

Town of Iva, South Carolina

**Annual Financial Statements
For the Year Ended June 30, 2018**

TOWN OF IVA, SOUTH CAROLINA

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YEAR ENDED JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

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To the Town Council
Town of Iva, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Iva, South Carolina as of June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as list in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Iva, South Carolina, as of June 30, 2018, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the pension plan schedules, as listed in the 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Iva, South Carolina's basic financial statements. The budgetary comparison schedule – proprietary fund and schedule of fines, assessments, surcharges and other fees – for state treasurer requirements are presented for purposes of additional analysis and are not a required part of the financial statements.

The budgetary comparison schedule – proprietary fund and the schedule of fines, assessments, surcharges and other fees – for state treasurer requirements are the responsibility of management and were 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 our opinion, the budgetary comparison schedule – proprietary fund and the schedule of fines, assessments, surcharges and other fees – for state treasurer requirements are fairly stated in all material respects in relation to the basic financial statements as a whole.



Seneca, South Carolina
October 1, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF IVA, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

The management of the Town of Iva ("Town") offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018 ("FY 2018" or "2018") compared to the fiscal year ended June 30, 2017 ("FY 2017" or "2017"). The intent of this management's discussion and analysis ("MD&A") is to look at the Town's financial performance as a whole. Readers are encouraged to not only consider the information presented here, but also the information provided in the financial statements, the notes to the financial statements, the required supplementary information, and the supplementary information to enhance their understanding of the Town's overall financial performance.

FINANCIAL HIGHLIGHTS

Management believes the Town's general fund is in fair financial condition. However, the water and sewer fund is in very serious condition. The following are key financial highlights:

- The total government-wide net position at the close of the most recent fiscal year was \$3,125,406. The entire balance is restricted.
- The government-wide net position decreased by \$193,938 or 6%.
- Long term debt decreased by \$15,940 or 1%.
- The total assets of the governmental funds were exceeded by liabilities by \$37,779.
- The governmental fund balances decreased by \$21,513, or 132%.
- The governmental revenues were \$1,208,657 which was less than governmental expenditures of \$1,332,829.
- The proprietary funds reported a decrease in net position of \$189,814.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide a broad overview of the Town's finances in a manner similar to private businesses. The statements provide both short-term and long-term information about the Town's financial position. All assets and liabilities of the Town are included in the Statement of Net Position.

The *Statement of Net Position* presents information on all the Town's assets and liabilities with the difference between the two being reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information showing how the Town's net position changed over the most recent fiscal year. All changes to net position are reported at the time that the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. This statement also focuses on both the gross and net costs of the various functions of the Town, based only on direct functional revenues and expenses. This is designed to show the extent to which the various functions depend on general revenues for support.

TOWN OF IVA, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

The activities of the Town are presented in two columns on these statements – governmental activities and business-type activities. A total column for the Town is also provided. The governmental activities include the Town's basic services including general government and public safety. Taxes, licenses, permits and charges for services generally support these activities. The business-type activities include private sector type activities such as the Town's water and sewer system and the cemetery. These activities are primarily supported by user charges and fees.

Fund Financial Statements

These statements provide more detailed information about the Town's most significant funds – not the Town as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements as well as for managerial control to demonstrate fiduciary responsibility over the assets of the Town. Traditional fund financial statements are presented for governmental funds and proprietary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating the Town's near-term financing requirements. Since the governmental fund financial statements focus on near-term spendable resources, while the governmental activities on the government-wide financial statements have a longer-term focus, a reconciliation of the differences between the two is provided with the fund financial statements.

Proprietary funds – Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The enterprise fund financial statements are prepared on the same long-term focus as the government-wide financial statements. The enterprise funds provide the same information as the government-wide financial statements, only with more detail.

Notes to the financial statements – The notes to the financial statements provide information that is essential to the full understanding of the data provided in the government-wide and fund financial statements and should be read with the financial statements.

Other information – Governments have an option of including the budgetary comparison statements for the General Fund and major Special Revenue Funds as either part of the fund financial statements within the basic financial statements or as required supplementary information after the notes to the financial statements. The Town has chosen to present these budgetary statements as part of the required supplementary information.

TOWN OF IVA, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables and analysis discuss the financial position and changes to the financial position for the Town as a whole as of and for the year ended June 30, 2018 and June 30, 2017.

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position for the Town. The combined net position (governmental activities and business-type activities) exceeded liabilities by \$3,125,406 at the close of the most recent year.

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current assets	\$152,123	\$88,941	\$86,728	\$60,236	\$238,851	\$149,177
Restricted assets	-	-	2,552	4,203	2,552	4,203
Capital assets	1,302,368	1,264,418	4,708,181	4,831,091	6,010,549	6,095,509
Total assets	<u>1,454,491</u>	<u>1,353,359</u>	<u>4,797,461</u>	<u>4,895,530</u>	<u>6,251,952</u>	<u>6,248,889</u>
Deferred Outflows of Resources	312,360	367,805	6,527	12,850	318,887	380,655
Current liabilities	189,902	105,207	818,457	706,516	1,008,359	811,723
Non-current liabilities	1,001,823	1,201,543	1,240,588	1,270,220	2,242,411	2,471,763
Total liabilities	<u>1,191,725</u>	<u>1,306,750</u>	<u>2,059,045</u>	<u>1,976,736</u>	<u>3,250,770</u>	<u>3,283,486</u>
Deferred Inflows of Resources	187,911	23,075	6,752	3,639	194,663	26,714
Net position:						
Invested in capital assets, net of related debt	1,038,263	1,008,828	3,503,650	3,594,355	4,541,913	4,603,183
Restricted	4,323	4,925	2,552	4,203	6,875	9,128
Unrestricted	<u>(655,371)</u>	<u>(622,414)</u>	<u>(768,011)</u>	<u>(670,553)</u>	<u>(1,423,382)</u>	<u>(1,292,967)</u>
Total net position	<u>\$387,215</u>	<u>\$391,339</u>	<u>\$2,738,191</u>	<u>\$2,928,005</u>	<u>\$3,125,406</u>	<u>\$3,319,344</u>

Total net position decreased 193,938 in fiscal year 2018. The governmental activities decreased \$4,124, while the business-type activities decreased \$189,814.

Net position reflects the Town's investment in capital assets (buildings, equipment, etc.) less any outstanding related debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The Town's investment in its capital assets must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The Town's net position represents \$6,875 of resources that are subject to external restrictions on how they may be used. Restricted net position totaled \$4,323 for governmental activities and \$2,552 for business-type activities. Unrestricted net position totaled (\$655,371) for governmental activities and (\$768,011) for business-type activities.

TOWN OF IVA, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Changes in Net position

The following table shows the revenues and expenses of the Town for the fiscal years ended June 30, 2018 and June 30, 2017.

	<u>Changes in Net position</u>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program revenues:						
Charges for services	\$179,332	\$187,129	\$587,272	\$573,793	\$766,604	\$760,922
Operating grants and contributions	251,386	220,000	-	-	251,386	220,000
Capital grants and contributions	28,336	1,200	33,270	609,171	61,606	610,371
General revenues:						
Property taxes	479,543	426,965	-	-	479,543	426,965
PILT/Franchise Fees	72,842	119,947	-	-	72,842	119,947
Miscellaneous	87,710	20,333	-	-	87,710	20,333
Hospitality income	54,603	55,862	-	-	54,603	55,862
Intergovernmental	54,895	56,232	-	-	54,895	56,232
Interfund Transfers	(46,091)	(64,895)	46,091	64,895	-	-
Unrestricted earnings	<u>10</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>9</u>
Total revenues	<u>1,162,566</u>	<u>1,022,782</u>	<u>666,633</u>	<u>1,247,859</u>	<u>1,829,199</u>	<u>2,270,641</u>
Expenses						
General government	453,523	372,639	-	-	453,523	372,639
Public safety	671,893	764,012	-	-	671,893	764,012
Recreation and Tourism	27,204	33,131	-	-	27,204	33,131
Interest	14,070	16,428	-	-	14,070	16,428
Water and Sewer	-	-	818,536	745,198	818,536	745,198
Cemetery	-	-	37,911	51,489	37,911	51,489
Total expenses	<u>1,166,690</u>	<u>1,186,210</u>	<u>856,447</u>	<u>796,687</u>	<u>2,023,137</u>	<u>1,982,897</u>
Change in Net Position	(4,124)	(163,428)	(189,814)	451,172	(193,938)	287,744
Net Position - Beginning	<u>391,339</u>	<u>554,767</u>	<u>2,928,005</u>	<u>2,476,833</u>	<u>3,319,344</u>	<u>3,031,600</u>
Net Position - Ending	<u>\$387,215</u>	<u>\$391,339</u>	<u>\$2,738,191</u>	<u>\$2,928,005</u>	<u>\$3,125,406</u>	<u>\$3,319,344</u>

