



# THE TOWN OF LANE

## BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

Year Ended December 31, 2021

**TOWN OF LANE, SOUTH CAROLINA**  
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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Town Council  
Town of Lane, South Carolina

### **Opinions**

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lane, South Carolina, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of the Town of Lane, South Carolina and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose

of expressing an opinion on the effectiveness of the Town of Lane, South Carolina's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Lane, South Carolina's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

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

Accounting principles generally accepted in the United States of America require that budgetary comparison – General Fund, schedule of the proportionate share of the net pension liability and schedule of contributions, as listed in the foregoing table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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 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. My opinion on the basic financial statements is not affected by this missing information.

#### ***Other Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lane, South Carolina's basic financial statements. The schedules of revenues, expenses, and changes in net position - budget and actual - proprietary fund - water and sewer fund and of fines, assessments and surcharges on pages 34 and 35 are presented for the purpose of additional analysis and are not a required part of the financial statements. The schedule of fines, assessment and surcharges is required by the State of South Carolina.

The schedules of revenues, expenses, and changes in net position - budget and actual - proprietary fund - water and sewer fund and fines, assessments and surcharges are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 my opinion, the schedule of fines, assessments and surcharges is 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*, I have also issued my report dated December 30, 2022, on my consideration of the Town of Lane, South Carolina's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Lane, South Carolina's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Lane, South Carolina's internal control over financial reporting and compliance.

*Samantha Salisbury*

Moncks Corner, South Carolina  
December 30, 2022

**TOWN OF LANE, SOUTH CAROLINA**

**STATEMENT OF NET POSITION**

December 31, 2021

|  | Primary Government         |                             |                     |
|--|----------------------------|-----------------------------|---------------------|
|  | Governmental<br>Activities | Business-type<br>Activities | Total               |
| <b>ASSETS</b>                                |                            |                             |                     |
| Cash and cash equivalents                    | \$ 11,126                  | \$ 18,000                   | \$ 29,126           |
| Receivables                                  |                            |                             |                     |
| Property taxes                               | 99,578                     | -                           | 99,578              |
| Customer                                     | -                          | 18,951                      | 18,951              |
| Other  | 183                        | 2,959                       | 3,142               |
| Less allowance for doubtful accounts         | (7,953)                    | (5,102)                     | (13,055)            |
| Prepaid expenses                             | 3,073                      | 321                         | 3,394               |
| Restricted assets                            |                            |                             |                     |
| Cash and cash equivalents                    | 78,013                     | 65,321                      | 143,334             |
| Capital assets                               |                            |                             |                     |
| Nondepreciable                               | 267,912                    | 1,294,528                   | 1,562,440           |
| Depreciable, net of accumulated depreciation | 233,167                    | -                           | 233,167             |
| Total Assets                                 | <u>\$ 685,099</u>          | <u>\$ 1,394,978</u>         | <u>\$ 2,080,077</u> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>        |                            |                             |                     |
| Deferred pension charges                     | <u>57,029</u>              | <u>12,672</u>               | <u>69,701</u>       |
| <b>LIABILITIES</b>                           |                            |                             |                     |
| Accounts payable and accrued expenses        | 36,033                     | 857,256                     | 893,289             |
| Deferred revenue                             | -                          | 1,621                       | 1,621               |
| Customer deposits                            | -                          | 5,970                       | 5,970               |
| Unearned revenue                             | 34,935                     | -                           | 34,935              |
| Net pension liability                        | 197,785                    | 41,360                      | 239,145             |
| Noncurrent liabilities:                      |                            |                             |                     |
| Due within one year                          | 15,748                     | 500                         | 16,248              |
| Due in more than one year                    | 273,832                    | 615,412                     | 889,244             |
| Total Liabilities                            | <u>558,333</u>             | <u>1,522,119</u>            | <u>2,080,452</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>         |                            |                             |                     |
| Deferred pension credits                     | <u>53,596</u>              | <u>9,113</u>                | <u>62,709</u>       |
| <b>NET POSITION</b>                          |                            |                             |                     |
| Net Investment in Capital Assets             | 223,039                    | 681,051                     | 904,090             |
| Restricted                                   | 14,215                     | 65,321                      | 79,536              |
| Unrestricted                                 | (107,055)                  | (869,954)                   | (977,009)           |
| Total Net Position                           | <u>\$ 130,199</u>          | <u>\$ (123,582)</u>         | <u>\$ 6,617</u>     |

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

**TOWN OF LANE, SOUTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2021

| Functions/Programs                         | Program Revenues |                      |                                    | Net (Expense) Revenue and Change in |                         |                          |
|--|------------------|----------------------|------------------------------------|-------------------------------------|-------------------------|--------------------------|
|  | Expenses         | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions    | Governmental Activities | Business-type Activities |
| Governmental Activities                    |                  |                      |                                    |                                     |                         |                          |
| General government                         | \$ 158,379       | \$ 69,993            | \$ -                               | \$ -                                | \$ (88,386)             | \$ -                     |
| Municipal court                            | 6,041            | -                    | -                                  | -                                   | (6,041)                 | -                        |
| Police                                     | 101,725          | 17,888               | -                                  | -                                   | (83,837)                | -                        |
| Public works                               | 70,609           | -                    | -                                  | -                                   | (70,609)                | -                        |
| Nondepartmental                            | 56,549           | -                    | -                                  | -                                   | (56,549)                | -                        |
| Total Governmental Activities              | 393,303          | 87,881               | -                                  | -                                   | (305,422)               | -                        |
| Business-Type Activities                   |                  |                      |                                    |                                     |                         |                          |
| Water and sewer                            | 122,053          | 122,244              | -                                  | -                                   | -                       | 191                      |
| Total Business-type Activities             | 122,053          | 122,244              | -                                  | -                                   | -                       | 191                      |
| Total Government                           | \$ 515,356       | \$ 210,125           | \$ -                               | \$ -                                | (305,422)               | 191                      |
| General Revenues                           |                  |                      |                                    |                                     |                         |                          |
| Property taxes and local option sales tax  |                  |                      |                                    |                                     | 197,326                 | -                        |
| Unrestricted intergovernmental revenue     |                  |                      |                                    |                                     | 170,571                 | -                        |
| Other                                      |                  |                      |                                    |                                     | 1,485                   | -                        |
| Transfers in (out)                         |                  |                      |                                    |                                     | 20,000                  | (20,000)                 |
| Total general revenues and transfers       |                  |                      |                                    |                                     | 389,382                 | (20,000)                 |
| Change in net position                     |                  |                      |                                    |                                     | 83,960                  | (19,809)                 |
| Net Position - beginning of year, restated |                  |                      |                                    |                                     | 46,239                  | (103,773)                |
| Net Position - ending                      |                  |                      |                                    |                                     | \$ 130,199              | \$ (123,582)             |

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

**TOWN OF LANE, SOUTH CAROLINA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
December 31, 2021

|   | <u>General</u>    | <u>American<br/>Recovery<br/>Program</u> | <u>Victims<br/>Assistance</u> | <u>Total</u>      |
|---|-------------------|--|-------------------------------|-------------------|
| <b>ASSETS</b>   |                   |  |                               |                   |
| Cash and cash equivalents                                 | \$ 11,126         | \$ -                                     | \$ -                          | \$ 11,126         |
| Receivables   |                   |  |                               |                   |
| Property taxes, less allowance for<br>doubtful accounts   | 91,625            | -  | -                             | 91,625            |
| Other   | 183               | -  | -                             | 183               |
| Prepaid expenses  | 3,074             | -  | -                             | 3,074             |
| Cash and cash equivalents, restricted                     | 14,215            | 57,965                                   | 5,833                         | 78,013            |
| Total Assets  | <u>\$ 120,223</u> | <u>\$ 57,965</u>                         | <u>\$ 5,833</u>               | <u>\$ 184,021</u> |
| <b>LIABILITIES, DEFERRED INFLOWS<br/>AND FUND BALANCE</b> |                   |  |                               |                   |
| Liabilities   |                   |  |                               |                   |
| Accounts payable  | 36,034            | -  | -                             | 36,034            |
| Unearned revenue  | 34,935            | -  | -                             | 34,935            |
| Total Liabilities   | <u>70,969</u>     | <u>-</u>                                 | <u>-</u>                      | <u>70,969</u>     |
| Deferred inflows  |                   |  |                               |                   |
| Unavailable property taxes                                | 9,061             | -  | -                             | 9,061             |
| Total Deferred Inflows                                    | <u>9,061</u>      | <u>-</u>                                 | <u>-</u>                      | <u>9,061</u>      |
| Fund balances   |                   |  |                               |                   |
| Unreserved, undesignated<br>reported in                   |                   |  |                               |                   |
| General Fund  | 22,905            | -  | -                             | 22,905            |
| Nonspendable  | 3,073             | -  | -                             | 3,073             |
| Restricted  | 14,215            | 57,965                                   | 5,833                         | 20,048            |
| Total Fund Balances                                       | <u>40,193</u>     | <u>57,965</u>                            | <u>5,833</u>                  | <u>103,991</u>    |
| Total Liabilities, Deferred Inflows and<br>Fund Balances  | <u>\$ 120,223</u> | <u>57,965</u>                            | <u>\$ 5,833</u>               | <u>\$ 184,021</u> |

