

**TOWN OF WILLIAMSTON,  
SOUTH CAROLINA  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**



# TOWN OF WILLIAMSTON, SOUTH CAROLINA

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**TOWN OF WILLIAMSTON,  
SOUTH CAROLINA**

**LISTING OF PRINCIPAL OFFICIALS**

Established

1852

MAYOR

Rockey Burgess

TOWN COUNCIL MEMBERS

Tony Hagood

G. Lee Cole, Jr.

Tabatha Austin

Chris Alexander

CLERK/TREASURER

Michelle Starnes





# Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

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

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

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

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

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison schedule – General Fund, and the pension plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2023 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Greene Finney Cauley, LLP*

Greene Finney Cauley, LLP  
Mauldin, South Carolina  
September 26, 2023

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## TOWN OF WILLIAMSTON, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### YEAR ENDED JUNE 30, 2023

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This discussion and analysis of the financial performance of the Town of Williamston (the "Town") provides an overview of the Town's financial activities for the year ended June 30, 2023. The intent of this discussion and analysis is to present the Town's financial performance as a whole; readers should also review the financial statements, the notes to the financial statements and the supplemental schedules to enhance their understanding of the Town's financial performance.

#### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$15,340,000 (net position). Of this amount, approximately \$3,233,000 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by approximately \$1,140,000, as revenues of approximately \$7,630,000 exceeded expenses of approximately \$6,490,000.
- As of the close of the current fiscal year, the Town's General Fund reported an ending fund balance of approximately \$3,204,000, an increase of approximately \$677,000 compared to the prior year balance. The increase was primarily due to revenues and other financing sources of approximately \$4,956,000 exceeding expenditures of approximately \$4,279,000.
- The unassigned fund balance for the General Fund was approximately \$3,141,000 or 73% of the General Fund expenditures for the current fiscal year.
- General Fund revenues and other financing sources were approximately \$4,956,000 for the current fiscal year compared to approximately \$4,566,000 in the prior fiscal year. General Fund expenditures were approximately \$4,279,000 for the current fiscal year compared to approximately \$4,259,000 in the prior fiscal year.
- Water and sewer revenues were approximately \$2,673,000 in the current fiscal year compared to approximately \$3,001,000 in the prior fiscal year. Water and sewer expenses were approximately \$2,636,000 for the current fiscal year compared to approximately \$2,767,000 in the prior fiscal year.
- The Sewer Fund had unrestricted net position of approximately \$1,006,000 at June 30, 2023, which was a decrease of approximately \$261,000 from the prior year balance of approximately \$1,267,000. Restricted net position increased less than approximately \$1,000 and the amount that was invested in capital assets increased approximately \$296,000.
- The Water Fund had an unrestricted net position of approximately \$1,415,000 at June 30, 2023, which was a decrease of approximately \$101,000 from the prior year balance of approximately \$1,516,000. The amount that was invested in capital assets increased approximately \$104,000.
- The Town's capital assets, net of depreciation, increased by approximately \$488,000 (3%) to approximately \$15,151,000 at June 30, 2023. The increase was due to the capital asset additions of approximately \$1,310,000 (primarily related to land and construction in progress) partially offset by depreciation expense of approximately \$822,000.
- The Town's long-term indebtedness decreased by approximately \$226,000 (6%) to approximately \$3,483,000 at June 30, 2023. This decrease is due to the regularly scheduled principal payments.

#### OVERVIEW OF FINANCIAL STATEMENTS

This report consists of two parts – *Financial Section* (which includes management's discussion and analysis, the financial statements, required supplementary information, and other supplementary information), and *Compliance Section*.

## TOWN OF WILLIAMSTON, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

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#### OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

##### Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's financial statements. The Town's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the financial statements, this report contains other supplementary information that will enhance the reader's understanding of the financial condition of the Town.

**Government-Wide Financial Statements.** These financial statements include two kinds of statements that present different views of the Town. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Town's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the differences between these items reported as net position. Over time, increases or 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 government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works and recreation. The business-type activities of the Town are its water and sewer operations.

**Fund Financial Statements.** The remaining financial statements are *fund financial statements* that focus on individual parts of the Town, reporting its operations in more detail than the government-wide financial statements.

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, like all other governmental entities in South Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the general statutes or the Town's budget ordinance. All of the funds of the Town can be divided into the following categories: governmental 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 uses of spendable resources, as well as on balances of spendable resources available at the end of the period. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Change in Fund Balance provide a reconciliation to facilitate the comparison between the governmental fund and governmental activities.

# TOWN OF WILLIAMSTON, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

### OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

The Town maintains one type of governmental fund, which is the General Fund. Information is presented in the governmental fund Balance Sheet and in the governmental fund Statement of Revenue, Expenditures, and Change in Fund Balance for this fund.

The Town maintains one type of proprietary fund, which is an enterprise fund. An enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses two enterprise funds to account for its water and sewer operations.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### Other Information

In addition to the financial statements, this report includes certain required supplementary information. A required budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. The Town adopts an annual budget for its General Fund, as required by State statutes. Required pension plan schedules have been provided to show details about the Town's participation in the State of South Carolina's retirement plans. The supplementary information referred to in the table of contents is presented immediately following the required supplementary information.

Major Features of the Town's Government-Wide and Fund Financial Statements			
Government-Wide Financial Statements		Fund Financial Statements	
		Governmental Fund	Proprietary Funds
Scope	Entire Town government	The activities of the Town that are not proprietary	Activities the Town operates similar to private businesses
Required financial statements	<ul style="list-style-type: none"> <li>Statement of Net Position</li> <li>Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>Balance Sheet</li> <li>Statement of Revenues, Expenditures, and Change in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>Statement of Net Position</li> <li>Statement of Revenues, Expenses, and Changes in Net Position</li> <li>Statement of Cash Flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of balance sheet information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the period or soon thereafter; no capital assets included or long-term obligations are included	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the fiscal year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the fiscal year; expenditures when goods or services have been received and payment is due during the fiscal year or soon thereafter	All revenues and expenses during fiscal year, regardless of when cash is received or paid

# TOWN OF WILLIAMSTON, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$15,340,000 at June 30, 2023.

This table provides a summary of the Town's net position as of June 30, 2023 and 2022:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Current and Other Assets	\$ 3,536,780	2,880,841	3,792,974	4,416,619	7,329,754	\$ 7,297,460
Capital Assets, Net	2,611,487	2,208,066	12,539,407	12,455,170	15,150,894	14,663,236
Total Assets	6,148,267	5,088,907	16,332,381	16,871,789	22,480,648	21,960,696
<b>Deferred Outflows of Resources</b>						
Deferred Pension Charges	449,712	535,572	83,873	113,097	533,585	648,669
<b>Liabilities</b>						
Other Liabilities	143,995	144,063	378,790	624,881	522,785	768,944
Net Pension Obligation	2,532,936	2,273,366	595,083	639,581	3,128,019	2,912,947
Long-Term Obligations	125,794	131,156	3,503,770	3,729,612	3,629,564	3,860,768
Total Liabilities	2,802,725	2,548,585	4,477,643	4,994,074	7,280,368	7,542,659
<b>Deferred Inflows of Resources</b>						
Deferred Pension Credits	183,709	545,402	49,067	138,515	232,776	683,917
Deferred Lease Revenue	160,802	182,179	-	-	160,802	182,179
Total Deferred Inflows of Resources	344,511	727,581	49,067	138,515	393,578	866,096
<b>Net Position</b>						
Net Investment in Capital Assets	2,611,487	2,208,066	9,056,156	8,656,744	11,667,643	10,864,810
Restricted	26,855	75,633	412,378	412,335	439,233	487,968
Unrestricted	812,401	64,614	2,421,010	2,783,218	3,233,411	2,847,832
Total Net Position	\$ 3,450,743	2,348,313	11,889,544	11,852,297	15,340,287	\$ 14,200,610

Assets of the governmental activities increased by approximately \$1,059,000 due to increases in current and other assets of \$656,000 and capital assets of approximately \$403,000. Liabilities of the governmental activities increased approximately \$254,000 due primarily to the increase in the net pension obligation. Net position of the Town's governmental activities increased by approximately \$1,102,000, or 47%. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased by approximately \$748,000 to approximately \$812,000 at June 30, 2023 due primarily to revenues exceeding expenses. Restricted net position decreased approximately \$49,000 due to the spending of restricted funds exceeding restricted revenues. The change in deferred outflows of resources and deferred inflows of resources was primarily related to the change in the Town's net pension balances.

Assets of the business-type activities decreased by approximately \$539,000 due primarily to decreases in current and other assets. Liabilities of the business-type activities decreased approximately \$516,000. Net position of the Town's business-type activities increased by approximately \$37,000, or less than 1%. The Town's business-type activities unrestricted net position decreased by approximately \$362,000, due primarily to expenses exceeding revenues, to approximately \$2,421,000 at June 30, 2023 and was comprised of approximately \$1,415,000 for water operations and approximately \$1,006,000 for sewer operations. The change in deferred outflows of resources and deferred inflows of resources was primarily related to the change in the Town's net pension balances.

# TOWN OF WILLIAMSTON, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The largest portion of the Town's net position (approximately \$11,668,000 or 76%) reflects its investment in capital assets (i.e., land, buildings, furniture and equipment, infrastructure, etc.) net of accumulated depreciation less any related outstanding debt and payables 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.

Although the Town's investment in its capital assets is reported net of related debt and payables, it should be noted that the resources needed to repay this debt must generally be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The Town's net investment in capital assets, increased by approximately \$803,000 during the current fiscal year primarily due to capital asset additions of approximately \$1,310,000, depreciation expense of approximately \$822,000, and debt repayments of approximately \$226,000.

During the current fiscal year, the Town's long-term obligations decreased by approximately \$231,000. This decrease is primarily due the Town making regularly scheduled principal payments on its outstanding debt.