Governmental activities

Governmental activities decreased the Town's net position by \$4,124. Key elements of this decrease were as follows:

- Charges for services were \$179,332
- Property tax and franchise tax revenues were \$552,385
- Capital grants were \$28,336

TOWN OF IVA, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Business-type activities

Business-type activities decreased the Town's net position by \$189,814 or 141%. The proprietary fund's key highlights for the fiscal year consisted of:

- Operating net loss of \$246,338
- Water and Sewer expenses decreased net position by \$818,536
- Charges for services increased by \$13,479.

Financial Analysis of the Town's Funds

As previously mentioned, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is a brief discussion of the financial highlights from the fund financial statements.

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

The Town's governmental funds reported a fund balance of (\$37,779), of which (\$42,102) is unassigned. The remainder of the fund balance of \$4,323 is restricted, nonspendable or assigned to indicate it is not available for new spending and consists of recreation and tourism.

The General Fund is the chief operating fund of the Town and accounts for many of the major functions of the government including general government and public safety. The fund balance decreased \$20,911 or 132% during the current fiscal year.

Proprietary funds – The Town's proprietary funds reported ending net position of \$2,738,191 at June 30, 2018. \$3,503,650 of net position is invested in capital assets, net of related debt. Funds restricted totaled \$2,552. Unrestricted net position had a deficit balance of (\$768,011) at June 30, 2018.

BUDGETARY HIGHLIGHTS

The Town's annual budget is the legally adopted expenditure control document of the Town. Budgetary comparison statements are included for the governmental and hospitality tax funds. These statements compare the original adopted budget, the final budget and the actual revenues and expenditures prepared on a budgetary basis. Amendments to the adopted budget may occur throughout the year in a legally permissible manner.

Budgetary comparison highlights for the General and Proprietary funds are as follows:

- General Fund revenues of \$1,154,054 exceeded budgeted revenues of \$989,685 by \$164,369 or 15%, while expenditures of \$1,279,252 exceeded budgeted expenditures of \$989,685 by \$289,567 or 23%. The increase in revenues is primarily due to a positive variance in property taxes, intergovernmental revenue, and licenses, permits and fees. Public safety expenditures accounted for approximately \$55,796 of the increase in expenditures.
- Hospitality Tax Fund revenues of \$54,603 was lower than budgeted revenues of \$59,500 by \$4,897 or 9%, while expenditures of \$49,642 were lower than budgeted expenditures of \$59,500 by \$9,858 or 17%
- Proprietary Funds revenue of \$587,272 was lower than budgeted revenues of \$711,750 by \$124,478 or 17%. Expenses of \$833,610 exceeded budgeted expenses of \$656,698 by \$171,912 or 21%.

TOWN OF IVA, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – The Town’s investment in capital assets for its governmental and business-type activities amounts to \$5,998,707 (net of accumulated depreciation.) This investment in capital assets includes buildings, furniture and fixtures, and vehicles.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 284,262	\$ 284,262	\$ 53,107	\$ 53,107	\$ 337,369	\$ 337,369
Construction in Progress	45,957	-	-	-	45,957	-
Buildings and Improvements	909,528	953,873	-	-	909,528	953,873
Vehicles and Equipment	62,621	26,283	-	-	62,621	26,283
Infrastructure	-	-	4,655,074	4,770,234	4,655,074	4,770,234
Total	\$ 1,302,368	\$ 1,264,418	\$ 4,708,181	\$ 4,823,341	\$ 6,010,549	\$ 6,087,759

Additional information on the Town’s capital assets can be found in Note 3 of the notes to the financial statements.

Debt administration – As of June 30, 2018, the Town had \$1,468,636 bonds payable and other debt payable for its government-wide activities. This is a decrease of \$15,940 over the previous year amount of \$1,484,576.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Bonds	\$ 195,689	\$ 156,761	\$ 1,204,531	\$ 1,228,986	\$ 1,400,220	\$ 1,385,747
Other Debt	68,416	98,829	-	-	68,416	98,829
Total	\$ 264,105	\$ 255,590	\$ 1,204,531	\$ 1,228,986	\$ 1,468,636	\$ 1,484,576

Additional information on the Town's long-term debt can be found in Note 4 of the notes to the financial statements.

Request for information

This financial report is designed to provide a general overview of the Town of Iva’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mayor, Town of Iva, PO Box 188, Iva, SC 29655.

GOVERNMENT - WIDE FINANCIAL STATEMENTS

TOWN OF IVA, SOUTH CAROLINA

STATEMENT OF NET POSITION

June 30, 2018

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Other Cash Deposits	\$ 13,777	\$ -	\$ 13,777
Taxes Receivable	7,358	-	7,358
Accounts Receivable	48,448	78,978	127,426
Due from Other Governments	82,540	-	82,540
Bond Issuance Costs	-	7,750	7,750
RESTRICTED ASSETS:			
Cash and Other Cash Deposits	-	2,552	2,552
CAPITAL ASSETS:			
Non - Depreciable	330,219	53,107	383,326
Depreciable	2,043,950	6,127,931	8,171,881
Less Accumulated Depreciation	(1,071,801)	(1,472,857)	(2,544,658)
TOTAL ASSETS	1,454,491	4,797,461	6,251,952
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	312,360	6,527	318,887
TOTAL DEFERRED OUTFLOWS OF RESOURCES	312,360	6,527	318,887
LIABILITIES			
Accounts Payable	25,200	744,050	769,250
Accrued Liabilities	164,702	29,045	193,747
Customers Deposits	-	45,362	45,362
NON-CURRENT LIABILITIES			
DUE WITHIN ONE YEAR:			
Bonds Payable	60,114	24,940	85,054
DUE IN MORE THAN ONE YEAR:			
Bonds Payable	203,991	1,179,591	1,383,582
Net Pension Liability	737,718	36,057	773,775
TOTAL LIABILITIES	1,191,725	2,059,045	3,250,770
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	187,911	6,752	194,663
TOTAL DEFERRED INFLOWS OF RESOURCES	187,911	6,752	194,663
NET POSITION			
Net Investment in Capital Assets	1,038,263	3,503,650	4,541,913
Restricted For:			
Recreation and Tourism	4,323	-	4,323
Sewer Improvements	-	2,552	2,552
Unrestricted	(655,371)	(768,011)	(1,423,382)
TOTAL NET POSITION	\$ 387,215	\$ 2,738,191	\$ 3,125,406

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

TOWN OF IVA, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

FUNCTION/PROGRAM ACTIVITIES	PROGRAM REVENUES				NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT:							
GOVERNMENTAL ACTIVITIES							
General Administration	\$ 453,523	\$ 122,331	\$ -	\$ -	\$ (331,192)	\$ -	\$ (331,192)
Public Safety	671,893	57,001	251,386	28,336	(335,170)	-	(335,170)
Recreation and Tourism	27,204	-	-	-	(27,204)	-	(27,204)
Interest on Long-Term Debt	14,070	-	-	-	(14,070)	-	(14,070)
TOTAL GOVERNMENTAL ACTIVITIES	1,166,690	179,332	251,386	28,336	(707,636)	-	(707,636)
BUSINESS-TYPE ACTIVITIES							
Water and Sewer Activity	818,536	538,275	-	33,270	-	(246,991)	(246,991)
Cemetery	37,911	48,997	-	-	-	11,086	11,086
TOTAL BUSINESS-TYPE ACTIVITIES	856,447	587,272	-	33,270	-	(235,905)	(235,905)
TOTAL PRIMARY GOVERNMENT	\$ 2,023,137	\$ 766,604	\$ 251,386	\$ 61,606	(707,636)	(235,905)	(943,541)
GENERAL REVENUES:							
Property Taxes, Levied for General Purposes					479,543	-	479,543
Hospitality Tax					54,603	-	54,603
Payments in Lieu of Taxes and Franchise Fees					72,842	-	72,842
Grants and Contributions not Restricted to Specific Programs					54,895	-	54,895
Interest Income					10	-	10
Interfund Transfer					(46,091)	46,091	-
Gain on Sale of Capital Assets					32,245	-	32,245
Miscellaneous					55,465	-	55,465
TOTAL GENERAL REVENUES, SPECIAL ITEMS AND TRANSFERS					703,512	46,091	749,603
CHANGE IN NET POSITION					(4,124)	(189,814)	(193,938)
NET POSITION - BEGINNING					391,339	2,928,005	3,319,344
NET POSITION - ENDING					\$ 387,215	\$ 2,738,191	\$ 3,125,406