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



**TOWN OF LANE, SOUTH CAROLINA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
December 31, 2021

|   |                 |                          |
|---|-----------------|--------------------------|
| Total fund balances of governmental funds   |                 | \$ 103,991               |
| Amounts reported for governmental activities in the Statement of Net Position are different because:  |                 |                          |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds, reported at original cost (\$629,440) less accumulated depreciation of (\$128,361)   |                 | 501,079                  |
| Net pension liability, deferred outflows of resources, and deferred inflows of resources related to the Town's participation in the State retirement plans are not recorded in the governmental funds, but are recorded in the Statement of Net Position. |                 | (194,352)                |
| Deferred inflows for delinquent property taxes deferred in the governmental funds because they will not be received within sixty days of year end.  |                 | 9,061                    |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds   |                 |                          |
| Notes payable   | (278,040)       |                          |
| Compensated absences  | <u>(11,540)</u> | <u>(289,580)</u>         |
| Net position of governmental activities.  |                 | <u><u>\$ 130,199</u></u> |

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

**TOWN OF LANE, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
Year Ended December 31, 2021

|  | General          | American<br>Recovery<br>Program | Victims<br>Assistance | Total             |
|--|------------------|---------------------------------|-----------------------|-------------------|
| <b>REVENUES</b>                                  |                  |                                 |                       |                   |
| Property taxes and lost property tax credit      | \$ 190,196       | \$ -                            | \$ -                  | \$ 190,196        |
| Licenses, permits and fees                       | 69,993           | -                               | -                     | 69,993            |
| Intergovernmental                                | 55,788           | 112,513                         | -                     | 168,301           |
| Police fines                                     | 17,888           | -                               | -                     | 17,888            |
| Other  | 1,485            | -                               | 2,270                 | 3,755             |
| Total Revenue                                    | <u>335,350</u>   | <u>112,513</u>                  | <u>2,270</u>          | <u>450,133</u>    |
| <b>EXPENDITURES</b>                              |                  |                                 |                       |                   |
| Current  |                  |                                 |                       |                   |
| General government                               | 139,236          | -                               | -                     | 139,236           |
| Municipal court                                  | 6,041            | -                               | -                     | 6,041             |
| Police   | 82,547           | -                               | -                     | 82,547            |
| Public works                                     | 68,569           | -                               | -                     | 68,569            |
| Nondepartmental                                  | -                | 54,548                          | 2,001                 | 56,549            |
| Debt Service                                     |                  |                                 |                       |                   |
| Principal  | 13,454           | -                               | -                     | 13,454            |
| Interest   | 7,435            | -                               | -                     | 7,435             |
| Capital Outlay                                   | 163,996          | -                               | -                     | 163,996           |
| Total Expenditures                               | <u>481,278</u>   | <u>54,548</u>                   | <u>2,001</u>          | <u>537,827</u>    |
| Excess (deficiency) of revenue over expenditures | <u>(145,928)</u> | <u>57,965</u>                   | <u>269</u>            | <u>(87,694)</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>            |                  |                                 |                       |                   |
| Long-term debt                                   | 138,741          | -                               | -                     | 138,741           |
| Transfer in (out)                                | (10,698)         | -                               | -                     | (10,698)          |
| Total other financing sources (uses)             | <u>128,043</u>   | <u>-</u>                        | <u>-</u>              | <u>128,043</u>    |
| Net changes in fund balances                     | (17,885)         | 57,965                          | 269                   | 40,349            |
| Fund Balances - beginning, restated              | <u>58,078</u>    | <u>-</u>                        | <u>5,564</u>          | <u>63,642</u>     |
| Fund Balances - ending                           | <u>\$ 40,193</u> | <u>\$ 57,965</u>                | <u>\$ 5,833</u>       | <u>\$ 103,991</u> |

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

**TOWN OF LANE, SOUTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2021**

Net changes in fund balances - total governmental funds \$ 71,047

Amounts reported for governmental activities in the statement of activities  
are different because:

Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

|                      |                 |         |
|----------------------|-----------------|---------|
| Capital outlay       | \$ 163,996      |         |
| Depreciation expense | <u>(16,891)</u> | 147,105 |

Long-term debt issued provides current financial resources to governmental funds, but incurring debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the payment of reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeds repayment.

|                               |               |           |
|-------------------------------|---------------|-----------|
| Long-term debt proceeds       | \$ (138,742)  |           |
| Long-term principal repayment | <u>13,554</u> | (125,188) |

Revenues reported in the statement of activities that do not provide current financial resources and therefore are not reported as revenues in the funds. 7,130

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 (15,096)

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 governmental funds. (1,038)

Changes in net position of governmental activities \$ 83,960

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

**TOWN OF LANE, SOUTH CAROLINA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
December 31, 2021

|   | <u>Water/Sewer</u>         |
|---|----------------------------|
| <b>ASSETS</b>                                   |                            |
| Current Assets                                  |                            |
| Cash and cash equivalents                       | \$ 18,000                  |
| Accounts receivables - net                      | 16,808                     |
| Prepaid expenses                                | 321                        |
| Total current assets                            | <u>35,129</u>              |
| Noncurrent Assets                               |                            |
| Restricted Assets                               |                            |
| Cash and cash equivalents                       | 65,321                     |
| Capital Assets                                  |                            |
| Land  | 8,000                      |
| Construction in progress                        | 1,286,528                  |
| Buildings and system                            | 22,421                     |
| Less accumulated depreciation                   | (22,421)                   |
| Total noncurrent assets                         | <u>1,359,849</u>           |
| Total Assets                                    | <u>1,394,978</u>           |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |                            |
| Deferred pension charges                        | <u>12,672</u>              |
| <b>LIABILITIES</b>                              |                            |
| Current Liabilities                             |                            |
| Accounts payable and accrued expenses           | 857,256                    |
| Deferred revenue                                | 1,621                      |
| Customer deposits                               | 5,970                      |
| Total current liabilities                       | <u>864,847</u>             |
| Noncurrent Liabilities                          |                            |
| Compensated absences                            | 2,435                      |
| Net pension liability                           | 41,360                     |
| Long-term debt                                  | 613,477                    |
| Total noncurrent liabilities                    | <u>657,272</u>             |
| Total Liabilities                               | <u>1,522,119</u>           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>            |                            |
| Deferred pension credits                        | <u>9,113</u>               |
| <b>NET POSITION</b>                             |                            |
| Invested in capital assets, net of related debt | 681,051                    |
| Restricted for capital projects                 | 65,321                     |
| Unrestricted                                    | (869,954)                  |
| Total Net Position                              | <u><u>\$ (123,582)</u></u> |

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

**TOWN OF LANE, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**FUND - NET POSITION - PROPRIETARY FUND**  
Year Ended December 31, 2021

|  | <u>Water/Sewer</u>         |
|--|----------------------------|
| <b>OPERATING REVENUES</b>                                |                            |
| Water fees   | \$ 105,466                 |
| Sewer fees   | 16,778                     |
| Total Operating Revenue                                  | <u>122,244</u>             |
| <b>OPERATING EXPENSES</b>                                |                            |
| Personnel  | 22,271                     |
| Employee benefits  | 11,168                     |
| Purchased services                                       | 74,939                     |
| Supplies and materials                                   | 1,633                      |
| Other operating expenses                                 | 7,298                      |
| Depreciation   | -                          |
| Total Operating Expenses                                 | <u>117,309</u>             |
| Operating income (loss)                                  | <u>4,935</u>               |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                  |                            |
| Interest expense   | (4,744)                    |
| Net nonoperating income (expenses)                       | <u>(4,744)</u>             |
| Income (loss) before capital contributions and transfers | 191                        |
| Capital contributions                                    | <u>-</u>                   |
| Income (loss) before transfers                           | 191                        |
| Transfers  |                            |
| Transfers in (out)                                       | 10,698                     |
| Total transfers  | <u>10,698</u>              |
| Change in net position                                   | 10,889                     |
| Total Net Position- Beginning of Year, restated          | <u>(134,471)</u>           |
| Total Net Position - Ending                              | <u><u>\$ (123,582)</u></u> |