This table shows the changes in net position for the years ended June 30, 2023 and 2022:

	Governmental Activities		Business-Type Activities		Total	
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	6/30/23	6/30/22	6/30/23	6/30/22	6/30/23	6/30/22
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 667,287	621,387	2,268,712	2,413,064	2,935,999	\$ 3,034,451
Operating Grants	1,229,828	1,198,674	207,432	292,568	1,437,260	1,491,242
Capital Grants	31,954	10,500	197,226	284,447	229,180	294,947
<b>General Revenues:</b>						
Property and Other Taxes	1,876,318	1,704,772	-	-	1,876,318	1,704,772
Other	1,150,870	1,101,234	43	11,106	1,150,913	1,112,340
<b>Total Revenues</b>	<b>4,956,257</b>	<b>4,636,567</b>	<b>2,673,413</b>	<b>3,001,185</b>	<b>7,629,670</b>	<b>7,637,752</b>
<b>Program Expenses:</b>						
General Government	1,094,848	931,041	-	-	1,094,848	931,041
Public Safety	1,712,860	1,784,461	-	-	1,712,860	1,784,461
Public Works	550,097	547,440	-	-	550,097	547,440
Recreation	496,022	415,302	-	-	496,022	415,302
Interest and Other Charges	-	3,379	-	-	-	3,379
Water and Sewer	-	-	2,636,166	2,766,880	2,636,166	2,766,880
<b>Total Expenses</b>	<b>3,853,827</b>	<b>3,681,623</b>	<b>2,636,166</b>	<b>2,766,880</b>	<b>6,489,993</b>	<b>6,448,503</b>
Change in Net Position Before Transfers	1,102,430	954,944	37,247	234,305	1,139,677	1,189,249
Transfers In (Out)	-	(94,500)	-	94,500	-	-
<b>Change in Net Position</b>	<b>1,102,430</b>	<b>860,444</b>	<b>37,247</b>	<b>328,805</b>	<b>1,139,677</b>	<b>1,189,249</b>
Net Position, Beginning of Year	2,348,313	1,487,869	11,852,297	11,523,492	14,200,610	13,011,361
<b>Net Position, End of Year</b>	<b>\$ 3,450,743</b>	<b>2,348,313</b>	<b>11,889,544</b>	<b>11,852,297</b>	<b>15,340,287</b>	<b>\$ 14,200,610</b>

**Governmental Activities.** The Town's net position increased during the current fiscal year by approximately \$1,102,000 or 47%. In the prior year, the Town's net position increased by approximately \$860,000. The difference in the results between the two years was the result of higher revenues of approximately \$320,000 and a decrease in transfers out of approximately \$95,000, offset by higher expenses of approximately \$172,000. The increase in revenue was primarily due to higher property and other taxes of approximately \$172,000. The increase in expenses was primarily due to higher general government and recreation expenses offset by lower public safety expenses.

## TOWN OF WILLIAMSTON, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**Business-Type Activities.** The Town's net position increased during the current fiscal year by approximately \$37,000 or less than 1%, compared to an increase of approximately \$329,000 in the prior year. The difference in the results between the two years was primarily the result of lower revenue of approximately \$328,000 and a decrease in transfers of approximately \$95,000, partially offset by a decrease in expenses of approximately \$131,000. The decrease in expenses was primarily due to lower water and sewer expenses. The decrease in revenues was primarily due to lower charges for services of approximately \$144,000.

#### FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

##### Governmental Fund

The focus of the Town's governmental fund 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. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town. At June 30, 2023, the Town's General Fund reported an ending fund balance of approximately \$3,204,000. Of this amount, approximately \$3,141,000 is unassigned fund balance, which is available for spending at the government's discretion.

General Fund revenues were approximately \$4,923,000 in the current fiscal year, an increase of approximately \$357,000 compared to the prior year total of approximately \$4,566,000. The increase was primarily due to higher property taxes. As with most municipalities in the State of South Carolina, the Town is dependent on local property taxes to pay for many of the services provided to its citizens. The current millage rate for local property taxes is 112.5 mills, which was unchanged from the prior year. The assessed value is 4% of market value for residential property, 6% for commercial property, and 10.5% for industrial property. Local property taxes accounted for 28% (approximately \$1,398,000) of total General Fund revenue during the current fiscal year, an increase of approximately \$155,000 compared to the prior year.

General Fund expenditures were approximately \$4,279,000 in the current fiscal year, an increase of approximately \$20,000 compared to the prior year total of approximately \$4,259,000. The increase was primarily due to higher general government expenditures of approximately \$123,000 and higher recreation expenditures of approximately \$52,000, partially offset by lower debt service expenditures of \$121,000 and public works expenditures of approximately \$34,000.

##### Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Net Position of the Water and Sewer Enterprise Funds at June 30, 2023 was approximately \$11,890,000. Please see the earlier discussion of the Town's business-type activities change in net position in the government-wide financial analysis section of this MD&A for more information.

##### General Fund Budgetary Highlights

The Town's annual budget is the legally adopted expenditure control document of the Town. Budgetary comparison schedules are included for the governmental fund and the proprietary funds. These statements compare the original adopted budget, the final budget, and the actual revenues and expenditures for the fiscal year. Amendments to the adopted budget may occur throughout the year in a legally permissible manner. During the current year the Town increased the general fund expenditure budget \$746,000.

Actual revenues of approximately \$4,923,000 for the General Fund were approximately \$731,000 higher than the budget, primarily due to higher property taxes and licenses and permits. Actual expenditures of approximately \$4,279,000 were approximately \$689,000 lower than the budget, primarily due to lower general government expenditures.



## TOWN OF WILLIAMSTON, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

#### CAPITAL ASSET AND DEBT ADMINISTRATION

##### Capital Assets

As of June 30, 2023, the Town had approximately \$15,151,000 in capital assets, net of accumulated depreciation. The following table shows the capital asset balances (net of depreciation) for June 30, 2023 compared to June 30, 2022:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 698,107	337,215	369,267	369,267	1,067,374	\$ 706,482
Construction in Progress	-	145,008	438,226	126,500	438,226	271,508
Buildings and Improvements	956,347	670,775	90,185	95,083	1,046,532	765,858
Motor Vehicles	514,420	596,984	21,223	27,052	535,643	624,036
Equipment	88,105	77,896	943,122	1,034,540	1,031,227	1,112,436
Infrastructure / Utility Systems	354,508	380,188	10,677,384	10,802,728	11,031,892	11,182,916
Totals	\$ 2,611,487	2,208,066	12,539,407	12,455,170	15,150,894	\$ 14,663,236

The major capital asset transactions for the Town during the current fiscal year were as follows:

- Depreciation expense of approximately \$822,000.
- Construction in progress additions of approximately \$452,000
- Buildings and improvements additions of approximately \$51,000.
- Utility systems additions of approximately \$321,000.
- Purchase of vehicles for approximately \$34,000.
- Purchase of land for approximately \$361,000.
- Purchase of equipment for approximately \$91,000.

See the notes to the financial statements for additional information regarding the Town's capital assets.

##### Long-Term Debt

As of June 30, 2023, the Town had total long-term debt of approximately \$3,483,000, as detailed below. The following table presents a summary of the Town's outstanding long-term debt for June 30, 2023 compared to June 30, 2022:

Long-Term Obligations	Business-Type Activities	
	2023	2022
2017 Water Meter Financed Purchase	\$ 462,726	\$ 618,570
2010A Series Revenue Bond	819,565	838,587
2010B Series Revenue Bond	2,200,960	2,251,936
Totals	\$ 3,483,251	\$ 3,709,093

The major long-term debt events for the current period included the following:

- Scheduled principal payments of approximately \$226,000 during the current fiscal year.

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The Town's statutory debt limit at June 30, 2023 was approximately \$1,021,000. The Town had no general obligation debt subject to this limitation at June 30, 2023.

See the notes to the financial statements for additional information regarding the Town's long-term debt.

## **TOWN OF WILLIAMSTON, SOUTH CAROLINA**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2023**

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#### **ECONOMIC FACTORS**

Economic factors that were considered in preparing the fiscal year 2024 budget were as follows:

- In fiscal year 2023, the Town did not annex any additional properties. There are approximately 4,300 residents living in the Town, which is in Anderson County (population of approximately 207,000). Population growth in the Town has increased approximately 12% since 2010.
- The median home cost in Williamston is approximately \$255,000.
- Compared to the rest of the country, Williamston's cost of living is significantly lower than the U.S. average.

The Town's fiscal year 2024 General Fund budget is approximately \$3,642,000, which is approximately \$637,000 lower than the fiscal year 2023 actual expenditures and approximately \$1,326,000 lower than the amended fiscal year 2023 budgeted expenditures. The Town will continue to closely monitor and address the revenues and expenditures.

#### **REQUESTS FOR INFORMATION**

This report is designed to provide a general overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Mayor, Town of Williamston, 12 West Main Street, Williamston, SC 29697 or 864-847-7473.

## Basic Financial Statements

TOWN OF WILLIAMSTON, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2023

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 824,578	3,072,070	\$ 3,896,648
Restricted Cash and Cash Equivalents	26,855	412,378	439,233
Investments	2,025,288	-	2,025,288
Property Taxes Receivable, Net	29,789	-	29,789
Accounts Receivable, Net	395,999	182,754	578,753
Lease Receivable	160,802	-	160,802
Grants Receivable	-	28,937	28,937
Unbilled Revenues	-	96,835	96,835
Due from Other Governments	37,964	-	37,964
Prepays	35,505	-	35,505
Capital Assets:			
Non-Depreciable	698,107	807,493	1,505,600
Depreciable, Net	1,913,380	11,731,914	13,645,294
<b>TOTAL ASSETS</b>	<b>6,148,267</b>	<b>16,332,381</b>	<b>22,480,648</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Charges	<b>449,712</b>	<b>83,873</b>	<b>533,585</b>
<b>LIABILITIES</b>			
Accounts Payable	95,183	139,499	234,682
Accrued Salaries and Fringe Benefits	48,812	7,638	56,450
Accrued Sludge Removal	-	16,000	16,000
Deposits	-	215,653	215,653
Non-Current Liabilities:			
Net Pension Liability - Due in More Than One Year	2,532,936	595,083	3,128,019
Long-Term Obligations - Due Within One Year	62,897	241,815	304,712
Long-Term Obligations - Due in More Than One Year	62,897	3,261,955	3,324,852
<b>TOTAL LIABILITIES</b>	<b>2,802,725</b>	<b>4,477,643</b>	<b>7,280,368</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Credits	183,709	49,067	232,776
Deferred Lease Revenue	160,802	-	160,802
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>344,511</b>	<b>49,067</b>	<b>393,578</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,611,487	9,056,156	11,667,643
Restricted For:			
Victim's Assistance	3,184	-	3,184
Debt Service	-	412,378	412,378
Nuisance Abatement	14,261	-	14,261
Other	9,410	-	9,410
Unrestricted	812,401	2,421,010	3,233,411
<b>TOTAL NET POSITION</b>	<b>\$ 3,450,743</b>	<b>11,889,544</b>	<b>\$ 15,340,287</b>

