

**TOWN OF AYNOR,  
SOUTH CAROLINA  
BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

To the Town Council  
Town of Aynor, South Carolina

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Aynor, South Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Aynor, South Carolina's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Aynor, South Carolina, as of June 30, 2023, and the respective changes in financial position 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 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 of Aynor, South Carolina 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 of Aynor, South Carolina's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards 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 of Aynor, South Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Aynor, South Carolina'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.

#### ***Other Matters***

As discussed in Note 10 to the financial statements, the Town of Aynor, South Carolina recorded a prior period adjustment to properly reflect cash in the previous year.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules as referenced 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 of Aynor, South Carolina's basic financial statements. The accompanying nonmajor fund budgetary comparison information and schedule of court fines, assessments and surcharges is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the

auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nonmajor fund budgetary comparison information and schedule of court fines, assessments and surcharges is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2024, on our consideration of the Town of Aynor, South Carolina'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 of Aynor, South Carolina's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Aynor, South Carolina's internal control over financial reporting and compliance.

*Love Bailey & Associates, LLC*

Love Bailey & Associates, LLC  
Laurens, South Carolina  
May 21, 2024

**TOWN OF AYNOR, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

The discussion and analysis of The Town of Aynor's financial performance provides an overall review of the Town's financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider this information in conjunction with the additional information in the Town's financial statements, and the accompanying notes to those financial statements.

**FINANCIAL HIGHLIGHTS**

- The Town's assets and deferred outflows exceeded its liabilities and deferred inflows at June 30, 2023 by \$4,403,340 (net position).
- The Town's total net position increased \$1,331,871 from the prior year net position with fiscal year revenues of \$2,776,581 and expenses of \$1,444,710.
- At June 30, 2023, the Town's governmental fund balance sheet reported a combined ending fund balance of \$3,322,654, an increase of \$1,129,974 from the previous fiscal year. Of this amount, \$30,090 is restricted in the General Fund, \$151,618 is restricted to the Cemetery Fund, \$880,860 is restricted to the Hospitality Fund, \$831,841 is restricted to other governmental funds and the remaining \$1,428,245 is unrestricted.
- The General Fund revenues for the year ended June 30, 2023 was \$1,753,315, which was over budget due to the "property taxes", "franchise tax", "state shared revenues", and "business licenses and permits" budget lines; total change in fund balance was \$228,798 for the year end June 30, 2023.
- At June 30, 2023, the Town's net pension liability was \$901,958.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. A description of these statements and some related definitions follow:

Government-wide Financial Statements: 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. These statements outline functions of the Town that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, street and sanitation, recreation, hospitality and tourism, community development, and economic development. The government-wide financial statements can be found on pages 10 and 11 of this report.

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

**TOWN OF AYNOR, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

Statement of Activities: The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets 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 periods (e.g., uncollected taxes and earned but unused compensated absences).

Fund 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be classified as governmental funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town'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 Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages 13 and 15 of this report.

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. The notes to the financial statements can be found on pages 16-37 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents a General Fund Budgetary Comparison Schedule as required supplementary information. Required supplementary information can be found on pages 38-39 of this report.

Combining statements in connection with non-major governmental funds are presented immediately following the required supplementary information.

#### **FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$4,403,340 as of June 30, 2023.

Of the Town's total net position, 41 percent is investment in capital assets. The Town uses these capital assets to provide services to its constituents; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of any related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



**TOWN OF AYNOR, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

The Town's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following table presents a summary of the Town's net position for the years ended June 30, 2023 and June 30, 2022.

	2023	(Restated) 2022
Current and other assets	\$ 1,487,686	\$ 1,279,927
Non-current assets	3,739,416	2,608,281
Total assets	<u>5,227,102</u>	<u>3,888,208</u>
Deferred pension charges	212,463	248,922
Total deferred outflows of resources	<u>212,463</u>	<u>248,922</u>
Current liabilities	93,812	103,200
Long-term liabilities	926,072	804,103
Total liabilities	<u>1,019,884</u>	<u>907,303</u>
Deferred pension charges	16,341	170,982
Total deferred inflows of resources	<u>16,341</u>	<u>170,982</u>
Net position:		
Invested in capital assets, net of related debt	1,810,636	1,604,952
Restricted	1,865,381	996,565
Unrestricted	727,323	469,952
Total net position	<u>\$ 4,403,340</u>	<u>\$ 3,071,469</u>

**TOWN OF AYNOR, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

The following table presents a summary of the changes in net position for the years ended June 30, 2023 and June 30, 2022.

	2023	(Restated) 2022
Revenues:		
Program revenues		
Charges for services	\$ 438,803	\$ 430,673
Operating grants and contributions	304,473	100,779
Capital grants and contributions	1,000,375	-
General revenue		
Property taxes	346,778	302,213
Hospitality taxes	306,949	337,913
Franchise Fees	125,329	137,403
State share revenue and fees in lieu of taxes	170,163	192,948
Investment income	14,874	1,047
American Rescue Plan Act	-	240,708
Gain on sale of asset	-	10,895
Miscellaneous revenues	68,837	77,123
Total revenues	<u>2,776,581</u>	<u>1,831,702</u>
Expenses and transfers:		
General government	541,752	345,118
Public safety	428,311	580,272
Street and sanitation	421,398	386,678
Recreation	9,984	8,658
Road and streets	9,835	170
Drainage project	33,430	33,430
Total expenses	<u>1,444,710</u>	<u>1,354,326</u>
Increase in net position	<u>1,331,871</u>	<u>477,376</u>
Net position, beginning	<u>3,071,469</u>	<u>2,594,093</u>
Net position, ending	<u><u>\$ 4,403,340</u></u>	<u><u>\$ 3,071,469</u></u>

**TOWN OF AYNOR, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

Governmental activities: The following table presents the cost of the seven major Town functional activities: general government, public safety, street and sanitation, recreation, roads and streets, victims rights, and drainage project for the fiscal years ended June 30, 2023 and June 30, 2022. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

	2023	Net (Expense)	2022	Net (Expense)
	Total Expenses	Revenue	Total Expenses	Revenue
General Government	\$ 541,752	\$ (196,357)	\$ 345,118	\$ (164,666)
Public Safety	428,311	(331,746)	580,272	(442,447)
Street and Sanitation	421,398	(203,464)	386,678	(180,240)
Recreation	9,984	(9,984)	8,658	(8,658)
Roads and Streets	9,835	26,974	170	(51)
Victims Rights	-	3,746	-	6,603
Drug Fund	-	113	-	15
Drainage Project	33,430	616,945	33,430	(33,398)
	<u>\$ 1,444,710</u>	<u>\$ 298,941</u>	<u>\$ 1,354,326</u>	<u>\$ (822,842)</u>

As seen from the above table, the total cost of the Town's activities for fiscal year 2023 was \$1,444,710. Because some of the costs were paid by those who directly benefited from the activities or by contributions and grants, the amount that the taxpayers financed through ad valorem taxes amounted to \$346,778. The Town paid the remaining costs of governmental activities with hospitality fees, franchise fees, and state shared revenues and fees in lieu of taxes.

