

TOWN OF JEFFERSON  
Jefferson, South Carolina

FINANCIAL STATEMENTS and  
REQUIRED SUPPLEMENTAL INFORMATION  
For the Year Ended June 30, 2024

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## INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Town Council  
Town of Jefferson, South Carolina  
Jefferson, South Carolina

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

#### ***Opinion***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Town of Jefferson, South Carolina as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Town of Jefferson as of June 30, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Jefferson 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 opinion.

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

In performing an audit in accordance with generally accepted auditing standards, 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 Town of Jefferson'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 Town of Jefferson's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of Town's contributions and the schedule of Town's proportionate share of the net pension liability be presented to supplement the basic financial statements. Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information. 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 of Jefferson's basic financial statements. The combining and individual nonmajor fund financial statements 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Cantey, Tiller, Pierce and Green, LLP*

Cantey, Tiller, Pierce and Green, LLP  
Camden, South Carolina

November 6, 2024

TOWN of JEFFERSON, SOUTH CAROLINA

STATEMENT of NET POSITION  
June 30, 2024

ASSETS	Primary Government		
	Governmental	Business-Type	
CURRENT ASSETS	Activities	Activities	Total
Cash and Cash Equivalents	\$ 264,360	\$ 232,346	\$ 496,706
Certificates of Deposit	1,068,700	-	1,068,700
Investments	327,577	-	327,577
Property Taxes Receivable	57,972	-	57,972
Account Receivable, Net	34,852	39,625	74,477
Intergovernmental Receivables	60,626	-	60,626
Internal Balances	(34,000)	34,000	-
Prepaid Expenses	9,962	-	9,962
Total Current Assets	1,790,049	305,971	2,096,020
NON-CURRENT ASSETS			
RESTRICTED ASSETS			
Cash and Investments	211,850	-	211,850
Customer Deposits Held in Trust	-	3,299	3,299
Total Restricted Assets	211,850	3,299	215,149
CAPITAL ASSETS			
Land	57,196	13,870	71,066
Other Capital Assets, Net of			
Accumulated Depreciation	238,621	1,489,620	1,728,241
Total Capital Assets	295,817	1,503,490	1,799,307
Total Non Current Assets	507,667	1,506,789	2,014,456
Total Assets	2,297,716	1,812,760	4,110,476
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflow Related to Pension Liability	52,258	62,158	114,416
Total Deferred Outflow of Resources	52,258	62,158	114,416
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	42,350	15,165	57,515
Wages and Benefits Payable	6,089	3,647	9,736
Total Current Liabilities	48,439	18,812	67,251
NON-CURRENT LIABILITIES			
Liabilities Payable from Restricted Assets			
Customer Deposits	-	3,299	3,299
Net Pension Liability	149,937	218,904	368,841
Compensated Absences, Non-current	2,749	4,702	7,451
Total Non-Current Liabilities	152,686	226,905	379,591
Total Liabilities	201,125	245,717	446,842
DEFERRED INFLOW OF RESOURCES			
Deferred Inflow Related to Pension Liability	35,377	39,350	74,727
Deferred Inflow Related to Grant Revenue	-	250,273	250,273
Deferred Inflow-Bond Escrow	4,918	-	4,918
Deferred Inflow-Local Option Sales Tax	205,822	-	205,822
Deferred Inflow-Victims' Assistance	1,110	-	1,110
Total Deferred Inflow of Resources	247,227	289,623	536,850
NET POSITION			
Net Investment in Capital Assets	295,817	1,503,490	1,799,307
Unrestricted	1,605,805	(163,912)	1,441,893
Total Net Position	\$ 1,901,622	\$ 1,339,578	\$ 3,241,200

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of JEFFERSON, SOUTH CAROLINA

STATEMENT of ACTIVITIES  
For the Year Ended June 30, 2024

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:						
General Government	\$ 233,828	\$ 40,234	\$ -	\$ (193,594)	\$ -	\$ (193,594)
Public Safety						
Police	193,036	113,673	-	(79,363)	-	(79,363)
Fire	39,268	-	-	(39,268)	-	(39,268)
Street & Sanitation	217,397	200,591	-	(16,806)	-	(16,806)
Health & Welfare	30,870	-	-	(30,870)	-	(30,870)
Total Governmental Activities	714,399	354,498	-	(359,901)	-	(359,901)
Business-Type Activities						
Water Charges	375,890	209,508	-	-	(166,382)	(166,382)
Sewer Charges	250,991	156,683	92,517	-	(1,791)	(1,791)
Total Business-Type Activities	626,881	366,191	92,517	-	(168,173)	(168,173)
Total Primary Government	\$1,341,280	\$ 720,689	\$ 92,517	(359,901)	(168,173)	(528,074)
General Revenues:						
Taxes:						
Property/Other Taxes				370,985	-	370,985
Licenses (Fees)				66,408	-	66,408
Unrestricted Investment Income				39,836	-	39,836
Miscellaneous				18,994	24,896	43,890
Total General Revenues				496,223	24,896	521,119
Change in Net Position				136,322	(143,277)	(6,955)
Transfers				(100,000)	100,000	-
Net Position, Beginning of Year				1,865,300	1,382,855	3,248,155
Net Position, End of Year				\$ 1,901,622	\$ 1,339,578	\$ 3,241,200
Primary Government						

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of JEFFERSON, SOUTH CAROLINA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2024

	General	Total Governmental Funds
<b>ASSETS</b>		
Cash	\$ 264,360	\$ 264,360
Certificates of Deposit	1,068,700	1,068,700
Investments	327,577	327,577
Receivables (Net)		
Taxes	57,972	57,972
Due from State Government	60,626	60,626
Due from Grants	34,852	34,852
Prepaid Expenses	9,962	9,962
Restricted Assets		
Cash and Investments	211,850	211,850
Total Assets	<u>\$ 2,035,899</u>	<u>\$ 2,035,899</u>
 <b>LIABILITIES and FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 42,350	\$ 42,350
Due to Water and Sewer	34,000	34,000
Payroll Taxes & Employee Benefits Payable	6,089	6,089
Total Liabilities	<u>82,439</u>	<u>48,439</u>
 Deferred Inflows of Resources		
Bond Escrow	4,918	4,918
Reserve for Excess Local Option Sales Tax	205,822	205,822
Reserve for Victims' Assistance	1,110	1,110
Total Deferred Inflows of Resources	<u>211,850</u>	<u>211,850</u>
 <b>FUND BALANCES</b>		
Unassigned	1,741,610	1,741,610
Total Fund Balances	<u>1,741,610</u>	<u>1,741,610</u>
Total Liabilities and Fund Balances	<u>\$ 2,035,899</u>	<u>\$ 2,035,899</u>