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

## TOWN OF WILLIAMSTON, SOUTH CAROLINA

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>PRIMARY GOVERNMENT:</b>							
Governmental Activities:							
General Government	\$ 1,094,848	-	1,060,408	-	(34,440)	-	\$ (34,440)
Public Safety	1,712,860	269,384	139,420	31,954	(1,272,102)	-	(1,272,102)
Public Works	550,097	269,310	-	-	(280,787)	-	(280,787)
Recreation	496,022	128,593	30,000	-	(337,429)	-	(337,429)
<b>Total Governmental Activities</b>	<b>3,853,827</b>	<b>667,287</b>	<b>1,229,828</b>	<b>31,954</b>	<b>(1,924,758)</b>	<b>-</b>	<b>(1,924,758)</b>
Business-Type Activities:							
Water	1,129,378	1,131,968	-	-	-	2,590	2,590
Sewer	1,506,788	1,136,744	207,432	197,226	-	34,614	34,614
<b>Total Business-Type Activities</b>	<b>2,636,166</b>	<b>2,268,712</b>	<b>207,432</b>	<b>197,226</b>	<b>-</b>	<b>37,204</b>	<b>37,204</b>
<b>TOTAL - PRIMARY GOVERNMENT</b>	<b>\$ 6,489,993</b>	<b>2,935,999</b>	<b>1,437,260</b>	<b>229,180</b>	<b>(1,924,758)</b>	<b>37,204</b>	<b>(1,887,554)</b>
General Revenues:							
Taxes:							
Property Taxes					1,548,857	-	1,548,857
Hospitality Taxes					327,461	-	327,461
Franchise Fees					404,540	-	404,540
Intergovernmental Revenue					95,935	-	95,935
Licenses and Permits					531,548	-	531,548
Miscellaneous Revenue					64,894	-	64,894
Investment Income					20,288	43	20,331
Gain on Disposal of Capital Assets					33,665	-	33,665
<b>Total General Revenues</b>					<b>3,027,188</b>	<b>43</b>	<b>3,027,231</b>
<b>CHANGE IN NET POSITION</b>					<b>1,102,430</b>	<b>37,247</b>	<b>1,139,677</b>
NET POSITION, Beginning of Year					2,348,313	11,852,297	14,200,610
<b>NET POSITION, End of Year</b>	<b>\$ 3,450,743</b>	<b>11,889,544</b>	<b>\$ 15,340,287</b>				

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

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUND**

**JUNE 30, 2023**

	<b>GENERAL FUND</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 824,578
Cash and Cash Equivalents - Restricted	26,855
Investments	2,025,288
Receivables, Net:	
Property Taxes	29,789
Accounts	395,999
Lease	160,802
Due from State Agencies	37,964
Prepaid Items	35,505
<b>TOTAL ASSETS</b>	<b>\$ 3,536,780</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts Payable	\$ 95,183
Accrued Salaries and Fringe Benefits	48,812
<b>TOTAL LIABILITIES</b>	<b>143,995</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable Revenue - Property Taxes	28,189
Deferred Lease Revenue	160,802
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>188,991</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>332,986</b>
<b>FUND BALANCE</b>	
Nonspendable - Prepaid Items	35,505
Restricted for:	
Victim's Assistance	3,184
Nuisance Abatement	14,261
Other	9,410
Unassigned	3,141,434
<b>TOTAL FUND BALANCE</b>	<b>3,203,794</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 3,536,780</b>

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

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION**

**JUNE 30, 2023**

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<b>TOTAL FUND BALANCE - GOVERNMENTAL FUND</b>	<b>\$</b>	<b>3,203,794</b>
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 fund. The cost of the assets was \$8,323,323, and accumulated depreciation was \$5,711,836.		2,611,487
Property taxes in the Statement of Net Position will be collected this year, but are not available soon enough to pay for the current fiscal year's expenditures, and therefore are unavailable in the governmental fund.		28,189
The Town's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.		(2,266,933)
Long-term liabilities are not due or payable in the current period and therefore are not reported as liabilities in the governmental fund. Long-term liabilities consisted of the following:		
Compensated absences (vacation)		(125,794)
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b>3,450,743</b>

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

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -  
GOVERNMENTAL FUND**

**YEAR ENDED JUNE 30, 2023**

	<b>GENERAL FUND</b>
<b>REVENUES</b>	
Property Taxes	\$ 1,398,013
Hospitality Taxes	327,461
Homestead Exemption	90,158
Manufacturer's Exemption	55,240
Merchant's Inventory	5,406
Franchise Fees	404,540
Licenses and Permits	531,548
Intergovernmental	95,935
Fines and Forfeitures	21,022
Sanitation Collection Fees	279,043
Charges for Services	118,860
Resource Officers	248,363
Investment Income	20,288
Grants	1,261,782
Other	64,892
<b>TOTAL REVENUES</b>	<b>4,922,551</b>
<b>EXPENDITURES</b>	
Current:	
General Government	1,057,883
Public Safety	1,648,985
Public Works	497,896
Recreation	451,494
Capital Outlay	622,615
<b>TOTAL EXPENDITURES</b>	<b>4,278,873</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>643,678</b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Sale of Capital Assets	33,665
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>33,665</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>677,343</b>
FUND BALANCE, Beginning of Year	2,526,451
<b>FUND BALANCE, End of Year</b>	<b>\$ 3,203,794</b>

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



**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2023**

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<b>NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND</b>	<b>\$ 677,343</b>
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Amounts reported for the governmental activities in the Statement of Activities are different  
because of the following:

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund. This amount is the change in unavailable revenue - property taxes for the year.	41
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This is the change in compensated absences for the year.	5,362
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Changes in the Town's proportionate shares 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.	16,263
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Governmental funds report capital outlay 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 capital asset additions of \$619,374 exceeded depreciation expense of \$215,953.	403,421
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<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 1,102,430</b>
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The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

## TOWN OF WILLIAMSTON, SOUTH CAROLINA

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS - ENTERPRISE FUNDS

JUNE 30, 2023

	WATER FUND	SEWER FUND	TOTAL
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,768,836	1,303,234	\$ 3,072,070
Restricted Cash and Cash Equivalents	-	412,378	412,378
Accounts Receivables, Net	93,030	89,724	182,754
Grants Receivable	-	28,937	28,937
Unbilled Revenues	48,608	48,227	96,835
Total Current Assets	1,910,474	1,882,500	3,792,974
Noncurrent Assets:			
Non-Depreciable Capital Assets	402,916	404,577	807,493
Depreciable Capital Assets, Net	2,148,830	9,583,084	11,731,914
Total Noncurrent Assets	2,551,746	9,987,661	12,539,407
<b>TOTAL ASSETS</b>	<b>4,462,220</b>	<b>11,870,161</b>	<b>16,332,381</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Charges	48,647	35,226	83,873
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	41,284	98,215	139,499
Accrued Salaries and Fringe Benefits	4,368	3,270	7,638
Accrued Sludge Removal	-	16,000	16,000
Deposits	112,165	103,488	215,653
Compensated Absences - Current Portion	6,376	3,884	10,260
Revenue Bonds Payable - Current Portion	-	71,862	71,862
Financed Purchase Payable - Current Portion	159,693	-	159,693
Total Current Liabilities	323,886	296,719	620,605
Noncurrent Liabilities:			
Compensated Absences - Noncurrent Portion	6,375	3,884	10,259
Revenue Bonds Payable - Noncurrent Portion	-	2,948,663	2,948,663
Financed Purchase Payable - Noncurrent Portion	303,033	-	303,033
Net Pension Liability	345,148	249,935	595,083
Total Noncurrent Liabilities	654,556	3,202,482	3,857,038
<b>TOTAL LIABILITIES</b>	<b>978,442</b>	<b>3,499,201</b>	<b>4,477,643</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Credits	28,459	20,608	49,067
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,089,020	6,967,136	9,056,156
Restricted for Debt Service	-	412,378	412,378
Unrestricted	1,414,946	1,006,064	2,421,010
<b>TOTAL NET POSITION</b>	<b>\$ 3,503,966</b>	<b>8,385,578</b>	<b>\$ 11,889,544</b>

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

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

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

**YEAR ENDED JUNE 30, 2023**

	<b>WATER FUND</b>	<b>SEWER FUND</b>	<b>TOTAL</b>
<b>OPERATING REVENUES</b>			
Charges for Services:			
Water Services	\$ 1,095,763	-	\$ 1,095,763
Sewer Services	-	1,083,662	1,083,662
Other Fees and Miscellaneous Revenues	36,205	53,082	89,287
<b>TOTAL OPERATING REVENUES</b>	<b>1,131,968</b>	<b>1,136,744</b>	<b>2,268,712</b>
<b>OPERATING EXPENSES</b>			
Water Operations	1,114,099	-	1,114,099
Sewer Operations	-	1,415,026	1,415,026
<b>TOTAL OPERATING EXPENSES</b>	<b>1,114,099</b>	<b>1,415,026</b>	<b>2,529,125</b>
<b>OPERATING INCOME (LOSS)</b>	<b>17,869</b>	<b>(278,282)</b>	<b>(260,413)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Grant Revenue	-	207,432	207,432
Investment Income	-	43	43
Interest Expense	(15,279)	(91,762)	(107,041)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(15,279)</b>	<b>115,713</b>	<b>100,434</b>
Capital Contributions - Grants	-	197,226	197,226
<b>CHANGES IN NET POSITION</b>	<b>2,590</b>	<b>34,657</b>	<b>37,247</b>
NET POSITION, Beginning of Year	3,501,376	8,350,921	11,852,297
<b>NET POSITION, End of Year</b>	<b>\$ 3,503,966</b>	<b>8,385,578</b>	<b>\$ 11,889,544</b>

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

TOWN OF WILLIAMSTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - ENTERPRISE FUNDS