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

FUND FINANCIAL STATEMENTS

TOWN OF IVA, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2018

	GENERAL FUND	SPECIAL REVENUE		TOTAL
		HOSPITALITY TAX FUND	VICTIM'S ASSISTANCE FUND	
ASSETS				
Cash and Other Cash Deposits	\$ 13,777	\$ -	\$ -	\$ 13,777
Taxes Receivable	7,358	-	-	7,358
Accounts Receivable	44,125	4,323	-	48,448
Due from Other Governments	82,540	-	-	82,540
TOTAL ASSETS	<u>\$ 147,800</u>	<u>\$ 4,323</u>	<u>\$ -</u>	<u>\$ 152,123</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Accounts Payable	25,200	-	-	25,200
Accrued Liabilities	164,702	-	-	164,702
TOTAL LIABILITIES	<u>189,902</u>	<u>-</u>	<u>-</u>	<u>189,902</u>
FUND BALANCES:				
Restricted For:				
Recreation and Tourism	-	4,323	-	4,323
Unassigned:	(42,102)	-	-	(42,102)
TOTAL FUND BALANCE	<u>(42,102)</u>	<u>4,323</u>	<u>-</u>	<u>(37,779)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 147,800</u>	<u>\$ 4,323</u>	<u>\$ -</u>	<u>\$ 152,123</u>

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

TOWN OF IVA, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2018

Fund balances - total governmental funds \$ (37,779)

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of the assets was \$2,374,169 and the accumulated depreciation was \$1,071,801. 1,302,368

The Town's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position. (613,269)

Long-term liabilities, debt and lease purchase obligations, are not due or payable in the current period and therefore are not reported as liabilities in the governmental funds. (264,105)

Net position of governmental activities \$ 387,215

TOWN OF IVA, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2018

	SPECIAL REVENUE			TOTAL
	GENERAL FUND	HOSPITALITY TAX FUND	VICTIM'S ASSISTANCE FUND	
REVENUES				
Property Taxes	\$ 479,543	\$ -	\$ -	\$ 479,543
Intergovernmental Revenue	334,617	-	-	334,617
Payment in Lieu of Taxes and Franchise Fees	72,842	-	-	72,842
Licenses, Permits and Fees	119,590	-	-	119,590
Fines and Forfeitures	31,166	-	-	31,166
Hospitality Income	-	54,603	-	54,603
Interest Income	10	-	-	10
Miscellaneous and Other	116,286	-	-	116,286
TOTAL REVENUES	<u>1,154,054</u>	<u>54,603</u>	<u>-</u>	<u>1,208,657</u>
EXPENDITURES				
CURRENT OPERATING:				
General Administration	397,074	-	-	397,074
Public Safety	638,796	-	3,935	642,731
Recreation and Tourism	125	27,079	-	27,204
DEBT SERVICE:				
Principal	120,741	19,494	-	140,235
Interest	11,001	3,069	-	14,070
Capital Expenditures	111,515	-	-	111,515
TOTAL EXPENDITURES	<u>1,279,252</u>	<u>49,642</u>	<u>3,935</u>	<u>1,332,829</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(125,198)	4,961	(3,935)	(124,172)
OTHER FINANCING SOURCES AND (USES)				
Interfund Transfers In	16,649	-	3,935	20,584
Interfund Transfers (Out)	(61,112)	(5,563)	-	(66,675)
Other Financing Sources	148,750	-	-	148,750
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>104,287</u>	<u>(5,563)</u>	<u>3,935</u>	<u>102,659</u>
NET CHANGE IN FUND BALANCES	(20,911)	(602)	-	(21,513)
FUND BALANCES - BEGINNING	(21,191)	4,925	-	(16,266)
FUND BALANCES - ENDING	<u>\$ (42,102)</u>	<u>\$ 4,323</u>	<u>\$ -</u>	<u>\$ (37,779)</u>

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

TOWN OF IVA, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds (21,513)

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

The governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, capital outlay expenditures that qualify as capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$65,121 was exceeded by capital asset additions of \$103,071 in the current period. 37,950

The issuance of long-term obligations provides current financial resources to government funds, but issuing debt or entering into lease purchase obligations also increases long-term liabilities in the Statement of Net Position. (148,750)

Repayment of bond principal (including refunding principal payments) is recognized in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. This amount is the total reduction in outstanding principal in the current year. 140,235

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. (12,046)

Change in net position of governmental activities \$ (4,124)

PROPRIETARY FUND FINANCIAL STATEMENTS

TOWN OF IVA, SOUTH CAROLINA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2018

	<u>UTILITY FUND</u>	<u>CEMETERY FUND</u>	<u>TOTAL</u>
ASSETS			
CURRENT ASSETS:			
Accounts Receivable, Net	\$ 78,978	\$ -	\$ 78,978
TOTAL CURRENT ASSETS	<u>78,978</u>	<u>-</u>	<u>78,978</u>
NON-CURRENT ASSETS:			
Bond Issuance Cost	7,750	-	7,750
RESTRICTED ASSETS:			
Cash and Other Cash Deposits	2,552	-	2,552
CAPITAL ASSETS:			
Land	53,107	-	53,107
Buildings	55,488	-	55,488
Vehicles	22,058	-	22,058
Water Lines and Facilities	5,972,618	-	5,972,618
Machinery and Equipment	65,927	11,840	77,767
Less Accumulated Depreciation	(1,461,017)	(11,840)	(1,472,857)
TOTAL CAPITAL ASSETS	<u>4,708,181</u>	<u>-</u>	<u>4,708,181</u>
TOTAL NON-CURRENT ASSETS	<u>4,718,483</u>	<u>-</u>	<u>4,718,483</u>
TOTAL ASSETS	<u>4,797,461</u>	<u>-</u>	<u>4,797,461</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	6,527	-	6,527
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>6,527</u>	<u>-</u>	<u>6,527</u>
LIABILITIES			
CURRENT LIABILITIES:			
Accounts Payable	744,050	-	744,050
Other Accrued Liabilities	29,045	-	29,045
Customer Deposits	45,362	-	45,362
TOTAL CURRENT LIABILITIES	<u>818,457</u>	<u>-</u>	<u>818,457</u>
NON-CURRENT LIABILITIES:			
Bonds Payable	1,204,531	-	1,204,531
Net Pension Liability	36,057	-	36,057
TOTAL LIABILITIES	<u>2,059,045</u>	<u>-</u>	<u>2,059,045</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	6,752	-	6,752
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,752</u>	<u>-</u>	<u>6,752</u>
NET POSITION			
Net Investment in Capital Assets	3,503,650	-	3,503,650
Restricted For:			
Sewer Improvements	2,552	-	2,552
Unrestricted:	(768,011)	-	(768,011)
TOTAL NET POSITION	<u>\$ 2,738,191</u>	<u>\$ -</u>	<u>\$ 2,738,191</u>

