5,265,000</u>	<u>315,000</u>
Limited Obligation Bonds:					
2015A Series - Limited Obligation Bonds	12,615,000	-	665,000	11,950,000	700,000
2015B Series - Limited Obligation Bonds	6,480,000	-	360,000	6,120,000	375,000
2022 Series - Limited Obligation Bonds	-	20,000,000	-	20,000,000	-
Total Revenue Bond Debt	<u>19,095,000</u>	<u>20,000,000</u>	<u>1,025,000</u>	<u>38,070,000</u>	<u>1,075,000</u>
Premiums:					
2015A&B Series - Limited Obligation Bonds	589,263	-	81,978	507,285	-
2016 GO Bonds	109,052	-	11,753	97,299	-
2022 Series - Limited Obligation Bonds	-	1,363,715	41,453	1,322,262	-
Total Premiums	<u>698,315</u>	<u>1,363,715</u>	<u>135,184</u>	<u>1,926,846</u>	<u>-</u>
Financed Purchase Agreements:					
FPA - 10/21 (A)	1,347,000	-	263,538	1,083,462	263,538
FPA - 10/21 (B)	1,129,437	-	104,475	1,024,962	104,475
Total Financed Purchase Agreements	<u>2,476,437</u>	<u>-</u>	<u>368,013</u>	<u>2,108,424</u>	<u>368,013</u>
Lease Liabilities	<u>66,042</u>	<u>-</u>	<u>66,042</u>	<u>-</u>	<u>-</u>
Compensated Absences	<u>1,411,313</u>	<u>1,657,248</u>	<u>1,425,042</u>	<u>1,643,519</u>	<u>895,038</u>
Total Governmental Activities	<u>\$ 29,322,107</u>	<u>23,020,963</u>	<u>3,329,281</u>	<u>49,013,789</u>	<u>\$ 2,653,051</u>

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no City or Town shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such City or Town voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was thirty five percent (35%). In 1976, the General Assembly reduced the general obligation debt limit without voter approval to eight percent (8%) of assessed valuation; whereas, with a referendum any amount can be floated. As of June 30, 2023, the Town had \$5,265,000 of bonded debt subject to the 8% limit of approximately \$22,415,000 resulting in an unused legal debt margin of approximately \$17,150,000.

**TOWN OF SUMMERVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**E. Long-Term Obligations (Continued)**

*Debt Service Requirements to Maturity*

Presented below are the debt service requirements to maturity for all long-term debt.

Year Ending June 30,	GO Bond		Limited Obligation Bonds		Financed Purchase Obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 315,000	125,580	1,075,000	1,742,188	368,013	29,547	1,758,013	\$ 1,897,315
2025	325,000	119,280	1,130,000	1,688,438	377,468	24,789	1,832,468	1,832,507
2026	335,000	112,780	1,175,000	1,639,838	382,290	19,966	1,892,290	1,772,584
2027	340,000	106,080	1,235,000	1,581,088	387,177	15,079	1,962,177	1,702,247
2028	345,000	99,280	2,120,000	1,507,088	113,774	10,127	2,578,774	1,616,495
2029-2033	1,875,000	384,600	12,000,000	6,129,000	479,702	20,599	14,354,702	6,534,199
2034-2038	1,730,000	129,950	11,230,000	3,322,450	-	-	12,960,000	3,452,400
2039-2043	-	-	8,105,000	1,062,744	-	-	8,105,000	1,062,744
Totals	<u>\$ 5,265,000</u>	<u>1,077,550</u>	<u>38,070,000</u>	<u>18,672,834</u>	<u>2,108,424</u>	<u>120,107</u>	<u>45,443,424</u>	<u>\$ 19,870,491</u>

**IV. OTHER INFORMATION**

**A. Retirement Plans**

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

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with 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.

The PEBA issues an Annual Comprehensive Financial Report containing financial statements and required supplementary information for the System' Pension Trust Funds. The Annual Comprehensive Financial Report is publicly available through the PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. The 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 Annual Comprehensive Financial Report of the state.

## TOWN OF SUMMERVILLE, SOUTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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#### IV. OTHER INFORMATION (CONTINUED)

##### A. Retirement Plans (Continued)

###### *Plan Description*

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 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.

###### *Plan 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.
- 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 the PORS. Magistrates are required to participate in the 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.



# TOWN OF SUMMERVILLE, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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### IV. OTHER INFORMATION (CONTINUED)

#### A. Retirement Plans (Continued)

##### *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.

# TOWN OF SUMMERVILLE, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

### IV. OTHER INFORMATION (CONTINUED)

#### A. Retirement Plans (Continued)

##### *Plan 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 ("Plans") 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. The Retirement Funding and Administration Act of 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. 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. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The PEBA Board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Pension reform legislation modified the statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the Plans. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the Plans are at least 85 percent funded.