YEAR ENDED JUNE 30, 2023

	WATER FUND	SEWER FUND	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers and Other Revenues	\$ 1,138,563	1,138,308	\$ 2,276,871
Cash Payments for Goods and Services	(806,466)	(1,199,217)	(2,005,683)
Cash Payments to Employees for Services	(126,267)	(83,319)	(209,586)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>205,830</b>	<b>(144,228)</b>	<b>61,602</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of Capital Assets	(180,632)	(484,954)	(665,586)
Acquisition of Capital Assets in the Prior Year Paid for in the Current Year	-	(89,333)	(89,333)
Grant Revenues	-	597,935	597,935
Principal Payments on Financed Purchase	(155,844)	-	(155,844)
Principal Payments on Revenue Bonds	-	(69,998)	(69,998)
Interest Payments	(15,279)	(91,762)	(107,041)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(351,755)</b>	<b>(138,112)</b>	<b>(489,867)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Income on Investments	-	43	43
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>-</b>	<b>43</b>	<b>43</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED)</b>	<b>(145,925)</b>	<b>(282,297)</b>	<b>(428,222)</b>
CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED), Beginning of Year	1,914,761	1,997,909	3,912,670
<b>CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED), End of Year</b>	<b>\$ 1,768,836</b>	<b>1,715,612</b>	<b>\$ 3,484,448</b>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:			
Operating Income (Loss)	\$ 17,869	(278,282)	\$ (260,413)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:			
Depreciation Expense	232,905	373,581	606,486
Change in:			
Accounts Receivable, Net	7,366	1,571	8,937
Unbilled Revenue	(3,244)	(3,547)	(6,791)
Accounts Payable	9,201	(197,109)	(187,908)
Deposits	2,473	3,540	6,013
Net Pension Liability	(25,809)	(18,689)	(44,498)
Deferred Pension Charges	16,949	12,275	29,224
Deferred Pension Credits	(51,880)	(37,568)	(89,448)
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b>\$ 205,830</b>	<b>(144,228)</b>	<b>\$ 61,602</b>
Non-Cash Investing, Capital and Financing Activities:			
Acquisition of Capital Assets Not Yet Paid For	\$ -	25,137	\$ 25,137

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

## TOWN OF WILLIAMSTON, SOUTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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The Town of Williamston (the “Town”) is an incorporated municipality located in Anderson County, South Carolina. It was established in 1852. Section 47-26 of the 1962 Code of Laws, as amended (Home Rule Act), requires that municipalities adopt a specific form of government. Accordingly, the Town operates under a mayor-council form of government. The Town council is composed of a mayor and four council members (“Council”).

#### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. The Reporting Entity

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

As required by GAAP, the financial statements present the Town’s financial information with its component units, if applicable. 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. Based on the criteria above, the Town does not have any component units.

##### Major Operations

All activities for which the Council exercises oversight responsibility have been incorporated into the financial statements to form the reporting entity. The Town’s financial statements include the accounts of all Town operations, including, but not limited to, general operations and supporting services, public safety (police and fire), streets, sanitation, recreation, water and sewer services.

# TOWN OF WILLIAMSTON, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity 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.

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

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

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

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.

Governmental fund financial statements report detailed information about the Town. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

# TOWN OF WILLIAMSTON, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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

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

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are a minimum number of funds maintained to keep the accounts consistent with legal and managerial requirements. The following fund types and major funds 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 proprietary funds) are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting.

The following is the Town's only governmental fund type:

The **General Fund, a major fund**, is the general operating fund of the Town and accounts for all revenues and expenditures of the Town except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement 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. This is a budgeted fund, and any unassigned fund balance is considered a resource available for use.

**Proprietary Fund Types** are accounted for based on the flow of economic resources measurement focus and use 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 distinguish 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 following is the Town's only proprietary fund type:

**Enterprise Funds** are 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 principal operating revenues of enterprise funds are primarily charges for services and fees. Operating expenses for enterprise funds include the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Town has two enterprise funds, which are reported as major funds.

The **Water Fund** is used to account for water services provided to the residents of the Town and some surrounding areas.

The **Sewer Fund** is used to account for sewer services provided to the residents of the Town and some surrounding areas.

**Fiduciary Fund Types** include trust funds and custodial funds. These funds are used to account for assets held by the Town in a trustee capacity for individuals, other governments, and/or other funds. Trust funds are accounted for in essentially the same manner as proprietary funds. The Town does not have any fiduciary funds.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. *Cash, Cash Equivalents, and Investments*

**Cash and Cash Equivalents**

For purposes of the financial statements, the Town considers all highly liquid investments with original maturities of three months or less when initially purchased to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**Restricted Cash and Cash Equivalents**

The Town has various cash accounts which are restricted by either funding sources, bond requirements or state laws or regulations.

**Investments**

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

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.



TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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

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

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

**Investments (Continued)**

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

The Town's investment objectives are preservation of capital, liquidity and yield. Investments are stated at fair value. The Town invested its funds in Certificates of Deposit, U.S. Treasury Notes, and Open-Ended Treasury Money Market funds during the year ended June 30, 2023.

**2. Receivables and Payable**

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, balances of interfund receivables or payables will be recorded. There were no such balances as of June 30, 2023.

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts. Trade receivables are comprised of amounts due from entities and individuals for a variety of fees, charges and services, including franchise fees, sanitation, water, sewer and other fees and charges. Lease receivables are comprised of amounts due from lessees and are recorded at the net present value of future lease payments.

**3. Prepaids**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense/expenditure is reported in the year in which services are consumed.

**4. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective fund financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated acquisition value (as estimated by the Town) at the date of donation. Public domain ("infrastructure") general capital assets acquired prior to January 1, 2004, consisting of roads, bridges, curbs and gutters, streets, and sidewalks, drainage systems, and lighting systems that were acquired or that received substantial improvements are reported at estimated historical cost using deflated replacement cost.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. *Capital Assets (Continued)*

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Town maintains a capitalization threshold of \$5,000 other than those associated with infrastructure. The Town's minimum capitalization threshold for infrastructure assets is \$100,000.

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are complete, at which time the complete costs of the project are transferred to the appropriate capital asset category. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	N/A	15-25 years
Buildings and Improvements	10-40 years	15-40 years
Motor Vehicles	5-15 years	10 years
Equipment	5-20 years	10 years
Infrastructure	15-50 years	N/A
Utility Systems	N/A	10-50 years

5. *Compensated Absences*

The Town reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. The Town's employees are granted vacation and sick leave in varying amounts depending upon the length of service to the Town. Upon termination of employment, an employee is reimbursed for accumulated vacation days not to exceed 45 days. Sick pay benefits are earned at the rate of one day per month of continuous service and may be accumulated up to a maximum of 180 days. Unused sick leave is not reimbursed and therefore, not reported in the financial statements.

The entire compensated absence liability and expense is reported on the government-wide financial statements. The portion applicable to the proprietary funds is also recorded in the proprietary fund financial statements. The governmental fund will also recognize compensated absences for termination and retirements that occurred prior to year end that are expected to be paid within a short time subsequent to year end, if they are material.

6. *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 funds is also recorded in the proprietary fund financial statements. All current payables and accrued liabilities from governmental funds are reported in the governmental fund financial statements.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred, if material, and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Amortization of premiums and discounts are included in interest expense. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, if applicable, are recognized in the period in which they are incurred.

# TOWN OF WILLIAMSTON, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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

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

##### 6. *Accrued Liabilities and Long-Term Obligations (Continued)*

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

##### 7. *Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has one type of deferred outflows of resources: The Town reports *deferred pension charges* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System (the "Plans"). 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 Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently has three types of deferred inflows of resources: (1) The Town reports *unavailable revenue – property taxes* only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts become available. (2) The Town reports *deferred lease revenue* on the governmental funds Balance Sheet and the government-wide Statement of Net Position; it is amortized in a systematic and rational method and recognized as an inflow of resources in future periods. (3) The Town also reports *deferred pension credits* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. 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.

##### 8. *Fund Balance*

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, 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 or inventories) or because of legal or contractual requirements (i.e., principal on an endowment).

**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.

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

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

**8. Fund Balance (Continued)**

**Committed** – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the Town Council before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the Town Council 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.

**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 Town's practice is to generally use restricted amounts first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

**9. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists 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.

**10. Pensions**

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

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

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

**11. 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.

**12. Accounting Estimates**

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

**13. Comparative Data**

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

# TOWN OF WILLIAMSTON, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

### II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Budgetary Information

The Town's budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted for the General Fund and Water and Sewer Funds. The presented budgetary information is as originally adopted or as amended by Council. All annual appropriations lapse at fiscal year end.

Prior to June 1<sup>st</sup> of each year, all agencies of the government submit requests for appropriation to the Town so that a budget may be prepared. The budgets are prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Council holds two public hearings on the annual budget, which must be prepared and adopted no later than the last day of June. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established on the budget as a whole.

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

#### A. Deposits and Investments

##### *Deposits*

**Custodial Credit Risk for Deposits:** Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits might not be recovered. The Town does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2023, none of the Town's bank deposits of approximately \$4,407,000 (which had a carrying value of approximately \$4,345,000) were exposed to custodial credit risk.

##### *Investments*

As of June 30, 2023, the Town had the following investments as defined by GASB:

Investment Type	Credit Rating ^	Fair Value Level (1)	Fair Value	Percentage of Total Investments	Weighted Average Maturity	
					< 1 Year	1 - 3 Years
Open-Ended Treasury Money Market Funds	AAAm, Aaa-mf, AAmmf	Level 1	\$ 200,680	10.0%	200,680	\$ -
U.S. Treasury Notes	NR, Aaa, NR	Level 1	1,815,429	90.0%	480,449	1,334,980
Total			<u>\$ 2,016,109</u>		<u>681,129</u>	<u>\$ 1,334,980</u>

^ If available, credit ratings are for Standard & Poor's, Moody's Investors Service, and Fitch Ratings.

(1) See Note I.C for details of the Towns's fair value hierarchy.

NR – Not rated.

N/A – Not applicable.

**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. As of June 30, 2023, none of the Town's investments were exposed to custodial credit risk.

# TOWN OF WILLIAMSTON, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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

#### A. Deposits and Investments (Continued)

##### *Investments (Continued)*

**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 a policy for investment 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.

##### *Restricted Cash and Cash Equivalents*

Restricted cash and cash equivalents consisted of the following at June 30, 2023:

Debt Service Reserve - 2010 A and B Sewer Revenue Bonds	\$	412,378
Victim's Assistance		3,184
Nuisance Abatement		14,261
Other		9,410
Total Restricted Cash and Cash Equivalents	\$	<u>439,233</u>

#### B. Accounts Receivable and Unbilled Revenue

The General Fund had accounts receivable of approximately \$396,000 at June 30, 2023, which primarily represents the Duke Energy franchise fee, Charter franchise fee, Fort Hill franchise fee, school resource officer reimbursements, and the June hospitality taxes due to the Town at June 30, 2023 that were received subsequent to June 30, 2023.