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

**TOWN OF LANE, SOUTH CAROLINA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
Year Ended December 31, 2021

|  | <u>Water/Sewer</u>      |
|--|-------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                         |
| Cash receipts from customers and users   | \$ 121,587              |
| Payments to employees and benefits for services provided   | (36,381)                |
| Payments to suppliers for goods and services   | <u>(77,447)</u>         |
| Net cash provided by Operating Activities  | <u>7,759</u>            |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                      |                         |
| Proceeds on long-term debt   | 644,175                 |
| Payments on long-term debt   | (233,000)               |
| Construction of capital assets   | <u>(398,685)</u>        |
| Net cash provided(used) by Capital and Related Financing Activities                                  | <u>12,490</u>           |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>   |                         |
| Transfer in (out) to other fund  | <u>10,698</u>           |
| Net cash provided (used) by Noncapital Financing Activities  | <u>10,698</u>           |
| Net change in cash and cash equivalents  | 30,947                  |
| Cash and cash equivalents at beginning of year   | <u>52,374</u>           |
| Cash and cash equivalents at end of year   | <u><u>\$ 83,321</u></u> |
| <b>RECONCILIATION TO STATEMENT OF NET POSITION:</b>  |                         |
| Cash and cash equivalents  | \$ 18,000               |
| Restricted cash and cash equivalents   | <u>65,321</u>           |
| Total cash and cash equivalents  | <u><u>\$ 83,321</u></u> |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b> |                         |
|  | <u>Water/Sewer</u>      |
| Operating Income (Loss)  | \$ 4,935                |
| Adjustments to reconcile operating income to net cash provided by operating activities               |                         |
| Depreciation   | -                       |
| (Increase) decrease in:  |                         |
| Account receivables  | (7,043)                 |
| Prepaid expenses   | (14)                    |
| Deferred outflows  | 2,180                   |
| Increase (decrease) in:  |                         |
| Accounts payable   | 4,701                   |
| Accrued expenses and compensated absences payable  | 246                     |
| Customer deposits  | 785                     |
| Deferred revenue   | 961                     |
| Net pension liability  | (7,288)                 |
| Deferred inflows   | <u>8,296</u>            |
|  | <u><u>\$ 7,759</u></u>  |

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

**TOWN OF LANE, SOUTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**CUSTODIAL FUND - MUNICIPAL COURT ESCROW**  
December 31, 2021

|                                   | <u>Municipal Court</u> |
|-----------------------------------|------------------------|
| <b>ASSETS</b>                     |                        |
| Cash and cash equivalents         | \$ <u>2,822</u>        |
|                                   |                        |
| Total assets                      | <u><u>2,822</u></u>    |
|                                   |                        |
| <b>LIABILITIES</b>                |                        |
| Due to others                     | \$ <u>19</u>           |
|                                   |                        |
| Total liabilities                 | <u><u>19</u></u>       |
|                                   |                        |
| <b>Net Position</b>               |                        |
| Restricted                        |                        |
| Individuals and other governments | <u>2,803</u>           |
|                                   |                        |
| Total net position                | <u><u>\$ 2,803</u></u> |

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

**TOWN OF LANE, SOUTH CAROLINA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**CUSTODIAL FUND - MUNICIPAL COURT ESCROW**  
December 31, 2021

|                                | <u>Municipal Court</u>          |
|--------------------------------|---------------------------------|
| <b>ADDITIONS</b>               |                                 |
| Court fines                    | <u>\$          44,510</u>       |
|                                |                                 |
| Total additions                | <u><u>44,510</u></u>            |
| <br><b>DEDUCTIONS</b>          |                                 |
| Fees paid to other governments | 43,294                          |
| Other fees                     | <u>771</u>                      |
|                                |                                 |
| Total deductions               | 44,065                          |
|                                |                                 |
| Change in net position         | 445                             |
| <br><b>TOTAL NET POSITION</b>  |                                 |
| Beginning of the year          | 2,358                           |
| End of year                    | <u><u>\$          2,803</u></u> |

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



**TOWN OF LANE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2021

**NOTE 1 – ACCOUNTING POLICIES AND ORGANIZATION**

**A. Reporting Entity**

The Town was incorporated October 9, 1912 and operates under the Mayor-Council form of government and provides the following services: general government, municipal court, police, public works, nondepartmental, water and sewer, and community development. The Town complies with generally accepted accounting principles (GAAP).

A primary government or entity is financially accountable if it appoints a voting majority of the organization's governing body, including situations in which the voting majority consists of the primary entity's officials serving as required by law (e.g., employees who serve in an ex officio capacity on the component unit's board are considered appointments by the primary entity) and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary entity. The primary entity is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

An organization can provide a financial benefit to, or impose a financial burden on, a primary government in a variety of ways. The benefit or burden may result from legal entitlements or obligations, or it may be less formalized and exist because of decisions made by the primary government or agreements between the primary government and a component unit. If a primary government appoints a voting majority of an organization's officials or if the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or to impose specific financial burdens on, the primary government, the primary government is financially accountable for those organizations. An organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists: 1) The primary government is legally entitled to or can otherwise access the organization's resources. 2) The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization. 3) The primary government is obligated in some manner for the debt of the organization.

Based on the criteria, The Town has no reportable component units.

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Lane, South Carolina are discussed in subsequent sections of this Note. The remainders of the notes are organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended December 31, 2021.

**B. Basis of Presentation**

The Town's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and the fund financial statements which provide a more detailed level of financial information. The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained constant with legal and managerial requirements. There are three categories of funds in this reporting entity: governmental, proprietary and fiduciary.

Government-wide and Fund Financial Statements

The statement of net assets and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Town that

**TOWN OF LANE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2021

**NOTE 1 – ACCOUNTING POLICIES AND ORGANIZATION (Continued)**

are governmental and those that are considered business-type activities. Governmental activities are generally supported by taxes and other intergovernmental revenues and business-type activities are generally supported in whole or in part with charges for services.

The statement of net assets presents the financial condition of the governmental and business-type activities for the Town at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities and business-type activities. Direct expenses are those that specifically associate with a services, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the good or services offered by the program, grant and contributions that are restricted to meeting operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues and all taxes are presented as general revenues of the Town, with certain limited exceptions.

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 Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

The various fund categories and fund types presented in the financial statements are described below:

Governmental Funds

*General Fund*

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

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources other than major capital projects that are legally restricted to expenditures for certain purposes. Management has elected to show both of these funds as major funds.

*Victim's Assistance Fund and American Recovery Program*

Proprietary Fund

*Enterprise Funds*

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. In accordance with GASG Statement No. 20, the Town has elected to follow GASB statements issued after November 30, 1989, rather than the Financial Accounting Standards Board, in accounting for enterprise funds and business-type activities.

**TOWN OF LANE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2021

NOTE 1 – ACCOUNTING POLICIES AND ORGANIZATION (Continued)

*Water and Sewer Fund*

The Water and Sewer Fund is used to account for the activities of providing water and sewer services to the public and is reported as a major fund.

Fiduciary Funds (Not included in the government-wide statements)

Fiduciary funds account for assets held by the Town in trust for others. There are four basic types of fiduciary funds: 1) Pension Trust Funds; 2) Investment Trust Funds; 3) Private-Purpose Trust Funds; and 4) Custodial Funds. The Town has one fiduciary fund, a custodial fund. Custodial funds are used to report fiduciary activities that are not required to be reported as another fiduciary fund type.

*Municipal Court Escrow Fund*

**C. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar programs are recognized as revenues as soon as eligibility requirements imposed by the provider have been met.

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 measurable and available. Revenues are considered available when they are collected within the current period for soon enough thereafter to liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty 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 are recorded only when payment is due.

Custodial funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Property taxes, interest and rents associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the government.

**D. Assets, Liabilities, and Equity**

Deposits and Investments

The Town's cash and cash equivalents are considered cash on hand, demand deposits, and certificates of deposits.

Receivables and Payables

Activity between the funds is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding loans between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**TOWN OF LANE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2021

**NOTE 1 – ACCOUNTING POLICIES AND ORGANIZATION (Continued)**

In the government-wide statements, receivables consist of revenues earned at year-end and not yet received. In the fund financial statements, receivables consist of revenue accruals for grants in the governmental funds and revenues earned at year-end and not yet received in the enterprise fund.