As noted earlier, both employees and the Town are required to contribute to the Plans at rates established and as amended by the PEBA. The Town's contributions are actuarially determined but are communicated to and paid by the Town as a percentage of the employees' annual eligible compensation.

Required employer and employee contribution rates for the past year are as follows:

	SCRS Rates	PORS Rates
	2023	2023
Employer Contribution Rate: ^		
Retirement	17.41%	19.84%
Incidental Death Benefit	0.15%	0.20%
Accidental Death Contributions	0.00%	0.20%
	17.56%	20.24%
Employee Contribution Rate ^	9.00%	9.75%

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

The actual and required contributions to the SCRS and PORS were approximately \$1,594,000 and \$2,666,000, respectively, for the year ended June 30, 2023 and include the nonemployer contributions noted below.

TOWN OF SUMMERVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

*Nonemployer Contributions*

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly (“State”) funded 1 percent of the SCRS and PORS contribution increases for the year ended June 30, 2023. The State’s budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund and the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended June 30, 2023 were approximately \$59,000 and \$85,000 for the SCRS and PORS, respectively. These contributions (on-behalf benefits) from the State were recognized as intergovernmental revenues and pension expenditures in the Town’s governmental fund financial statements.

*Actuarial Assumptions and Methods*

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

The June 30, 2022 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, and are based on an actuarial valuation performed as of July 1, 2021. The TPL was rolled-forward from the valuation date to the Plans’ fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022 (measurement date) for the SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.00%	7.00%
Projected Salary Increases*	3.0% to 11.0% (varies by service)	3.5% to 10.5% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

\* Includes inflation at 2.25%.

TOWN OF SUMMERVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

*Actuarial Assumptions and Methods (Continued)*

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"), were 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.

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

*Long-Term Expected Rate of Return*

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 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 following table. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

TOWN OF SUMMERVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

*Long-Term Expected Rate of Return (Continued)*

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
<b>Public Equity</b>	<b>46.0%</b>	6.79%	3.12%
<b>Bonds</b>	<b>26.0%</b>	-0.35%	-0.09%
<b>Private Equity</b>	<b>9.0%</b>	8.75%	0.79%
<b>Private Debt</b>	<b>7.0%</b>	6.00%	0.42%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
Total Expected Real Rate of Return	100.0%		4.79%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.04%

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions*

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 the June 30, 2022 measurement date, for the SCRS and PORS, are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 56,454,779,872	32,212,626,932	\$ 24,242,152,940	57.1%
PORS	\$ 8,937,686,946	5,938,707,767	\$ 2,998,979,179	66.4%

The TPL is calculated by the Systems' actuary, and each Plans' fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB No. 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, 2023, the Town reported liabilities of approximately \$19,520,000 and \$24,912,000 for its proportionate share of the NPL for the SCRS and PORS, respectively. The NPL were measured as of June 30, 2022, and the TPL for the Plans used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2021 that was projected forward to the measurement date. The Town's proportion of the NPL 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 the June 30, 2022 measurement date, the Town's SCRS proportion was 0.080523 percent, which was an increase of 0.005406 percent from its proportion measured as of June 30, 2021. At the June 30, 2022 measurement date, the Town's PORS proportion was 0.83069 percent, which was an increase of 0.058971 percent from its proportion measured as of June 30, 2021.

TOWN OF SUMMERVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)*

For the year ended June 30, 2023, the Town recognized pension expense of approximately \$2,672,000 and \$3,564,000 for the SCRS and PORS, respectively. At June 30, 2023, the Town reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>SCRS</b>		
Differences Between Expected and Actual Experience	\$ 169,596	\$ 85,069
Change in Assumptions	626,065	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	30,104	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	1,835,584	-
Employer Contributions Subsequent to the Measurement Date	1,535,186	-
Total SCRS	4,196,535	85,069
<b>PORS</b>		
Differences Between Expected and Actual Experience	417,977	492,473
Change in Assumptions	1,037,386	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	75,228	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	2,198,393	-
Employer Contributions Subsequent to the Measurement Date	2,580,411	-
Total PORS	6,309,395	492,473
Total SCRS and PORS	\$ 10,505,930	\$ 577,542

Approximately \$1,535,000 and \$2,580,000 that were reported as deferred outflows of resources related to the Town's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the NPL in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2024	\$ 1,347,364	1,513,257	\$ 2,860,621
2025	925,527	1,203,202	2,128,729
2026	(205,690)	(448,281)	(653,971)
2027	509,079	968,333	1,477,412
Total	\$ 2,576,280	3,236,511	\$ 5,812,791

# TOWN OF SUMMERVILLE, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

### IV. OTHER INFORMATION (CONTINUED)

#### A. Retirement Plans (Continued)

##### *Discount Rate*

The discount rate used to measure the TPL was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the 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.