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

TOWN OF IVA, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2018

	<u>UTILITY FUND</u>	<u>CEMETERY FUND</u>	<u>TOTAL</u>
OPERATING REVENUES			
Water Sales and Sewer Charges	\$ 532,911	\$ -	\$ 532,911
Miscellaneous Income	5,364	-	5,364
Grave Opening and Closing	-	19,745	19,745
Sales of Graves and Markers	-	29,252	29,252
TOTAL OPERATING REVENUES	<u>538,275</u>	<u>48,997</u>	<u>587,272</u>
OPERATING EXPENSES			
Salaries, Wages and Employee Benefits	112,096	11,772	123,868
Contractual Services, Materials, Supplies and Other Expenses	535,173	26,139	561,312
Depreciation Expense	148,430	-	148,430
TOTAL OPERATING EXPENSES	<u>795,699</u>	<u>37,911</u>	<u>833,610</u>
OPERATING INCOME (LOSS)	<u>(257,424)</u>	<u>11,086</u>	<u>(246,338)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Expense	(22,837)	-	(22,837)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(22,837)</u>	<u>-</u>	<u>(22,837)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(280,261)	11,086	(269,175)
Capital Contribution	33,270	-	33,270
Transfers	57,177	(11,086)	46,091
CHANGE IN NET POSITION	(189,814)	-	(189,814)
NET POSITION - BEGINNING	<u>2,928,005</u>	<u>-</u>	<u>2,928,005</u>
NET POSITION - ENDING	<u>\$ 2,738,191</u>	<u>\$ -</u>	<u>\$ 2,738,191</u>

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

TOWN OF IVA SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2018

	<u>UTILITY FUND</u>	<u>CEMETERY FUND</u>	<u>TOTAL</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:			
CASH FLOWS FROM OPERATIONS:			
Receipts from Customers	\$ 519,533	\$ 48,997	\$ 568,530
Payments to Employees and Related Benefits	(81,190)	(11,772)	(92,962)
Payments to Suppliers	(449,879)	(26,139)	(476,018)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(11,536)</u>	<u>11,086</u>	<u>(450)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Interfund Transfers In	57,177	-	57,177
Interfund Transfers (Out)	-	(11,086)	(11,086)
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>57,177</u>	<u>(11,086)</u>	<u>46,091</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal Payments on Bond	(24,455)	-	(24,455)
Purchase of Capital Assets	(33,270)	-	(33,270)
Interest Paid	(22,837)	-	(22,837)
Grant Contribution	33,270	-	33,270
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(47,292)</u>	<u>-</u>	<u>(47,292)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,651)	-	(1,651)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>4,203</u>	<u>-</u>	<u>4,203</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,552</u>	<u>\$ -</u>	<u>\$ 2,552</u>
CLASSIFIED AS:			
Current Assets	\$ -	\$ -	\$ -
Restricted Assets	2,552	-	2,552
TOTALS	<u>\$ 2,552</u>	<u>\$ -</u>	<u>\$ 2,552</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
OPERATING INCOME (LOSS)	\$ (257,424)	\$ 11,086	\$ (246,338)
ADJUSTMENTS NOT AFFECTING CASH:			
Depreciation and Amortization	148,430	-	148,430
CHANGE IN ASSETS AND LIABILITIES:			
Accounts Receivable	(18,742)	-	(18,742)
Accounts Payable	82,699	-	82,699
Accrued Liabilities	26,647	-	26,647
Customer Deposits	2,595	-	2,595
Net Pension Liability	(5,177)	-	(5,177)
Deferred Pension Charges	6,323	-	6,323
Deferred Pension Credits	3,113	-	3,113
TOTAL ADJUSTMENTS	<u>245,888</u>	<u>-</u>	<u>245,888</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (11,536)</u>	<u>\$ 11,086</u>	<u>\$ (450)</u>

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

NOTES TO FINANCIAL STATEMENTS

TOWN OF IVA, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

The Town of Iva, South Carolina, (the Town), was incorporated in 1904. It is governed by a mayor and four council members who serve two-year terms. By South Carolina law, the Town operates under the mayor/council form of government.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. The Reporting Entity

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

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

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the Town having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the Town; and (c) issue bonded debt without approval by the Town. An entity has a financial benefit or burden relationship with the Town if, for example, any one of the following conditions exists: (a) the Town is legally entitled to or can otherwise access the entity’s resources, (b) the Town is legally obligated or has otherwise assumed the obligation to finance the deficits, or provide financial support to, the entity, or (c) the Town is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the Town’s financial statements to be misleading. Blended component units, although legally separate entities, are in substance, part of the government’s operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the Town.

Major Operations

The Town’s major governmental operations include: administrative and general, police, fire, municipal court, victims’ assistance, recreation and parks, hospitality, and streets and sanitation. In addition, the Town provides water and sewer operations through its utility fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the activities of the Town (the “Primary Government”). For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

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

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Proprietary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, includes property taxes, grants, and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. The government-wide financial statements are prepared using a different measurement focus from the manner in which the governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements and the governmental fund financial statements.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, hospitality taxes, accommodation taxes, fire protection fees and charges for services, fines and forfeitures, business licenses, franchise fees, intergovernmental revenues, external service reimbursements and interest associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period with the exception of certain reimbursement expenditure grants for which a twelve month availability period is generally used.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, lease purchase expenditures, capital lease expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. Proceeds of long-term debt, lease purchase obligations, and acquisitions under capital leases are reported as other financing sources. Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. When both restricted and unrestricted resources are available for use, it is the Town’s practice to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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

Governmental Fund Types are those through which most governmental functions of the Town are financed. The Town's expendable financial resources and related assets and liabilities (except for those accounted for in the Proprietary Fund) are accounted for through governmental funds. The governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. The Town's governmental funds and its major fund is as follows:

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

The **Hospitality Tax Fund, a special revenue fund and a budgeted fund**, is used to account for and report the financial resources received and disbursed related to the Town's 2% fee imposed on prepared food and beverage sales within the Town. These funds are restricted and thus can only be spent for tourism related expenditures.

The **Victims Assistance Fund, a special revenue fund**, is used to account for and report the financial resources received and disbursed related to the Town's Victim's Assistance activities. These funds are restricted and thus can only be spent for related expenditures.

Proprietary Fund Types are accounted for based on the economic resources measurement focus and use of the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The Town does not have any internal service funds and has one enterprise fund.

A proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are primarily charges for services and fees. Operating expenses for the enterprise fund includes the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting these general definitions are reported as non-operating revenues and expenses. The Town's only proprietary fund is as follows:

Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town has the following Enterprise Fund:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

The *Utility Fund, a major fund*, is used to account for the Town's water and sewer operations. This is a budgeted fund.

The *Cemetery Fund* is used to account for the Town's Cemetery operations.

C. Cash, Cash Equivalents, and Investments

The Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and money market mutual funds to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) and other non-money market mutual funds are reported as investments.

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

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. Receivables and Payables

During the course of its operations, the Town has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received as of year-end, balances of interfund amounts or payables have been recorded.

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts (if material). Trade receivables are comprised of amounts due from entities and individuals for a variety of types of fees, charges and services, including franchise fees, hospitality fees, sanitation, water, sewer, and other fees and charges.

E. Inventories and Prepaid Items

Inventories of materials, supplies, and gasoline are stated at average cost, which approximates market. The costs of inventories and prepaid items are accounted for using the consumption method (expensed when consumed).

F. Capital Assets

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. The Town's capitalization levels are \$5,000 on tangible personal property and \$25,000 on infrastructure assets. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

	<u>Years</u>
Buildings	20-50
Improvements	25-50
Equipment and Vehicles	5-10
Infrastructure	15-50

G. Compensated Absences

The Town accrues accumulated unpaid vacation when earned by the employee. However, all vacation must be used by the end of the fiscal year and cannot be carried over to the next year.

H. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. The portion applicable to the Proprietary Fund is also recorded in the Proprietary Fund financial statements. Bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the straight-line method (as it approximates the effective interest method) if material. Debt is reported net of applicable bond premiums and discounts.

In the governmental fund financial statements, bond premiums, discounts and bond issuance costs are recognized immediately. The face amount of debt, lease purchases, or capital leases issued is reported as other financing sources. Premiums received on issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

H. Accrued Liabilities and Long-Term Obligations (continued):

In general, payables and accrued liabilities that will be paid from the governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current financial resources. However, claims and judgments, debt, lease purchases, capital leases, compensated absences, and other related long-term liabilities that will eventually be paid from the governmental funds are not reported as a liability in the fund financial statements until due and payable.

I. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

J. Fund Balance

In accordance with GASB Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" ("GASB #54"), the Town classifies its governmental fund balances as follows:

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

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

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

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. Town Council formally granted the Town Administrator the right to make assignments of fund balance for the Town.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

J. Fund Balance (continued):

The Town generally uses restricted amounts first when both restricted and unrestricted (committed, assigned, and unassigned) fund balances are available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the Town generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

K. Net Position

Net position represents the difference between assets and deferred outflows (if any) and liabilities and deferred inflows (if any) in the statement of net position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one type of deferred outflow of resources, Deferred Pension Charges. This item is deferred and recognized as an outflow of resources (expense). These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one type of deferred inflow of resources, Deferred Pension Credits. This item is deferred and recognized as an inflow of resources (revenue) in the period for which it was intended to finance. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

M. Property Tax

Property taxes receivable represent current real and personal property as well as delinquent real and personal property taxes, less an allowance for amounts estimated to be uncollectible (if material). All property taxes receivable at year end, except those collected within 60 days, are recorded as deferred tax revenue and thus not recognized as revenue until collected in the governmental funds.

Property taxes are assessed and collected by Anderson County (“County”). The County generally levies its real property taxes in October based upon assessed valuations on January 1st of each year. Assessed values are established by the County Assessor, the County Auditor, and the South Carolina Department of Revenue and Taxation at various rates of 4 to 10.5 percent of the estimated market value. Real property and all personal property taxes other than vehicle property taxes attach as an enforceable lien on property as of January 16th. Taxes are levied and billed in October on all property other than vehicles and are payable without penalty until January 15th of the following year. Penalties are assessed on unpaid taxes on the following dates:

TOWN OF IVA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

M. Property Tax (continued):

January 15 th	3%
February 2 nd	an additional 7%
March 17 th	an additional 5%

After proper notification, the law requires "exclusive possession" of property necessary to satisfy the delinquent taxes. Properties with unpaid taxes are sold at a public auction during the month of October.

Vehicle property taxes attach a lien and are levied throughout the year depending on when the vehicle's license tag expires. The lien and collection date for motor vehicle taxes is the last day of the month in which the motor vehicle license expires.

N. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the governmental funds during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities. For budget purposes encumbrances and unused expenditure appropriations lapse at year end.

O. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

P. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The Town recognizes a net pension liability for its participation in the Plans, which represents the Town's proportionate share of the total pension liability over the fiduciary net position of the Plans, measured as of the Town's preceding fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.

Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Q. Fair Value

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

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

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

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

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

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

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

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

R. Comparative Data

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

TOWN OF IVA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 2 – DEPOSITS:

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits might not be recovered. The Town does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina.

Interest Rate Risk: The Town does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina.

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

Concentration of Credit Risk for Investments: The Town places no limit on the amount the Town may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

Certain deposits and investments of the Town are legally restricted for specified purposes. The major types of restrictions at June 30, 2018 were (a) those imposed by the revenue source (i.e. hospitality fees, grants, etc.).

TOWN OF IVA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 3 – CAPITAL ASSETS:

Capital asset activity for the Town’s governmental activities for the year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 284,262	\$ -	\$ -	\$ 284,262
Construction in Progress	-	45,957	-	45,957
Total Capital Assets not being Depreciated	<u>284,262</u>	<u>45,957</u>	<u>-</u>	<u>330,219</u>
Capital Assets being Depreciated:				
Buildings and Improvements	1,533,002	-	-	1,533,002
Equipment and Vehicles	491,723	57,114	(37,889)	510,948
Total Capital Assets being Depreciated	<u>2,024,725</u>	<u>57,114</u>	<u>(37,889)</u>	<u>2,043,950</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(579,129)	(44,345)	-	(623,474)
Equipment and Vehicles	(465,440)	(20,776)	37,889	(448,327)
Total Accumulated Depreciation	<u>(1,044,569)</u>	<u>(65,121)</u>	<u>37,889</u>	<u>(1,071,801)</u>
Total Capital Assets being Depreciated, Net	<u>980,156</u>	<u>(8,007)</u>	<u>-</u>	<u>972,149</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,264,418</u>	<u>\$ 37,950</u>	<u>\$ -</u>	<u>\$ 1,302,368</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 48,005
Public Safety	<u>17,116</u>
Total Depreciation Expense	<u>\$ 65,121</u>

TOWN OF IVA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 3 – CAPITAL ASSETS (CONTINUED):

Capital asset activity for the Town’s business-type activities for the year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets not being				
Depreciated:				
Land	\$ 53,107	\$ -	\$ -	\$ 53,107
Total Capital Assets not being Depreciated	<u>53,107</u>	<u>-</u>	<u>-</u>	<u>53,107</u>
Capital Assets being Depreciated:				
Buildings and Improvements	55,488	-	-	55,488
Equipment and Vehicles	99,825	-	-	99,825
Water Lines and Facilities	5,939,348	33,270	-	5,972,618
Total Capital Assets being Depreciated	<u>6,094,661</u>	<u>33,270</u>	<u>-</u>	<u>6,127,931</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(55,488)	-	-	(55,488)
Equipment and Vehicles	(99,824)	-	-	(99,824)
Water Lines and Facilities	(1,169,115)	(148,430)	-	(1,317,545)
Total Accumulated Depreciation	<u>(1,324,427)</u>	<u>(148,430)</u>	<u>-</u>	<u>(1,472,857)</u>
Total Capital Assets being Depreciated, Net	<u>4,770,234</u>	<u>(115,160)</u>	<u>-</u>	<u>4,655,074</u>
Business-Type Activities Capital Assets, Net	<u>\$ 4,823,341</u>	<u>\$ (115,160)</u>	<u>\$ -</u>	<u>\$ 4,708,181</u>

Capital asset depreciation expense for business-type activities were charged to functions/programs as follows:

Water and Sewer	\$ 148,430
Cemetery	<u>-</u>
Total Depreciation Expense	<u>\$ 148,430</u>

TOWN OF IVA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 4 – LONG-TERM OBLIGATIONS:

Revenue Bonds Payable

The Town may issue bonds to provide funds for the acquisition and construction of major capital facilities. Revenue bonds and directly related to and intended to be paid from proprietary funds of the primary government are included in the accounts of such funds. The revenue bonds are generally secured/collateralized by the gross revenues of the water system. The debt also requires various restricted accounts (i.e. debt service reserve, renewal and replacement, etc.) to be established and maintained by the Town.

Summarized below are the Town’s individual revenue bond issues (direct placement) that are outstanding as of June 30, 2018 and serviced by the Water and Sewer Fund and Hospitality Tax Fund:

Revenue Bonds

\$1,259,000 Series 2013 Waterworks and Sewer System Improvement Revenue Bonds dated March 2013 with monthly principal payments of approximately \$3,000 to \$4,000, plus interest at 1.875% due monthly through March 2053. \$ 1,204,531

\$168,000 Series 2011 Hospitality Tax Revenue Bonds dated June 2011 with monthly principal payments of approximately \$1,000 to \$2,000, plus interest at 5.75% due annually through June 2020. 45,438

Total Revenue Bonds Payable \$ 1,249,969

Interest expense on the revenue bonds totaled approximately \$26,000 for the year ended June 30, 2018.

The revenue bonds require the Town to maintain user rates sufficient to generate net revenues, as defined by the agreements, ranging from 100% to 120% of the annual principal and interest payments on the revenue bonds. The revenue bonds contain significant requirements for annual debt service, various restrictive covenants which requires the Town to maintain various restricted cash and investment accounts and to meet various other general requirements.