The Water and Sewer Funds have accounts receivable of approximately \$93,000 and \$90,000, respectively (net of an allowance for doubtful accounts of \$35,000 and \$22,000, respectively) at June 30, 2023, which primarily represents unpaid water and sewer charges through the June 15, 2023 billing period. In addition, the Water and Sewer Funds have approximately \$49,000 and \$48,000, respectively, in unbilled revenues related to water and sewer usage by customers for the last two weeks of June 2023 that were not billed until July 2023.

#### C. Property Taxes Receivable and Unavailable Revenue

Property taxes on real estate and on personal property and taxes on automobiles are billed and collected by Anderson County, South Carolina, and remitted monthly to the Town of Williamston. Except motor vehicles (which the levy date for motor vehicles is the first day of the month in which the motor vehicle license expires and for which taxes are due by the last day of the same month), property taxes are levied on October 1, based on an assessed value of approximately \$12,760,000 at a rate of 112.5 mills, and are payable without penalty through January 14. On January 15, a 15% penalty is added to all unpaid taxes. On February 1, an execution cost of 5% of all unpaid taxes and penalties is added. On or before March 16, a notice of delinquent taxes, penalties and costs is mailed to the property owner advising that if these are not paid by August 13, the property will be sold in October.

At June 30, 2023, the Town reported property taxes receivable of approximately \$30,000 (net of allowance for uncollectible portion of approximately \$96,000), of which approximately \$2,000 was received within 60 days after fiscal year end. The General Fund defers revenue recognition for receivables that are not considered available to liquidate liabilities of the current period (i.e., collected within 60 days after fiscal year end). At June 30, 2023, the General Fund reported approximately \$28,000 in unavailable revenue – property taxes, all attributable to delinquent property taxes receivable.

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

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

**D. Lease Receivable and Deferred Lease Revenue**

The Town entered into agreements with a tenant for the use of the Town's armory building to operate a fitness facility. The lease term is 120 months beginning on August 1, 2018 and terminating on July 31, 2028. Monthly lease payments are \$2,500 until the 61<sup>st</sup> month of the lease (August 2023) when the monthly payments will increase to \$3,000 for the remainder of the lease.

The Town implemented GASB 87 for the year ended June 30, 2022, using future lease payments to be received to measure the lease receivable. In addition, the lease receivable was discounted to a net present value using a 5% interest rate, the prime rate at the inception of the lease. At June 30, 2023, the Town reported a lease receivable and a corresponding deferred lease revenue of approximately \$161,000 as required by GASB 87.

For the year ended June 30, 2023, the Town received approximately \$30,000 from the tenant, consisting of approximately \$21,000 in lease revenue and approximately \$9,000 in lease interest revenue. Future lease payments due to the Town under the agreement are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 28,086	7,414	\$ 35,500
2025	30,047	5,953	36,000
2026	31,584	4,416	36,000
2027	33,200	2,800	36,000
2028	34,898	1,102	36,000
2029	2,987	12	2,999
Totals	<u>\$ 160,802</u>	<u>21,697</u>	<u>\$ 182,499</u>

**E. Deposits**

The Water Fund and the Sewer Fund have liabilities for customer deposits totaling approximately \$216,000, which will be applied to the customer's last bill when service is terminated.



**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

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

**F. Capital Assets**

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets, Non-Depreciable					
Land	\$ 337,215	360,892	-	-	\$ 698,107
Construction in Progress	145,008	140,728	-	(285,736)	-
Total Capital Assets, Non-Depreciable	<u>482,223</u>	<u>501,620</u>	<u>-</u>	<u>(285,736)</u>	<u>698,107</u>
Capital Assets, Depreciable					
Buildings and Improvements	1,478,018	50,584	-	285,736	1,814,338
Motor Vehicles	1,816,114	33,918	45,488	-	1,804,544
Equipment	784,871	33,252	33,101	-	785,022
Infrastructure	3,221,312	-	-	-	3,221,312
Total Capital Assets, Depreciable	<u>7,300,315</u>	<u>117,754</u>	<u>78,589</u>	<u>285,736</u>	<u>7,625,216</u>
Less: Accumulated Depreciation for					
Buildings and Improvements	807,243	50,748	-	-	857,991
Motor Vehicles	1,219,130	116,482	45,488	-	1,290,124
Equipment	706,975	23,043	33,101	-	696,917
Infrastructure	2,841,124	25,680	-	-	2,866,804
Total Accumulated Depreciation	<u>5,574,472</u>	<u>215,953</u>	<u>78,589</u>	<u>-</u>	<u>5,711,836</u>
Total Capital Assets, Depreciable, Net	<u>1,725,843</u>	<u>(98,199)</u>	<u>-</u>	<u>285,736</u>	<u>1,913,380</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 2,208,066</u>	<u>403,421</u>	<u>-</u>	<u>-</u>	<u>\$ 2,611,487</u>

Depreciation expense for the year ended June 30, 2023 for governmental activities was charged to functions as follows:

<b>Governmental Activities:</b>	Depreciation Expense
General Government	\$ 30,142
Public Safety	92,313
Public Works	45,929
Recreation	47,569
Total Depreciation Expense - Governmental Activities	<u>\$ 215,953</u>

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

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

**F. Capital Assets (Continued)**

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

<b>Business-Type Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital Assets, Non-Depreciable				
Land	\$ 369,267	-	-	\$ 369,267
Construction in Progress	126,500	311,726	-	438,226
<b>Total Capital Assets, Non-Depreciable</b>	<b>495,767</b>	<b>311,726</b>	<b>-</b>	<b>807,493</b>
Capital Assets, Depreciable				
Land Improvements	256,194	-	-	256,194
Buildings and Improvements	70,454	-	-	70,454
Motor Vehicles	100,760	-	-	100,760
Equipment	1,664,163	58,264	-	1,722,427
Utility Systems	21,631,180	320,733	-	21,951,913
<b>Total Capital Assets, Depreciable</b>	<b>23,722,751</b>	<b>378,997</b>	<b>-</b>	<b>24,101,748</b>
Less: Accumulated Depreciation for				
Land Improvements	198,950	3,693	-	202,643
Buildings and Improvements	32,615	1,205	-	33,820
Motor Vehicles	73,708	5,829	-	79,537
Equipment	629,623	149,682	-	779,305
Utility Systems	10,828,452	446,077	-	11,274,529
<b>Total Accumulated Depreciation</b>	<b>11,763,348</b>	<b>606,486</b>	<b>-</b>	<b>12,369,834</b>
<b>Total Capital Assets, Depreciable, Net</b>	<b>11,959,403</b>	<b>(227,489)</b>	<b>-</b>	<b>11,731,914</b>
<b>Total Business-Type Activities Capital Assets, Net</b>	<b>\$ 12,455,170</b>	<b>84,237</b>	<b>-</b>	<b>\$ 12,539,407</b>

**G. Long Term Obligations**

The Town's long-term obligations were comprised of the following at June 30, 2023:

- 2010A Sewer Revenue Bonds in the original amount of \$1,008,200, having monthly principal and interest payments of \$3,660 through 2051 at an interest rate of 3.00%. Resources from the Sewer Fund have been used, and will continue to be used, to liquidate this obligation.
- 2010B Sewer Revenue Bonds in the original amount of \$2,743,000, having monthly principal and interest payments of \$9,820 through 2051 at an interest rate of 3.00%. Resources from the Sewer Fund have been used, and will continue to be used, to liquidate this obligation.
- 2017 Water Meter Financed Purchase ("FP") in the original amount of \$1,500,000, having yearly principal and interest payments of \$171,123 through 2027 at an interest rate of 2.47%. This was used to fund the replacement of water meters throughout the Town. Resources from the Water Fund have been used, and will continue to be used, to liquidate this obligation.

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

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

**G. Long Term Obligations (Continued)**

The following is a summary of activity in the Town's long-term obligations for the year ended June 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 131,156	80,061	85,423	125,794	\$ 62,897
Total Governmental Activities	<u>\$ 131,156</u>	<u>80,061</u>	<u>85,423</u>	<u>125,794</u>	<u>\$ 62,897</u>
<b>Business-Type Activities:</b>					
Direct Borrowings and Direct Placements					
Series 2010A Revenue Bond (Direct Placement)	\$ 838,587	-	19,022	819,565	\$ 19,453
Series 2010B Revenue Bond (Direct Placement)	2,251,936	-	50,976	2,200,960	52,409
2017 Water Meter FP (Direct Borrowing)	618,570	-	155,844	462,726	159,693
Total Direct Borrowings and Direct Placements	<u>3,709,093</u>	<u>-</u>	<u>225,842</u>	<u>3,483,251</u>	<u>231,555</u>
Compensated Absences	20,519	13,456	13,456	20,519	10,260
Total Business-Type Activities	<u>\$ 3,729,612</u>	<u>13,456</u>	<u>239,298</u>	<u>3,503,770</u>	<u>\$ 241,815</u>

Resources from the General Fund and the Water and Sewer Funds are used to liquidate the compensated absences liabilities related to those funds, respectively.

The Town's outstanding financed purchase from direct borrowings are secured by the underlying equipment. In the event of default, the unpaid principal can be declared immediately due and payable. The bond covenants require, among other things, that the Town keep the underlying equipment in good order and repair and in good operating condition.

The Town's outstanding revenue bonds from direct placements are secured by a contractual lien upon the sewer system. Both the principal and interest on these revenue bonds are payable solely from the net revenues of the sewer system. The bond covenants require, among other things, that the Town continuously operate and maintain the sewer system and fix and maintain such rates for the services and facilities furnished by the sewer system as shall at all time be sufficient (a) to provide for the punctual payment of the principal and interest on the bonds, (b) to provide for the payment of the expenses of the administration, operation and maintenance of the sewer system as may be necessary to preserve the same in good repair and working order, (c) to build up and maintain any debt service reserve fund as may be established for any series of bonds, and (d) to build and maintain a reserve for depreciation of the sewer system.