##### *Sensitivity Analysis*

The following table presents the sensitivity of the Town's proportionate share of the NPL of the Plans to changes in the discount rate, calculated using the discount rate of 7.00 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.00 percent) or 1% point higher (8.00 percent) than the current rate:

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability of the SCRS	\$ 25,027,557	19,520,396	\$ 14,941,908
Town's proportionate share of the net pension liability of the PORS	34,738,623	24,912,243	16,868,426
Total	<u>\$ 59,766,180</u>	<u>44,432,639</u>	<u>\$ 31,810,334</u>

##### *Plans Fiduciary Net Position*

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for the SCRS and PORS. The ACFR is publicly available through the PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

##### *Payable to Plans*

The Town reported a payable of approximately \$740,000 to the PEBA as of June 30, 2023, representing required employer and employee contributions for the month of June 2023 for the SCRS and PORS. This amount is included in Accrued Liabilities on the financial statements and was paid in July 2023.

#### B. Risk Management

The Town is exposed to various risks of losses related to torts including theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town is a member of the South Carolina Municipal Insurance and Risk Financing Fund (the "Fund"), a public entity risk pool currently operating as a common risk management and insurance program for local governments. The Town pays an annual premium to the Fund for its general insurance. The Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims. The Town did not have any significant reductions in insurance coverage from prior years, and there were no settlements which exceeded insurance coverage for any of the past three years.

**TOWN OF SUMMERVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

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**IV. OTHER INFORMATION (CONTINUED)**

**C. Contingencies**

*Grants*

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

*Litigation*

The Town is party to various legal proceedings which normally occur in governmental operations. In the opinion of the Town management, based on the advice of legal counsel with respect to litigation, the ultimate disposition of these lawsuits and claims will not have a material adverse effect on the Town's financial position.



# Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board, but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule
  - General Fund
- South Carolina Retirement System
  - Schedule of the Town's Proportionate Share of the Net Pension Liability
  - Schedule of Contributions
- South Carolina Police Officers Retirement System
  - Schedule of the Town's Proportionate Share of the Net Pension Liability
  - Schedule of Contributions

TOWN OF SUMMERVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETS AND ACTUAL -  
GENERAL FUND

YEAR ENDED JUNE 30, 2023

	BUDGETED AMOUNTS			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES				
Taxes	\$ 16,316,100	16,316,100	17,074,530	\$ 758,430
Licenses, permits, and franchise fees	14,673,500	14,673,500	16,299,528	1,626,028
Intergovernmental revenue	4,030,000	4,030,000	5,006,753	976,753
Charges for services	261,500	261,500	504,887	243,387
Fines and forfeitures	275,000	275,000	257,223	(17,777)
Investment Income	100,000	100,000	603,543	503,543
Miscellaneous revenues	383,800	383,800	489,426	105,626
TOTAL REVENUES ALL SOURCES	36,039,900	36,039,900	40,235,890	4,195,990
EXPENDITURES				
Current:				
General Government:				
Administrative	3,560,451	3,560,451	2,989,133	571,318
Planning and annexation	1,423,995	1,423,995	1,318,125	105,870
Engineering	867,755	867,755	800,116	67,639
Municipal court	629,550	629,550	604,158	25,392
Maintenance	940,834	940,834	909,726	31,108
Public buildings and grounds	2,526,900	2,526,900	2,677,024	(150,124)
Public Safety:				
Police	11,446,226	11,446,226	11,768,535	(322,309)
Fire	10,913,461	10,913,461	10,379,882	533,579
Communications	1,682,950	1,682,950	1,577,608	105,342
Roads and drainage:				
Street	2,963,986	2,963,986	2,930,534	33,452
Culture and recreation	3,122,792	3,122,792	3,208,096	(85,304)
Capital outlay	-	-	5,376,178	(5,376,178)
Debt service:				
Principal	1,275,000	1,275,000	744,055	530,945
Interest	135,000	135,000	99,981	35,019
TOTAL EXPENDITURES	41,488,900	41,488,900	45,383,151	(3,894,251)
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	(5,449,000)	(5,449,000)	(5,147,261)	301,739
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	75,000	75,000	1,716,534	1,641,534
Transfers in	5,374,000	5,374,000	4,859,305	(514,695)
Transfers out	-	-	(51,372)	(51,372)
TOTAL OTHER FINANCING SOURCES (USES)	5,449,000	5,449,000	6,524,467	1,075,467
NET CHANGES IN FUND BALANCE	-	-	1,377,206	1,377,206
FUND BALANCE, Beginning of Year	23,472,386	23,472,386	23,472,386	-
FUND BALANCE, End of Year	\$ 23,472,386	23,472,386	24,849,592	\$ 1,377,206

Note: Capital outlay expenditures were approved by Town Council; however, the budget was not formally amended.