Restricted Assets

Restricted assets include cash and investments that are legally restricted as to their use. Within the governmental funds, restricted cash is related to funds restricted for operating and/or capital grants.

Capital Assets

Capital assets which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets, with an initial cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following range of estimated useful lives by asset type:

|                            |          |                     |         |
|----------------------------|----------|---------------------|---------|
| Water/Sewer Lines          | 40 years | Vehicles            | 5 years |
| Buildings and improvements | 40 years | Equipment/Furniture | 5 years |

Upon disposal of capital assets, the related cost and accumulated depreciation are removed for the accounts with gains or losses on disposal reported currently.

Deferred Outflows of Resources

The Town reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its Statements of Net Position. The Town reported deferred outflows of resources due to its participation in the State Retirement Plans. These deferred pension charges either (1) recognized in the subsequent period as reduction of the net pension liability (which includes contributions made after the measurement date) or (2) amortized in a systemic and rational method as pension expense in future periods in accordance with GAAP.

Deferred Inflows of Resources

The Town's statement of net position and governmental fund balance sheet both report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). The Town will not recognize the related revenues until a future event occurs. The Town currently has two types

**TOWN OF LANE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2021

**NOTE 1 – ACCOUNTING POLICIES AND ORGANIZATION (Continued)**

of deferred inflow of resources: (1) The Town reports unavailable revenue from property taxes only in the governmental funds balance sheet; it is deferred and recognized as an inflow of resources in the period that the amounts become available. (2) The Town also reports deferred pension credits in its Statement of Net Position due to its participation in the State Retirement Plans. These deferred pension credits are amortized in a systemic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

**Compensated Absences**

It is the Town's policy to permit employees to accumulate a limited amount of earned, but unused vacation leave, which will be paid to employees upon separation from Town's service. Accumulated unpaid vacation leave pay is accrued when incurred in the government –wide and proprietary financial statements.

**Long-term Obligations**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets.

In the fund financial statements, governmental fund types recognize long-term debt as expenditure and other financing sources.

**Equity Classifications**

Net position in the government-wide and proprietary financial statements are classified as net investment in capital assets, net of related debt, restricted and unrestricted. Restricted net assets consist of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments or law through constitutional provisions or enabling legislation. Unrestricted net assets are all other net assets that do not meet the definition of "restricted".

The Town has adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In the fund financial statements, fund balance is reported in a hierarchy in any or all of the following five classifications: nonspendable; restricted; committed; assigned; and unassigned. Nonspendable fund balance cannot be spent because they are either *not in spendable form or legally or contractually required to be maintained intact*. Restricted fund balance can be spent only for *specific purposes stipulated by external parties or by law*. Committed fund balance can *only be used for specific purposes due to formal action of the Town's Council by ordinance*. Assigned fund balance is *constrained by the Mayor's intent to be used for specific purposes but is not restricted or committed*. Unassigned fund balance is *the residual classification for the general fund*.

When restricted and other fund balance resources are available for use, it is the Town's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

**E. Revenues, Expenditures, and Expenses**

**Property Tax**

Property taxes are levied in November of each year for property values assessed on December 31 of the preceding year. Taxes not remitted by January 15 of the following year are assessed penalties and interest until paid. Taxes not paid by March 15 are considered delinquent. Williamsburg County bills and collects property taxes for the Town.

**TOWN OF LANE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2021

**E. Revenues, Expenditures, and Expenses (continued)**

Operating Revenues and Expenses

Operating revenues and expenses for the proprietary fund are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

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

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

|  |  |
|--|--|
| Governmental Funds – By Character                | Current (further classified by function) |
| Proprietary Fund – By Operating and Nonoperating |  |
| Debt Service                                     |  |
| Capital Outlay                                   |  |

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses related to the use of economic resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual funds have been eliminated.

**F. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from estimates.

**G. Tax Abatement**

As of December 31, 2021, the Town did not have any tax abatement agreements, either entered into by the Town or other governments that exceeded the quantitative threshold for disclosure.

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

- A. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund-balances-total governmental funds and changes in net assets of governmental activities as reported in government-wide statement of activities. One element of that reconciliation states “That

**TOWN OF LANE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2021

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)**

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 governmental funds.” The details of this difference are as follows:

|   |                          |
|---|--------------------------|
| Compensated absences - current year   | \$ (11,540)              |
| Compensated absences - prior year   | <u>10,502</u>            |
| Net adjustment to increase net changes in fund balances-<br>total governmental funds to arrive at changes in net assets<br>of governmental activities | <u><u>\$ (1,038)</u></u> |

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Under the Mayor-Council form of government, the Town is required to adopt a fiscal year budget for the General Fund which itemizes estimated revenues and expenditures. The formal budgetary integration is employed as a management control device during the fiscal year. Original budgeted amounts may be amended by the Town Council; no amendments were made during the year.

**NOTE 4 – DEPOSITS AND INVESTMENTS**

**Deposits**

Custodial credit risk for deposits is the risk that, in the event of bank failure, the Town’s deposits might not be recovered. State statutes require that all deposits in financial institutions be fully collateralized, obligations of the U.S. Treasury and U.S. Agencies and instrumentalities, State of South Carolina or South Carolina local governments, valued at market or par, whichever is lower, less the amount of insurance (FDIC). Deposits of the Town on December 31, 2021 are fully insured.

Town of Lane restricted cash:

|  | Governmental<br>Activities | Business-type<br>Activities |
|--|----------------------------|-----------------------------|
| General Fund                               |                            |                             |
| Community support                          | \$ 157                     | \$ -                        |
| Municipal Building                         | 14,058                     | -                           |
| American Recovery Program                  | 57,965                     |                             |
| Victims Assistance                         | 5,833                      |                             |
| Water and Sewer Fund                       |                            |                             |
| Sewer repairs and maintenance              | -                          | 20,424                      |
| Sewer improvements                         | -                          | 44,897                      |
| Total restricted cash and cash equivalents | <u>\$ 78,013</u>           | <u>\$ 65,321</u>            |

**Investments**

The Town has no investments.

**TOWN OF LANE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2021

**NOTE 5 – RECEIVABLES**

Receivables as of year-end for the Town's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible amounts are as follows:

|                                       | General          | Other<br>Governmental | Enterprise       | Total             |
|---------------------------------------|------------------|-----------------------|------------------|-------------------|
| Receivables                           |                  |                       |                  |                   |
| Water/Sewer fees                      | \$ -             | \$ -                  | \$ 19,020        | \$ 19,020         |
| Property taxes                        | 99,578           | -                     | -                | 99,578            |
| Other                                 | 183              | -                     | 2,890            | 3,073             |
| Gross receivables                     | 99,761           | -                     | 21,910           | 121,671           |
| Less: Allowance for<br>uncollectibles | (7,953)          | -                     | (5,102)          | (13,055)          |
| Net receivables                       | <u>\$ 91,808</u> | <u>\$ -</u>           | <u>\$ 16,808</u> | <u>\$ 108,616</u> |

Credit risk for accounts receivable is concentrated as well because all the balances are receivables from individuals located within the same geographic region.

**NOTE 6 – CAPITAL ASSETS**

The Town's detailed capital asset records were destroyed by Hurricane Hugo. Capital Asset records include assets acquired after December 31, 2003.