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

The General Fund is the principal operating fund of the Town. The General Fund's fund balance increased from \$1,229,537 at June 30, 2022 to \$1,458,335 at June 30, 2023. The General Fund had an increase of \$228,798 from the fiscal year 2023 activities.

**TOWN OF AYNOR, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual revenues exceeded budgeted revenues by \$508,057 for the year ended June 30, 2023.

Budgeted expenditures exceeded actual expenditures by \$274,756.

A more complete report of the budgeted vs. actual revenues and expenditures for the General Fund is included in this report as required supplementary information on pages 38 and 39.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets: At June 30, 2023, the Town had invested \$3,012,592 in capital assets, including land, buildings and improvements, and other vehicles and equipment. Accumulated depreciation was \$1,201,957 including current depreciation expense of \$117,489 for the year.

The following schedule presents capital asset balances net of depreciation for the fiscal years ended June 30, 2023 and June 30, 2022.

	2023	2022
Land	\$ 101,574	\$ 101,574
Construction in Progress	140,332	-
Buildings and Improvements	442,402	437,979
Infrastructure	924,904	958,334
Vehicles and equipment	201,424	107,065
	<u>\$ 1,810,636</u>	<u>\$ 1,604,952</u>

Additional information on the Town's capital assets can be found in Note 5 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

It is not anticipated that the 2023-2024 fiscal year will result in substantial growth.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the resources it receives. If you have questions about this report or need additional information, contact The Town of Aynor, Post Office Box 66, Aynor, South Carolina 29511-0066.

**TOWN OF AYNOR, SOUTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 1,285,443
Short-term investments	106,342
Receivables, net	95,901
Total current assets	<u>1,487,686</u>
Non-current assets	
Restricted cash and cash equivalents	1,928,780
Capital assets, non-depreciable	241,906
Capital assets, net of accumulated depreciation	1,568,730
Total non-current assets	<u>3,739,416</u>
Total assets	<u>5,227,102</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred pension charges	212,463
Total deferred outflows of resources	<u>212,463</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued expenses	22,177
Deferred revenue	71,635
Total current liabilities	<u>93,812</u>
Long-term liabilities	
Accrued compensated absences	24,114
Net pension liability	901,958
Total long-term liabilities	<u>926,072</u>
Total liabilities	<u>1,019,884</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred pension charges	16,341
Total deferred inflows of resources	<u>16,341</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	1,810,636
Restricted for:	
Victims rights	122,737
Public safety	30,090
Hospitality and tourism	880,860
Cemetery	151,618
Drainage project	642,714
Road and streets	28,313
Drug fund	9,049
Unrestricted	727,323
Total net position	<u>\$ 4,403,340</u>

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

**TOWN OF AYNOR, SOUTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**JUNE 30, 2023**

		<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Grants and Contributions Operating</b>	<b>Capital</b>	<b>Governmental Activities</b>
<b>PRIMARY GOVERNMENT</b>					
<b>Governmental activities</b>					
General government	\$ 541,752	\$ 136,750	\$ 251,359	\$ 350,000	\$ 196,357
Public safety	428,311	43,451	53,114	-	(331,746)
Street and sanitation	421,398	217,934	-	-	(203,464)
Recreation	9,984	-	-	-	(9,984)
Roads and streets	9,835	36,809	-	-	26,974
Victims rights	-	3,746	-	-	3,746
Drug fund	-	113	-	-	113
Drainage project	33,430	-	-	650,375	616,945
Total governmental activities	<u>\$ 1,444,710</u>	<u>\$ 438,803</u>	<u>\$ 304,473</u>	<u>\$ 1,000,375</u>	<u>298,941</u>
<b>GENERAL REVENUES</b>					
Property taxes, levied for general purposes					346,778
Hospitality taxes					306,949
Franchise fees					125,329
State shared revenues and fees in lieu of taxes					170,163
Investment income					14,874
Miscellaneous revenue					68,837
Total general revenues					<u>1,032,930</u>
Change in net position					1,331,871
Net position, beginning of year, as restated (see Note 10)					<u>3,071,469</u>
Net position, end of year					<u>\$ 4,403,340</u>

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

**TOWN OF AYNOR, SOUTH CAROLINA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	<b>General Fund</b>	<b>Hospitality Tax</b>	<b>Cemetery</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,285,443	\$ -	\$ -	\$ -	\$ 1,285,443
Short-term investments	106,342	-	-	-	106,342
Accounts receivable	74,488	11,166	300	9,947	95,901
Due from other funds	80,505	102,399	-	-	182,904
Restricted cash and cash equivalents	30,090	838,937	159,461	900,292	1,928,780
Total assets	<u>\$ 1,576,868</u>	<u>\$ 952,502</u>	<u>\$ 159,761</u>	<u>\$ 910,239</u>	<u>\$ 3,599,370</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 16,134	\$ -	\$ 6,043	\$ -	\$ 22,177
Deferred revenue	-	-	-	71,635	71,635
Due to other funds	102,399	71,642	2,100	6,763	182,904
Total liabilities	<u>118,533</u>	<u>71,642</u>	<u>8,143</u>	<u>78,398</u>	<u>276,716</u>
<b>FUND BALANCES</b>					
Restricted:					
Cemetery upkeep	-	-	151,618	-	151,618
Hospitality and tourism	-	880,860	-	-	880,860
Other governmental funds	-	-	-	831,841	831,841
Fines and fees	30,090	-	-	-	30,090
Unassigned					
General fund	1,428,245	-	-	-	1,428,245
Total fund balances	<u>1,458,335</u>	<u>880,860</u>	<u>151,618</u>	<u>831,841</u>	<u>3,322,654</u>
Total liabilities and fund balances	<u>\$ 1,576,868</u>	<u>\$ 952,502</u>	<u>\$ 159,761</u>	<u>\$ 910,239</u>	<u>\$ 3,599,370</u>

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

**TOWN OF AYNOR, SOUTH CAROLINA**  
**RECONCILIATION OF THE BALANCE SHEET OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

Total fund balance	\$	3,322,654
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Amounts reported for governmental activities in the statement  
of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and; therefore, are not reported in the funds. The cost of the capital assets was \$3,012,593 and the accumulated depreciation was \$1,201,957		1,810,636
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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 government funds but are recorded in the statement of net position.		(705,836)
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Long-term liabilities are not due and payable in the current period and; therefore, are not reported in the funds.		
Compensated absences		(24,114)

Total net position	\$	4,403,340
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The accompanying notes are an integral part of the financial statements.