## **TOWN OF SUMMERVILLE, SOUTH CAROLINA**

### **NOTES TO THE BUDGETARY COMPARISON SCHEDULE**

**YEAR ENDED JUNE 30, 2023**

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#### **A. BASIS OF ACCOUNTING**

The budgetary comparison schedule for the General Fund has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

#### **B. BUDGETARY INFORMATION**

The Town follows the following procedures in establishing the budgetary data reflected in the budgetary comparison schedules:

1. The Town Administrator and Town Accountant submit to the Director of Finance a proposed operating budget each year. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to inform and obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance prior to June 30.
4. Town Council must approve any revisions that alter the total expenditures of a fund. The legal level of budgetary authority is at the function level.
5. A legally adopted budget is employed as a management control device during the year for the General Fund. The Town does not adopt a budget for any other funds.
6. The budget is legally adopted on a basis consistent with GAAP.
7. The budget at the end of the year represents the budget adopted and amended by the Town Council.

TOWN OF SUMMERVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION SCHEDULES

SCHEDULE OF THE TOWN OF SUMMERVILLE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
SOUTH CAROLINA RETIREMENT SYSTEM

LAST EIGHT FISCAL YEARS

	Year Ended June 30,							
	2023	2022	2021	2020	2019	2018	2017	2016
Town of Summerville's Proportion of the Net Pension Liability	0.080523%	0.075117%	0.069012%	0.065172%	0.062961%	0.062149%	0.059917%	0.057815%
Town's Proportionate Share of the Net Pension Liability	\$ 19,520,396	16,256,178	17,633,892	14,881,542	14,107,647	13,990,739	12,798,184	\$ 10,964,894
Town of Summerville's Covered Payroll	\$ 9,588,346	8,491,236	7,702,733	6,882,598	6,524,878	6,270,642	5,802,173	\$ 5,420,593
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	203.58%	191.45%	228.93%	216.22%	216.21%	223.11%	220.58%	202.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.06%	60.75%	50.71%	54.40%	54.10%	53.34%	52.91%	56.99%

Notes to Schedule:

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

The Town implemented GASB #68/71 during the year ended December 31, 2015.

As of January 1, 2021, the Town changed its year end from December 31 to June 30.

The discount rate was lowered from 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

TOWN OF SUMMERVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION SCHEDULES

SCHEDULE OF CONTRIBUTIONS  
SOUTH CAROLINA RETIREMENT SYSTEM

LAST NINE FISCAL YEARS

	Year Ended June 30,									
	2023	2022	2021*	2020	2019	2018	2017	2016	2015	
Contractually Required Contribution	\$ 1,594,371	1,587,830	1,321,236	1,309,205	1,091,347	936,839	803,302	687,410	\$ 590,873	
Contributions in Relation to the Contractually Required Contribution:										
Contributions from the Town	1,535,186	1,528,645	1,321,236	1,309,205	1,091,347	936,839	803,302	687,410	590,873	
Contributions from the State	59,185	59,185	-	-	-	-	-	-	-	
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	\$ -	
Town of Summerville's Covered Payroll	\$ 9,079,559	9,588,346	8,491,236	8,413,917	7,239,943	6,660,156	6,389,021	6,102,830	\$ 5,600,652	
Contributions as a Percentage of Covered Payroll	17.56%	16.56%	15.56%	15.56%	15.07%	14.07%	12.57%	11.26%	10.55%	

Notes to Schedule:

The Town implemented GASB #68/71 during the year ended December 31, 2015.

\*As of January 1, 2021, the Town changed its year end from December 31 to June 30.

TOWN OF SUMMERVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION SCHEDULES

SCHEDULE OF THE TOWN OF SUMMERVILLE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
POLICE OFFICERS RETIREMENT SYSTEM

LAST EIGHT FISCAL YEARS

	Year Ended June 30,							
	2023	2022	2021	2020	2019	2018	2017	2016
Town of Summerville's Proportion of the Net Pension Liability	0.830690%	0.771720%	0.719000%	0.705060%	0.661460%	0.670890%	0.650720%	0.627000%
Town's Proportionate Share of the Net Pension Liability	\$ 24,912,243	19,855,726	23,845,026	20,206,669	18,742,762	18,379,495	16,505,348	\$ 13,665,551
Town of Summerville's Covered Payroll	\$ 13,154,470	11,604,291	10,858,761	10,222,558	9,097,575	8,995,367	8,295,812	\$ 7,767,718
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	189.38%	171.11%	219.59%	197.67%	206.02%	204.32%	198.96%	175.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.45%	70.37%	58.79%	62.69%	61.73%	60.94%	60.44%	64.57%

Notes to Schedule:

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

The Town implemented GASB #68/71 during the year ended December 31, 2015.

As of January 1, 2021, the Town changed its year end from December 31 to June 30.

