

TOWN OF YEMASSEE, SOUTH CAROLINA

**GOVERNMENT-WIDE FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

YEAR ENDED AUGUST 31, 2023

WITH

INDEPENDENT AUDITORS' REPORT

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AND OTHER FINANCIAL INFORMATION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
Of Town Council
Town of Yemassee, South Carolina
101 Town Circle, Post Office Box 577
Yemassee, South Carolina 29945

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 Yemassee, South Carolina (the "Town") as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of August 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 9, the Schedule of Proportionate Share of the South Carolina Retirement Systems Net Pension Liabilities on page 36, and the Schedule of South Carolina Retirement Systems Contributions on page 37, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining fund financial statements and Schedule of Court Fines, Fees, Assessments, and Surcharges, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining fund financial statements and the Schedule of Court Fines, Fees, 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 March 8, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

The Brittingham Group LLP

West Columbia, South Carolina
March 8, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Mayor and Town Clerk of the Town of Yemassee submit to the readers of the Town's financial statements the overview and analysis of the financial activities of the Town for the fiscal year ended August 31, 2023.

FINANCIAL HIGHLIGHTS

The Governmental Activity combined assets of the Town exceeded its liabilities at the end of the fiscal year by \$44,922 (net position). Of this amount, \$(724,236) was unrestricted.

The Governmental Activities Revenues and other financial sources totaled \$2,814,063 and expenses totaled \$2,671,054. Accordingly, combined revenues exceeded expenses by \$143,009.

At the end of fiscal year 2023, the governmental funds, the restricted and spendable fund balance was \$101,200, and the unassigned fund balance was \$303,247. Accordingly, \$303,247 was available for spending at the government's discretion from the unassigned fund balance. The total fund balance was \$303,247 for the General Fund, the Town's principal operating fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as primer on the Town's basic financial statements. The Town's basic financial statements have three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with an overview of the Town's finances, in a manner similar to businesses in the private sector business.

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

The statement of activities presents information detailing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows. Revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years. (e.g. uncollected taxes and earned but unused compensated absences). A compensated absence is a work absence in which the employee will be paid. (e.g. sick leave, vacation leave and holiday leave).

Both of the government-wide financial statements distinguish functions of the Town that are supported by taxes and intergovernmental revenues (governmental activities).

The governmental activities of the Town include administration, police, streets and sanitation, recreation, community development, non-departmental and interest on long-term debt.

The government-wide financial statements include the Town, also known as the primary government. The government-wide financial statements are listed on pages 10 - 11 of this document.

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

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

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

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

The Town maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund only since no other governmental funds is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. The Town adopts an annual operating budget for the General fund.

The basic governmental fund financial statements are listed on pages 12 - 16 of this document.

Notes to the financial statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are listed on pages 17 - 33 of this document.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The fiscal year 2023 financial statements are the 20th consecutive financials issued in compliance with Governmental Accounting Standards Board (GASB) Statement 34, and a continuance of this new era of financial reporting. Prior to the adoption of GASB 34, the Town was required to report fund and account groups separately, with no meaningful consolidated statements to accurately reflect the operation and net position of the Town as an entity. Under the GASB 34 model for fiscal year 2023, the government-wide statements are reported using an economic resource measurement focus and the accrual basis of accounting, as opposed to the cash basis of accounting. The accrual basis of accounting recognizes revenue before cash is received and recognizes expenses before cash is paid. The cash basis of accounting recognizes revenue as cash when it is received and recognizes expenses when cash is paid.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's liabilities exceeded assets by \$44,922 at the close of fiscal year 2023. Net position is reported in three categories:

Net investment in capital assets	\$ 667,958
Restricted net position	101,200
Unrestricted net position	(724,236)
	<u>\$ 44,922</u>

The largest portion of the Town's net position 1,487 percent reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital investments to provide services to citizen customers; consequently, these assets are not available for future expenditures. Although the Town's investment in its capital assets is reported net of 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.

The following tables present a summary of the Town's Statement of Net Position as of August 31, 2023 and 2022:

Town of Yemassee's Condensed Statement of Net Position

	Governmental Activities		
	August 31, 2023	August 31, 2022	Change
Current and other assets	\$ 532,310	\$ 316,332	\$ 215,978
Capital assets	768,044	751,577	16,467
Total assets	<u>1,300,354</u>	<u>1,067,909</u>	<u>232,445</u>
Deferred pension outflows	430,865	426,919	3,946
Total assets and deferred outflows	<u>1,731,219</u>	<u>1,494,828</u>	<u>236,391</u>
Long-term liabilities outstanding	1,597,049	1,266,740	330,309
Other liabilities	58,409	76,827	(18,418)
Total liabilities	<u>1,655,458</u>	<u>1,343,567</u>	<u>311,891</u>
Deferred pension inflows	30,839	249,348	(218,509)
Total liabilities and deferred inflows of resources	<u>1,686,297</u>	<u>1,592,915</u>	<u>93,382</u>
Net position:			
Net investment in capital assets	667,958	609,025	58,933
Restricted	101,200	39,632	61,568
Unrestricted	(724,236)	(746,744)	22,508
Total net position	<u>\$ 44,922</u>	<u>\$ (98,087)</u>	<u>\$ 143,009</u>