A summary of the changes in the Town's capital assets for governmental activities is as follows:

|   | Balances<br>December 31, 2020 | Increases      | Decreases | Balances<br>December 31, 2021 |
|---|-------------------------------|----------------|-----------|-------------------------------|
| Capital assets not being depreciated:         |                               |                |           |                               |
| Land  | \$ 24,000                     | \$ -           | \$ -      | \$ 24,000                     |
| Construction in progress                      | 79,916                        | 163,996        | -         | 243,912                       |
| Total capital assets not<br>being depreciated | <u>103,916</u>                | <u>163,996</u> | <u>-</u>  | <u>267,912</u>                |
| Capital assets being depreciated:             |                               |                |           |                               |
| Buildings                                     | 275,617                       | -              | -         | 275,617                       |
| Land improvements                             | 27,600                        | -              | -         | 27,600                        |
| Equipment/furniture                           | 5,996                         | -              | -         | 5,996                         |
| Vehicles                                      | 52,316                        | -              | -         | 52,316                        |
| Total capital assets being<br>depreciated     | <u>361,529</u>                | <u>-</u>       | <u>-</u>  | <u>361,529</u>                |



**TOWN OF LANE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2021

**NOTE 6 – CAPITAL ASSETS (Continued)**

A summary of the changes in the Town's capital assets for governmental activities is as follows: (continued)

|   | Balance<br>12/31/2020 | Additions         | Deletions   | Balance<br>12/31/2021 |
|---|-----------------------|-------------------|-------------|-----------------------|
| Less, accumulated depreciation              |                       |                   |             |                       |
| Buildings                                   | (58,452)              | (7,584)           | -           | (66,036)              |
| Equipment                                   | (27,600)              | -                 | -           | (27,600)              |
| Infrastructure                              | (5,996)               | -                 | -           | (5,996)               |
| Vehicles                                    | (19,422)              | (9,307)           | -           | (28,729)              |
| Total accumulated depreciation              | <u>(111,470)</u>      | <u>(16,891)</u>   | <u>-</u>    | <u>(128,361)</u>      |
| Net assets being depreciated                | <u>250,058</u>        | <u>(16,891)</u>   | <u>-</u>    | <u>233,167</u>        |
| Governmental activities capital assets, net | <u>\$ 353,974</u>     | <u>\$ 147,105</u> | <u>\$ -</u> | <u>\$ 501,079</u>     |

|   | Balance<br>12/31/2020 | Additions         | Deletions   | Balance<br>12/31/2021 |
|---|-----------------------|-------------------|-------------|-----------------------|
| <b>Business-type Activities</b>             |                       |                   |             |                       |
| Non-Depreciable Assets                      |                       |                   |             |                       |
| Land  | \$ 8,000              | \$ -              | \$ -        | \$ 8,000              |
| Construction in progress                    | 355,498               | 891,071           | -           | 1,246,569             |
| Total assets not being depreciated          | <u>363,498</u>        | <u>891,071</u>    | <u>-</u>    | <u>1,254,569</u>      |
| Depreciable Assets:                         |                       |                   |             |                       |
| Water/Sewer System                          | 22,421                | -                 | -           | 22,421                |
| Total assets being depreciated              | <u>22,421</u>         | <u>-</u>          | <u>-</u>    | <u>22,421</u>         |
| Less, accumulated depreciation              |                       |                   |             |                       |
| Water/Sewer System                          | (22,421)              | -                 | -           | (22,421)              |
| Total accumulated depreciation              | <u>(22,421)</u>       | <u>-</u>          | <u>-</u>    | <u>(22,421)</u>       |
| Net assets being depreciated                | <u>-</u>              | <u>-</u>          | <u>-</u>    | <u>-</u>              |
| Governmental activities capital assets, net | <u>\$ 363,498</u>     | <u>\$ 891,071</u> | <u>\$ -</u> | <u>\$ 1,254,569</u>   |

Depreciation expense was charged to the function/programs of the Town as follows:

| <b>Governmental activities</b> |                  | <b>Business-type activities</b> |             |
|--------------------------------|------------------|---------------------------------|-------------|
| Administration                 | \$ 7,584         | Water                           | \$ -        |
| Police                         | 9,307            | Sewer                           | -           |
| Public works                   | -                |                                 | -           |
|                                | <u>\$ 16,891</u> |                                 | <u>\$ -</u> |

**TOWN OF LANE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2021

**NOTE 7 – LONG-TERM DEBT**

A summary of the changes in long-term liabilities for the year ended December 31, 2021, is as follows:

|  | Balances<br>12/31/2020 | Increases         | Decreases         | Balances<br>12/31/2021 |
|--|------------------------|-------------------|-------------------|------------------------|
| <b><u>Governmental Activities</u></b>      |                        |                   |                   |                        |
| Notes Payable                              | \$ 152,852             | \$ 138,742        | \$ 13,554         | \$ 278,040             |
| Compensated Absences                       | 10,502                 | 1,038             | -                 | 11,540                 |
|  | <u>\$ 163,354</u>      | <u>\$ 139,780</u> | <u>\$ 13,554</u>  | <u>\$ 289,580</u>      |
| <br><b><u>Business-type Activities</u></b> |                        |                   |                   |                        |
| Note Payable                               | \$ 233,000             | \$ 644,175        | \$ 233,000        | \$ 644,175             |
| Compensated Absences                       | 2,189                  | 246               | -                 | 2,435                  |
|  | <u>\$ 235,189</u>      | <u>\$ 644,421</u> | <u>\$ 233,000</u> | <u>\$ 646,610</u>      |

**Governmental Activities – Notes Payable**

The Town has an obligation to the Pinnacle bearing interest at 5.00% The loan is payable in monthly installments of \$1,741, including interest and is collateralized by the building

Principal and interest payments for the years following December 31, 2021, are as follows:

|              | <b><u>Principal</u></b> | <b><u>Interest</u></b> |
|--------------|-------------------------|------------------------|
| 2022         | 14,248                  | 6,641                  |
| 2023         | 14,977                  | 5,912                  |
| 2024         | 15,743                  | 5,146                  |
| 2025         | 16,549                  | 4,341                  |
| 2026         | 17,395                  | 3,494                  |
| 2027 to 2030 | 60,386                  | 4,973                  |
|              | <u>139,298</u>          | <u>30,507</u>          |

The Town has an interim loan obligation of \$138,742 to CoBank bearing interest at the weekly LIBOR Index with interest only payments and a maturity date of July 31, 2022. This obligation is a bridge loan for the Sewer Improvement and Municipal Building Project being funded through the United States Department of Agriculture – Rural Development grant and loan programs.

**Business-Type Activities – Note Payable**

The Town has an interim loan obligation of \$644,175 to CoBank bearing interest at the weekly LIBOR Index with interest only payments and a maturity date of July 31, 2022. This obligation is a bridge loan for the Sewer Improvement and Municipal Building Project being funded through the United States Department of Agriculture – Rural Development grant and loan programs.

**TOWN OF LANE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2021

**NOTE 8 – RETIREMENT PLAN DESCRIPTION**

The Town participates in the state of South Carolina’s retirement plans, which are administered by the South Carolina Public Benefit Authority (PEBA), which was created July 1, 2012. PEBA has an 11-member Board of Directors (“PEBA Board”), appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the pension systems and the trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the pension systems and services as co-trustee of the pension systems in conducting the review.

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

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the System’s Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits’ link on 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, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the Comprehensive Annual Financial Report of the state.

**Plan Descriptions**

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established 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 allowances and other benefits for employees of the state, its public-school districts and political subdivisions.

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 allowances and other benefits for police officers and firemen of the state, and its political subdivisions.

**Memberships**

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. Any employee member of the system with the 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

**TOWN OF LANE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2021

**NOTE 8 – RETIREMENT PLAN DESCRIPTION (Continued)**

property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a class Three member.

**Benefits**

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms with a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of the benefit terms for each system is presented.

**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 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 at 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 credited 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 reduced deferred annuity at age 55 with five or eight years of 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. 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 the 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 LANE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2021

NOTE 8 – RETIREMENT PLAN DESCRIPTION (Continued)

**Contributions**

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute or rates last adopted by the board are insufficient to maintain the amortization period set in statute, the board shall increase employer contribution rates as necessary.

After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding sources shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent, if contribution rates are decreased pursuant to this provision, and most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent.

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates to 9 percent for SCRS and 9.75 percent for PORS. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislature's ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced on year for each of the next 10 years to twenty-year amortization schedule.

Required employee contribution rates are as follows:

**SCRS**

9.00% of earnable compensation from January 1<sup>st</sup> through December 31<sup>st</sup>

**PORS**

9.75% of earnable compensation from January 1<sup>st</sup> through December 31<sup>st</sup>

Required employer contribution rates are as follows:

**SCRS**

15.41% of earnable compensation from January 1 – June 30

16.41% of earnable compensation from July 1 – December 31

Employee incidental death benefit of 0.15% of earnable compensation.

**PORS**

17.84% of earnable compensation from January 1 – June 30

18.84% of earnable compensation from July 1 – December 31

Employee incidental death benefit of 0.20% of earnable compensation.

**TOWN OF LANE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2021

**NOTE 8 – RETIREMENT PLAN DESCRIPTION (Continued)**

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

The June 30, 2021, total pension liability (TPL), net pension liability (NPL), and sensitivity information were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the actuarial valuations performed as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2021, using generally accepted actuarial principles.