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

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

**G. Long Term Obligations (Continued)**

Annual debt service requirements to maturity are as follows:

<b>Business-Type Activities:</b> Year Ended June 30,	Revenue Bonds from Direct Placements		Financed Purchase from Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2024	\$ 71,862	89,892	159,693	11,429	\$ 332,876
2025	74,116	87,638	163,638	7,485	332,877
2026	76,372	85,382	139,395	3,443	304,592
2027	78,695	83,059	-	-	161,754
2028	81,029	80,725	-	-	161,754
2029-2033	443,929	364,841	-	-	808,770
2034-2038	515,711	293,059	-	-	808,770
2039-2043	599,100	209,670	-	-	808,770
2044-2048	695,964	112,806	-	-	808,770
2049-2053	383,747	19,031	-	-	402,778
Totals	<u>\$ 3,020,525</u>	<u>1,426,103</u>	<u>462,726</u>	<u>22,357</u>	<u>\$ 4,931,711</u>

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no City or Town shall incur any bonded debt which shall exceed 8% of the assessed value of the property therein and no such debt shall be created without the electors of such City or Town voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was 35%. In 1976, the General Assembly reduced the general obligation debt limit without voter approval to 8% of assessed valuation; whereas, with a referendum any amount can be floated. As of June 30, 2023, the Town had no bonded debt subject to the 8% limit, which was approximately \$1,021,000.

**IV. OTHER INFORMATION**

**A. Retirement Plans**

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

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

## TOWN OF WILLIAMSTON, SOUTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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#### IV. OTHER INFORMATION (CONTINUED)

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

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

##### *Plan Description*

The South Carolina Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and first-term individuals elected to the South Carolina General Assembly.

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

##### *Plan Membership*

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

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

##### *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.

# TOWN OF WILLIAMSTON, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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### IV. OTHER INFORMATION (CONTINUED)

#### A. Retirement Plans (Continued)

##### *Plan Benefits (Continued)*

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

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

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

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

##### *Plan Contributions*

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS ("Plans") contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability ("UAAL") over a period that does not exceed the number of years scheduled in state statute. The Retirement Funding and Administration Act of 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. The General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The PEBA Board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

# TOWN OF WILLIAMSTON, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

### IV. OTHER INFORMATION (CONTINUED)

#### A. Retirement Plans (Continued)

##### *Plan Contributions (Continued)*

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

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

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

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

The actual and required contributions to the SCRS and PORS were approximately \$139,000 and \$176,000, respectively, for the year ended June 30, 2023 and include the nonemployer contributions noted below.

##### *Nonemployer Contributions*

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly ("State") funded 1 percent of the SCRS and PORS contribution increases for the year ended June 30, 2023. The State's budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund and the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended June 30, 2023 were approximately \$8,200 and \$6,500 for the SCRS and PORS, respectively. These contributions (on-behalf benefits) from the State were recognized as intergovernmental revenues and pension expenditures in the Town's governmental fund financial statements.

##### *Actuarial Assumptions and Methods*

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

# TOWN OF WILLIAMSTON, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

### IV. OTHER INFORMATION (CONTINUED)

#### A. Retirement Plans (Continued)

##### *Actuarial Assumptions and Methods (Continued)*

The June 30, 2022 total pension liability (“TPL”), net pension liability (“NPL”), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company, and are based on an actuarial valuation performed as of July 1, 2021. The TPL was rolled-forward from the valuation date to the Plans' fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems.

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

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

\* Includes inflation at 2.25%.

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

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

##### *Long-Term Expected Rate of Return*

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.



TOWN OF WILLIAMSTON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

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

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

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

The NPL is calculated separately for each System and represents that particular System's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of the June 30, 2022 measurement date, for the SCRS and PORS, are presented in the following table:

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

The TPL is calculated by the Systems' actuary, and each Plans' fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plans' funding requirements.

At June 30, 2023, the Town reported liabilities of approximately \$1,573,000 and \$1,555,000 for its proportionate share of the NPL for the SCRS and PORS, respectively. The NPL were measured as of June 30, 2022, and the TPL for the Plans used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2021 that was projected forward to the measurement date. The Town's proportion of the NPL were based on a projection of the Town's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2022 measurement date, the Town's SCRS proportion was 0.006488 percent, which was a decrease of 0.000484 from its proportion measured as of June 30, 2021. At the June 30, 2022 measurement date, the Town's PORS proportion was 0.051858 percent, which was a decrease of 0.002717 from its proportion measured as of June 30, 2021.

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

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

For the year ended June 30, 2023, the Town recognized pension expense of approximately \$51,000 and \$143,000 for the SCRS and PORS, respectively. At June 30, 2023, the Town reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>SCRS</b>		
Differences Between Expected and Actual Experience	\$ 13,665	\$ 6,854
Change in Assumptions	50,444	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,426	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	24,524	122,832
Employer Contributions Subsequent to the Measurement Date	130,619	-
Total SCRS	<u>221,678</u>	<u>129,686</u>
<b>PORS</b>		
Differences Between Expected and Actual Experience	26,093	30,744
Change in Assumptions	64,761	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,697	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	46,837	72,346
Employer Contributions Subsequent to the Measurement Date	169,519	-
Total PORS	<u>311,907</u>	<u>103,090</u>
Total SCRS and PORS	<u>\$ 533,585</u>	<u>\$ 232,776</u>

Approximately \$131,000 and \$170,000 that were reported as deferred outflows of resources related to the Town's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the NPL in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2024	\$ (22,222)	23,978	\$ 1,756
2025	2,694	23,596	26,290
2026	(60,118)	(68,726)	(128,844)
2027	41,019	60,450	101,469
Total	<u>\$ (38,627)</u>	<u>39,298</u>	<u>\$ 671</u>

# TOWN OF WILLIAMSTON, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

### IV. OTHER INFORMATION (CONTINUED)

#### A. Retirement Plans (Continued)

##### *Discount Rate*

The discount rate used to measure the TPL was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

##### *Sensitivity Analysis*

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

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability of the SCRS	\$ 2,016,551	1,572,821	\$ 1,203,918
Town's proportionate share of the net pension liability of the PORS	2,168,629	1,555,198	1,053,046
Total	<u>\$ 4,185,180</u>	<u>3,128,019</u>	<u>\$ 2,256,964</u>

##### *Plans Fiduciary Net Position*

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

##### *Payable to Plans*

The Town reported a payable of approximately \$36,000 to the PEBA as of June 30, 2023, representing required employer and employee contributions for the month of June 2023 for the SCRS and PORS. This amount is included in Accounts Payable on the financial statements and was paid in July 2023.

#### B. 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, and natural disasters. The Town has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund ("SCMIRF"), which is a public entity risk pool currently operating as a common risk management and insurance program. The Town pays a bi-annual premium to SCMIRF for its general insurance. SCMIRF is self-sustaining through member premiums and reinsures through commercial companies. SCMIRF's net position from its most recently issued audited financial statements at December 31, 2022, totaled approximately \$6,715,000. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in the past three fiscal years.

# TOWN OF WILLIAMSTON, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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### IV. OTHER INFORMATION (CONTINUED)

#### B. Risk Management (Continued)

The Town has also joined together with other municipalities in the state to form the South Carolina Municipal Insurance Trust ("SCMIT"), a public entity risk pool operating as a common risk management and insurance program for worker's compensation. The Town pays a quarterly premium to SCMIT. The Trust uses reinsurance agreements to reduce its exposure to large workers' compensation losses. SCMIT's net position from its most recently issued audited financial statements at December 31, 2022, totaled approximately \$44,198,000. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in the past three fiscal years.

#### C. Contingent Liabilities

##### *Water Operations*

The Town joined the Anderson Regional Joint Water System ("ARJWS") in 2002 and entered into a water sale and purchase agreement with ARJWS. The agreement, which was amended in 2004 and again in 2005, provides for the following:

- Allocates a percentage of the water treatment plant's total capacity to each member with the member agreeing to pay ARJWS's debt service monthly based on its respective percentage of plant capacity, together with certain operating and other expenses proportionate to its percentage of plant capacity. The Town's proportion of plant capacity is 2.89 % of the total plant capacity of 45 million gallons per day.
- The cost of future capital improvements not increasing ARJWS's capacity will be shared by the members according to their respective percentage of plant capacity.
- All amounts paid by the members not required to fund debt service will be deposited into a Facilities Renewal and Replacement Fund. Any surplus existing in this fund at year end will be repaid to members based on their respective percentage of plant capacity.

##### *Grants*

The Town participates in a number of federal and state assisted grant programs, which are governed by various rules and regulations of grantor agencies. These programs are subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The Town believes it has substantially complied with the contract/grant provisions. Based on prior experience, the Town's management believes such disallowances, if any, would not be significant; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

In addition, the Town must apply for annual renewals of contracts and grants. Funding is subject to both increases and reductions at the discretion of the contractors and grantors.

##### *Litigation*

Various claims and lawsuits are pending against the Town. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Town's management and legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Town.

## TOWN OF WILLIAMSTON, SOUTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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#### IV. OTHER INFORMATION (CONTINUED)

##### **D. Commitments**

In January 2023, the Town revised the agreement for operations and maintenance management services for the wastewater treatment plant. The annual cost is approximately \$510,000.

In May 2022, the Town received a Rural Infrastructure Authority Grant in the amount of \$445,000 to assist with the Mill Village Waterline Replacement. There have been no funds spent out of this grant during the year ended June 30, 2023.

In July 2022, the Town received a Community Development Block Grant in the amount of \$750,000 for the Mill Village Water Upgrade project. This grant requires the Town to match approximately \$75,000. There have been no funds spent out of this grant during the year ended June 30, 2023.

In July 2022, the Town received an Appalachian Regional Commission Grant in the amount of approximately \$320,000 for the Williamston Greenway Saratoga Springs Trail – Phase 1. This grant requires the Town to match approximately \$320,000. There have been no funds spent out of this grant during the year ended June 30, 2023.

In April 2023, the Town received a Rural Infrastructure Authority Grant in the amount of \$1,870,000 to assist with the Wastewater Treatment Plant Trunk Line Replacement and Pump Station Upgrade. There have been no funds spent out of this grant during the year ended June 30, 2023.

##### ***Consent Orders***

On August 10, 2016, the Town executed a consent order with the South Carolina Department of Health and Environmental Control (“DHEC”) under which the Town agreed to implement a capacity management, operation and maintenance program for its wastewater treatment plant. This program is to include a comprehensive review and audit of the wastewater treatment plant. Findings resulting from the review and audit and an action plan addressing the identified deficiencies, including a schedule of implementation, were to be submitted to DHEC by February 6, 2017. The Town is also required to report to DHEC quarterly a summary of corrective actions taken to address the identified deficiencies.

