

TOWN OF COTTAGEVILLE, SOUTH CAROLINA

GOVERNMENT-WIDE FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

YEAR ENDED JUNE 30, 2022

WITH
INDEPENDENT AUDITORS' REPORT

THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

501 STATE STREET

POST OFFICE BOX 5949

WEST COLUMBIA, SOUTH CAROLINA 29171

PHONE: (803) 739-3090

FAX: (803) 791-0834

INDEPENDENT AUDITORS' REPORT

Mayor Timothy A. Grimsley
Town of Cottageville, South Carolina
23 Salley Ackerman Drive
Cottageville, South Carolina 29435

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cottageville, South Carolina (the "Town") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Schedule of Court Fines, Fees, Assessments and Surcharges is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Court Fines, Fees, Assessments and Surcharges are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

The Brittingham Group LLP

West Columbia, South Carolina
May 25, 2023

The governmental activities of the Town include administration, police, municipal court, and interest on long-term debt.

The government-wide financial statements include the Town, also known as the primary government. There were no component units to be included with the Town's basic financial statements. The government-wide financial statements are listed on pages 11 - 12 of this document.

Fund financial statements. A fund is a grouping of related accounts that is used to exercise control over resources that have been segregated for specific activities. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town are categorized as Governmental funds.

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

Because the focus of governmental funds is narrower than the focus of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all funds since the Town has elected to treat all funds as major. The Town adopts an annual operating and capital budget for the General fund.

The basic governmental fund financial statements are listed on pages 13 - 17 of this document.

Notes to the financial statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are listed on pages 18 - 33 of this document.

Other information. In addition to the basic financial statements and accompanying notes, the report also represents certain other required supplementary information and other supplemental information.

The following tables present a summary of the Town's net position as of June 30, 2022 and June 30, 2021:

**Town of Cottageville's Condensed Statement of Net Position
June 2022**

	Governmental Activities
Current and other assets	\$ 459,747
Capital assets	583,682
Deferred outflows of resources	213,091
Total assets and deferred outflows of resources	<u>1,256,520</u>
Long-term liabilities outstanding	1,124,282
Other liabilities	143,655
Deferred inflows of resources	183,523
Total liabilities and deferred inflows of resources	<u>1,451,460</u>
Net investment in capital assets	583,682
Restricted	42,912
Unrestricted	(821,534)
Total net position	<u><u>\$ (194,940)</u></u>

**Town of Cottageville's Condensed Statement of Net Position
June 2021**

	Governmental Activities
Current and other assets	\$ 594,874
Capital assets	647,959
Deferred outflows of resources	308,989
Total assets and deferred outflows of resources	<u>1,551,822</u>
Long-term liabilities outstanding	1,434,729
Other liabilities	155,848
Deferred inflows of resources	6,090
Total liabilities and deferred inflows of resources	<u>1,596,667</u>
Net investment in capital assets	647,959
Restricted	110,514
Unrestricted	(803,318)
Total net position	<u><u>\$ (44,845)</u></u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental activities. Governmental activities net position decreased \$150,095 during the current fiscal year. Governmental activities revenues show an increase when compared to the prior year and expenses show an increase when compared to the prior year. The increase in revenue is primarily due to receiving grant proceeds from the American Rescue Plan Act.

Governmental funds. The focus on the Town's governmental funds is to provide information on inflow, outflow and balances of spendable resources. Such information is useful in assessing the Town's financing requirements.

At the end of fiscal year 2022, the Town's governmental funds reported a combined ending fund balance of \$355,921. The Town's general fund reported an ending fund balance of \$322,040. The General Fund represents 90% of the total fund balance of all governmental funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

Selected variance between fiscal years 2022 and 2021 General Fund actual revenues were as follows:

• \$ 151,308	Charges for services increase	36.15 %	increase
• \$ 190,453	Grant revenues increase	100.00 %	increase

Total revenue increase was \$414,635, which is an increase of 53.02% compared to the prior year.

Charges for services and grant revenues are the principal reasons for the Governmental activity increase. Charges for services revenue increase is due to collecting more police fines during the fiscal year since the slowdown of the COVID-19 pandemic. Grant revenue increase was due to receiving grant proceeds from the American Rescue Plan Act.