**TOWN OF AYNOR, SOUTH CAROLINA**  
**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	<b>General</b>	<b>Hospitality Tax</b>	<b>Cemetery</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUE</b>					
Property taxes	\$ 346,778	\$ -	\$ -	\$ -	\$ 346,778
Hospitality taxes	-	306,949	-	-	306,949
State shared revenue	170,163	-	-	-	170,163
Franchise fees	125,329	-	-	-	125,329
Business licenses and permits	136,750	-	-	-	136,750
Fines and forfeitures	43,451	-	-	-	43,451
Garbage collection	217,934	-	-	-	217,934
Cemetery sales	-	-	10,400	-	10,400
Road and streets	-	-	-	36,809	36,809
Victims rights	-	-	-	3,746	3,746
Drainage project	-	-	-	650,375	650,375
Drug fund	-	-	-	113	113
Grants	654,473	-	-	-	654,473
Miscellaneous	58,437	-	-	-	58,437
Total revenues	<u>1,753,315</u>	<u>306,949</u>	<u>10,400</u>	<u>691,043</u>	<u>2,761,707</u>
<b>EXPENDITURES</b>					
General governmental	311,496	-	-	-	311,496
Public safety	392,815	-	-	-	392,815
Streets and sanitation	404,186	-	-	-	404,186
Recreation	1,936	-	-	-	1,936
Road and streets	-	-	-	9,835	9,835
Non-departmental	150,559	44,781	-	-	195,340
Cemetery upkeep	-	-	7,827	-	7,827
Capital outlay:					
General government	118,548	-	-	-	118,548
Public safety	50,260	-	-	-	50,260
Streets and sanitation	95,439	-	-	-	95,439
Drainage project	-	-	-	24,899	24,899
Hospitality	-	18,031	-	-	18,031
Roads and streets	-	-	-	15,995	15,995
Total expenditures	<u>1,525,239</u>	<u>62,812</u>	<u>7,827</u>	<u>50,729</u>	<u>1,646,607</u>
Excess (deficiency) of revenues over expenditures	<u>228,076</u>	<u>244,137</u>	<u>2,573</u>	<u>640,314</u>	<u>1,115,100</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Interest income	2,099	10,336	60	2,379	14,874
Transfers in	-	-	-	1,377	1,377
Transfers out	(1,377)	-	-	-	(1,377)
Total other financing sources (uses)	<u>722</u>	<u>10,336</u>	<u>60</u>	<u>3,756</u>	<u>14,874</u>
Net changes in fund balances	228,798	254,473	2,633	644,070	1,129,974
<b>FUND BALANCES</b>					
Beginning of year, as restated (see Note 10)	<u>1,229,537</u>	<u>626,387</u>	<u>148,985</u>	<u>187,771</u>	<u>2,192,680</u>
End of year	<u>\$ 1,458,335</u>	<u>\$ 880,860</u>	<u>\$ 151,618</u>	<u>\$ 831,841</u>	<u>\$ 3,322,654</u>

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

**TOWN OF AYNOR, SOUTH CAROLINA**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**JUNE 30, 2023**

Net change in fund balances	\$	1,129,974
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Amounts reported for governmental activities in the statement of activities  
are different because:

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

Capital asset additions	\$	323,173	
Depreciation expense		<u>(117,489)</u>	205,684

Changes in the Town's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the statement of activities		(798)
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Some expenses reported in the statement of activities  
require the use of current financial resources and therefore  
are not reported as expenditures in governmental funds.

Compensated absences		<u>(2,989)</u>
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Change in net position	\$	<u><u>1,331,871</u></u>
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The accompanying notes are an integral part of the financial statements.

**TOWN OF AYNOR, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Aynor, South Carolina conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

**Reporting Entity**

The Town of Aynor, South Carolina (the Town) was incorporated on May 21, 1941 as a municipal corporation under the laws of the State of South Carolina. The Town's governing body consists of an elected mayor and four-member council.

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Based on this criterion the Town has determined it has no component units and is not a component unit of any other organization. Therefore, the Town reports as a primary entity.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these 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. Indirect expense allocations are eliminated for the statement of activities. 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. Internally dedicated resources are also reported as general revenues.

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and demonstrate legal compliance. Major individual governmental funds are reported as separate columns in the fund financial statements. All non-major funds are aggregated and reported in a single column on each of the fund financial statements.

The 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.

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. 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 they are needed.

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. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, franchise fees, fines and forfeitures, garbage collection, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

The Town utilizes the following governmental funds:

General Fund – The general fund is the primary operating fund of the Town. The general fund accounts for all financial resources except those that are required to be reported in another fund.

Special Revenue Fund – The special revenue fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Town uses the following special revenue funds:

Cemetery Fund – Used to account for the sale of cemetery plots and the expense of upkeep and maintenance.

Hospitality Tax Fund – Used to account for the collection of the 1% hospitality tax which finances the preservation of the general health, safety, and welfare of the general public within the Town. The 1% hospitality tax also finances costs associated with tourism related promotions and marketing of the Town.

Other Governmental Funds – Used to account for road and street fund, victims rights fund, drug fund, and drainage project fund.

The Town reports the General Fund as a major governmental fund.

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Cash and Cash Equivalents and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the United States and its agencies, general obligations of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal depository insurance, certificates of deposit collaterally secured, and repurchase agreements secured by the foregoing obligations.

**Receivables and Payables**

All receivables are shown at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Such allowances are estimated based upon such factors as length of delinquency, historical analysis, and available means for collection enforcement.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Interfund receivables and payables outstanding at year end are eliminated upon consolidation of governmental activities in the government-wide statement of net assets.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

**Prepaid Items**

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements. The Town had no item of this nature at June 30, 2023.

**Restricted assets**

Certain assets of the Town are classified as restricted on the balance sheet when specific limitations are placed upon their use. Restricted assets of the Town include cash and certificates of deposit set aside as required by state statute for providing services to victims and witnesses of crimes, cemetery upkeep, preservation and improvements related to tourism and hospitality, and special projects.