The discount rate was lowered from 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

TOWN OF SUMMERVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION SCHEDULES

SCHEDULE OF CONTRIBUTIONS  
POLICE OFFICERS RETIREMENT SYSTEM

LAST NINE FISCAL YEARS

	Year Ended June 30,								
	2023	2022	2021*	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 2,665,703	2,530,920	2,116,623	2,140,212	1,853,397	1,616,374	1,267,493	1,201,796	\$ 1,041,651
Contributions in Relation to the Contractually Required Contribution									
Contributions from the Town	2,580,411	2,445,628	2,116,623	2,140,212	1,853,397	1,616,374	1,267,493	1,201,796	1,041,651
Contributions from the State	85,292	85,292	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	\$ -
Town of Summerville's Covered Payroll	\$ 13,170,453	13,154,470	11,604,291	11,733,620	10,447,239	9,627,098	8,995,719	8,841,249	\$ 7,917,257
Contributions as a Percentage of Covered Payroll	20.24%	19.24%	18.24%	18.24%	17.74%	16.79%	14.09%	13.59%	13.16%

Notes to Schedule:

The Town implemented GASB #68/71 during the year ended December 31, 2015.

\*As of January 1, 2021, the Town changed its year end from December 31 to June 30.

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## Supplementary Information

## TOWN OF SUMMERVILLE, SOUTH CAROLINA

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2023

	SUMMERVILLE REDEVELOPMENT CORPORATION	FEDERAL EQUITABLE SHARING FUND	STATE DRUG FUND	IMPACT FEES FUND	STATE ACCOMMODATIONS TAX FUND	FIREFIGHTERS' 1% FUND
<b>ASSETS</b>						
Cash and cash equivalents - restricted	\$ -	229,352	355,403	1,879,118	596,013	30,579
Investments - restricted	-	-	-	-	584,079	-
Receivables:						
Due from other governments	-	-	-	-	383,426	-
Accounts receivable	-	-	-	-	-	2,692
Inventory	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	-	1,200	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>230,552</b>	<b>355,403</b>	<b>1,879,118</b>	<b>1,563,518</b>	<b>33,271</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	-	213,372	-	11,875	-
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	8,297	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>221,669</b>	<b>-</b>	<b>11,875</b>	<b>-</b>
<b>FUND BALANCES</b>						
Nonspendable:						
Inventory	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Restricted:						
Public safety	-	230,552	133,734	-	-	33,271
Tourism	-	-	-	-	1,551,643	-
Capital projects	-	-	-	1,879,118	-	-
Sanitation	-	-	-	-	-	-
Stormwater mitigation	-	-	-	-	-	-
Committed:						
Recreation	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>230,552</b>	<b>133,734</b>	<b>1,879,118</b>	<b>1,551,643</b>	<b>33,271</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ -</b>	<b>230,552</b>	<b>355,403</b>	<b>1,879,118</b>	<b>1,563,518</b>	<b>33,271</b>

E911 FUND	VICTIMS' ADVOCATE FUND	PUBLIC SAFETY GRANTS FUND	CDBG GRANT FUND	FARMERS MARKET FUND	SANITATION FEES FUND	STORMWATER MANAGEMENT FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
552,727	-	63,562	40,758	138,161	500,709	1,087,049	\$ 5,473,431
-	-	-	-	-	-	-	584,079
60,422	-	118,480	13,457	-	-	-	575,785
8,343	-	-	-	-	11,448	6,238	28,721
-	-	-	-	-	-	9,697	9,697
-	-	-	-	-	-	4,307	4,307
-	-	-	-	-	-	-	1,200
<b>621,492</b>	<b>-</b>	<b>182,042</b>	<b>54,215</b>	<b>138,161</b>	<b>512,157</b>	<b>1,107,291</b>	<b>\$ 6,677,220</b>
2,287	5,181	130,335	57,519	-	148,654	27,516	\$ 596,739
-	1,159	3,376	-	-	-	15,628	20,163
-	-	-	-	-	-	-	8,297
<b>2,287</b>	<b>6,340</b>	<b>133,711</b>	<b>57,519</b>	<b>-</b>	<b>148,654</b>	<b>43,144</b>	<b>625,199</b>
-	-	-	-	-	-	9,697	9,697
-	-	-	-	-	-	4,307	4,307
619,205	-	48,331	-	-	-	-	1,065,093
-	-	-	-	-	-	-	1,551,643
-	-	-	-	-	-	-	1,879,118
-	-	-	-	-	363,503	-	363,503
-	-	-	-	-	-	1,050,143	1,050,143
-	-	-	-	138,161	-	-	138,161
-	(6,340)	-	(3,304)	-	-	-	(9,644)
<b>619,205</b>	<b>(6,340)</b>	<b>48,331</b>	<b>(3,304)</b>	<b>138,161</b>	<b>363,503</b>	<b>1,064,147</b>	<b>6,052,021</b>
<b>621,492</b>	<b>-</b>	<b>182,042</b>	<b>54,215</b>	<b>138,161</b>	<b>512,157</b>	<b>1,107,291</b>	<b>\$ 6,677,220</b>