The Accompanying Notes are an Integral Part of These Financial Statements



TOWN of JEFFERSON, SOUTH CAROLINA

RECONCILIATION of the GOVERNMENTAL FUNDS BALANCE SHEET  
to the STATEMENT of NET POSITION-Continued  
June 30, 2024

Total Net Position reported for governmental activities in the statement of net position is different because:

Total Fund Balance for Governmental Funds	\$ 1,741,610
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Capital assets of \$1,189,717, net of accumulated depreciation of \$893,900, are not financial resources and, therefore, are not reported in the governmental funds.	295,817
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Deferred outflows and inflows related to the pension liability are applicable to future periods and, therefore, are not reported in the governmental funds:

Deferred outflows-pension	52,258
Deferred inflows-pension	(35,377)

Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Compensated Absences	\$ (2,749)	
Net Pension Liability	<u>(149,937)</u>	<u>(152,686)</u>

Total Net Position of Governmental Activities		<u>\$ 1,901,622</u>
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TOWN of JEFFERSON, SOUTH CAROLINA

STATEMENT of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2024

REVENUES	General	Total
Taxes	\$ 370,985	\$ 370,985
Licenses & Permits	66,408	66,408
Intergovernmental Revenues	18,994	18,994
Charges for Services	200,591	200,591
Fines & Forfeits	113,673	113,673
Interest Income	39,836	39,836
Miscellaneous Revenues	40,234	40,234
Total Revenues	<u>850,721</u>	<u>850,721</u>
EXPENDITURES		
Current:		
General Government	204,487	204,487
Public Safety	229,639	229,639
Street & Sanitation	213,152	213,152
Health & Welfare	29,955	29,955
Non-Departmental	16,760	16,760
Capital Outlay	11,450	11,450
Total Expenditures	<u>705,443</u>	<u>705,443</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	145,278	145,278
TRANSFERS OUT	<u>(100,000)</u>	<u>(100,000)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND TRANSFERS	45,278	45,278
FUND BALANCE, Beginning of Year	1,696,332	1,696,332
FUND BALANCE, End of Year	<u>\$ 1,741,610</u>	<u>\$ 1,741,610</u>

TOWN of JEFFERSON, SOUTH CAROLINA

RECONCILIATION of the GOVERNMENTAL FUNDS STATEMENT of REVENUES, EXPENDITURES,  
and CHANGES in FUND BALANCES to the STATEMENT of ACTIVITIES-Continued  
For the Year Ended June 30, 2024

Net Changes in Fund Balances - Total Governmental Funds	\$ 45,278
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$11,450 was less than depreciation of \$30,930 in the current period.	
	(19,480)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds as follows:	
Net decrease in compensated absences	2,245
Net decrease net pension liability	8,279
Changes in net position of governmental activities	<u>\$ 36,322</u>

TOWN of JEFFERSON, SOUTH CAROLINA  
STATEMENT of NET POSITION - PROPRIETARY FUNDS  
June 30, 2024

ASSETS	
CURRENT ASSETS	
Cash	\$ 232,346
Water & Sewer Account Receivable, Net	39,625
Due from General Fund	34,000
Total Current Assets	<u>305,971</u>
NON-CURRENT ASSETS	
RESTRICTED ASSETS	
Customer Deposits Held in Trust	<u>3,299</u>
Total Restricted Assets	<u>3,299</u>
CAPITAL ASSETS	
Land	13,870
Property, Plant and Equipment	<u>4,548,726</u>
Sub-Total	4,562,596
Less Accumulated Depreciation	<u>(3,059,106)</u>
Total Capital Assets	<u>1,503,490</u>
Total Non-Current Assets	<u>1,506,789</u>
TOTAL ASSETS	<u>1,812,760</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred Outflow Related to Pension Liability	<u>62,158</u>
Total Deferred Outflow of Resources	<u>62,158</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	15,165
Wages and Benefits Payable	<u>3,647</u>
Total Current Liabilities	<u>18,812</u>
NON CURRENT LIABILITIES	
Accrued Vacation Pay	4,702
Net Pension Liability	218,904
Payable from Restricted Assets	
Customer's Deposits	<u>3,299</u>
Total Non-Current Liabilities	<u>226,905</u>
Total Liabilities	<u>245,717</u>
DEFERRED INFLOW OF RESOURCES	
Deferred Inflow Related to Pension Liability	39,350
Deferred Inflow Related to Grant Revenue	<u>250,273</u>
Total Deferred Inflow of Resources	<u>289,623</u>
NET POSITION	
Net Investment in Capital Assets	1,503,490
Unrestricted	<u>(163,912)</u>
Total Net Position	<u>\$ 1,339,578</u>

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of JEFFERSON, SOUTH CAROLINA

STATEMENT of REVENUES, EXPENSES and CHANGES in NET POSITION -  
 PROPRIETARY FUNDS  
 For the Year Ended June 30, 2024

OPERATING REVENUES

Charges for Services:

Water Charges	\$ 209,508
Sewer Service Charges	156,683
Total Charges for Services	<u>366,191</u>

Other	<u>24,896</u>
Total Operating Revenues	<u>391,087</u>

OPERATING EXPENSES

Personnel Services	137,027
Maintenance, Operations & Contractual Services	382,610
Materials & Supplies	33,661
Depreciation	<u>73,583</u>
Total Operating Expenses	<u>626,881</u>
Operating Loss	<u>(235,794)</u>

NONOPERATING REVENUES

Capital Grants	<u>92,517</u>
Total Nonoperating Revenues	<u>92,517</u>

TRANSFERS IN

Change in Net Position	(43,277)
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NET POSITION, Beginning of Year	<u>1,382,855</u>
NET POSITION, End of Year	<u>\$ 1,339,578</u>

TOWN of JEFFERSON, SOUTH CAROLINA

STATEMENT of CASH FLOWS - PROPRIETARY FUNDS  
For the Year Ended June 30, 2024

CASH FLOWS from OPERATING ACTIVITIES:

Cash Received from Customers	\$ 352,900
Cash Payments to Suppliers and Employees	<u>(560,166)</u>
Net Cash Used in Operating Activities	<u>(207,266)</u>

CASH FLOWS from CAPITAL and RELATED FINANCING ACTIVITIES:

Capital Grant	92,517
Transfers from General Fund	<u>100,000</u>
Net Cash Provided by Capital and Related Financing Activities	<u>192,517</u>

Decrease in Cash and Cash Equivalents	(14,749)
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Cash and Cash Equivalents at Beginning of Year	250,394
Cash and Cash Equivalents at End of Year	<u>\$ 235,645</u>

Unrestricted Cash	\$ 232,346
Restricted Cash	<u>3,299</u>
	<u>\$ 235,645</u>

RECONCILIATION of OPERATING LOSS to

NET CASH USED in OPERATING ACTIVITIES:

Operating Loss	\$ (235,794)
Adjustments to Reconcile Operating Loss to	
Net Cash Used in Operating Activities:	
Depreciation	73,583
Changes in Assets and Liabilities:	
(Increase) Decrease in Current and Other Assets	
Accounts Receivable	(38,187)
Prepaid Expenses	6,724
Deferred Outflows Related to Pension Liability	1,566
Increase (Decrease) in Current and Other Liabilities	
Accounts Payable	(652)
Accrued Vacation	1,255
Deferred Inflows Related to Pension Liability	(15,011)
Deferred Inflows Related to Grant Revenue	(8,539)
Net Pension Liability	8,162
Other Liabilities	<u>(373)</u>
Net Cash Used in Operating Activities	<u>\$ (207,266)</u>

TOWN of JEFFERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

The Town of Jefferson, South Carolina was incorporated on December 28, 1901, under a charter granted by the Secretary of the State of South Carolina. On October 22, 1976, the Town adopted the council form of government under the provisions of the Home Rule Act of 1975.

The Town provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and welfare, and general administrative services. Other services include water and sewer.

The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

A. Reporting Entity

The financial statements of the Town consist only of the funds of the Town. The Town has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

B. Basic Financial Statements - Government-Wide Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's public safety, streets, sanitation, health and welfare, and general administrative services are classified as governmental activities. The Town's utility services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's Net Position is reported in three parts—net investments in capital assets, restricted net position, and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary grants while the capital grants column reflects capital-specific grants.

## NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales taxes, intergovernmental revenues, interest income, etc.).

The Town does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

### C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town:

#### 1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town.

- a. General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

#### 2. Proprietary Funds:

The focus of proprietary fund measurement is based upon the determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:

- a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third-party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

### D. Basis of Accounting

The government-wide statement reports using the economic resources measurement focus and the accrual basis of accounting generally include the reclassification or elimination of internal activity (between or within funds). Proprietary fund financial statements also report using this same focus and basis of accounting, although internal activity is not eliminated in these statements. Revenues are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.



## NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include sales and use taxes, motel taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements include revenues and expenses related to the primary, continuing operations of the fund. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

### E. Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device during the year for the General and Water and Sewer Funds. The General Fund Budget is adopted on a basis substantially consistent with using the current financial resources measurement focus and the modified accrual basis of accounting. The Water and Sewer Fund budget is adopted on the cash basis.

The Town Council approves by ordinance budget appropriations by each department. Unused appropriations lapse at the end of the year. Budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The Town does not utilize a formal method of encumbrance accounting and reporting.

### F. Cash and Investments

For purposes of cash flows, the Town considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Investment Credit Risk - The Town has no investment policy that limits its investment choices other than the limitation of state law. The State of South Carolina General Statute permits the Town to invest in the following types of instruments:

1. Obligations of the United States, and its agencies, the principal, and interest of which is fully guaranteed by the United States.
2. 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 the refinement or graduation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

## NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

3. (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 rating categories, without regard to a refinement or graduation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations
4. Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
5. Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificate 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.
6. Repurchase agreements when collateralized by securities as set forth in this section.
7. 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 (1), (2), (3), and (6) 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.

### G. Inventory

The enterprise inventory consists primarily of chemicals and supplies which have historically been expensed by the Water and Sewer Fund when purchased. The amount on hand at June 30, 2024, was nominal and therefore, no inventory has been recorded in the financial statements.

### H. Receivables and Allowance for Uncollectible Accounts

The Town positively enforces the property tax collection policies described in Note 1-J; thus, all property taxes receivable are expected to be fully collectible. Allowance for uncollectible accounts receivable in the enterprise fund at year end is \$1,000 at June 30, 2024.

### I. Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired with an original cost of \$500 or more are stated at historical cost or estimated historical cost. Donated capital assets are stated at their fair value on the date donated. Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and Improvements	5 - 40 Years
Mobile Equipment	5 - 10 Years
Furniture, Fixtures and Equipment	5 Years

The capitalized cost of assets includes not only purchase price or construction cost, but also ancillary charges (such as site preparation and professional fees) and construction-period interest.

## NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

### J. Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on real property. Assessment was made by Chesterfield County. The Town provides the County with the tax levy, and the County furnishes the data for the tax notices for the Town. The tax levy for 2023 was 96 mills. Property taxes are due January 31, with a 15% penalty added February 1.

Property tax revenues are recognized when they become available. Available revenues include those property taxes expected to be collected within sixty days after year-end. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. If not collected, the property is sold at annual tax sale.

### K. Compensated Absences

The Town permits employees to accumulate a limited number of compensated absences. The Town generally allows one half of unused vacation days to be carried forward to the next year, up to twelve days for the first nine years and no more than twenty-four days for ten or more years. Town employees are entitled to accumulate one day per month for sick leave. If the individual leaves the employment of the Town, he is paid for unused vacation, but not unused sick leave.

Town employees receive vacation on the following basis:

- Employed one year - six days
- Employed two to six years - twelve days
- Employed seven to ten years - fifteen days
- Employed over ten years - eighteen days

Town employees are allowed eleven holidays in addition to regular vacation.

As of June 30, 2024, the liability for accrued vacation is \$7,451. The amount applicable to the General Fund is \$2,749 and the amount applicable to the Proprietary Fund is \$4,702. Compensated absences are reported as accrued in the government-wide and proprietary financial statements. Government funds report only matured compensated absences payable to currently terminating employees and is included in wages and benefits payable.

### L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion--pension-related deferrals. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, has two types of items that qualify as deferred inflow of resources. The bond escrow, local option sales tax, grant revenue and victims' assistance represent revenue received before time requirements are met but after all other eligibility requirements are met. The second type is deferred inflows relating to pension obligations and is the net difference between the projected and actual earnings on pension plan investments and is amortized over a closed five-year period, and the differences between expected and actual experience, which will be amortized into pension expense over a period equal to the average remaining service lives of participants.

## NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

### M. Net Position

Net position is classified and presented in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any mortgages, notes payable, or other borrowings, that are attributable to the acquisitions, construction, or improvement of those assets.

Restricted – Consists of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted – All other assets that do not meet the definition of “restricted” or “invested in capital assets.”

### N. Fund Balance

The Town has implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on government’s fund balance more transparent. The following classification describes the relative strength of the spending constraints placed on the purpose for which resources can be used:

- Nonspendable fund balance—amounts that are not in a spendable form (such as inventory and prepaid) or are required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision or by enabling legislation.
- Committed fund balance—amounts constrained to specific purpose by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes same highest-level action to remove or change the constraint.
- Assigned fund balance—amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose; positive amounts are reported only in the general fund.

### O. Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from those estimates.

### P. Grants

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

## NOTE 2 CASH AND INVESTMENTS

Deposits are shown at carrying value at June 30, 2024, as follows:

	1	2	3	Bank Balance	Total Carrying Amount
Checking Accounts	\$ 731,525	\$ -	\$ -	\$ 731,525	\$ 710,517
Savings Accounts	1,976	-	-	1,976	1,976
Certificates of Deposit	859,707	208,245	-	1,067,952	1,067,952
SCLGIP Deposits (Defined below)	-	327,577	-	327,577	327,577
	<u>\$ 1,593,208</u>	<u>\$ 535,822</u>	<u>\$ -</u>	<u>\$ 2,129,030</u>	<u>\$ 2,108,022</u>

The difference in fair value and bank balance for checking accounts represents outstanding checks on accounts involved in a sweep arrangement. Of the bank balance of \$2,129,030, all was covered by federal depository insurance and pledged collateral.

The Town's deposits are categorized to indicate the level of risk assumed by the Town at year end. Category 1 includes deposits that are insured or collateralized with securities held by the government or its agent in the government's name. Category 2 includes deposits that are collateralized with securities held by pledging the financial institution's trust department or agent in the government's name. Category 3 includes uncollateralized deposits or deposits collateralized with securities held by the pledging financial institution or its trust department or agent but not in the Town's name.

A reconciliation of cash, cash equivalents, and investments at June 30, 2024 as shown in the statement of net position for the primary government follows:

Petty Cash and Other	\$ 110
Carrying Amount of Deposits	<u>2,108,022</u>
Total	<u>\$ 2,108,132</u>
Cash and Cash Equivalents	\$ 496,706
Certificates of Deposit	1,068,700
Investments-SCLGIP Deposits	327,577
Cash and Cash Equivalents - Restricted	<u>215,149</u>
Total	<u>\$ 2,108,132</u>

The Town has certain funds invested within the South Carolina Local Government Investment Pool (SCLGIP). The SCLGIP is an investment trust fund, created by state legislation, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The SCLGIP is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services. The SCLGIP is not registered with the SEC. It is similar to a money market fund in that it is offered at a stable price and is guided by risk control principles such as significant overnight Repurchase Agreements for Liquidity; attention to credit quality, portfolio diversification and maintenance of a short average maturity of fixed and floating rate investments.

### NOTE 3 FAIR VALUE MEASUREMENTS

*Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted 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 as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Board has the ability to access.

Level 2 Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets.
- quoted prices for identical or similar assets or liabilities in inactive markets.
- inputs other than quoted 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.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024.

*S.C. Local Government Investment Pool (SCLGIP)*. Fair value substantially equivalent to the value of the pool shares.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Board believes its valuation methods are appropriate and consistent with other market participants, 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.

	Level 1	Level 2	Level 3	Total
Investments				
SCLGIP	\$ -	327,577	\$ -	\$ 327,577

#### NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES:				
Capital Assets not Being Depreciated:				
Land and Improvements	\$ 57,196	\$ -	\$ -	\$ 57,196
Total Capital Assets not Being Depreciated	57,196	-	-	57,196
Other Capital Assets Being Depreciated:				
Land Improvements	18,098	-	-	18,098
Buildings and Improvements	668,818	-	-	668,818
Equipment	280,586	11,450	-	292,036
Streets, Sidewalks, Etc.	153,569	-	-	153,569
Total Other Capital Assets at Historical Cost	1,121,071	11,450	-	1,132,521
Less Accumulated Depreciation for:				
Land Improvements	(21,550)	(460)	-	(22,010)
Buildings and Improvements	(448,393)	(16,989)	-	(465,382)
Equipment	(253,464)	(9,776)	-	(263,240)
Streets, Sidewalks, Etc.	(139,563)	(3,705)	-	(143,268)
Total Accumulated Depreciation	(862,970)	(30,930)	-	(893,900)
Other Capital Assets Being Depr, Net Governmental Activities	258,101	(19,480)	-	238,621
Capital Assets, Net	\$ 315,297	\$ (19,480)	\$ -	\$ 295,817
BUSINESS-TYPE ACTIVITIES:				
Capital Assets not Being Depreciated:				
Land	\$ 7,450	\$ -	\$ -	\$ 7,450
Construction in Progress	6,420	-	-	6,420
Total Capital Assets not Being Depreciated	13,870	-	-	13,870
Other Capital Assets Being Depreciated				
Property, Plant and Equipment	4,265,079	-	-	4,265,079
Lagoons	283,647	-	-	283,647
Total Other Capital Assets at Capital Assets, Net	4,548,726	-	-	4,548,726
Less Accumulated Depreciation	(2,985,523)	(73,583)	-	(3,059,106)
Other Capital Assets Being Depr, Net	1,563,203	(73,583)	-	1,489,620
Business-Type Activities Capital Assets, Net	\$ 1,577,073	\$ (73,583)	\$ -	\$ 1,503,490

#### NOTE 4 CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions for the year ended June 30, 2024, as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	
General Governmental	\$ 23,105
Fire Department	2,665
Streets and Sanitation	4,245
Health and Welfare	915
Total Governmental Activities Depreciation Expense	<u>\$ 30,930</u>
<b>BUSINESS-TYPE ACTIVITIES</b>	
Water Department	\$ 47,829
Sewer Department	25,754
Total Business-Type Activities Depreciation Expense	<u>\$ 73,583</u>

#### NOTE 5 PAYABLES FROM RESTRICTED ASSETS

Certain assets of the Town have been restricted. These assets consist of cash and short-term investments at June 30, 2024, as follows:

	General Fund	Proprietary Fund Type
<b>Restricted Assets</b>		
Deposits for Bail Bonds	\$ 4,918	\$ -
Deposits for Excess Local Option Sales Tax	205,822	-
Deposits for Victims Assistance	1,110	-
Customer Deposits	-	3,299
Total Restricted Assets	<u>\$ 211,850</u>	<u>\$ 3,299</u>
 Payable from Restricted Assets	 <u>\$ 211,850</u>	 <u>\$ 3,299</u>

#### NOTE 6 RETIREMENT PLAN

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, 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.