The following table is the statement of revenues and expenses for fiscal years 2023 and 2022:

Town of Yemassee's Statement of Activities - Year Ended August 31,

	Governmental Activities		
	2023	2022	Change
Revenue:			
Charges for services	\$ 1,076,720	\$ 778,256	\$ 298,464
Capital grants and contributions	619,822	427,659	192,163
General revenues	1,117,521	1,008,073	109,448
Total revenue	<u>2,814,063</u>	<u>2,213,988</u>	<u>600,075</u>
Expenses:			
General government	793,949	549,914	244,035
Streets	383,532	174,088	209,444
Police	1,464,790	1,389,937	74,853
Culture and recreation	7,640	96,906	(89,266)
Interest on long-term debt	21,143	19,506	1,637
Total expenses	<u>2,671,054</u>	<u>2,230,351</u>	<u>440,703</u>
Decrease in net position	<u>\$ 143,009</u>	<u>\$ (16,363)</u>	<u>\$ 159,372</u>

Governmental activities. Governmental activities net position increased by \$143,009 during the fiscal year. Governmental activities revenues and expenses showed an increase when compared to fiscal year 2022. The increase in revenue is the result of an increase in grants received and an increase in business in town. The increase in spending is the result of an increase in the police department, due to an increase in staff. Additionally, there was an increase in general government due to an increase in staff and salaries.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

At the end of fiscal year 2023, the Town's governmental funds reported an ending fund balance of \$404,447. The Town's general fund reported an ending balance of \$303,247. The General Fund represents 75% of the total fund balance of all governmental funds.

GENERAL FUND HIGHLIGHTS

Selected variances between fiscal years 2023 and 2022 General Fund actual revenues were as follows:

• \$43,945	property taxes	17.02 %	increase
• \$24,423	license, permits and franchise fees	10.57	increase
• \$(18,932)	other shared revenue	(8.64) %	decrease
• \$47,365	charges for services	45.49%	increase
• \$403,755	police fines	75.11%	increase
• \$192,163	grant income	44.93 %	increase

TOTAL SELECTED ACTUAL REVENUE INCREASE \$713,959 (45.45%)

Property tax revenues continue to steadily increase, due to increase in residences in Town from annexation. The 10.57% increase in license, permits and franchise fees is best characterized by better reporting and collection by staff and municipal association collection assistance. There was an increase in police fines and miscellaneous income due to the Town increasing police staff.

Town of Yemassee's Capital Assets Net of Accumulated Depreciation - 2023

	Governmental Activities
Land	\$ 118,580
Buildings and improvements	407,114
Equipment	50,180
Vehicles	192,170
	<u>\$ 768,044</u>

Debt Administration. At the end of fiscal year 2023, the Town of Yemassee had five notes payable outstanding totaling \$100,086.

Town of Yemassee's Outstanding Debt

	Governmental Activities
Notes payable	\$ 100,086
	<u>\$ 100,086</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Total revenues continue to be steady. General Fund property tax revenues continue to gradually increase due to the increased value of the property tax base and more commercial development moving into the general area.

The Town continues to pay off large portions of general long-term debt. Additionally, the Town entered into two note payable agreements during the year, for two vehicles.

In general, the Town should, from time to time, analyze all rates, charges, and fees to determine the acceptable level of service and to increase such revenues and/or reduce appropriate expenditures to fully fund the General Fund.

REQUESTS FOR INFORMATION

This financial report is designed to provide an overview of the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be forwarded to:

Town Clerk
Town of Yemassee
101 Town Circle, P.O. Box 577
Yemassee, South Carolina 29945

TOWN OF YEMASSEE, SOUTH CAROLINA

STATEMENT OF NET POSITION

AUGUST 31, 2023

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 491,418
Receivables, net of allowances	40,892
Capital assets:	
Not being depreciated	118,580
Being depreciated, net	649,464
Total capital assets	768,044
Total assets	1,300,354
Deferred outflows of resources	
Pension plan	430,865
Total assets and deferred outflows of resources	1,731,219
Liabilities	
Accounts payable and accrued expenses	58,409
Pension liabilities	1,496,963
Long-term liabilities:	
Due within one year	35,318
Due in more than one year	64,768
Total liabilities	1,655,458
Deferred inflows of resources	
Pension plan	30,839
Total liabilities and deferred inflows of resources	1,686,297
Net position	
Net investment in capital assets	667,958
Restricted for:	
Drug funds	2,052
Hospitality and tourism	14,894
Victims assistance	69,454
Festivals	14,800
Unrestricted - unfunded pension obligation	(1,096,937)
Unrestricted	372,701
Total net position	\$ 44,922

See accompanying notes.