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

|                            | <b>SCRS</b>                       | <b>PORS</b>                      |
|----------------------------|-----------------------------------|----------------------------------|
| Actuarial cost method      | Entry age                         | Entry age                        |
| Actuarial assumptions:     |                                   |                                  |
| Investment rate of return  | 7.25%                             | 7.25%                            |
| Projected salary increases | 3.0% to 12.5% (varies by service) | 3.5% to 9.5% (varies by service) |
| Includes inflation at      | 2.25%                             | 2.25%                            |
| Benefit adjustments        | lesser of 1% or \$500 annually    | lesser of 1% or \$500 annually   |

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

| Former Job Class  | Males                                 | Females                                 |
|---|---------------------------------------|---|
| General Employees and<br>Members of the General<br>Assembly | 2016 PRSC Males multiplied<br>by 100% | 2016 PRSC Females multiplied<br>by 111% |
| Public Safety, and<br>Firefighters                          | 2016 PRSC Males multiplied<br>by 125% | 2016 PRSC Females multiplied<br>by 111% |

**Net Pension Liability**

The net pension liability ("NPL") is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67 less the System's fiduciary net position. As of December 31, 2021 (measurement date of June 30, 2021), NPL amounts for the Town's proportionate share of the collective NPL for the SCRS (.000764%) and PORS (.002865%) are as follows:

**TOWN OF LANE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2021

NOTE 8 – RETIREMENT PLAN DESCRIPTION (Continued)

| <b>System</b> | <b>Total Pension Liability</b> | <b>Plan Fiduciary Net Position</b> | <b>Employers' Net Pension Liability</b> | <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b> |
|---------------|--------------------------------|------------------------------------|---|---|
| SCRS          | \$ 421,205                     | \$ 255,856                         | \$ 165,439                              | 60.7%   |
| PORS          | 248,813                        | 175,107                            | 73,706                                  | 70.4%   |

**Long-term Expected Rate of Return**

The long-term expected rate of return on pension plan investments is based upon 30-year capital market assumptions. The actuarial long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted in the beginning of the 2021 fiscal year of the Systems. For actuarial purposes, the long-term expected rate of return returns, along with the expected inflation rate, is calculated by weighting the expected real rates of return by the target allocation percentage and then adding expected actuarial, which is summarized in the table below:

| <b>Allocation/Expense</b>        | <b>Policy Target</b> | <b>Expected Arithmetic Real Rate of Return</b> | <b>Long Term Expected Portfolio Real Rate of Return</b> |
|----------------------------------|----------------------|--|---|
| Global Public Equity (1)         | 46.0%                | 6.87%  | 3.16%   |
| Bonds                            | 26.0%                | 0.27%  | 0.07%   |
| Private Equity (1), (2)          | 9.0%                 | 9.68%  | 0.87%   |
| Private Debt (2)                 | 7.0%                 | 5.47%  | 0.39%   |
| <b>Real Assets</b>               | <b>12.0%</b>         |  |   |
| Real Estate (2)                  | 9.0%                 | 6.01%  | 0.54%   |
| Infrastructure (2)               | 3.0%                 | 5.08%  | 0.15%   |
| Total Expected Return            | 100.0%               |  | 5.18%   |
| Inflation for Actuarial Purposes |                      |  | 2.25%   |
|                                  |                      |  | 7.43%   |

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

(2) Staff and Consultant will notify the Commission if Private Market assets exceed 25% of total assets.

(3) Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets. Hedge funds (including hedge funds used in the portable alpha implementation) are capped at 20% of total assets.

**TOWN OF LANE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2021

NOTE 8 – RETIREMENT PLAN DESCRIPTION (Continued)

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00 %. The projection of cash flows used to determine the discount rate assumed the contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on the provisions in the South Carolina State 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 total pension liability.

**Sensitivity Analysis**

The following table presents the collective net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.0 % lower (6.00 %) or 1.0% higher (8.00%) than the current rate.

**Sensitivity of the Town's Proportionate Share of Net Pension Liability to Changes  
in the Discount Rate**

| <u>System</u> | <u>1.00 % Decrease<br/>(6.00%)</u> | <u>Current Discount<br/>Rate (7.00%)</u> | <u>1.00% Increase<br/>(8.00%)</u> |
|---------------|------------------------------------|--|-----------------------------------|
| SCRS          | \$ 216,705                         | \$ 165,439                               | \$ 122,827                        |
| PORS          | 106,937                            | 73,706                                   | 46,484                            |

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources  
Related to the Retirement Plans**

For the year ended December 31, 2021, the Town recognized its proportionate share of collective pension expense of \$12,081 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total employer contributions of \$12,043 for a total of \$24,124 for the SCRS plan. For the year ended December 31, 2021, the Town recognized its proportionate share of collective pension expense of \$8,063 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total employer contributions of \$1,719 for a total of \$9,782 for the PORS plan.

On December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



**TOWN OF LANE, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2021

**NOTE 8 – RETIREMENT PLAN DESCRIPTION (Continued)**

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| <b>SCRS</b>   |   |  |
| Liability experience  | \$ 2,818                                      | \$ 223                                       |
| Assumption Changes  | 9,056   | -  |
| Investment experience   | 12,196  | 36,228                                       |
| Changes in proportion and differences between<br>Town contributions and proportionate share of<br>contributions | 26,617  | -  |
| Town contributions subsequent to the measurement date   | 7,435   | -  |
| Total   | <u>58,122</u>                                 | <u>36,451</u>                                |
| <b>PORS</b>   |   |  |
| Differences between expected and actual experience  | 2,507   | 230  |
| Assumption Changes  | 5,257   | -  |
| Investment experience   | 8,117   | 24,641                                       |
| Net difference between projected and actual earnings<br>on pension plan investments                             | -   | -  |
| Changes in proportion and differences between<br>Town contributions and proportionate share of<br>contributions | 3,133   | 1,387  |
| Town contributions subsequent to the measurement date   | 4,156   | -  |
| Total   | <u>23,170</u>                                 | <u>26,258</u>                                |
| <br>Total SCRS and PORS   | <br><u>\$ 81,292</u>                          | <br><u>\$ 62,709</u>                         |

The contributions subsequent to the measurement date to the SCRS and PORS, reported as deferred resources, will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at the measurement date:

| Fiscal Year | SCRS            | PORS            |
|-------------|-----------------|-----------------|
| 2022        | \$ 2,631        | \$ 4,706        |
| 2022        | (766)           | 2,838           |
| 2023        | 491             | 1,770           |
| 2024        | 444             | 486             |
|             | <u>\$ 2,800</u> | <u>\$ 9,800</u> |

TOWN OF LANE, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2021

NOTE 9 – COMMITMENTS AND CONTINGENCIES

In the normal course of operations, the Town receives funds from various state and federal grants. The grant programs are subject to audit by the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not considered to be material.

In October 2007, the Town entered into an agreement with the Williamsburg County Water and Sewer Authority for sewer and wastewater treatment service to residential and commercial customers within and without the Town limits based on the number of gallons of water sold from the Lane Water System to its customers, who are connected to the sewer system. The term of the agreement is for 20 years, renewable on the same terms for additional periods of 20 years. The Town will pay monthly a wholesale rate to the Authority for the sewer and wastewater treatment service based on a wholesale rate calculated annually of each year and effective on October 1 of each year. The Town shall establish a reserve account for the initial 3 years of the contract in the amount of \$30,000 from which the Authority will make monthly draws for the established costs. On December 31, 2019, the reserve account contained \$20,423.

In May 2019, the Town entered into an amended agreement with the United States Department of Agriculture (USDA) – Rural Development for Sewer Improvements and Municipal Services Building Project as a combination of the following: grant of \$3,867,800; and loan of \$2,718,000. The Town is required to provide funding of \$29,200. In June 2019, the Town entered into an agreement with the USDA – Rural Development for Extensions of the Town’s water mains on Heineman Road as a combination of the following: grant of \$286,400 and loan of \$593,000. The Town is required to provide funding of \$9,300. In July 2019, the Town entered into an agreement with USDA – Rural Development for a replacement police car in the amount of \$50,000; with a required match of \$16,700. As of December 31, 2021, the match for the police car had not been satisfied.

NOTE 10 – LITIGATION

The Town Council and Town Attorney are not aware of any pending litigations or claims that would materially affect the financial statements of the Town.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the auditor’s report, which is the date the financial statements were available to be issued. Management is unaware of any subsequent events requiring additional disclosure or changes in the financial statements.

NOTE 12 – BUSINESS-TYPE ACTIVITIES (WATER AND SEWER FUND) DEFICIT NET ASSETS

The Water and Sewer Fund of the Town has an overall deficit net position because of repairs and maintenance to the sewer system by Williamsburg County since 2014, Town Council continues to evaluate various options to restore it to a positive net position.