## NOTE 6 RETIREMENT PLAN (Continued)

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

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through 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. PEBA is 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 for the state.

### Plan Description

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established 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 individuals first elected to the South Carolina General Assembly at or after the general election in November 2012.

### Membership

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

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

### Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms 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 the benefit terms for each system is presented below.

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

NOTE 6 RETIREMENT PLAN (Continued)

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.

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 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. Effective July 1, 2017, employee rates were increased and capped at 9 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017, for SCRS until reaching 18.56 percent. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA board would increase the employer contribution rates as necessary to meet the funding periods set in applicable year.

Pension reform legislation modified statute such that the employer contribution rates for SCRS to be further increased, not to exceed one-half of one percent in any one year, if necessary, in order to improve the funding plans. The statute set rates intended to reduce the unfunded liability of SCRS 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 plan. Finally, under the revised statute, the contribution rates for SCRS may not be decreased. Until the plans are at least 85 percent funded.

Required employer and employee contribution rates are as follows:

	<u>SCRS Rates</u>
Employer Contribution Rate	
Retirement	18.41%
Incidental Death Benefit	0.15%
Total	<u>18.56%</u>
Employee Contribution Rate	<u>9.00%</u>

NOTE 6 RETIREMENT PLAN (Continued)

The required contributions and percentages of amounts contributed to the Plan were as follows:

Year Ended June 30	SCRS Contributions	
	Required	%Contributed
2024	\$ 42,472	100%

Eligible payrolls covered under the Plans were as follows:

Year Ended June 30	SCRS Payroll	
	\$	
2024	\$	228,836

Actuarial Assumptions and Methods

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

The June 30, 2023, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith, and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2022. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2023, using generally accepted actuarial principles. There was no legislation enacted during the 2023 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, 2023.

	SCRS
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increases	3% to 11% (Varies by service)
Includes inflation at	2.25%
Benefit adjustments	Lesser of 1% or \$500 annually

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

NOTE 6 RETIREMENT PLAN (Continued)

Assumptions used in the determination of the June 30, 2022, TPL are as follows:

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 Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

Net Pension Liability

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 June 30, 2023, for SCRS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Position Liability(Asset)	Plan Fiduciary Net Position as a % of the Total Pension Liability
SCRS	\$ 58,464,402,454	\$ 34,286,961,942	\$ 24,177,440,512	58.6%

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

At June 30, 2024, the Town reported a liability of \$368,841 for its proportionate share of the net pension liability for the SCRS. The net pension liability was measured as of July 1, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The Town's proportion was .0015% for the SCRS.

For the year ended June 30, 2024, the Town recognized pension expense of \$27,319 for SCRS. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 74,727
Liability Experience	73,537	-
Town Contributions Subsequent to the Measurement Date	40,879	-
Total	\$ 114,416	\$ 74,727

## NOTE 6 RETIREMENT PLAN (Continued)

The \$40,879 of deferred outflows of resources resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Measurement Period Year Ended June 30,	Fiscal Year Year Ended June 30,	
2024	2025	\$ 1,485
2025	2026	(17,185)
2026	2027	14,727
2027	2028	(217)
		<u>\$ (1,190)</u>

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2023 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7 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.

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.62%	3.04%
Bonds	26.0%	0.31%	0.08%
Private Equity	9.0%	10.91%	0.98%
Private Debt	7.0%	6.16%	0.43%
Real Assets	12.0%		
Real Estate	9.0%	6.41%	0.58%
Infrastructure	3.0%	6.62%	0.20%
Total Expected Return	100.0%		5.31%
Inflation for Actuarial Purposes			2.25%
			<u>7.56%</u>

### Discount Rate

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the 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.

## NOTE 6 RETIREMENT PLAN (Continued)

### Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

<b>Sensitivity of the Net Pension Liability to Changes in the Discount Rate</b>			
<b>System</b>	<b>1% Decrease (6%)</b>	<b>Current Discount Rate (7%)</b>	<b>1% Increase (8%)</b>
SCRS	\$ 476,576	\$ 368,841	\$ 279,293

### Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2023, and the accounting valuation report as of June 30, 2023. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' ACFR.

## NOTE 7 RISK MANAGEMENT

The Town is participating in a Public Entity Risk Pools for Property and Casualty Insurance. The Town has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund ("SCMIRF") and the South Carolina Municipal Insurance Trust ("SCMIT"), which are public entity risk pools currently operating as a common risk management and insurance program for general risk insurance and workers compensation, respectively. The Town pays an annual premium to SCMIRF for its general risk insurance. For the year ended June 30, 2024, the Town made premium payments totaling approximately \$20,837. 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, 2023, totaled approximately \$8,549,788. 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.

The Town pays an annual premium to SCMIT for its workers compensation insurance. For the year ended June 30, 2024, the Town made premium payments totaling approximately \$4,282. 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, 2023, totaled approximately \$43,866,712. 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.

## NOTE 8 CONTINGENT LIABILITIES AND COMMITMENTS

The Town is periodically the subject of litigation by a variety of plaintiffs. The Town's management believes that such amounts claimed by these plaintiffs, net of the applicable insurance coverage, are immaterial.

The Town receives financial assistance from various federal, state, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the Town at June 30, 2024.

#### NOTE 9 SUBSEQUENT EVENTS

The Town evaluated all events or transactions that occurred after June 30, 2024, through November 6, 2024, the date the Town issued these financial statements. During this period, the Town did not have any material subsequent events that required recognition in the Town's disclosures to the June 30, 2024, financial statements.