During 1982, the Mayor and Council adopted an ordinance to provide for cemetery upkeep. A savings account was established of which the interest is to be deposited into the Cemetery Fund bank account to provide for the upkeep of the cemetery, while the principal is to remain intact.

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings & Improvements	10 – 40
Land Improvements	10 – 40
Equipment & Furnishings	5 – 10
Vehicles	5

Depreciation for capital assets that can be specifically identified with a function is included in the direct expenses for that function. Depreciation for capital assets that serve essentially all functions is included in the statement of activities as a separate line item “depreciation - unallocated.”

In the case of the initial capitalization of general infrastructure assets, the Town elected not to implement the retroactive reporting provisions of GASB Statement No. 34. However, as the Town acquires or constructs additional infrastructure assets each period, they are capitalized and reported at historical cost.

**Compensated Absences**

It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the Town does not have a policy to pay any amounts when employees separate from service with the Town.

All vacation pay and salary related expenses are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Deferred Revenue**

Deferred revenues arise when potential revenue does not meet the criteria for recognition in the current period. In subsequent periods, when revenue recognition criteria are met, the government has a legal claim to the resources, or the revenue has been earned, the liability is removed and revenue is recognized.

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Long-term Obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Premiums and discounts, are deferred and amortized over the life of the related obligations. Obligations are reported net of applicable premiums or discounts. Issuance costs are expensed as incurred. In the fund financial statements, governmental fund types recognize premiums and discounts, as well as 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.

**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 the consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (except expenses) until then. The Town currently has one type of deferred outflow of resources: deferred pension charges. It is reported in the Statement of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. These deferred pension charges are either (1) recognized in the subsequent period as a reduction in the net pension liability (including pension contributions made after the measurement date) or (2) 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 (government-wide) and the Balance Sheet (governmental funds) will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Town currently has two types of inflows of deferred resources: (1) unavailable revenue-property taxes only in the government funds balance sheet; it is deferred and recognized as an inflow of resources (property tax revenue) in the periods the amounts become available, and (2) the Town also reports deferred pension credits in its Statement of Net Position in connection with its participation in the South Carolina Retirement Systems and South Carolina Police Officers Retirement System. These deferred pension credits are amortized in a systemic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

**Fund Balance**

Non-spendable – This classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Committed – This classification includes amounts that can be spent only for specific purposes pursuant to constraints imposed by formal action of the Town. Such formal action may be in the form of an ordinance or resolution and may be modified or rescinded by subsequent formal action.

Assigned – This classification includes amounts that are intended by the Town to be used for specific purposes, but are neither restricted nor committed. Assignments may be made only by the governing body or official.

Unassigned – This classification represents the residual balance with the General Fund, which has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances.

The Town uses restricted amounts first when both restricted and unrestricted fund balances are available.

**Property Taxes**

The Town assesses and levies property taxes in accordance with applicable laws of the State of South Carolina. Real and personal property of every description owned and used in the Town, except that which is exempt from taxation under the Constitution and Laws of the State, is subject to taxation. An annual ordinance establishing the millage rate associated with the levy is adopted each year as part of the budget adoption process.

Property taxes are assessed and collected under a joint billing and collection agreement with Horry County. Property taxes are levied each October on the assessed value listed as of the prior January 1 for all real and business personal property located within the Town. The tax levy is considered due upon receipt by the taxpayer; however, the actual due date is January 15<sup>th</sup>. Automobile property taxes attach a lien and are levied throughout the year depending on when the vehicle's license tag expires. Property taxes are recognized under the standards established by GASB Statement No. 33 for Imposed Nonexchange Revenues.

**Nonexchange Transactions**

The standards established by GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", provide accounting and reporting for the following four categories of nonexchange transactions: 1) Derived tax revenues, 2) Imposed nonexchange revenues, 3) Government-mandated nonexchange transactions, and 4) Voluntary nonexchange transactions. Nonexchange transactions involve financial or capital resources in which the government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange.

Assets from Derived Tax Revenues are recognized when the underlying exchange has occurred and resources are available to the government.

(Continued)



**TOWN OF AYNOR, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Assets from Imposed Nonexchange Revenues are recognized when an enforceable legal claim has arisen or when resources are received, whichever occurs first. Revenues are recognized when resources are required to be used or the first period that use is permitted. Resources must also be available to the government.

Assets, liabilities, revenues, and expenditures from Government-Mandated and Voluntary Nonexchange Transactions are generally recognized when all eligibility requirements have been met. Resources received before the eligibility requirements are fulfilled are reported as deferred revenues. Eligibility requirements can include one or more of the following:

- 1) The recipient has the characteristics specified by the provider.
- 2) Time requirements specified by the provider have been met.
- 3) The provider offers resources on a reimbursement basis and allowable costs have been incurred under the applicable program.
- 4) The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and revenues, expenditures/expenses, and other sources and uses recognized during the reporting period. Actual results could differ from those amounts.

**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.

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

- 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 should 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.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits might not be recovered. The Town does not have a formal 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 balances of \$3,297,024 were exposed to custodial credit risk because they were insured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Town's name. The Town's bank balance consisted of \$3,090,353 in cash and \$206,671 in certificate of deposits.

**NOTE 3 – RESTRICTED CASH**

At June 30, 2023 the restricted cash accounts are as follows:

	<u>General</u>	<u>Non-major</u>	<u>Total</u>
Cash and certificates of deposit:			
Fines and fees	\$ 30,090	\$ -	\$ 30,090
Cemetery	-	159,461	159,461
Hospitality	-	838,937	838,937
Road and streets	-	71,797	71,797
Victims rights	-	129,500	129,500
Drug fund	-	9,049	9,049
Drainage project fund	-	689,946	689,946
Total restricted assets	<u>\$ 30,090</u>	<u>\$ 1,898,690</u>	<u>\$ 1,928,780</u>

**TOWN OF AYNOR, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 4 – RECEIVABLES**

At June 30, 2023 the receivables for individual major funds and non-major funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General	Non-major	Total
Receivables:			
Taxes	\$ 48,692	\$ -	\$ 48,692
Garbage	19,811	-	19,811
Franchise fees	5,985	-	5,985
Cemetery fees	-	300	300
Hospitality taxes	-	11,166	11,166
Road and streets fees	-	9,947	9,947
Gross receivables	74,488	21,413	95,901
Less: allowance for uncollectible	-	-	-
Net receivables	<u>\$ 74,488</u>	<u>\$ 21,413</u>	<u>\$ 95,901</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period and defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2023, the Town had a total of \$71,635 of deferred revenue in the other governmental funds.