Future amounts required to pay principal and interest on revenue bonds outstanding at June 30, 2018 are as follows:

Fiscal Year	Governmental Activities			Business-Type Activities			Total
	Principal	Interest	Total	Principal	Interest	Total	Primary Government
2019	\$ 22,200	\$ 1,761	\$ 23,961	\$ 24,940	\$ 22,351	\$ 47,291	\$ 71,252
2020	23,238	723	23,961	25,412	21,880	47,292	71,253
2021	-	-	-	25,893	21,399	47,292	47,292
2022	-	-	-	26,382	20,910	47,292	47,292
2023	-	-	-	27,642	19,650	47,292	47,292
2024-2028	-	-	-	139,587	96,873	236,460	236,460
2029-2033	-	-	-	153,295	83,165	236,460	236,460
2034-2038	-	-	-	168,349	68,111	236,460	236,460
2039-2043	-	-	-	184,882	51,578	236,460	236,460
2044-2048	-	-	-	203,038	33,422	236,460	236,460
2049-2053	-	-	-	225,111	13,297	238,408	238,408
Total	<u>\$ 45,438</u>	<u>\$ 2,484</u>	<u>\$ 47,922</u>	<u>\$ 1,204,531</u>	<u>\$ 452,636</u>	<u>\$ 1,657,167</u>	<u>\$ 1,705,089</u>

TOWN OF IVA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 4 – LONG-TERM OBLIGATIONS (CONTINUED):

General Obligation Bonds

Summarized below are the Town’s individual general obligation bond issues (direct placement) that are outstanding as of June 30, 2018 and serviced by the General Fund:

General Obligation Bonds

\$150,000 Series 2013 General Obligation Bonds issued in March 2013, due in annual principal installments of approximately \$10,000 to \$21,000 beginning in April 2014 through April 2020, plus interest of 6.0% due annually. \$ 75,251

\$75,000 Series 2013 General Obligation Bonds issued in April 2018, due in annual principal installments of approximately \$8,000 to \$10,000 beginning in April 2019 through April 2028, plus interest of 5.0% due annually. 75,000

Total General Obligation Bonds \$ 150,251

Interest expense on the general obligation bonds totaled approximately \$8,700 for the year ended June 30, 2018.

Future amounts required to pay principal and interest on general obligation bonds outstanding at June 30, 2018 are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 27,174	\$ 6,085	\$ 33,259
2020	28,242	5,017	33,259
2021	29,374	3,885	33,259
2022	27,961	2,686	30,647
2023	8,515	1,232	9,747
2024-2028	<u>28,985</u>	<u>256</u>	<u>29,241</u>
Total	<u><u>\$ 150,251</u></u>	<u><u>\$ 19,161</u></u>	<u><u>\$ 169,412</u></u>

Other Long-Term Debt

Summarized below are the Town’s individual bank loans and tax anticipation notes (direct borrowing) that are outstanding as of June 30, 2018 and serviced by the General Fund:

Bank Loans and Tax Anticipation Notes

\$73,750 lease purchase agreement entered into December 2017 with monthly payments of \$1,188 beginning January 2018 through December 2023, with interest at 5.0%.
The proceeds of this loan were used to purchase a police vehicles. \$ 68,416

Total Bank Loans and Tax Anticipation Notes \$ 68,416

Interest expense on other long-term debt totaled approximately \$3,500 for the year ended June 30, 2018.

TOWN OF IVA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 4 – LONG-TERM OBLIGATIONS (CONTINUED):

Future amounts required to pay principal and interest on other long-term debt outstanding at June 30, 2018 are as follows:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2019	\$ 10,740	\$ 3,516	\$ 14,256
2020	11,280	2,976	14,256
2021	11,940	2,316	14,256
2022	12,420	1,836	14,256
2023	13,200	1,056	14,256
2024-2028	8,836	510	9,346
Total	\$ 68,416	\$ 12,210	\$ 80,626

Presented below is a summary of changes in long-term obligations for the Town’s governmental activities for the year ended June 30, 2018:

	Beginning Balance	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Governmental Activities:					
Revenue Bond Series 2011	\$ 64,932	\$ -	\$ (19,494)	\$ 45,438	\$ 22,200
General Obligation Bond Series 2013	91,829	-	(16,578)	75,251	17,799
General Obligation Bond Series 2018	-	75,000	-	75,000	9,375
Tax Anticipation Note	70,206	-	(70,206)	-	-
Bank Loan	28,623	73,750	(33,957)	68,416	10,740
Total Governmental Activities	\$ 255,590	\$ 148,750	\$ (140,235)	\$ 264,105	\$ 60,114

Presented below is a summary of changes in long-term obligations for the Town’s business-type activities for the year ended June 30, 2018:

	Beginning Balance	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Business - Type Activities:					
Revenue Bond Series 2013	\$ 1,228,986	\$ -	\$ (24,455)	\$ 1,204,531	\$ 24,940
Other Liabilities:					
Customer Deposits	42,767	2,595	-	45,362	-
Total Business Type Activities	\$ 1,271,753	\$ 2,595	\$ (24,455)	\$ 1,249,893	\$ 24,940

NOTE 5- RISK MANAGEMENT:

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Commercial insurance is carried for all these risks. Settled claims resulting from these risks have not exceeded the insurance coverage limits in any of the past three fiscal years.

TOWN OF IVA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 6 – PENSION PLAN:

The Town participates in the State of South Carolina’s retirement plans, which are administered by the South Carolina Public Employee Benefit Authority (“PEBA”), which was created July 1, 2012 and administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board of Directors as Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission (RSIC) as co-trustees of the Retirement Trust Funds.

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 value.

The PEBA issues a Comprehensive Annual Financial Report (“CAFR”) containing financial statements and required supplementary information for the Systems’ Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits’ link on the PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. The PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description

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

Plan Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below:

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two Member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a class Three member.

NOTE 6 – PENSION PLAN (CONTINUED):

- PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; 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.

Plan Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of benefit terms for each system is presented below:

- SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's credible service equals at least 90 years. Both Class Two and Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

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

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

NOTE 6 – PENSION PLAN (CONTINUED):

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the percentage in SCRS and PORS employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than ninety percent, then the PEBA 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 ninety percent. Any decrease in contribution rates must maintain the 2.9 and 5 percent differentials between the SCRS and PORS employer and employee contribution rates respectively. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than ninety percent, then effective on the following July first, and annually thereafter as necessary, the PEBA 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 90 percent

The Retirement System Funding and Administration Act increases employer contribution rates to 13.56 percent for SCRS and 16.24 percent for POR, effective July 1, 2017. It also removes the 2.9 percent and 5 percent differential and increases and establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation’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 one year for each of the next 10 years to a twenty year amortization schedule. The recent pension reform legislation also changes the long term funded ratio requirement from ninety to eighty-five.

- Required employee contribution rates (1) for the following fiscal years are as follows:

	Fiscal Year 2018	Fiscal Year 2017
SCRS		
Employee Class Two	9.00%	8.66%
Employee Class Three	9.00%	8.66%
PORS		
Employee Class Two	9.75%	9.24%
Employee Class Three	9.75%	9.24%

TOWN OF IVA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 6 – PENSION PLAN (CONTINUED):

- Required employer contributions rates (1) for the following fiscal years are as follows:

	Fiscal Year 2018	Fiscal Year 2017
SCRS		
Employer Class Two	13.41%	11.41%
Employer Class Three	13.41%	11.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	15.84%	13.84%
Employer Class Three	15.84%	13.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

(1) Calculated on earnable compensation as defined in Tile 9 of the South Carolina Code of Laws.

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process 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 as of July 1, 2015.

The June 30, 2017, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the plans’ fiscal year end, June 30, 2017, using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017, and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017.

The following table provides a summary of the actuarial assumptions and methods used to calculate TPL as of June 30, 2017.

	<u>SCRS</u>	<u>PORS</u>
	Entry Age	Entry Age
Actuarial cost method		
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases	3.5% to 12.5%	4.0% to 10.0%
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

TOWN OF IVA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 6 – PENSION PLAN (CONTINUED):

The post-retiree mortality assumption is dependent upon the member’s job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems’ mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016. Assumptions used in the July 1, 2017, valuations for SCRS and PORS are as follows:

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

Net Pension Liability of the Plan

The NPL is calculated separately for each system and represents that particular system’s total pension liability (TPL) determined in accordance with GASB No. 67 less that System’s fiduciary net position. NPL totals, as of June 30, 2017, for SCRS and PORS are as follows:

Plan	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$48,244,437,494	\$25,732,829,268	\$22,511,608,226	53.3%
PORS	\$7,013,684,001	\$4,274,123,178	\$2,739,560,823	60.9%

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems’ audited financial statements for the fiscal year ended June 30, 2017 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2017.