## REQUIRED SUPPLEMENTARY INFORMATION



TOWN of JEFFERSON, SOUTH CAROLINA  
GENERAL FUND

STATEMENT of REVENUES, EXPENDITURES and CHANGES in  
FUND BALANCE - BUDGET and ACTUAL  
For the Year Ended June 30, 2024

	Original Budget	Revised Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Taxes	\$289,400	\$ 289,400	\$ 370,985	\$ 81,585
Licenses and Permits	47,550	47,550	66,408	18,858
Intergovernmental Revenues	18,693	18,693	18,994	301
Charges for Services	91,000	91,000	200,591	109,591
Fines & Forfeits	132,000	132,000	113,673	(18,327)
Interest Income	18,000	18,000	39,836	21,836
Miscellaneous	151,620	151,620	40,234	(111,386)
Total Revenues	<u>748,263</u>	<u>748,263</u>	<u>850,721</u>	<u>102,458</u>
<b>EXPENDITURES</b>				
General Government	135,000	135,000	204,487	(69,487)
Public Safety	249,483	249,483	229,639	19,844
Streets & Sanitation	264,368	264,368	224,602	39,766
Health & Welfare	79,042	79,042	29,955	49,087
Non-Departmental	17,870	17,870	16,760	1,110
Total Expenditures	<u>745,763</u>	<u>745,763</u>	<u>705,443</u>	<u>40,320</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>\$ 2,500</u>	145,278	<u>\$ 142,778</u>
<b>OTHER FINANCING USES</b>				
Transfers to Water and Sewer		-	(100,000)	(100,000)
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>\$ 2,500</u>	45,278	<u>\$ 42,778</u>
FUND BALANCE, Beginning of Year			1,696,332	
FUND BALANCE, End of Year			<u>\$1,741,610</u>	

TOWN OF JEFFERSON, SOUTH CAROLINA

SCHEDULE of the TOWN'S CONTRIBUTIONS  
South Carolina Retirement System  
Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contributions	\$ 42,472	\$ 33,870	\$ 26,707	\$ 31,169	\$ 27,640	\$ 25,125	\$ 22,338	\$ 18,206	\$ 17,022	\$ 17,830
Contributions in Relation to Statutorily Required Contributions	42,472	33,870	26,707	31,169	27,640	25,125	22,338	18,206	17,022	17,830
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reporting Unit's Covered-Employee Payroll	\$228,836	\$192,880	\$170,879	\$200,489	\$177,635	\$174,358	\$166,574	\$159,565	\$156,019	\$165,863
Contributions as a Percentage of Covered Employee Payroll	18.56%	17.56%	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%

TOWN OF JEFFERSON, SOUTH CAROLINA

SCHEDULE of the TOWN'S PROPORTIONATE  
SHARE of the NET PENSION LIABILITY  
South Carolina Retirement System  
Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Reporting Unit's Proportion of South Carolina Retirement System Net Pension Liability (%)	0.0015%	0.0015%	0.0018%	0.0015%	0.0016%	0.0016%	0.0016%	0.0017%	0.0017%	0.0017%
Reporting Unit's Proportionate Share of Net Pension Liability	\$368,841	\$347,884	\$383,831	\$406,844	\$377,029	\$360,172	\$355,909	\$344,107	\$335,500	\$293,373
Reporting Unit's Covered Employee Payroll	\$228,836	\$192,880	\$170,879	\$200,489	\$177,635	\$174,358	\$186,574	\$159,565	\$156,019	\$165,863
Reporting Unit's Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll (%)	161.2%	180.4%	224.6%	202.9%	212.2%	206.6%	213.7%	215.7%	215.0%	176.9%

SUPPLEMENTAL INFORMATION (OPTIONAL)

GENERAL FUND

TOWN of JEFFERSON, SOUTH CAROLINA

GENERAL FUND

STATEMENT of REVENUES and EXPENDITURES - BUDGET COMPARED to ACTUAL  
For the Year Ended June 30, 2024

REVENUES	Budget	Actual	Variance Favorable (Unfavorable)
Current Taxes	\$ 45,000	21,204	\$ (23,796)
Delinquent Property Taxes	6,000	1,451	(4,549)
Personal Property Taxes	13,000	10,791	(2,209)
Homestead Exemption	11,300	10,908	(392)
Local Option Sales Tax	140,000	195,631	55,631
Motor Carriers Tax	71,500	123,819	52,319
Local Government Funds	18,093	18,991	898
Accommodations Tax	-	4,488	4,488
Merchants Inventory Adjustment	2,600	2,693	93
Manufacturing Depreciation Reimbursement	600	3	(597)
Fines & Forfeitures	125,000	108,158	(16,842)
Victim's Assistance	7,000	5,515	(1,485)
Garbage Fees	91,000	95,373	4,373
Business & Professional	9,500	11,874	2,374
Progress Energy	26,000	38,800	12,800
Capital Credit	500	-	(500)
SC Electric & Gas	5,000	6,581	1,581
Lynches River Electric	3,000	3,324	324
Telecommunication	3,550	4,129	579
Miscellaneous	1,000	4,016	3,016
Chesterfield County-Fire Department	15,000	15,000	-
Community Center Rental	8,500	8,818	318
Building Rental	6,000	5,500	(500)
Park Rentals	500	675	175
Accommodations Tax Grant	3,400	1,700	(1,700)
Insurance Tax Program	84,500	105,218	20,718
Interest Income	18,000	39,836	21,836
Cemetery Donations	6,500	5,225	(1,275)
Net Festival Funds	-	1,000	1,000
Grant-Park Improvements	26,220	-	(26,220)
Total Revenues	748,263	850,721	102,458
EXPENDITURES			
General Government			
Administrative Salaries	60,000	95,820	(35,820)
Payroll Taxes	5,400	17,655	(12,255)
Professional Services	20,000	33,432	(13,432)
Retirement	11,500	16,681	(5,181)
Insurance	5,300	6,318	(1,018)
Postage	800	857	(57)
Insurance-Employee	15,000	13,621	1,379
Office Expense	3,000	10,289	(7,289)
Advertising-Legal	900	578	322
Dues Community Relations	3,000	3,995	(995)

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of JEFFERSON, SOUTH CAROLINA