**TOWN OF AYNOR, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023
Non-depreciable assets:				
Land	\$ 101,574	\$ -	\$ -	\$ 101,574
Construction in progress	-	140,332	-	140,332
Total non-depreciable assets	101,574	140,332	-	241,906
Depreciable:				
Land Improvements	50,364	-	-	50,364
Buildings and Improvements	689,360	27,654	-	717,014
Infrastructure	1,002,907	-	-	1,002,907
Vehicles and Equipment	845,215	155,187	-	1,000,402
Total depreciable capital assets	2,587,846	182,841	-	2,770,687
Less accumulated depreciation:				
Land Improvements	(9,051)	(2,833)	-	(11,884)
Buildings and Improvements	(294,155)	(18,937)	-	(313,092)
Infrastructure	(44,573)	(33,430)	-	(78,003)
Vehicles and Equipment	(736,689)	(62,289)	-	(798,978)
	(1,084,468)	(117,489)	-	(1,201,957)
Total depreciable capital assets, net	1,503,378	65,352	-	1,568,730
Total capital assets, net	\$ 1,604,952	\$ 205,684	-	\$ 1,810,636

Depreciation expense was \$117,489 for the year ended June 30, 2023.

**NOTE 6 – PENSION PLANS**

**State 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.

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 6 – PENSION PLANS, 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 a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through 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 considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

**Plan Descriptions**

- The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established 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, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.
- The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established 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.

In addition to the plans described above, PEBA also administers three single employer defined benefit pension plans, which are not covered in this report. They are the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG).

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 6 – PENSION PLANS, Continued**

**Membership**

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

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- 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 PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 6 – PENSION PLANS, Continued**

**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.

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.

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 6 – PENSION PLANS, Continued**

**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 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. Legislation in 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. However, 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. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

Required employee contribution rates<sup>1</sup> for fiscal years 2022 and 2023 are as follows:

	<u>Fiscal Year 2022</u>	<u>Fiscal Year 2023</u>
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

(Continued)



**TOWN OF AYNOR, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 6 – PENSION PLANS, Continued**

Required employer contribution rates <sup>1</sup> for fiscal years 2022 and 2023 are as follows:

	<u>Fiscal Year 2022</u>	<u>Fiscal Year 2023</u>
SCRS		
Employer Class Two	16.41%	17.41%
Employer Class Three	16.41%	17.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	18.84%	19.84%
Employer Class Three	18.84%	19.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

**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, 2020.

The June 30, 2022, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2021. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2022, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022.

	<b>SCRS</b>	<b>PORS</b>
Actuarial cost method:	Entry age normal	Entry age normal
Investment rate of return <sup>2</sup>	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

(Continued)

<sup>1</sup> Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

<sup>2</sup> Includes inflation at 2.25%

**TOWN OF AYNOR, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 6 – PENSION PLANS, Continued**

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.

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 and 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, 2022, for SCRS and PORS are presented below.

System	Employer's Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Town's Proportionate Share of the Collective Net Pension Liability
SCRS	\$ 333,137	57.1%	.00137%
PORS	568,821	66.4%	.01900%

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.

**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.

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 6 – PENSION PLANS, Continued**

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 table on the following page. 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.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
<b>Public Equity</b> <sup>3</sup>	46.0%	6.79%	3.12%
<b>Bonds</b>	26.0%	-0.35%	-0.09%
<b>Private Equity</b> <sup>1 4</sup>	9.0%	8.75%	0.79%
<b>Private Debt</b> <sup>2</sup>	7.0%	6.00%	0.42%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate <sup>2</sup>	9.0%	4.12%	0.37%
Infrastructure <sup>2</sup>	3.0%	5.88%	0.15%
Total Expected Real Return <sup>5</sup>	100.0%		4.79%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.04%

**Pensions**

At June 30, 2023, the Town reported a liability of \$333,137 and \$568,821 for its proportionate share of the net pension liability for SCRS and PORS, respectively. The net pension liability was measured as of June 30, 2022, 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 members, actuarially determined.

(Continued)

<sup>3</sup> The target weight to Private Equity will be equal to its actual weight, reported by the custodial bank, as of prior month end. When flows have occurred, flow adjusted weights are used to more accurately reflect the impact of the asset class weight. Private Equity and Public Equity combine for 55% of the entire portfolio.

<sup>4</sup> Staff and Consultant will notify the Commission if Private Markets assets exceed 25% of total assets.

<sup>5</sup> Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 20% of total assets.

**TOWN OF AYNOR, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 6 – PENSION PLANS, Continued**

For the year ended June 30, 2023, the Town recognized pension expense for the SCRS plan and PORS plan of \$25,427 and \$76,603, respectively. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Description</b>	<b>Deferred outflow of resources</b>	<b>Deferred inflow of resources</b>
<b>SCRS</b>		
Differences between expected and actual experience	\$ 13,579	\$ (1,452)
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	8,883	(2,295)
Net difference between projected and actual earnings on pension plan investments	514	-
Town's contributions subsequent to the measurement date	39,518	-
Total SCRS	<u>\$ 62,494</u>	<u>\$ (3,747)</u>
<b>PORS</b>		
Differences between expected and actual experience	\$ 33,231	\$ (11,245)
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	53,391	(1,349)
Net difference between projected and actual earnings on pension plan investments	1,718	-
Town's contributions subsequent to the measurement date	61,629	-
Total PORS	<u>\$ 149,969</u>	<u>\$ (12,594)</u>

The \$39,518 and \$61,629 reported as deferred outflows of resources related to pensions resulting from Town's contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the PORS will be recognized as pension expense as follows:

<b>Year Ended June 30,</b>	<b>SCRS</b>	<b>PORS</b>	<b>Total</b>
2023	\$ 9,961	\$ 39,226	\$ 49,187
2024	8,544	30,947	39,491
2025	(7,965)	(16,538)	(24,503)
2026	8,688	22,111	30,799
	<u>\$ 19,228</u>	<u>\$ 75,746</u>	<u>\$ 94,974</u>

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 6 – PENSION PLANS, Continued**

**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 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, 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.

**Sensitivity Analysis**

The following table presents the collective NPL of the Town using the discount rate of 7.00 percent, as well as what the Town's NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.00 percent) or 1.00 percent 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	\$ 427,123	\$ 333,137	\$ 255,000
Town's proportionate share of the net pension liability of the PORS	\$ 793,186	\$ 568,821	\$ 385,156

**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, 2022, and the accounting valuation report as of June 30, 2022. 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' Comprehensive Annual Financial Report.