NOTE 13 – CORRECTION OF AN ERROR

The Sewer Project accounts payables at 12/31/20 were understated by \$193,869.

|  |                            |
|--|----------------------------|
|  | Water/Sewer Fund           |
| Water/Sewer Fund, as previously reported                   | \$ 59,398                  |
| Recognition of prior year accounts payable - sewer project | <u>(193,869)</u>           |
| Water/Sewer Net Position, as restated                      | <u><u>\$ (134,471)</u></u> |

**TOWN OF LANE, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
Year Ended December 31, 2021

|   | Original<br>Budget | Final<br>Budget  | Actual           | Variance         |
|---|--------------------|------------------|------------------|------------------|
| <b>REVENUES</b>                                     |                    |                  |                  |                  |
| Property taxes and lost property tax credit         | \$ 196,160         | \$ 196,160       | \$ 190,195       | \$ (5,965)       |
| Licenses, permits, and fees                         | 64,576             | 64,576           | 69,993           | 5,417            |
| Intergovernmental                                   | 26,728             | 26,728           | 55,789           | 29,061           |
| Fines and forfeitures                               | 16,851             | 16,851           | 17,888           | 1,037            |
| Other   | 26,023             | 26,023           | 1,485            | (24,538)         |
| Total Revenue                                       | <u>330,338</u>     | <u>330,338</u>   | <u>335,350</u>   | <u>5,012</u>     |
| <b>EXPENDITURES</b>                                 |                    |                  |                  |                  |
| Current   |                    |                  |                  |                  |
| General government                                  | 143,019            | 143,019          | 139,236          | (3,783)          |
| Municipal court                                     | 6,200              | 6,200            | 6,041            | (159)            |
| Police  | 83,535             | 83,535           | 82,547           | (988)            |
| Public works  | 53,149             | 53,149           | 68,569           | 15,420           |
| Nondepartmental                                     | -                  | -                | -                | -                |
| Debt Service  |                    |                  |                  |                  |
| Principal   | 15,000             | 15,000           | 13,454           | (1,546)          |
| Interest  | 17,052             | 17,052           | 7,435            | (9,617)          |
| Capital Outlay                                      | -                  | -                | 163,996          | 163,996          |
| Total Expenditures                                  | <u>317,955</u>     | <u>317,955</u>   | <u>481,278</u>   | <u>163,323</u>   |
| Excess (deficiency) of revenue over<br>expenditures | <u>12,383</u>      | <u>12,383</u>    | <u>(145,928)</u> | <u>(158,311)</u> |
| <b>OTHER FINANCING SOURCES (USES)</b>               |                    |                  |                  |                  |
| Interim financing                                   | -                  | -                | 138,742          | 138,742          |
| Transfer in   | -                  | -                | (10,698)         | (10,698)         |
| Total other financing sources (uses)                | <u>-</u>           | <u>-</u>         | <u>128,044</u>   | <u>128,044</u>   |
| Net change in fund balances                         | 12,383             | 12,383           | (17,884)         | (30,267)         |
| Fund Balance - beginning                            | <u>58,077</u>      | <u>58,077</u>    | <u>58,077</u>    | <u>-</u>         |
| Fund Balance - ending                               | <u>\$ 70,460</u>   | <u>\$ 70,460</u> | <u>\$ 40,193</u> | <u>\$ -</u>      |

The budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States.

See Independent Auditor's Report.

**TOWN OF LANE, SOUTH CAROLINA**  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -  
SOUTH CAROLINA RETIREMENT SYSTEM  
Year Ended December 31, 2021

|   | Year Ended December 31, |            |            |            |            |            |
|---|-------------------------|------------|------------|------------|------------|------------|
|   | 2021                    | 2020       | 2019       | 2018       | 2017       | 2016       |
| <b>South Carolina Retirement System</b>                                     |                         |            |            |            |            |            |
| Town's proportion of the net pension liability (asset)                      | 0.000764%               | 0.000711%  | 0.000559%  | 0.000551%  | 0.000551%  | 0.000577%  |
|   |                         |            |            |            |            | 0.000578%  |
| Town's proportionate share of the net pension liability (asset)             | \$ 165,439              | \$ 181,620 | \$ 127,667 | \$ 123,571 | \$ 124,039 | \$ 123,246 |
|   |                         |            |            |            |            | \$ 109,620 |
| Town's covered-employee payroll   | \$ 88,904               | \$ 84,714  | \$ 67,234  | \$ 57,057  | \$ 56,742  | \$ 55,661  |
|   |                         |            |            |            |            | \$ 54,876  |
| Town's proportionate share of the net pension liability (asset)             | 186.09%                 | 214.39%    | 189.88%    | 216.57%    | 218.60%    | 221.42%    |
| as a percentage of its covered-employee payroll.                            |                         |            |            |            |            | 199.76%    |
| Plan fiduciary net position as a percentage of the total pension liability. | 60.70%                  | 50.70%     | 54.04%     | 54.10%     | 53.30%     | 52.90%     |
|   |                         |            |            |            |            | 57.00%     |
| <b>Police Officers Retirement System</b>                                    |                         |            |            |            |            |            |
| Town's proportion of the net pension liability (asset)                      | 0.002865%               | 0.00279%   | 0.00289%   | 0.00278%   | 0.00235%   | 0.00277%   |
|   |                         |            |            |            |            | 0.00280%   |
| Town's proportionate share of the net pension liability (asset)             | \$ 73,706               | \$ 92,677  | \$ 82,932  | \$ 78,814  | \$ 64,489  | \$ 70,184  |
|   |                         |            |            |            |            | \$ 61,026  |
| Town's covered-employee payroll   | \$ 44,119               | \$ 42,036  | \$ 41,424  | \$ 41,741  | \$ 36,622  | \$ 30,757  |
|   |                         |            |            |            |            | \$ 35,419  |
| Town's proportionate share of the net pension liability (asset)             | 167.06%                 | 220.47%    | 200.20%    | 188.82%    | 176.09%    | 228.19%    |
| as a percentage of its covered-employee payroll.                            |                         |            |            |            |            | 172.30%    |
| Plan fiduciary net position as a percentage of the total pension liability. | 70.40%                  | 58.80%     | 62.70%     | 61.70%     | 60.90%     | 60.40%     |
|   |                         |            |            |            |            | 64.60%     |

Notes to Schedule:

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

Until a full 10-year trend is compiled, the City will present the information for those years which information is available.

See Independent Auditor's Report.

**TOWN OF LANE, SOUTH CAROLINA**  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REQUIRED CONTRIBUTIONS TO  
THE SOUTH CAROLINA RETIREMENT SYSTEM  
Year Ended December 31, 2021

|  | Year Ended December 31, |           |           |           |           |           |           |
|--|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
|  | 2021                    | 2020      | 2019      | 2018      | 2017      | 2016      | 2015      |
| <b>South Carolina Retirement System</b>                              |                         |           |           |           |           |           |           |
| Contractually required contribution                                  | \$ 14,153               | \$ 13,054 | \$ 10,063 | \$ 8,029  | \$ 7,145  | \$ 6,214  | \$ 5,945  |
| Contributions in relation to the contractually required contribution | 14,153                  | 13,054    | 10,063    | 8,029     | 7,145     | 6,214     | 5,945     |
| Contribution deficiency (excess)                                     | \$ -                    | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| Covered-employee payroll   | \$ 84,714               | \$ 84,714 | \$ 67,234 | \$ 57,057 | \$ 56,742 | \$ 55,661 | \$ 54,876 |
| Contributions as a percentage of covered-employee payroll            | 16.71%                  | 15.41%    | 14.97%    | 14.07%    | 12.59%    | 11.16%    | 10.83%    |
| Required contribution rate at year-end                               | 16.41%                  | 15.41%    | 15.41%    | 14.41%    | 13.41%    | 11.41%    | 10.91%    |
| <b>Police Officers Retirement System</b>                             |                         |           |           |           |           |           |           |
| Contractually required contribution                                  | \$ 8,091                | \$ 7,499  | \$ 7,188  | \$ 6,996  | \$ 5,585  | \$ 4,171  | \$ 4,668  |
| Contributions in relation to the contractually required contribution | 7,499                   | 7,499     | 7,188     | 6,996     | 5,585     | 4,171     | 4,668     |
| Contribution deficiency (excess)                                     | \$ 592                  | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| Covered-employee payroll   | \$ 44,119               | \$ 42,036 | \$ 41,424 | \$ 41,741 | \$ 36,622 | \$ 30,757 | \$ 35,419 |
| Contributions as a percentage of covered-employee payroll            | 18.34%                  | 17.84%    | 17.35%    | 16.76%    | 15.25%    | 13.56%    | 13.18%    |
| Required contribution rate at year-end                               | 18.84%                  | 17.84%    | 17.84%    | 16.84%    | 15.84%    | 13.84%    | 13.34%    |

Notes to Schedule:

The City implemented GASB #68/71 during the year ended December 31, 2015.  
Until a full 10-year trend is compiled, the City will present the information for those years which information is available.