GENERAL FUND  
STATEMENT of REVENUES and EXPENDITURES - BUDGET COMPARED to ACTUAL  
For the Year Ended June 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (Continued)			
General Government (Continued)			
Automobile Allowance	2,500	2,809	(309)
Mayor's Expense	800	375	425
Capital Outlay	4,700	-	4,700
Conferences & Meetings	1,400	1,892	(492)
Training	700	165	535
Total General Government	135,000	204,487	(69,487)
PUBLIC SAFETY			
Police Department			
SC Share of Fines Collected	75,000	56,013	18,987
Sheriff's Department Contract	131,063	131,267	(204)
Bonus for deputies instead of raises	500	500	-
Victims assistance-Fines Coll	7,000	4,353	2,647
Communication	-	52	(52)
Equipment	1,500	-	1,500
Utilities	1,200	851	349
Total Police Department	216,263	193,036	23,227
Fire Department			
Building Maintenance	4,000	-	4,000
Vehicle Maintenance	-	498	(498)
Insurance	620	183	437
Sandhills Fire Department Contract	28,600	35,833	(7,233)
Training/Travel	-	89	(89)
Total Fire Department	33,220	36,603	(3,383)
Total Public Safety	249,483	229,639	19,844
STREET and SANITATION EXPENSE			
Streets			
Street Cleaning	3,500	3,120	380
Supplies	250	1,976	(1,726)
Repairs & Maintenance	5,000	4,224	776
Street Lights	34,000	34,664	(664)
Christmas Expense	13,000	2,639	10,361
Garbage Contract	74,600	78,964	(4,364)
Total Streets Expense	130,350	125,587	4,763
Maintenance			
Salaries	42,500	47,059	(4,559)
Social Security	3,545	-	3,545
Retirement Contributions	7,400	8,277	(877)
Employee Health Insurance	9,200	6,593	2,607
Repairs & Maintenance	20,500	7,891	12,609
Utilities	14,450	12,092	2,358
Workers' Comp Insurance	1,800	1,168	632
New Truck - Maintenance - General	28,873	40	28,833
Truck Insurance	1,000	118	882
Equipment Maintenance	1,200	840	360
Uniform Maintenance	550	901	(351)
Truck Maintenance	1,200	281	919
Truck Gas & Oil General	1,800	2,305	(505)
Capital Outlay	-	11,450	(11,450)
Total Maintenance Expense	134,018	99,015	35,003
Total Streets & Sanitation Expense	264,368	224,602	39,766

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of JEFFERSON, SOUTH CAROLINA

GENERAL FUND  
STATEMENT of REVENUES and EXPENDITURES - BUDGET COMPARED to ACTUAL  
For the Year Ended June 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
HEALTH AND WELFARE			
Library and Medical Clinic			
Maintenance	10,500	1,204	9,296
Library Insurance	400	105	295
Medical Clinic	720	129	591
Utilities	2,700	2,445	255
Total Library	14,320	3,883	10,437
Court			
Salary	4,800	4,800	-
Jury Fees	500	-	500
State Accident Insurance	60	58	2
Tort Liability Insurance	232	-	232
Training	1,000	1,014	(14)
Total Court Expense	6,592	5,872	720
Community Center			
Utilities	5,000	3,960	1,040
Maintenance	5,000	5,440	(440)
Insurance	555	150	405
Total Community Center	10,555	9,550	1,005
Parks			
Maintenance	3,000	1,826	1,174
Park Improvements	32,775	1,350	31,425
Insurance	2,000	97	1,903
Accommodations Tax Grant - Capital Outlay	6,800	1,700	5,100
Gym Maintenance	1,000	4,034	(3,034)
Park Utilities	2,000	1,643	357
Total Parks Expense	47,575	10,650	36,925
Total Health and Welfare Expense	79,042	29,955	49,087
NON-DEPARTMENTAL EXPENSE			
Unemployment	1,000	-	1,000
Beautification	2,500	3,163	(663)
Supplies	600	25	575
Elections	1,100	1,031	69
Tax Notices	420	456	(36)
Christmas Bonus	5,000	4,973	27
Christmas Dinner	1,500	1,463	37
Retirement Dinner & Gift	2,500	1,866	634
Cemetery Maintenance	3,000	1,310	1,690
Miscellaneous	250	2,473	(2,223)
Total Non-Departmental Expense	17,870	16,760	1,110
Total Expenditures	745,763	705,443	40,320
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 2,500	145,278	\$ 142,778
OTHER FINANCING USES			
Transfers to Water and Sewer	-	(100,000)	(100,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 2,500	45,278	\$ 42,778
FUND BALANCE, Beginning of Year		1,696,332	
FUND BALANCE, End of Year		<u>\$ 1,741,610</u>	

The Accompanying Notes are an Integral Part of These Financial Statements



TOWN of JEFFERSON, SOUTH CAROLINA

STATEMENT of FINES and ASSESSMENTS  
For the Year Ended June 30, 2024

Fines Collected	\$ 52,145
Assessments and Surcharges Collected	56,013
Assessments and Surcharges for Victims' Assistance	<u>5,515</u>
Total Fines, Assessments and Surcharges Collected	<u>\$ 113,673</u>
Fines and Fees Retained by Town	\$ 52,145
Assessments and Surcharges Retained by Town for Victim Services	<u>5,515</u>
Total Fines, Assessments and Surcharges Ret Retained by Town	<u>\$ 57,660</u>
Total Assessments and Surcharges Remitted to State Treasurer	<u>\$ 56,013</u>
Assessments and Surcharges Retained by Town For Victim's Services	\$ 5,515
Victim Services Expenditures	<u>(5,652)</u>
Funds Available for Carry-Forward	(137)
Funds Unused Prior Year	<u>1,247</u>
Funds to Carry-forward to Next Year	<u>\$ 1,110</u>

Note: This schedule is required by SC 14-1-208E and is an annual reconciliation of amounts collected and remitted to the State Treasurer on the State Treasurer's monthly Remittance Form.

## PROPRIETARY FUNDS

TOWN of JEFFERSON, SOUTH CAROLINA

STATEMENT of REVENUES, EXPENSES and CHANGES in NET POSITION  
BUDGET COMPARED to ACTUAL - PROPRIETARY FUND  
For the Year Ended June 30, 2024