**NOTE 7 – RISK MANAGEMENT**

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To insure against casualty risks, the Town is a member of the State of South Carolina Insurance Reserve Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments in South Carolina. The Town pays annual premiums to the State Insurance Reserve Fund for its general insurance. The State Insurance Reserve Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims.

(Continued)

**TOWN OF AYNOR, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 7 – RISK MANAGEMENT, Continued**

The Town acquires insurance for job related injury and illness (workers' compensation). Workers' Compensation is insured under a retrospectively rated policy where premiums paid are estimated throughout the year and adjusted subsequent to the policy period based on actual experience. Health insurance and general blanket and fidelity bond insurance were also maintained.

During June 30, 2023, the Town did not experience any uninsured claims. There is no liability or expenditure reordered for other actual claims and management does not believe any provision for unasserted claims is necessary.

There were no significant reductions in coverage from the previous year and no settlements have exceeded insurance coverage for the past three years ended June 30, 2023, 2022, and 2021.

**NOTE 8 – RESERVATIONS OF FUND BALANCE**

Specific reservations of fund balances in the fund financial statements are summarized below:

Reserve for Prepaid Items – An account used to segregate a portion of fund balance to indicate that prepaid items do not represent available, spendable resources even though it is a component of current assets.

Reserve for Victim's Rights – An account used to segregate a portion of fund balance for resources legally restricted by State mandate for furniture expenditures for victim's rights.

Reserve for Cemetery Upkeep – An account used to segregate a portion of fund balance for resources legally restricted by Town ordinance to provide for the upkeep and maintenance of the Town's cemetery.

Reserve for Hospitality and Tourism – An account used to segregate a portion of fund balance for resources legally restricted by Town ordinance to provide for costs associated with tourism related promotion and marketing of the Town.

**NOTE 9 – RESTRICTIONS ON NET POSITION**

The Town has restricted net assets in the amount of \$1,865,381 through enabling legislation for future cemetery upkeep, hospitality/tourism, drainage project, road and streets, public safety, and drug fund related expenses.

**TOWN OF AYNOR, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 10 – PRIOR PERIOD ADJUSTMENT**

The Town has recorded a prior period adjustment to the financial statements to adjust the fund balance in the hospitality tax fund to properly reflect cash in the previous year. The adjustments are summarized as follows:

	Hospitality Tax Fund
Fund balance, as previously reported at June 30, 2022	\$ 613,763
Prior period adjustments:	
Prior period adjustment - cash	12,624
Fund balance, as restated at June 30, 2022	\$ 626,387

The Town has recorded a prior period adjustment to the government-wide financial statements and net position balance to properly reflect cash in the previous year. The adjustments are summarized as follows:

	Governmental Activities
Net position, as previously reported at June 30, 2022	\$ 3,058,845
Prior period adjustments:	
Prior period adjustment - cash	12,624
Net position, as restated at June 30, 2022	\$ 3,071,469

**NOTE 11 – CONTINGENCIES**

In the opinion of Town management, after consultation with legal counsel, there are no material claims or lawsuits against the Town that are not covered by insurance or whose settlement would materially affect the Town's financial position. The Town also participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by grantors or their representatives. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

**TOWN OF AYNOR, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 12 – RELATED ORGANIZATION**

Related organizations are potential component units for which the primary government is accountable because it appoints the voting majority of the organization's board, but for which it is not financially accountable because it does not have the ability to impose its will over the organization and does not have a financial benefit or burden relationship with it. Because the primary government does not have financial accountability for the organization, the organization is excluded from the financial reporting entity. Furthermore, certain legally separate tax-exempt organizations are required to be included in the financial reporting entity, even though the primary government may not be financially accountable for them, if certain criteria are met.

Aynor Alliance, Inc. is a separately chartered legal tax-exempt entity whose activities are related to those of the Town whereby it exists primarily to facilitate the construction of Aynor Elderly Housing Project. Aynor Alliance, Inc. owns a 50% general partnership interest in Blue Jacket Housing, LP which is indebted to the Town for \$325,000, evidenced by a promissory note dated June 17, 2003. The loan was used to finance the renovations of the Aynor Elementary School to be used for a low-income elderly housing center. The Town has forgiven this loan and, as such, will not require payment for the note.

In conjunction with the implementation of GASB Statement No. 14, as amended by GASB Statement No. 39, management reviewed its relationship with Aynor Alliance, Inc. and determined that it should be excluded from the reporting entity.

**NOTE 13 – SUBSEQUENTS EVENTS**

The Town has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2023 through May 21, 2024, which is the date that these financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.



**TOWN OF AYNOR, SOUTH CAROLINA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**JUNE 30, 2023**

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUE				
Property taxes	\$ 316,423	\$ 316,423	\$ 346,778	\$ 30,355
Franchise tax	120,499	120,499	125,329	4,830
State shared revenue	158,361	158,361	170,163	11,802
Business licenses and permits	109,079	109,079	136,750	27,671
Fines and forfeitures	99,747	99,747	43,451	(56,296)
Garbage collection	228,089	228,089	217,934	(10,155)
Other revenues	213,060	213,060	712,910	499,850
Total revenues	1,245,258	1,245,258	1,753,315	508,057
EXPENDITURES				
General governmental				
Salaries	183,416	183,416	172,974	(10,442)
Office supplies and expense	5,000	5,000	12,490	7,490
Membership dues and subscriptions	1,500	1,500	1,546	46
Telephone	5,500	5,500	6,495	995
Travel allowance	-	-	6,000	6,000
Conventions and meetings	400	400	-	(400)
Auditing	8,500	8,500	9,000	500
Travel	400	400	529	129
Fidelity bonds	240	240	240	-
Legal and professional	-	-	163	163
Planner	6,000	6,000	-	(6,000)
Postage	1,300	1,300	1,429	129
Training / seminars	500	500	1,200	700
American Rescue Plan Act	454,217	454,217	-	(454,217)
Miscellaneous	44,950	44,950	99,430	54,480
Capital Outlay	-	-	118,548	118,548
Total general government expenditures	711,923	711,923	430,044	(281,879)
Public Safety				
Salaries	312,240	312,240	286,884	(25,356)
Office supplies and expense	3,300	3,300	3,110	(190)
Membership dues and subscriptions	500	500	-	(500)
Automotive operating expense	27,500	27,500	24,208	(3,292)
Repairs and maintenance	-	-	661	661
Uniforms	3,000	3,000	3,065	65
Boarding prisoners	1,500	1,500	411	(1,089)
Supplies	1,000	1,000	4,289	3,289
Telephone	6,700	6,700	5,360	(1,340)
Postage	1,200	1,200	1,262	62
Training / seminars	1,150	1,150	813	(337)
Legal and professional	6,000	6,000	2,038	(3,962)
School resource officer	84,500	84,500	51,038	(33,462)
Miscellaneous	2,950	2,950	9,676	6,726
Capital Outlay	-	-	50,260	(50,260)
Total public safety expenditures	451,540	451,540	443,075	(108,985)