The TPL is calculated by the Systems’ actuary, and each plan’s fiduciary net position is reported in the Systems’ financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems’ notes to the financial statements and required supplementary information. Liability calculations performed by the Systems’ actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans’ funding requirements.

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 long-term expected rates of return represent assumptions developed using an arithmetic building block approach, primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

TOWN OF IVA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 6 – PENSION PLAN (CONTINUED):

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	45.0%		
Global Public Equity	31.0%	6.72%	2.08%
Private Equity	9.0%	9.60%	0.86%
Equity Options Strategies	5.0%	5.91%	0.30%
Real Assets	8.0%		
Real Estate (Private)	5.0%	4.32%	0.22%
Real Estate (REITs)	2.0%	6.33%	0.13%
Infrastructure	1.0%	6.26%	0.06%
Opportunistic	17.0%		
GTAA/Risk Parity	10.0%	4.16%	0.42%
Hedge Funds (non-PA)	4.0%	3.82%	0.15%
Other Opportunistic Strategies	3.0%	4.16%	0.12%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.92%	0.24%
Emerging Markets Debt	5.0%	5.01%	0.25%
Private Debt	7.0%	4.37%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.60%	0.16%
Cash and Short Duration (Net)	2.0%	0.92%	0.02%
Total Expected Real Return	100.0%		5.31%
Inflations for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.56%

Discount Rate

The discount rate used to measure the TPL was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the proportionate share of the NPL of the plans calculated using the discount rate of 7.25 percent, as well as what the Town’s NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	\$341,209	\$264,737	\$218,336
PORS	687,298	509,038	368,625

TOWN OF IVA, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2018

NOTE 6 – PENSION PLAN (CONTINUED):

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

At June 30, 2018, the Town reported a liability of \$737,718 #VALUE!for the governmental activities and \$36,057 for the business-type activities on the government wide financial statements for its proportionate share of the net pension liability. The NPL was measured as of June 30, 2017, and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date. The Town’s proportion of the NPL was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the Town’s proportion for SCRS was 0.001176%. The Town’s proportion for PORS was 0.01858% at June 30, 2017.

For the year ended June 30, 2018, the Town recognized pension expense of approximately \$124,000.

At June 30, 2018, the Town’s governmental activities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences between expected and actual experience	\$ 1,180	\$ 147
Changes in Assumptions	15,497	-
Net Difference between projected and actual earnings on pension plan investments	7,391	-
Deferred amounts from changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	-	49,430
Town’s contributions subsequent to the measurement date	23,857	-
Total SCRS	47,925	49,577
PORS		
Differences between expected and actual experience	4,539	-
Changes in Assumptions	48,312	-
Net Difference between projected and actual earnings on pension plan investments	18,139	-
Deferred amounts from changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	140,595	145,086
Town’s contributions subsequent to the measurement date	59,377	-
Total PORS	270,962	145,086
Total SCRS and PORS	\$ 318,887	\$ 194,663

TOWN OF IVA, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2018

NOTE 6 – PENSION PLAN (CONTINUED):

The amounts of \$23,857 and \$59,377 reported as deferred outflows of resources related to pensions resulting from Town governmental activities contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	SCRS Amount	PORS Amount	Amount
2019	\$ (16,416)	\$ 37,966	\$ 21,550
2020	(2,272)	42,836	40,564
2021	(3,939)	6,867	2,928
2022	(2,882)	(21,170)	(24,052)
2023	-	-	-
Thereafter	-	-	-
Total	\$ (25,509)	\$ 66,499	\$ 40,990

NOTE 7 – INTERFUND TRANSFERS:

Interfund Transfers

Interfund transfers for the year ended June 30, 2018, consisted of the following:

	Transfers In	Transfers Out
Primary Government		
By Fund:		
General Fund	\$ 16,649	\$ 61,112
Hospitality Tax Fund	-	5,563
Victim’s Fund	3,935	-
Water Sewer Fund	57,177	-
Cemetery Fund	-	11,086
Total Primary Government	\$ 77,761	\$ 77,761

NOTE 8 – CONTINGENT LIABILITIES AND COMMITMENTS:

Grants

The Town receives financial assistance from various federal, state, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the Town at June 30, 2018.

NOTE 9 – SUBSEQUENT EVENTS

Ordinance 2019-005

In June 2019, the Town Council of the Town of Iva has approved of the issuance of a waterworks and sewer system revenue bond, series 2019, not exceeding \$300,000.

Ordinance 2019-007

In June 2019, the Town Council of the Town of Iva has approved of the issuance of a Special Obligation Bond, series 2019, in the amount not exceeding \$200,000.

Pending Litigation

In December 2019, Anderson County sued the Town of Iva, alleging actions for breach of contract and quantum meruit for allegedly unpaid sewer billing. The Town responded, raising various legal and equitable defenses. In particular, well after entering into a contract to provide sewer transport services, the County improperly began to charge the Town a flat \$7,500 fee every month before transporting even one gallon of wastewater - in addition to charges purportedly based on subsequent usage. Progress in this case has been delayed as the result of the COVID-19 pandemic. Discovery has not been yet conducted.

NOTE 10. COVID-19 PANDEMIC IMPACTS

On January 30, 2020, the World Health Organization announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China, and in March 2020, classified the outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the outbreak continues to evolve as of the date of these financial statements. Management continues to actively monitor the impact from this health crisis on its financial condition, liquidity, operations, workforce and citizens. As local and federal governments recommend or mandate restrictions on business and travel in an effort to curb the pandemic by changing consumer behavior, the Town's revenues may be negatively impacted. Such restrictions are currently expected to be temporary; however, there is considerable uncertainty about their duration. Given the daily evolution of the pandemic, the Town cannot estimate the duration or gravity of its impact at this time. If the pandemic continues for a long period of time, it may have a material adverse effect on the Town's results of operations, net position/fund balance and liquidity for the year ended June 30, 2021.

REQUIRED SUPPLEMENTAL INFORMATION
OTHER THAN MD&A

TOWN OF IVA, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property Taxes	\$ 459,980	\$ 459,980	\$ 479,543	\$ 19,563
Intergovernmental Revenue	272,225	272,225	334,617	62,392
Payment in Lieu of Taxes and Franchise Fees	75,250	75,250	72,842	(2,408)
Licenses, Permits and Fees	93,950	93,950	119,590	25,640
Fines and Forfeitures	45,000	45,000	31,166	(13,834)
Interest Income	80	80	10	(70)
Miscellaneous and Other	43,200	43,200	116,286	73,086
Total Local Revenues	989,685	989,685	1,154,054	164,369
EXPENDITURES				
CURRENT OPERATING:				
General Administration	348,975	348,975	397,074	(48,099)
Public Safety	583,000	583,000	638,796	(55,796)
Recreation and Tourism	-	-	125	(125)
DEBT SERVICE:				
Principal	15,000	15,000	120,741	(105,741)
Interest	5,800	5,800	11,001	(5,201)
Capital Expenditures	36,910	36,910	111,515	(74,605)
TOTAL EXPENDITURES	989,685	989,685	1,279,252	(289,567)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(125,198)	(125,198)
OTHER FINANCING SOURCES AND (USES)				
Interfund Transfers In	-	-	16,649	16,649
Interfund Transfers (Out)	-	-	(61,112)	(61,112)
Other Financing Sources	-	-	148,750	148,750
TOTAL OTHER FINANCING SOURCES AND (USES)	-	-	104,287	104,287
NET CHANGE IN FUND BALANCES	-	-	(20,911)	(20,911)
FUND BALANCES - BEGINNING	(21,191)	(21,191)	(21,191)	-
FUND BALANCES - ENDING	\$ (21,191)	\$ (21,191)	\$ (42,102)	\$ (20,911)

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

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

TOWN OF IVA, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE - HOSPITALITY TAX FUND

YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Hospitality Tax	\$ 53,000	\$ 53,000	\$ 54,603	\$ 1,603
Contributions	6,500	6,500	-	(6,500)
TOTAL REVENUES	<u>59,500</u>	<u>59,500</u>	<u>54,603</u>	<u>(4,897)</u>
EXPENDITURES				
CURRENT OPERATING:				
Recreation and Tourism	35,500	35,500	27,079	8,421
DEBT SERVICE:				
Principal	17,000	17,000	19,494	(2,494)
Interest	7,000	7,000	3,069	3,931
Capital Expenditures	-	-	-	-
TOTAL EXPENDITURES	<u>59,500</u>	<u>59,500</u>	<u>49,642</u>	<u>9,858</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	4,961	4,961
OTHER FINANCING SOURCES AND (USES)				
Transfers	-	-	(5,563)	(5,563)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>-</u>	<u>-</u>	<u>(5,563)</u>	<u>(5,563)</u>
NET CHANGE IN FUND BALANCES	-	-	(602)	(602)
FUND BALANCES - BEGINNING	<u>4,925</u>	<u>4,925</u>	<u>4,925</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 4,925</u>	<u>\$ 4,925</u>	<u>\$ 4,323</u>	<u>\$ (602)</u>

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

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

TOWN OF IVA

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF TOWN CONTRIBUTIONS TO THE COST SHARING PENSION PLAN

JUNE 30, 2018

NOTE 1 – SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE SCRS AND PORS NET PENSION LIABILITY:

The Town's proportionate share of the net pension liability is as follows:

	SCRS			
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2016
Town's proportion of the net pension liability (asset)	0.001176%	0.001417%	0.001417%	0.001696%
Town's proportion share of the net pension liability (asset)	\$ 264,737	\$ 302,669	\$ 268,741	\$ 304,202
Town's covered payroll	\$ 163,573	\$ 101,989	\$ 101,202	\$ 138,274
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	161.85%	296.77%	265.55%	220.00%
Plan fiduciary net position as a percentage of the total pension liability	53.30%	52.90%	57.00%	59.90%

	PORS			
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2016
Town's proportion of the net pension liability (asset)	0.01858%	0.02699%	0.01771%	0.01404%
Town's proportion share of the net pension liability (asset)	\$ 509,038	\$ 684,518	\$ 386,054	\$ 290,962
Town's covered payroll	\$ 328,715	\$ 222,875	\$ 167,763	\$ 266,884
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	154.86%	307.13%	230.12%	109.02%
Plan fiduciary net position as a percentage of the total pension liability	60.90%	60.40%	64.60%	67.50%

The Town's contributions to the cost sharing pension plan was as follows:

	SCRS			
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2016
Contractually required contribution	\$ 23,857	\$ 18,909	\$ 11,280	\$ 11,031
Contributions in relation to the contractually required contribution	(23,857)	(18,909)	(11,280)	(11,031)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 175,937	\$ 163,573	\$ 101,989	\$ 101,202
Contributions as a percentage of covered payroll	13.56%	11.56%	11.06%	10.90%

	PORS			
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2016
Contractually required contribution	\$ 59,377	\$ 46,809	\$ 30,623	\$ 22,497
Contributions in relation to the contractually required contribution	(59,377)	(46,809)	(30,623)	(22,497)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 365,622	\$ 328,715	\$ 222,875	\$ 167,763
Contributions as a percentage of covered payroll	16.24%	14.24%	13.74%	13.41%

Notes to Schedule:

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

The Town adopted GASB #68/71 during the year ended June 30, 2015. Information before 2015 is not available.

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

SUPPLEMENTAL INFORMATION

TOWN OF IVA, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for Sales and Services	\$ 642,750	\$ 642,750	\$ 532,911	\$ (109,839)
Tap Fees	4,000	4,000	-	(4,000)
Miscellaneous Income	-	-	5,364	5,364
Grave Openings and Closing	35,000	35,000	19,745	(15,255)
Sale of Graves and Markers	30,000	30,000	29,252	(748)
TOTAL OPERATING REVENUES	<u>711,750</u>	<u>711,750</u>	<u>587,272</u>	<u>(124,478)</u>
OPERATING EXPENSES				
Salaries, Wages and Employee Benefits	118,000	118,000	123,868	(5,868)
Contractual Services, Materials and Supplies	538,698	538,698	561,312	(22,614)
Depreciation Expense	-	-	148,430	(148,430)
TOTAL OPERATING EXPENSES	<u>656,698</u>	<u>656,698</u>	<u>833,610</u>	<u>(176,912)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	-	-	-	-
Interest Expense	(27,000)	(27,000)	(22,837)	4,163
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(27,000)</u>	<u>(27,000)</u>	<u>(22,837)</u>	<u>4,163</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	28,052	28,052	(269,175)	(297,227)
Capital Contribution	-	-	33,270	33,270
Transfers	(28,052)	(28,052)	46,091	74,143
NET CHANGE IN NET POSITION	-	-	(189,814)	(189,814)
NET POSITION - BEGINNING	<u>2,928,005</u>	<u>2,928,005</u>	<u>2,928,005</u>	<u>-</u>
NET POSITION - ENDING	<u>\$ 2,928,005</u>	<u>\$ 2,928,005</u>	<u>\$ 2,738,191</u>	<u>\$ (189,814)</u>

TOWN OF IVA, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2018

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected			\$ 49,684	\$ 49,684
Court fines and assessments remitted to State Treasurer			(26,681)	(26,681)
Total Court Fines and Assessments retained			23,003	23,003
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			1,653	1,653
Assessments retained			2,282	2,282
Total Surcharges and Assessments retained for victim services			\$ 3,935	\$ 3,935

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	\$ -		\$ -
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	2,282		2,282
Victim Service Surcharges Retained by City/County Treasurer	1,653		1,653
Interest Earned			
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund			
Contribution Received from Victim Service Contracts:			
(1) Town of			
(2) Town of			
(3) City of			
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	3,935		3,935
Expenditures for Victim Service Program:	Municipal	County	Total
Salaries and Benefits	-		-
Operating Expenditures	3,935		3,935
Victim Service Contract(s):			
(1) Oconee County			-
(2) Entity's Name			
Victim Service Donation(s):			
(1) Domestic Violence Shelter:			
(2) Rape Crisis Center:			
(3) Other local direct crime victims service agency:			
Transferred to General Fund			
Total Expenditures from Victim Service Fund/Program (B)	3,935		3,935
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)			
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	\$ -		\$ -

See independent auditor's report.



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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 Town Council
Town of Iva, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Iva, South Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Iva, South Carolina's basic financial statements and have issued our audit report thereon dated October 1, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses. We consider the deficiencies described as item 2018-01 in the accompanying schedule of findings and responses to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Iva, South Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2018-01.

Town of Iva, South Carolina's Response to Findings

Town of Iva, South Carolina's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Town of Iva, South Carolina's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Seneca, South Carolina

October 1, 2021

Town of Iva, South Carolina
Schedule of Findings and Responses
For the fiscal year ended June 30, 2018

A. FINDINGS – FINANCIAL STATEMENTS AUDIT

Finding Number: 2018-01

Finding Type: Material Weakness

Finding: The Town has not implemented an accounting and financial reporting system that provides for timely financial information for management use and Council oversight. Significant account balances and transaction cycles were not reconciled until more than one year following the fiscal year end.

Criteria: *Government Auditing Standards* require the Town to implement an internal control system that allows for timely and accurate financial reporting.

Condition: The Town utilizes spreadsheets and manual processes for accumulating financial information for both management use and Council oversight.

Cause: The Town contracts its accounting and bookkeeping functions and did not have the information available in a timely manner for the contracting entity.

Effect: Management and Council may not be able to make informed decisions due to the lack of current financial information. Financial statements may be materially misstated, requiring material year-end and/or audit adjustments.

Recommendation: We recommend the Town take the steps necessary to bring the financial statements current and implement an accounting system that allows Town finance personnel to enter daily financial transactions and produce real time financial information.

Views of Responsible Officials and Planned Corrective Actions: The Town concurs with the recommendation of the independent auditor and is implementing procedures to allow for the financial statements to be prepared in a timely manner. The Town will work with the auditor and bookkeeping firm to implement an accounting system that will allow finance personnel to enter daily transactions.