	Water and Sewer Fund					Variance
	Water Budget	Water Actual	Sewer Budget	Sewer Actual	Total Actual	Favorable (Unfavorable)
OPERATING REVENUES						
Water Sales	\$ 199,000	\$ 200,758	\$ -	\$ -	\$ 200,758	\$ 1,758
Sewer Service Charges	-	-	153,000	156,683	156,683	3,683
Penalties	13,000	13,221	-	-	13,221	221
Water Connection Fees	3,000	8,750	-	-	8,750	5,750
Water Meter Connect Fee	2,500	5,675	-	-	5,675	3,175
Pro Energy Fee	6,500	-	-	-	-	(6,500)
Sandhill Capital Credit	150	-	-	-	-	(150)
Sewer Connection Fees	-	-	3,000	6,000	6,000	3,000
Miscellaneous	89,710	-	-	-	-	(89,710)
Total Operating Revenues	313,860	228,404	156,000	162,683	391,087	(78,773)
OPERATING EXPENSES						
Salaries	40,500	43,827	54,000	51,651	95,478	(978)
Payroll Taxes	3,100	-	4,100	-	-	7,200
Medical	21,500	16,428	13,200	11,234	27,662	7,038
Retirement	6,200	4,542	9,300	6,097	10,639	4,861
Bonuses	1,625	1,624	1,625	1,624	3,248	2
Miscellaneous Labor	200	-	200	-	-	400
Professional Services	17,500	15,216	17,500	15,216	30,432	4,568
Training	1,200	1,001	1,500	1,098	2,099	601
Laboratory Fees	1,500	1,309	23,000	19,384	20,693	3,807
Freight	100	-	-	-	-	100
Postage	2,200	2,305	-	-	2,305	(105)
Office Supplies	800	1,752	600	1,263	3,015	(1,615)
Plant Supplies	1,200	2,217	1,500	4,843	7,060	(4,360)
Uniform Maintenance	550	792	550	757	1,549	(449)
Chemicals	-	-	9,500	13,684	13,684	(4,184)
Advertising	1,500	-	100	-	-	1,600
Dues and Subscriptions	1,000	1,209	550	170	1,379	171
DHEC	2,800	3,856	2,000	-	3,856	944
Travel	-	-	200	-	-	200
Vehicle Maintenance	1,200	694	1,150	1,323	2,017	333
Vehicle Gas, Oil, Grease	2,100	2,416	2,500	2,413	4,829	(229)
Equip Gas, Oil and Grease	1,000	1,613	1,000	1,420	3,033	(1,033)
Equip. Repair & Maint.	15,250	157	10,000	2,911	3,068	22,182
Pumps Repairs and Maint	-	-	15,000	4,929	4,929	10,071
Plant Repair & Maint	-	-	7,000	9,440	9,440	(2,440)
Repairs/Parts-Meters/Lines	17,000	21,002	4,000	6,200	27,202	(6,202)
Utilities	10,000	7,824	28,000	24,750	32,574	5,426
CCRWC Contract	80,050	142,261	-	-	142,261	(62,211)
Waterline Upgrade RIA	-	27,800	-	-	27,800	(27,800)
Equipment (Flow Meter)	-	-	10,250	157	157	10,093
Sales Tax	1,000	1,181	1,500	-	1,181	1,319
Insurance	8,210	3,874	6,250	1,898	5,772	8,688
Miscellaneous	1,000	1,004	500	215	1,219	281
SRF Grant for Sewer Plant	-	-	-	42,560	42,560	(42,560)
ARP Expense	-	22,157	-	-	22,157	(22,157)
Capital Outlay	1,500	-	1,500	-	-	3,000
Depreciation	-	47,829	-	25,754	73,583	(73,583)
Total Operating Expense	241,785	375,890	228,075	250,991	626,881	(157,021)

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of JEFFERSON, SOUTH CAROLINA

STATEMENT of REVENUES, EXPENSES and CHANGES in NET POSITION  
BUDGET COMPARED to ACTUAL - PROPRIETARY FUND  
For the Year Ended June 30, 2024

	Water and Sewer Fund					Variance Favorable (Unfavorable)
	Water Budget	Water Actual	Sewer Budget	Sewer Actual	Total Actual	
OPERATING INCOME (LOSS)	<u>72,075</u>	<u>(147,486)</u>	<u>(72,075)</u>	<u>(88,308)</u>	<u>(235,794)</u>	<u>(235,794)</u>
NONOPERATING REVENUES						
Capital Grants	<u>-</u>	<u>49,957</u>	<u>-</u>	<u>42,560</u>	<u>92,517</u>	<u>92,517</u>
TRANSFERS from OTHER FUNDS	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
CHANGE in NET POSITION	<u>\$ 72,075</u>	<u>\$ 2,471</u>	<u>\$ (72,075)</u>	<u>\$ (45,748)</u>	<u>\$ (43,277)</u>	<u>\$ (43,277)</u>

# CANTEY, TILLER, PIERCE & GREEN, LLP

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## 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

Honorable Mayor and  
Members of the Town Council  
Town of Jefferson, South Carolina  
Jefferson, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Jefferson, South Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Town of Jefferson, South Carolina's basic financial statements and have issued our report thereon dated November 6, 2024.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Jefferson, South Carolina's internal control over financial reporting (internal control) as a basis for determining whether 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 Town of Jefferson, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Jefferson, South Carolina's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant 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. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described below that we consider being significant deficiencies.

## **Findings and Responses**

### **Financial Statement Preparation (Repeat Comment)**

Condition – Based on the experience level of the accounting staff at the Town of Chesterfield, South Carolina, we drafted the financial statement and note disclosures.

Criteria – The financial statements are the responsibility of the Town.

Cause – The accounting staff of the accounting firm drafts the financial statements and note disclosures.

Effect – The accounting staff firm drafting the financial statements requires additional procedures to be completed by management to ensure that management takes responsibility for the financial statements.

Recommendation – Management is provided with a preliminary draft and asked that they review the financial statements to determine the completeness and accuracy of the financial information. Management has reviewed the financial statements and approved them. Subsequent to approval, a final report was issued.

Response – Management will review the financial statements to determine the completeness and accuracy of the financial information and then approve the report.

### **Separation of Duties (Repeat Comment)**

Condition – During our audit we reviewed procedures over transaction cycles related to receipting, cash disbursements, utility billing, and payroll and found the Town to have limited segregation of duties related to all areas.

Criteria – Adequate separation of duties calls for clear segregation of functions such as receipts, disbursements, recording, custody of assets, transaction authorization, and performance monitoring.

Cause – The accounting staff of the Town maintains and controls the check stock, prepares checks, records disbursements, prepares payroll and posts to general ledger and prepares deposits and posts to general ledger.

Effect – The existence of this limited segregation of duties increases the risk of misstatement or fraud.

Recommendation – While we recognize the number of staff is not large enough to eliminate these deficiencies entirely, we believe the risk can be reduced by another person reviewing cancelled checks, unopened bank statements and bank reconciliations.

Response – Considering the lack of separation of responsibility, Council and management maintains an awareness of the internal control structure when making accounting and administrative decisions to ensure that reasonably adequate policies and procedures exist and are maintained.

### **Compliance and Other Matters**

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

Other matters are reported in a separate letter.

## **Town of Jefferson, South Carolina's Response to Findings**

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

### **Purpose of this Report**

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

*Cantey, Tiller, Pierce and Green, LLP*

Cantey, Tiller, Pierce and Green, LLP  
Jefferson, South Carolina

November 6, 2024