## TOWN OF SUMMERVILLE, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2023

	SUMMERVILLE REDEVELOPMENT CORPORATION	FEDERAL EQUITABLE SHARING FUND	STATE DRUG FUND	IMPACT FEES FUND	STATE ACCOMMODATIONS TAX FUND	FIREFIGHTERS' 1% FUND
<b>REVENUES</b>						
Licenses, permits, and franchise fees	\$ -	-	-	1,204,350	-	-
Intergovernmental revenue	-	309,096	49,050	-	1,057,467	165,790
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	69	1,030	123,386	45,977	243
Miscellaneous revenues	-	79	-	-	-	24,086
<b>TOTAL REVENUES</b>	<b>-</b>	<b>309,244</b>	<b>50,080</b>	<b>1,327,736</b>	<b>1,103,444</b>	<b>190,119</b>
<b>EXPENDITURES</b>						
Current:						
General Government:						
Administrative	-	-	-	23,244	656,281	-
Housing and development	18	-	-	-	-	-
Public Safety:						
Police	-	90,710	25,799	-	-	-
Fire	-	-	-	-	-	156,848
Communications	-	-	-	-	-	-
Roads and drainage:						
Street	-	-	-	-	-	-
Stormwater	-	-	-	-	-	-
Capital outlay	-	47,016	-	2,376,203	-	-
<b>TOTAL EXPENDITURES</b>	<b>18</b>	<b>137,726</b>	<b>25,799</b>	<b>2,399,447</b>	<b>656,281</b>	<b>156,848</b>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(18)</b>	<b>171,518</b>	<b>24,281</b>	<b>(1,071,711)</b>	<b>447,163</b>	<b>33,271</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	-	-	-	-	-	-
Transfers Out	(177)	-	-	-	(76,623)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(177)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(76,623)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(195)</b>	<b>171,518</b>	<b>24,281</b>	<b>(1,071,711)</b>	<b>370,540</b>	<b>33,271</b>
FUND BALANCES, Beginning of Year	195	59,034	109,453	2,950,829	1,181,103	-
<b>FUND BALANCES, End of Year</b>	<b>\$ -</b>	<b>230,552</b>	<b>133,734</b>	<b>1,879,118</b>	<b>1,551,643</b>	<b>33,271</b>

E911 FUND	VICTIMS' ADVOCATE FUND	PUBLIC SAFETY GRANTS FUND	CDBG GRANT FUND	FARMERS MARKET FUND	SANITATION FEES FUND	STORMWATER MANAGEMENT FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
107,974	-	-	-	-	-	-	\$ 1,312,324
813,530	-	416,913	339,518	-	-	-	3,151,364
-	-	-	-	-	2,381,635	2,556,849	4,938,484
-	36,930	-	-	-	-	-	36,930
-	-	-	-	-	-	-	170,705
-	-	-	-	-	-	-	24,165
<b>921,504</b>	<b>36,930</b>	<b>416,913</b>	<b>339,518</b>	<b>-</b>	<b>2,381,635</b>	<b>2,556,849</b>	<b>9,633,972</b>
-	-	-	-	-	-	-	679,525
-	-	-	225,174	-	-	-	225,192
-	88,302	393,321	-	-	-	-	598,132
-	-	15,150	-	-	-	-	171,998
334,429	-	-	-	-	-	-	334,429
-	-	-	-	-	1,884,671	-	1,884,671
-	-	-	-	-	-	1,772,379	1,772,379
-	-	-	114,344	-	-	468,302	3,005,865
334,429	88,302	408,471	339,518	-	1,884,671	2,240,681	8,672,191
<b>587,075</b>	<b>(51,372)</b>	<b>8,442</b>	<b>-</b>	<b>-</b>	<b>496,964</b>	<b>316,168</b>	<b>961,781</b>
-	51,372	-	-	-	-	-	51,372
-	-	-	-	-	-	-	(76,800)
-	51,372	-	-	-	-	-	(25,428)
<b>587,075</b>	<b>-</b>	<b>8,442</b>	<b>-</b>	<b>-</b>	<b>496,964</b>	<b>316,168</b>	<b>936,353</b>
32,130	(6,340)	39,889	(3,304)	138,161	(133,461)	747,979	5,115,668
<b>619,205</b>	<b>(6,340)</b>	<b>48,331</b>	<b>(3,304)</b>	<b>138,161</b>	<b>363,503</b>	<b>1,064,147</b>	<b>\$ 6,052,021</b>