Net of Accumulated Depreciation - 2022

	<u>Governmental Activities</u>
Land	\$ 5,000
Buildings and improvements	72,908
Equipment	252,055
Vehicles	<u>253,719</u>
Total	<u>\$ 583,682</u>

Debt Administration. At the end of fiscal year 2022, the Town of Cottageville had a debt installment agreement outstanding of \$544,613.

TOWN OF COTTAGEVILLE, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2022

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 301,251
Receivables	
State	92,810
Other	65,686
Capital assets:	
Non-depreciable	5,000
Depreciable, net	578,682
Total assets	<u>1,043,429</u>
Deferred outflows of resources	
Related to pensions	213,091
Total assets and deferred outflows of resources	<u>1,256,520</u>
Liabilities	
Accounts payable	81,832
Accrued payroll and other expenses	21,994
Accrued compensated absences	19,829
Long-term liabilities:	
Due within one year	20,000
Due in more than one year	524,613
Net pension liability	599,669
Total liabilities	<u>1,267,937</u>
Deferred inflows of resources	
Related to pensions	183,523
Total liabilities and deferred inflows of resources	<u>1,451,460</u>
Net position	
Net investment in capital assets	583,682
Restricted net position - expendable	
Seized Money	9,031
Restricted net position - expendable	
Victims assistance	33,881
Unrestricted - unfunded pension obligation	(570,101)
Unrestricted - other	(251,433)
Total net deficit	<u><u>\$ (194,940)</u></u>

See accompanying notes.

TOWN OF COTTAGEVILLE, SOUTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2022

	General	Special Revenue	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 301,251	\$ -	\$ 301,251
State revenue, receivable	92,810	-	92,810
Due from other funds	-	33,881	33,881
Other receivable	65,686	-	65,686
Total assets	<u>459,747</u>	<u>33,881</u>	<u>493,628</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	81,832	-	81,832
Accrued payroll and other liabilities	21,994	-	21,994
Due to other funds	33,881	-	33,881
Total liabilities	<u>137,707</u>	<u>-</u>	<u>137,707</u>
Fund balances			
Nonspendable	9,031	-	9,031
Restricted	-	33,881	33,881
Unassigned	313,009	-	313,009
Total fund balances	<u>322,040</u>	<u>33,881</u>	<u>355,921</u>
Total liabilities and fund balances	<u>\$ 459,747</u>	<u>\$ 33,881</u>	<u>\$ 493,628</u>

See accompanying notes.

TOWN OF COTTAGEVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2022

	General	Special Revenue	Total Governmental Funds
Revenues			
Licenses and permits	\$ 164,062	\$ -	\$ 164,062
Police fines	539,661	30,179	569,840
State shared revenues	232,317	-	232,317
Other	40,014	19	40,033
Total revenues	<u>976,054</u>	<u>30,198</u>	<u>1,006,252</u>
Expenditures			
General government	479,111	100,000	579,111
Police department	597,447	-	597,447
Municipal court	29,509	-	29,509
Debt service	65,568	-	65,568
Capital outlay	50,328	-	50,328
Total expenditures	<u>1,221,963</u>	<u>100,000</u>	<u>1,321,963</u>
Excess (deficit) of revenues over (under) expenditures	<u>(245,909)</u>	<u>(69,802)</u>	<u>(315,711)</u>
Other financing sources			
Grant proceeds	190,453	-	190,453
Total other financing sources	<u>190,453</u>	<u>-</u>	<u>190,453</u>
Net change in fund balance	<u>(55,456)</u>	<u>(69,802)</u>	<u>(125,258)</u>
Fund balance, beginning of year	<u>377,496</u>	<u>103,683</u>	<u>481,179</u>
Fund balance, end of year	<u>\$ 322,040</u>	<u>\$ 33,881</u>	<u>\$ 355,921</u>

See accompanying notes.

OTHER FINANCIAL INFORMATION

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

Mayor Timothy A. Grimsley
Town of Cottageville, South Carolina
23 Salley Ackerman Drive
Cottageville, South Carolina 29435

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Cottageville, South Carolina (the "Town"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated May 25, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.