Under the consent order, the Town also agreed to develop a corrective action plan and schedule of implementation detailing the corrective actions that the Town was taking to address the factors contributing to fecal coliform violations.

The Town submitted a corrective action plan regarding the operation of the wastewater treatment plant in September 2016. Under this plan, the Town agreed to and executed modifications to the wastewater treatment process resulting in one-time costs of approximately \$9,000 and increased monthly operating costs of approximately \$2,000. In addition, a future construction project to upgrade the waste activated sludge line and pump is planned to begin in the future.

A wastewater collection system corrective action plan was developed in April 2017 and includes approximately \$60,000 in additional costs each year for a period of five years to inspect the manholes and sewer lines. These costs do not include any repairs costs resulting from the inspection process. The Town will use the results of these inspections to develop a capital improvement plan.

On April 24, 2023, the Town executed another consent order with DHEC due to reported violations of permitted effluent limits on discharge monitoring reports. These violations were due to multiple mechanical failures at the wastewater treatment plant. Within 30 days of the execution date of this consent order, the Town submitted to DHEC a written notification of final completion date for all corrective actions necessary to resolve the violations subject of this consent order. Beginning with the first full monthly monitoring period following completion of all corrective actions, the Town must demonstrate six months of compliance monitoring.

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

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**IV. OTHER INFORMATION (CONTINUED)**

**E. Tax Abatements**

*Town's Tax Abatements*

The Town does not have any of its own tax abatement agreements.

*Anderson County Tax Abatements*

The Town's property tax revenues were reduced by approximately \$2,000 under agreements entered into by Anderson County.

## Required Supplementary Information

## TOWN OF WILLIAMSTON, SOUTH CAROLINA

## REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2023

	GENERAL FUND			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
<b>REVENUES</b>				
Property Taxes	\$ 1,214,200	1,214,200	1,398,013	\$ 183,813
Hospitality Taxes	250,000	250,000	327,461	77,461
Homestead Exemption	89,000	89,000	90,158	1,158
Manufacturer's Exemption	32,000	32,000	55,240	23,240
Merchant's Inventory	7,207	7,207	5,406	(1,801)
Franchise Fees	345,000	345,000	404,540	59,540
Licenses and Permits	362,000	362,000	531,548	169,548
Intergovernmental	90,000	90,000	95,935	5,935
Fines and Forfeitures	20,000	20,000	21,022	1,022
Sanitation Collection Fees	257,500	257,500	279,043	21,543
Other Charges for Services	127,000	127,000	118,860	(8,140)
Resource Officers	205,581	205,581	248,363	42,782
Investment Income	1,500	1,500	20,288	18,788
Grants	1,157,530	1,157,530	1,261,782	104,252
Other	33,500	33,500	64,892	31,392
<b>TOTAL REVENUE ALL SOURCES</b>	<b>4,192,018</b>	<b>4,192,018</b>	<b>4,922,551</b>	<b>730,533</b>
<b>EXPENDITURES</b>				
General Government:				
Salaries and Wages	194,062	194,062	193,482	580
Payroll Taxes	14,845	14,845	14,147	698
Retirement	33,786	33,786	31,717	2,069
Health Insurance	61,680	61,680	58,918	2,762
Transportation Expenditures	980	980	1,066	(86)
Operating Expenditures	1,387,517	1,730,033	758,553	971,480
Total General Government	1,692,870	2,035,386	1,057,883	977,503
Public Safety:				
Police:				
Salaries and Wages	827,477	827,477	846,845	(19,368)
Payroll Taxes	62,668	62,668	63,142	(474)
Retirement	152,963	152,963	162,887	(9,924)
Health Insurance	149,095	149,095	134,294	14,801
Operating Expenditures	154,836	154,836	232,922	(78,086)
Total Police	1,347,039	1,347,039	1,440,090	(93,051)
Fire:				
Salaries and Wages	45,000	45,000	44,846	154
Payroll Taxes	3,481	3,481	3,323	158
Retirement	9,920	9,920	8,897	1,023
Health Insurance	10,825	10,825	10,485	340
Transportation Expenditures	33,516	33,516	33,858	(342)
Operating Expenditures	107,930	107,930	107,486	444
Total Fire	210,672	210,672	208,895	1,777
Total Public Safety	\$ 1,557,711	1,557,711	1,648,985	\$ (91,274)



## TOWN OF WILLIAMSTON, SOUTH CAROLINA

## REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2023

	GENERAL FUND			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
				(Continued)
Public Works:				
Street Department:				
Salaries and Wages	\$ 200,076	200,076	196,804	\$ 3,272
Payroll Taxes	15,306	15,306	14,904	402
Retirement	34,833	34,833	33,915	918
Health Insurance	41,310	41,310	41,576	(266)
Operating Expenditures	167,692	167,692	210,697	(43,005)
Total Public Works	<u>459,217</u>	<u>459,217</u>	<u>497,896</u>	<u>(38,679)</u>
Recreation:				
Salaries and Wages	88,641	88,641	112,890	(24,249)
Payroll Taxes	6,781	6,781	8,257	(1,476)
Retirement	15,432	15,432	19,935	(4,503)
Health Insurance	23,866	23,866	21,050	2,816
Transportation Expenditures	-	-	1,617	(1,617)
Operating Expenditures	241,200	250,098	287,745	(37,647)
Total Recreation	<u>375,920</u>	<u>384,818</u>	<u>451,494</u>	<u>(66,676)</u>
Capital Outlay	<u>136,300</u>	<u>531,077</u>	<u>622,615</u>	<u>(91,538)</u>
<b>TOTAL EXPENDITURES</b>	<b><u>4,222,018</u></b>	<b><u>4,968,209</u></b>	<b><u>4,278,873</u></b>	<b><u>689,336</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b><u>(30,000)</u></b>	<b><u>(776,191)</u></b>	<b><u>643,678</u></b>	<b><u>1,419,869</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	30,000	30,000	33,665	3,665
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>30,000</u></b>	<b><u>30,000</u></b>	<b><u>33,665</u></b>	<b><u>3,665</u></b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(746,191)</b>	<b>677,343</b>	<b>1,423,534</b>
FUND BALANCE, Beginning of Year	<u>2,526,451</u>	<u>2,526,451</u>	<u>2,526,451</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<b><u>\$ 2,526,451</u></b>	<b><u>1,780,260</u></b>	<b><u>3,203,794</u></b>	<b><u>\$ 1,423,534</u></b>

Note: The Town's revised budget reflected an expected use of fund balance of \$746,191.

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.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

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

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's Proportion of the Net Pension Liability	0.006488%	0.006972%	0.006757%	0.007472%	0.007952%	0.007602%	0.008182%	0.007806%	0.007653%	0.007653%
Town's Proportionate Share of the Net Pension Liability	\$ 1,572,821	1,508,784	1,726,460	1,706,236	1,781,727	1,711,332	1,747,662	1,480,445	1,317,593	\$ 1,372,675
Town's Covered Payroll	\$ 779,626	795,768	761,213	797,268	816,347	777,146	795,078	740,840	704,796	\$ 784,123
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	201.74%	189.60%	226.80%	214.01%	218.26%	220.21%	219.81%	199.83%	186.95%	175.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.06%	60.75%	50.71%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%	56.39%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the prior year.  
The discount rate was lowered from (a) 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and (b) 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF CONTRIBUTIONS  
SOUTH CAROLINA RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 138,812	127,937	122,628	117,303	114,886	109,472	88,672	86,743	79,640	\$ 73,651
Contributions in Relation to the Contractually Required Contribution:										
Contributions from the Town	130,619	119,744	114,435	109,110	106,693	101,279	88,672	86,743	79,640	73,651
Contributions from the State	8,193	8,193	8,193	8,193	8,193	8,193	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	\$ -
Town's Covered Payroll	\$ 797,310	779,626	795,768	761,213	797,268	816,347	777,146	795,078	740,840	\$ 704,796
Contributions as a Percentage of Covered Payroll	17.41%	16.41%	15.41%	15.41%	14.41%	13.41%	11.41%	10.91%	10.75%	10.45%

TOWN OF WILLIAMSTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

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

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's Proportion of the Net Pension Liability	0.05186%	0.05458%	0.05141%	0.05287%	0.05529%	0.04802%	0.04807%	0.04287%	0.04175%	0.04175%
Town's Proportionate Share of the Net Pension Liability	\$1,555,198	1,404,163	1,704,770	1,515,225	1,566,788	1,315,647	1,219,207	934,350	799,216	\$ 865,404
Town's Covered Payroll	\$ 838,120	839,035	793,921	785,074	784,887	665,414	631,170	547,429	518,250	\$ 689,113
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	185.56%	167.35%	214.73%	193.00%	199.62%	197.72%	193.17%	170.68%	154.21%	125.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.45%	70.37%	58.79%	62.69%	61.73%	60.94%	60.44%	64.57%	67.55%	62.98%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.  
The discount rate was lowered from (a) 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and (b) 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF CONTRIBUTIONS  
POLICE OFFICERS RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 176,008	157,902	149,684	141,635	132,206	124,326	92,093	84,198	71,221	\$ 64,470
Contributions in Relation to the Contractually Required Contribution:										
Contributions from the Town	169,519	151,413	143,195	135,146	125,717	117,837	92,093	84,198	71,221	64,470
Contributions from the State	6,489	6,489	6,489	6,489	6,489	6,489	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	\$ -
Town's Covered Payroll	\$ 887,137	838,120	839,035	793,921	785,074	784,887	665,414	631,170	547,429	\$ 518,250
Contributions as a Percentage of Covered Payroll	19.84%	18.84%	17.84%	17.84%	16.84%	15.84%	13.84%	13.34%	13.01%	12.44%

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## Supplementary Information