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

**TOWN OF AYNOR, SOUTH CAROLINA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Streets and sanitation				
Salaries	\$ 143,634	\$ 143,634	\$ 152,403	8,769
Garbage residential	73,000	73,000	63,167	(9,833)
Garbage commercial	110,000	110,000	103,017	(6,983)
Solid waste authority	3,000	3,000	1,988	(1,012)
Electricity - town street lights	35,000	35,000	36,399	1,399
Repairs and maintenance	9,600	9,600	22,568	12,968
Miscellaneous	13,500	13,500	5,607	(7,893)
Automotive operating expense	7,500	7,500	3,588	(3,912)
Equipment	-	-	15,449	15,449
Capital outlay	10,000	10,000	95,439	85,439
Total streets and sanitation expenditures	405,234	405,234	499,625	94,391
Parks and recreation				
Electricity - park	2,200	2,200	1,936	(264)
Repairs and maintenance	7,000	7,000	-	(7,000)
Total parks and recreation expenditures	9,200	9,200	1,936	(7,264)
Non-Departmental				
Payroll taxes	41,578	41,578	39,996	(1,582)
Insurance and worker's compensation	60,450	60,450	57,238	(3,212)
Utilities	7,700	7,700	8,446	746
Training / seminars	3,000	3,000	3,026	26
Equipment rental and maintenance	1,100	1,100	1,519	419
Senior citizens building	2,500	2,500	1,711	(789)
Miscellaneous	-	-	647	647
Payroll expenses	5,250	5,250	37,976	32,726
Total parks and recreation expenditures	121,578	121,578	150,559	28,981
Total expenditures	1,699,475	1,699,475	1,525,239	(274,756)
Excess (deficiency) of revenue over expenditures	(454,217)	(454,217)	228,076	682,293
<b>OTHER FINANCING SOURCES (USES)</b>				
Interest income	1,000	1,000	2,099	1,099
Transfers out	-	-	(1,377)	(1,377)
Total other financing sources (uses)	1,000	1,000	722	(278)
Net change in fund balance	(453,217)	(453,217)	228,798	682,015
Fund balances, beginning of year	1,229,537	1,229,537	1,229,537	-
Fund balances, end of year	\$ 776,320	\$ 776,320	\$ 1,458,335	\$ 682,015

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

**TOWN OF AYNOR, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
SOUTH CAROLINA RETIREMENT SYSTEM**

Only eight years of information is presented as only eight years of data were available.

<b>SCRS</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Town's proportion of the net pension liability	0.001374%	0.001376%	0.001298%	0.001332%	0.001431%	0.001419%	0.002115%	0.002222%
Town's proportionate share of the net pension liability	\$ 333,137	\$ 297,786	\$ 331,728	\$ 304,063	\$ 320,594	\$ 319,441	\$ 451,761	\$ 421,034
Town's covered-employee payroll	\$ 163,811	\$ 155,970	\$ 144,928	\$ 140,876	\$ 140,625	\$ 143,415	\$ 204,167	\$ 195,489
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	203.4%	190.9%	228.9%	215.8%	228.0%	222.7%	221.3%	215.4%
Plan fiduciary net position as a percentage of the total pension liability	57.1%	60.7%	50.7%	54.4%	54.1%	53.3%	52.9%	57.0%

Notes to schedule:

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

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

**TOWN OF AYNOR, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE TOWN'S PENSION PLAN CONTRIBUTIONS  
SOUTH CAROLINA RETIREMENT SYSTEM**

Only nine years of information is presented as only nine years of data were available.

<b>SCRS</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 39,518	\$ 27,127	\$ 24,269	\$ 22,551	\$ 20,300	\$ 19,069	\$ 16,579	\$ 23,681	\$ 22,758
Contributions in relation to the contractually required contribution	<u>39,518</u>	<u>27,127</u>	<u>24,269</u>	<u>22,551</u>	<u>20,300</u>	<u>19,069</u>	<u>16,579</u>	<u>23,681</u>	<u>22,758</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 225,048	\$ 163,811	\$ 155,970	\$ 144,928	\$ 140,876	\$ 140,625	\$ 143,415	\$ 204,167	\$ 195,489
Contributions as a percentage of covered-employee payroll	17.56%	16.56%	15.56%	15.56%	14.41%	13.56%	11.56%	11.60%	11.64%

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

**TOWN OF AYNOR, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
POLICE OFFICER'S RETIREMENT SYSTEM**

Only eight years of information is presented as only eight years of data were available.

<b>PORS</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Town's proportion of the net pension liability	0.018967%	0.018857%	0.01594%	0.01490%	0.01595%	0.01615%	0.01611%	0.00337%
Town's proportionate share of the net pension liability	\$ 568,821	\$ 485,194	\$ 528,680	\$ 426,393	\$ 451,799	\$ 442,303	\$ 401,828	\$ 351,182
Town's covered-employee payroll	\$ 299,573	\$ 283,137	\$ 240,832	\$ 215,836	\$ 214,482	\$ 217,700	\$ 201,663	\$ 199,021
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	189.9%	171.4%	219.5%	197.6%	210.6%	203.2%	199.3%	176.5%
Plan fiduciary net position as a percentage of the total pension liability	66.4%	70.4%	58.8%	62.7%	61.7%	60.9%	60.4%	64.6%

Notes to schedule:

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

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

**TOWN OF AYNOR, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE TOWN'S PENSION PLAN CONTRIBUTIONS  
POLICE OFFICER'S RETIREMENT SYSTEM**

Only nine years of information is presented as only nine years of data were available.