## TOWN OF SUMMERVILLE, SOUTH CAROLINA

## UNIFORM SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES (PER ACT 96)

YEAR ENDED JUNE 30, 2023

## FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
<b>Court Fines and Assessments:</b>				
Court fines and assessments collected	\$ -	-	629,999	\$ 629,999
Court fines and assessments remitted to State Treasurer	-	-	(335,846)	(335,846)
<b>Total Court Fines and Assessments retained</b>			<b>294,153</b>	<b>294,153</b>
<b>Surcharges and Assessments retained for victim services:</b>				
Surcharges collected and retained	-	-	7,049	7,049
Assessments retained	-	-	29,881	29,881
<b>Total Surcharges and Assessments retained for victim services</b>	<b>\$ -</b>	<b>-</b>	<b>36,930</b>	<b>\$ 36,930</b>

## FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
<b>Carryforward from Previous Year – Beginning Balance</b>	<b>\$ (6,340)</b>	<b>-</b>	<b>\$ (6,340)</b>
<b>Victim Service Revenue:</b>			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	29,881	-	29,881
Victim Service Surcharges Retained by City/County Treasurer	7,049	-	7,049
Interest Earned	-	-	-
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund	51,372	-	51,372
<b>Contribution Received from Victim Service Contracts:</b>			
(1) Town of	-	-	-
(2) Town of	-	-	-
(3) City of	-	-	-
<b>Total Funds Allocated to Victim Service Fund + Beginning Balance (A)</b>	<b>\$ 81,962</b>		<b>\$ 81,962</b>
<b>Expenditures for Victim Service Program:</b>	<b>Municipal</b>	<b>County</b>	<b>Total</b>
Salaries and Benefits	\$ (85,563)		\$ (85,563)
Operating Expenditures	(2,739)		(2,739)
<b>Victim Service Contract(s):</b>			
(1) Entity's Name			
(2) Entity's Name			
<b>Victim Service Donation(s):</b>			
(1) Domestic Violence Shelter:	-	-	-
(2) Rape Crisis Center:	-	-	-
(3) Other local direct crime victims service agency:	-	-	-
Transferred to General Fund	-	-	-
<b>Total Expenditures from Victim Service Fund/Program (B)</b>	<b>(88,302)</b>		<b>(88,302)</b>
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	-	-	-
Less: Prior Year Fund Deficit Repayment	-	-	-
<b>Carryforward Funds – End of Year</b>	<b>\$ (6,340)</b>		<b>\$ (6,340)</b>

## Compliance Section

**TOWN OF SUMMERVILLE, SOUTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2023**

<b>Federal Grantor/ Pass-Through Grantor/Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number or Grant/Contract Number</b>	<b>Federal Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>Department of Housing and Urban Development</b>				
Direct Programs:				
Community Development Block Grant	14.218	B-20-MC-45-0013	\$ 339,518	\$ 32,279
Total CDBG - Entitlement Grant Cluster			<u>339,518</u>	<u>32,279</u>
<b>Total Department of Housing and Urban Development</b>			<u>339,518</u>	<u>32,279</u>
<b>Department of Justice:</b>				
Direct Programs:				
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	EMV-2020-FG-04245	7,449	-
Body Worn Cameras	16.607	15Jcops-22-gg-04	59,240	-
Passed Through South Carolina Department of Public Safety:				
Edward Byrne Memorial Justice Assistance	16.738	2020-MU-BX-008	8,815	-
Domestic Violence and Sex Crimes Investigator	16.738	5G003121	64,353	-
Total Passed Through South Carolina Department of Public Safety			<u>73,168</u>	<u>-</u>
<b>Total Department of Justice</b>			<u>139,857</u>	<u>-</u>
<b>Department of Transportation:</b>				
Passed Through South Carolina Department of Public Safety:				
State and Community Highway Safety	20.600	PT-20xx-HS-xx-xx	137,419	-
National Priority Safety Programs	20.616	M4HVE-20xx-HS-50-xx	69,925	-
Total Passed Through South Carolina Department of Public Safety			<u>207,344</u>	<u>-</u>
<b>Total Department of Transportation</b>			<u>207,344</u>	<u>-</u>
<b>Department of Agriculture:</b>				
Passed Through South Carolina Forestry Commission:				
Urban Forestry Capacity Building And Tech Support	10.675	21-DG-1108345-001	11,062	-
Total Passed Through South Carolina Forestry Commission			<u>11,062</u>	<u>-</u>
<b>Total Department of Agriculture</b>			<u>11,062</u>	<u>-</u>
<b>Department of Homeland Security:</b>				
Passed Through South Carolina Law Enforcement Division:				
Homeland Security Grant Program	97.067	22SHSP04	3,780	-
Homeland Security Grant Program	97.067	21SHSP27	11,370	-
Total Passed Through South Carolina Law Enforcement Division			<u>15,150</u>	<u>-</u>
<b>Total Department of Homeland Security</b>			<u>15,150</u>	<u>-</u>
<b>Department of Treasury:</b>				
Direct Program:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	2,220,399	-
<b>Total Department of Treasury</b>			<u>2,220,399</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 2,933,330</u>	<u>\$ 32,279</u>

See accompanying notes to the schedule of expenditures of federal awards.