## TOWN OF WILLIAMSTON, SOUTH CAROLINA

## SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2023

	WATER ENTERPRISE FUND			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
<b>OPERATING REVENUES</b>				
Water Services	\$ 1,062,000	1,062,000	1,095,763	\$ 33,763
Tap Fees	30,000	30,000	22,300	(7,700)
Reconnect Fees	8,500	8,500	9,300	800
Miscellaneous Revenues	3,500	3,500	4,605	1,105
<b>TOTAL OPERATING REVENUES</b>	<b>1,104,000</b>	<b>1,104,000</b>	<b>1,131,968</b>	<b>27,968</b>
<b>OPERATING EXPENSES</b>				
Water Operations:				
Salaries and Wages	146,448	146,448	126,267	20,181
Payroll Taxes	11,203	11,203	9,591	1,612
Retirement	25,497	25,497	(38,992)	64,489
Health Insurance	20,665	20,665	19,962	703
Transportation Expenses	2,500	2,500	1,373	1,127
Operating Expenses	726,664	726,664	762,993	(36,329)
Depreciation	-	-	232,905	(232,905)
<b>TOTAL OPERATING EXPENSES</b>	<b>932,977</b>	<b>932,977</b>	<b>1,114,099</b>	<b>(181,122)</b>
<b>OPERATING INCOME (LOSS)</b>	<b>171,023</b>	<b>171,023</b>	<b>17,869</b>	<b>(153,154)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment Income	100	100	-	(100)
Interest and Fiscal Changes	(171,123)	(171,123)	(15,279)	155,844
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(171,023)</b>	<b>(171,023)</b>	<b>(15,279)</b>	<b>155,744</b>
<b>CHANGE IN FUND NET POSITION</b>	<b>-</b>	<b>-</b>	<b>2,590</b>	<b>2,590</b>
NET POSITION, Beginning of Year	3,501,376	3,501,376	3,501,376	-
<b>NET POSITION, End of Year</b>	<b>\$ 3,501,376</b>	<b>3,501,376</b>	<b>3,503,966</b>	<b>\$ 2,590</b>

Note: The budget is presented on the modified accrual basis of accounting. Depreciation is not budgeted and the budget for interest and fiscal charges includes principal and interest payments on debt.



## TOWN OF WILLIAMSTON, SOUTH CAROLINA

## SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2023

	SEWER ENTERPRISE FUND			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
<b>OPERATING REVENUES</b>				
Sewer Services	\$ 1,064,000	1,064,000	1,083,662	\$ 19,662
Tap Fees	50,000	50,000	27,000	(23,000)
Miscellaneous Revenues	20,000	20,000	26,082	6,082
<b>TOTAL OPERATING REVENUES</b>	<b>1,134,000</b>	<b>1,134,000</b>	<b>1,136,744</b>	<b>2,744</b>
<b>OPERATING EXPENSES</b>				
Sewer Operations:				
Salaries and Wages	83,871	83,871	83,319	552
Payroll Taxes	6,416	6,416	6,031	385
Retirement	14,601	14,601	(29,589)	44,190
Health Insurance	21,509	21,509	18,910	2,599
Operating Expenses	845,863	845,863	962,774	(116,911)
Depreciation	-	-	373,581	(373,581)
<b>TOTAL OPERATING EXPENSES</b>	<b>972,260</b>	<b>972,260</b>	<b>1,415,026</b>	<b>(442,766)</b>
<b>OPERATING INCOME (LOSS)</b>	<b>161,740</b>	<b>161,740</b>	<b>(278,282)</b>	<b>(440,022)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Grant Revenue	-	-	207,432	207,432
Investment Income	20	20	43	23
Interest and Fiscal Changes	(161,760)	(161,760)	(91,762)	69,998
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(161,740)</b>	<b>(161,740)</b>	<b>115,713</b>	<b>277,453</b>
Capital Contributions - Grants	-	-	197,226	197,226
<b>CHANGE IN FUND NET POSITION</b>	<b>-</b>	<b>-</b>	<b>34,657</b>	<b>34,657</b>
NET POSITION, Beginning of Year	8,350,921	8,350,921	8,350,921	-
<b>NET POSITION, End of Year</b>	<b>\$ 8,350,921</b>	<b>8,350,921</b>	<b>8,385,578</b>	<b>\$ 34,657</b>

Note: The budget is presented on the modified accrual basis of accounting. Depreciation is not budgeted and the budget for interest and fiscal charges includes principal and interest payments on debt.

## TOWN OF WILLIAMSTON, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2023

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
<b>Court Fines and Assessments:</b>				
Court fines and assessments collected			45,590	45,590
Court fines and assessments remitted to State Treasurer			(24,568)	(24,568)
<b>Total Court Fines and Assessments retained</b>			<b>21,022</b>	<b>21,022</b>
<b>Surcharges and Assessments retained for victim services:</b>				
Surcharges collected and retained			906	906
Assessments retained			2,148	2,148
<b>Total Surcharges and Assessments retained for victim services</b>			<b>3,054</b>	<b>3,054</b>

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
<b>Carryforward from Previous Year – Beginning Balance</b>	<b>3,184</b>		<b>3,184</b>
<b>Victim Service Revenue:</b>			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	2,148		2,148
Victim Service Surcharges Retained by City/County Treasurer	906		906
Interest Earned			
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund			
<b>Contribution Received from Victim Service Contracts:</b>			
(1) Town of			
(2) Town of			
(3) City of			
<b>Total Funds Allocated to Victim Service Fund + Beginning Balance (A)</b>	<b>6,238</b>		<b>6,238</b>
<b>Expenditures for Victim Service Program:</b>	<b>Municipal</b>	<b>County</b>	<b>Total</b>
Salaries and Benefits			
Operating Expenditures	3,054		3,054
<b>Victim Service Contract(s):</b>			
(1) Entity's Name			
(2) Entity's Name			
<b>Victim Service Donation(s):</b>			
(1) Domestic Violence Shelter:			
(2) Rape Crisis Center:			
(3) Other local direct crime victims service agency:			
Transferred to General Fund			
<b>Total Expenditures from Victim Service Fund/Program (B)</b>	<b>3,054</b>		<b>3,054</b>
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	<b>3,184</b>		<b>3,184</b>
<b>Less: Prior Year Fund Deficit Repayment</b>			
<b>Carryforward Funds – End of Year</b>	<b>3,184</b>		<b>3,184</b>

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2023**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Assistance Listing Number</b>	<b>Federal Grantor's/ Pass-Through Grantor's Number</b>	<b>Federal Expenditures</b>
<b>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Pass-through SC Department of Commerce: CDBG - Mahaffey Road Sewer Upgrade	14.228	4-CI-19-017	\$ 5,000
<b>TOTAL US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>5,000</b>
<b>US DEPARTMENT OF JUSTICE</b>			
Direct:			
Public Safety Partnership and Community Policing Grant	16.710	15JCOPS-22-GG-03401-UHPX	84,486
Bulletproof Vest Partnership Program	16.607	N/A	4,167
Pass-through SC Department of Public Safety: Edward Byrne Memorial Justice Assistance Grant Program	16.738	5G001222	31,954
<b>TOTAL US DEPARTMENT OF JUSTICE</b>			<b>120,607</b>
<b>US ENVIRONMENTAL PROTECTION AGENCY</b>			
Pass-through SC Rural Infrastructure Authority:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	F1-20-426-02	207,432
Capitalization Grants for Clean Water State Revolving Funds	66.458	F1-21-426-03	192,226
	Total 66.458		399,658
<b>TOTAL US ENVIRONMENTAL PROTECTION AGENCY</b>			<b>399,658</b>
<b>US DEPARTMENT OF TREASURY</b>			
Direct:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	1505-0271	1,060,408
<b>TOTAL US DEPARTMENT OF TREASURY</b>			<b>1,060,408</b>
<b>TOTAL FEDERAL ASSISTANCE EXPENDED</b>			<b>\$ 1,585,673</b>

Note: There were no expenditures to subrecipients for the year ended June 30, 2023.

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

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

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

**YEAR ENDED JUNE 30, 2023**

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**A. GENERAL**

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

**B. BASIS OF ACCOUNTING**

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in the notes to the Town’s financial statements.

**C. RELATIONSHIP TO THE FINANCIAL STATEMENTS**

Federal award expenditures are generally reported in the Town’s financial statements as expenditures in the General Fund and as expenses and/or capital assets additions in the Town’s enterprise funds.

**D. MATCHING COSTS**

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

**E. INDIRECT COST RATE**

The Town has elected not to use the 10% *de minimis* indirect cost rate allowed under the Uniform Guidance.



# Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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

### INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of Town Council  
Town of Williamston  
Williamston, 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 Williamston, South Carolina (the "Town"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated September 26, 2023.

#### Report on Internal Control Over Financial Reporting

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

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

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

#### Report on Compliance and Other Matters

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

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

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

### **Purpose of this Report**

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

*Greene Finney Cauley, LLP*

Greene Finney Cauley, LLP  
Mauldin, South Carolina  
September 26, 2023



# Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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

### INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

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

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

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

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

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

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

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

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

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

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

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

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

*Greene Finney Cauley, LLP*

Greene Finney Cauley, LLP  
Mauldin, South Carolina  
September 26, 2023



**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2023**

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There were no audit findings in the prior year.

TOWN OF WILLIAMSTON, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

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Section I - Summary of Auditor's Results

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

**Federal Awards**

Internal control over major programs:

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

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

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

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

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2023**

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

**2023-001: PROPER EXPENDITURE/EXPENSE RECOGNITION**

**Condition and Context:** In order to report the Town's activities in the appropriate accounting period, the Town needs to ensure that all expenditures/expenses are recorded in the year for which they relate. The lack of proper recognition led to several audit adjustments for accruals and expenditures/expenses.

**Criteria:** All expenditures/expenses should be recorded in the Town's funds in accordance with generally accepted accounting principles.

**Effect:** Transactions may not be recorded to the appropriate accounting period and thus there is a higher risk that material misstatements (due to error or fraud) in the financial statements will go undetected.

**Cause:** Oversight by the Town's personnel.

**Recommendation:** The Town should develop a process to ensure that expenditures/expenses are recorded in the appropriate accounting period.

**Response:** The Town agrees with this finding and will implement the above recommendation as detailed in the related Corrective Action Plan.

**Section III – Findings and Questioned Costs – Federal Awards Audit**

None noted.

**TOWN OF WILLIAMSTON, SOUTH CAROLINA**

**CORRECTIVE ACTION PLAN**

**YEAR ENDED JUNE 30, 2023**



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**Financial Statement Findings**

**Finding:** 2023-001

**Contact Person:** Michelle Starnes, Clerk/Treasurer, [michelle@williamstonsc.us](mailto:michelle@williamstonsc.us)

**Corrective Action:** The Town will review all liability and prepaid accounts to ensure that expenditures/expenses have been properly recorded.

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

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