<b>PORS</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 61,629	\$ 57,638	\$ 51,644	\$ 43,928	\$ 37,210	\$ 34,832	\$ 31,000	\$ 27,709	\$ 26,689
Contributions in relation to the contractually required contribution	61,629	57,638	51,644	43,928	37,210	34,832	31,000	27,709	26,689
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 304,493	\$ 299,573	\$ 283,137	\$ 240,832	\$ 215,836	\$ 214,482	\$ 217,700	\$ 201,663	\$ 199,021
Contributions as a percentage of covered-employee payroll	20.24%	19.24%	18.24%	18.24%	17.24%	16.24%	14.24%	13.74%	13.41%

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

**TOWN OF AYNOR, SOUTH CAROLINA**  
**OTHER SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - HOSPITALITY TAX FUND**  
**JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUE</b>				
Hospitality taxes	\$ 208,000	\$ 208,000	\$ 306,949	\$ 98,949
Total revenues	208,000	208,000	306,949	98,949
<b>EXPENDITURES</b>				
Park Improvement	150,000	150,000	4,488	(145,512)
4th of July Celebration	12,000	12,000	13,375	1,375
Capital outlay	30,000	30,000	18,031	(11,969)
Miscellaneous	9,325	9,325	26,918	17,593
Total expenditures	201,325	201,325	62,812	(138,513)
Excess (deficiency) of revenue over expenditures	6,675	6,675	244,137	237,462
<b>OTHER FINANCING SOURCES (USES)</b>				
Interest	-	-	10,336	10,336
Transfers out	(76,675)	(76,675)	-	76,675
Total other financing sources (uses)	(76,675)	(76,675)	10,336	87,011
Net change in fund balance	(70,000)	(70,000)	254,473	324,473
Fund balances, beginning of year as restated (see Note 10)	626,387	626,387	626,387	-
Fund balances, end of year	\$ 556,387	\$ 556,387	\$ 880,860	\$ 324,473

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

**TOWN OF AYNOR, SOUTH CAROLINA**  
**OTHER SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - CEMETERY FUND**  
**JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUE</b>				
Cemetery sales	\$ 12,600	\$ 12,600	\$ 10,400	\$ (2,200)
Total revenues	12,600	12,600	10,400	(2,200)
<b>EXPENDITURES</b>				
Repairs and maintenance	8,000	8,000	7,605	(395)
Candlelight service	500	500	3,664	3,164
Cemetery improvements	35,000	35,000	(3,442)	(38,442)
Total expenditures	43,500	43,500	7,827	(35,673)
Excess (deficiency) of revenue over expenditures	(30,900)	(30,900)	2,573	33,473
<b>OTHER FINANCING SOURCES (USES)</b>				
Interest income	20	20	60	40
Total other financing sources (uses)	20	20	60	40
Net change in fund balance	(30,880)	(30,880)	2,633	33,513
Fund balances, beginning of year	148,985	148,985	148,985	-
Fund balances, end of year	<u>\$ 118,105</u>	<u>\$ 118,105</u>	<u>\$ 151,618</u>	<u>\$ 33,513</u>

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



**TOWN OF AYNOR, SOUTH CAROLINA**  
**OTHER SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - OTHER GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUE</b>				
Roads and streets	\$ 30,615	\$ 30,615	\$ 36,809	\$ 6,194
Victims rights	12,336	12,336	3,746	(8,590)
Drainage project	-	-	650,375	650,375
Drug fund	-	-	113	113
Total revenues	42,951	42,951	691,043	648,092
<b>EXPENDITURES</b>				
Roads and streets	25,000	25,000	9,835	(15,165)
Victim Rights	5,469	5,469	-	(5,469)
Capital outlay	83,362	83,362	40,894	(42,468)
Total expenditures	113,831	113,831	50,729	(63,102)
Excess (deficiency) of revenue over expenditures	(70,880)	(70,880)	640,314	711,194
<b>OTHER FINANCING SOURCES (USES)</b>				
Interest income	94	94	2,379	2,285
Transfers in	-	-	1,377	1,377
Transfers out	(6,887)	(6,887)	-	6,887
Total other financing sources (uses)	(6,793)	(6,793)	3,756	10,549
Net change in fund balance	(77,673)	(77,673)	644,070	721,743
Fund balances, beginning of year	187,771	187,771	187,771	-
Fund balances, end of year	\$ 110,098	\$ 110,098	\$ 831,841	\$ 721,743

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

**TOWN OF AYNOR, SOUTH CAROLINA**  
**UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (PER ACT 96)**  
**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	N/A	N/A	\$ 100,225	\$ 100,225
Court fines and assessments remitted to State Treasurer	N/A	N/A	\$ 56,774	56,774
<b>Total court fines and assessments retained</b>	N/A	N/A	\$ 43,451	\$ 43,451
<b>Surcharges and assessments retained for victims services:</b>				
Surcharges collected and retained				
Assessments retained				
<b>Total surcharges and assessments retained for victims services</b>				

**FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)**

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
<b>Carryforward from previous year - Beginning Balance</b>	\$ 116,023	N/A	\$ 116,023
<b>Victim Service Revenue:</b>			
Victim Service Fines Retained by City/County Treasurer	-	N/A	-
Victim Service Assessments Retained by City/County Treasurer	5,123	N/A	5,123
Victim Service Surcharges Retained by City/County Treasurer	-	N/A	-
Interest Earned	-	N/A	-
Grant Funds Received	-	N/A	-
Grant from:			
General Funds Transferred to Victim Service Fund	-	N/A	-
Contribution Received from Victim Service Contracts:	-	N/A	-
<b>Total Funds Allocated to Victim Service Fund + Beginning Balance (A)</b>	121,146	N/A	121,146
<b>Expenditures for Victim Service Program:</b>			
Salaries and Benefits	-	N/A	-
Operating Expenditures	-	N/A	-
<b>Victim Service Contract(s):</b>			
(1) Horry County	-	N/A	-
<b>Victim Service Donation(s):</b>			
(1) Domestic Violence Shelter	-	N/A	-
(2) Rape Crisis Center	-	N/A	-
(3) Other local direct crime victims service agency:	-	N/A	-
Transferred to General Fund	-	N/A	-
<b>Total Expenditures from Victim Service Fund/Program (B)</b>	-	N/A	-
Total Victim Service Funds Retained by Municipal County Treasurer (A-B)	121,146	N/A	121,146
Less: Prior Year Fund Deficit Repayment			
<b>Carryforward Funds - End of Year</b>	\$ 121,146	N/A	\$ 121,146

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



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

To the Town Council  
Town of Aynor, 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, each major fund, and the aggregate remaining fund information of the Town of Aynor, South Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Aynor, South Carolina's basic financial statements, and have issued our report thereon dated May 21, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Aynor, South Carolina'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 of Aynor, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Aynor, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Aynor, 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 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*.

### **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.

Love Bailey & Associates, LLC

Love Bailey & Associates, LLC  
Laurens, South Carolina  
May 21, 2024