**TOWN OF LANE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND - NET POSITION -**  
**BUDGET AND ACTUAL - PROPRIETARY FUND - WATER AND SEWER**  
Year Ended December 31, 2021

|  | Original<br>Budget  | Final<br>Budget     | Actual              | Variance         |
|--|---------------------|---------------------|---------------------|------------------|
| <b>REVENUES</b>                              |                     |                     |                     |                  |
| Water sales                                  | \$ 82,000           | \$ 82,000           | \$ 103,966          | \$ 21,966        |
| Sewer sales                                  | 15,000              | 15,000              | 16,778              | 1,778            |
| Other fees                                   | 4,300               | 4,300               | 1,500               | (2,800)          |
| Total Revenue                                | <u>101,300</u>      | <u>101,300</u>      | <u>122,244</u>      | <u>20,944</u>    |
| <b>EXPENSES</b>                              |                     |                     |                     |                  |
| <b>Water</b>                                 |                     |                     |                     |                  |
| Personnel services                           | 32,494              | 32,494              | 33,439              | 945              |
| Operating expenses                           | <u>39,761</u>       | <u>39,761</u>       | <u>34,072</u>       | <u>(5,689)</u>   |
|  | <u>72,255</u>       | <u>72,255</u>       | <u>67,511</u>       | <u>(4,744)</u>   |
| <b>Sewer</b>                                 |                     |                     |                     |                  |
| Other expenses                               | <u>29,045</u>       | <u>29,045</u>       | <u>49,798</u>       | <u>20,753</u>    |
|  | <u>29,045</u>       | <u>29,045</u>       | <u>49,798</u>       | <u>20,753</u>    |
| Total Expenses                               | <u>101,300</u>      | <u>101,300</u>      | <u>117,309</u>      | <u>16,009</u>    |
| Excess (deficiency) of revenue over expenses | <u>-</u>            | <u>-</u>            | <u>4,935</u>        | <u>4,935</u>     |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                     |                     |                     |                  |
| Interest income (expense)                    | -                   | -                   | (4,744)             | (4,744)          |
| Transfer from/(to) general fund              | <u>-</u>            | <u>-</u>            | <u>10,698</u>       | <u>10,698</u>    |
| Total other financing sources (uses)         | <u>-</u>            | <u>-</u>            | <u>5,954</u>        | <u>5,954</u>     |
| Change in net position                       | -                   | -                   | 10,889              | 10,889           |
| Net Position - beginning                     | <u>(134,471)</u>    | <u>(134,471)</u>    | <u>(134,471)</u>    | <u>-</u>         |
| Net Position - ending                        | <u>\$ (134,471)</u> | <u>\$ (134,471)</u> | <u>\$ (123,582)</u> | <u>\$ 10,889</u> |

The budget is presented on the accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States.

**TOWN OF LANE, SOUTH CAROLINA**  
**SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES**  
**SPECIAL REVENUE FUND - VICTIMS ASSISTANCE**  
Year Ended December 31, 2021

Court Fines

|   |             |
|---|-------------|
| Court fines collected                       | \$ 16,911   |
| Court fines retained by the Town            | (16,911)    |
| Court fines remitted to the State Treasurer | <u>\$ -</u> |

Court Assessments, Surcharges and Pullouts

|   |                    |
|---|--------------------|
| Court assessments collected                       | \$ 16,420          |
| Court surcharges collected                        | 7,412              |
| Court pullouts collected                          | 305                |
| Court assessments remitted to the State Treasurer | <u>\$ 23,137</u> ♦ |

Victim Services

|  |                 |
|--|-----------------|
| Court assessments allocated to Victim Services           | \$ 2,270        |
| Court surcharges allocated to Victim Services            | -               |
| Victim Service expenditures                              | <u>(2,001)</u>  |
| Funds available for carry forward from prior year        | 5,564           |
| Funds available for carry forward at the end of the year | <u>\$ 5,833</u> |

♦ The Town retained \$1,000 to pay for the 2021 Audit of Fines, Assessments and Surcharges.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE**

To the Honorable Mayor and Members of Town Council  
Town of Lane, South Carolina

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

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

We have audited the Town of Lane, 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 December 31, 2021. 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 my opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Town's major federal programs for the year ended December 31, 2021.

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

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the Town and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My 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***

My 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 my 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 generally accepted auditing standards, *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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:



- 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 I considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit 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.

I am 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 I 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.

My 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 my audit, I did not identify any deficiencies in internal control over compliance that I 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.

My 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.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. I issued my report thereon dated December 30, 2022, which contained unmodified opinions on those financial statements. My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 my opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Samantha Salisbury*

Moncks Corner, South Carolina  
December 30, 2022

**TOWN OF LANE, SOUTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended December 31, 2021

| Federal Grantor/Pass-Through<br>Grantor/Program Title      | Federal<br>Assistance<br>Listing Number | Pass-through<br>Grantor's<br>Number | Passed through to<br>Subrecipients | Expenditures |
|--|---|-------------------------------------|------------------------------------|--------------|
| <b>United States Department of Agriculture</b>             |   |                                     |                                    |              |
| Direct Program   |   |                                     |                                    |              |
| Water and Waste Disposal Systems for Rural Communities     | 10.760                                  |                                     | -                                  | \$ 1,006,475 |
| Subtotal CFDA 10.760                                       |   |                                     | -                                  | 1,006,475    |
| <b>Total Department of Agriculture</b>                     |   |                                     |                                    | 1,006,475    |
| <b>United States Department of the Treasury -</b>          |   |                                     |                                    |              |
| Passed through South Carolina Department of Administration |   |                                     |                                    |              |
| Coronavirus State and Local Fiscal Recovery Funds          | 21.027                                  |                                     | -                                  | 54,547       |
| Subtotal CFDA 21.027                                       |   |                                     | -                                  | 54,547       |
| <b>Total Department of Treasury</b>                        |   |                                     | -                                  | 54,547       |
| <b>Total Expenditures of Federal Awards</b>                |   |                                     | \$ -                               | \$ 1,061,022 |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**TOWN OF LANE, SOUTH CAROLINA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2021**

1. General

The accompanying Schedule of Expenditures of federal awards presents the activity of all federal awards programs of the Town of Lane, South Carolina.. All federal awards received directly from federal agencies, as well, as federal awards passed through other governmental agencies, are included on the schedule.

2. Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

3. The Town elected not to use the 10% de minimus cost rate.

# TOWN OF LANE, SOUTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

### SECTION I SUMMARY OF AUDITOR'S RESULTS

#### **Financial Statements**

Type of auditor's report issued on whether the financial statements  
audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

\_\_\_ Yes \_\_\_ X No

Significant deficiencies identified not considered  
to be material weaknesses?

\_\_\_ Yes \_\_\_ X No

Noncompliance material to financial statements noted?

\_\_\_ Yes \_\_\_ X No

#### **Federal Awards**

Internal control over major programs:

Material weaknesses identified?

\_\_\_ Yes \_\_\_ X No

Significant deficiencies identified not considered  
to be material weaknesses?

\_\_\_ Yes \_\_\_ X No

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 Uniform Guidance?

\_\_\_ Yes \_\_\_ X No

Identification of major programs:

CFDA Number

10.760

21.027

Name of Federal Program or Cluster

**U.S. Department of Agriculture**

Water and Waste Disposal Systems for Rural Communities

**U.S. Department of the Treasury**

Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between  
Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_ Yes \_\_\_ X No

# **TOWN OF LANE, SOUTH CAROLINA**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

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### **SECTION II FINANCIAL STATEMENT FINDINGS**

None reported.

### **SECTION III FEDERAL AWARD FINDINGS AND RESPONSES**

None reported.

### **SECTION IV SCHEDULE OF PRIOR YEAR FINDINGS**

None reported.

*Samantha A. Salisbury, CPA*

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Fax: 843-576-5408  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS***

To the Honorable Mayor and Members of Town Council  
Town of Lane, South Carolina

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lane, South Carolina, (the "Town") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued my report thereon dated December 30, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Town's, internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, I 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.

My 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 have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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.

*Samantha Salisbury*

Moncks Corner, South Carolina  
December 30, 2022