**TOWN OF SUMMERVILLE, SOUTH CAROLINA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2023**

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**A. GENERAL**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal award programs of the Town of Summerville, South Carolina (the “Town”) for the year ended June 30, 2023. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

**B. BASIS OF ACCOUNTING**

The accompanying Schedule is presented using the accrual basis of accounting.

**C. RELATIONSHIP TO FINANCIAL STATEMENTS**

Federal award expenditures and expenses are reported in the Town’s financial statements primarily in the General Fund and the ARPA Fund.

**D. MATCHING COSTS**

Matching costs, i.e., the non-federal share of certain program costs, are not included in the accompanying Schedule.

**E. SUB-RECIPIENTS**

The Town passed through federal awards totaling approximately \$32,000 to sub-recipients during fiscal year 2023, as detailed on the face of the Schedule.

**F. INDIRECT COST RATE**

The amount expended does not include any amounts claimed as an indirect cost recovery, as the Town elected not to use the 10% *de minimis* cost rate.

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# Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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

### Independent Auditor's Report

The Honorable Mayor and Members of Town Council  
Town of Summerville  
Summerville, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Summerville, South Carolina (the "Town"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 29, 2024.

### **Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2023-001 that we consider to be a material weakness.

### **Report on Compliance and Other Matters**

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

### **Town's Response to Finding**

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Greene Finney Cauley, LLP*

Greene Finney Cauley, LLP  
Mauldin, South Carolina  
January 29, 2024



# Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

### Independent Auditor's Report

The Honorable Mayor and Members of Town Council  
Town of Summerville  
Summerville, South Carolina

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited the Town of Summerville, South Carolina's (the "Town") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2023. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Greene Finney Cauley, LLP*

Greene Finney Cauley, LLP  
Mauldin, South Carolina  
January 29, 2024

**TOWN OF SUMMERVILLE, SOUTH CAROLINA**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2023**

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**2022-001: Financial Closeout and Reporting**

<b>Condition:</b>	Certain accounting, reporting, and reconciling procedures were not properly performed during the fiscal year. Significant adjustments were determined and required to be recorded in the months that followed June 30, 2022. We noted deficiencies in completeness, accuracy, and cut off.
<b>Criteria:</b>	Generally accepted accounting principles require assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenditures/expenses to be recognized in the accounting period in which they become earned, measurable (and available for modified accrual funds).
<b>Status:</b>	The Town made significant improvements to the financial closeout and reporting process during the year. However, one related finding was reported for the year ended June 30, 2023.

TOWN OF SUMMERVILLE, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

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Section I - Summary of Auditor's Results

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>  X  </u> Yes	<u>          </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u>          </u> Yes	<u>  X  </u> None Reported
Noncompliance material to financial statements noted?	<u>          </u> Yes	<u>  X  </u> No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?	<u>          </u> Yes	<u>  X  </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u>          </u> Yes	<u>  X  </u> None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (Uniform Guidance)?	<u>          </u> Yes	<u>  X  </u> No
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Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19: State and Local Fiscal Recovery Fund

Dollar threshold used to distinguish between type A and type B programs:	<u>  \$  750,000  </u>
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Auditee qualified as low-risk auditee?	<u>          </u> Yes	<u>  X  </u> No
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**TOWN OF SUMMERVILLE, SOUTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2023**

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**Section II – Current Year Financial Statement Findings**

**2023-001: ACCRUALS**

<b>Condition:</b>	For the year ended June 30, 2023, the Town did not properly accrue revenue related to capital reimbursements receivable. As a result, an audit adjustment of approximately \$704 thousand was required to properly report accounts receivable and related revenue in the Midtown TIF Fund.
<b>Criteria:</b>	The Town should have appropriate internal controls in place to ensure that revenues are properly recognized when earned.
<b>Context/Effect:</b>	As noted above, accounts receivable and related revenues were initially misstated. The misstatements were corrected when brought to the attention of management.
<b>Cause:</b>	The error was the result of management oversight.
<b>Recommendation:</b>	We recommend that the Town develop and implement appropriate internal controls to ensure that all revenues are properly recorded to the appropriate accounting period.
<b>Response:</b>	The Town agrees with this finding and will ensure accruals are properly reported in the future.

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**Section III Findings – Federal Award Findings and Questioned Costs – Major Federal Awards Programs Audit**

No matters to report.

**TOWN OF SUMMERVILLE, SOUTH CAROLINA**

**CORRECTIVE ACTION PLAN**

**YEAR ENDED JUNE 30, 2023**

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**Finding:** 2023-001

**Contact Person:** Rhonda Moore, Director of Finance, [rmoore@summerville.sc.gov](mailto:rmoore@summerville.sc.gov)

**Corrective Action:** The Town will implement additional controls to ensure accruals are properly reported.

**Proposed Completion Date:** June 30, 2024

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