TOWN OF YEMASSEE, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED AUGUST 31, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Total
Primary government:					
Governmental activities					
General government	\$ 793,949	\$ -	\$ -	\$ (793,949)	\$ (793,949)
Streets department	383,532	151,484	-	(232,048)	(232,048)
Police department	1,464,790	925,236	619,822	80,268	80,268
Nondepartmental	7,640	-	-	(7,640)	(7,640)
Interest on long-term debt	21,143	-	-	(21,143)	(21,143)
Total governmental activities	<u>\$ 2,671,054</u>	<u>\$ 1,076,720</u>	<u>\$ 619,822</u>	<u>(974,512)</u>	<u>(974,512)</u>
General revenues and transfers:					
General revenues:					
Property taxes				388,854	388,854
Licenses, permits and franchise fees				255,442	255,442
State aid				200,313	200,313
Miscellaneous				263,242	263,242
Gain on disposal of assets				9,670	9,670
Total general revenues				<u>1,117,521</u>	<u>1,117,521</u>
Change in net position				143,009	143,009
Net position, beginning of year				(98,087)	(98,087)
Net position, end of year				<u>\$ 44,922</u>	<u>\$ 44,922</u>

See accompanying notes.

TOWN OF YEMASSEE, SOUTH CAROLINA

BALANCE SHEET- GOVERNMENTAL FUNDS

AUGUST 31, 2023

	General Fund	Nonmajor Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 405,112	\$ 86,306	\$ 491,418
Receivables			
Taxes	23,025	-	23,025
Other	17,867	-	17,867
Due from other funds	-	14,894	14,894
Total assets	<u>\$ 446,004</u>	<u>\$ 101,200</u>	<u>\$ 547,204</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 20,211	\$ -	\$ 20,211
Accrued expenses	38,198	-	38,198
Unearned revenue	69,454	-	69,454
Due to other funds	14,894	-	14,894
Total liabilities	<u>142,757</u>	<u>-</u>	<u>142,757</u>
Fund balances			
Restricted	-	101,200	101,200
Unassigned	303,247	-	303,247
Total fund balances	<u>303,247</u>	<u>101,200</u>	<u>404,447</u>
Total liabilities, deferred outflows of resources and fund balances	<u>\$ 446,004</u>	<u>\$ 101,200</u>	<u>\$ 547,204</u>

See accompanying notes.

TOWN OF YEMASSEE, SOUTH CAROLINA

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET
POSITION

AUGUST 31, 2023

Fund balances - total governmental funds		\$ 404,447
Amounts reported for governmental activities in the Statement of Position are different due to the following:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Capital assets, cost	\$ 1,572,703	
Accumulated depreciation	<u>(804,659)</u>	768,044
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Municipal court fines held pending trial		69,454
Long-term liabilities, including notes payable and net pension liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.		
Long-term liabilities consist of the following:		
Net pension liabilities	(1,496,963)	
Notes payable	<u>(100,086)</u>	(1,597,049)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	430,865	
Deferred inflows of resources related to pensions	<u>(30,839)</u>	400,026
Net position of governmental activities		<u>\$ 44,922</u>

TOWN OF YEMASSEE, SOUTH CAROLINA

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

YEAR ENDED AUGUST 31, 2023

	General Fund	Nonmajor Funds	Total Governmental Funds
Revenue			
Property, hospitality and vehicle taxes	\$ 302,188	\$ 86,666	\$ 388,854
Licenses and permits	255,442	-	255,442
Police fines	941,289	89,195	1,030,484
State shared revenues	200,313	-	200,313
Charges for services	151,484	-	151,484
Rental	6,000	-	6,000
Grant income	619,822	-	619,822
Other	233,666	23,576	257,242
Total revenue	<u>2,710,204</u>	<u>199,437</u>	<u>2,909,641</u>
Expenditures			
Administrative	466,552	94,832	561,384
Police department	1,343,083	87,129	1,430,212
Streets department	362,563	-	362,563
Municipal court	178,968	-	178,968
Town buildings	19,124	-	19,124
Recreation department	7,640	-	7,640
Debt service	63,609	-	63,609
Total expenditures	<u>2,441,539</u>	<u>181,961</u>	<u>2,623,500</u>
Excess of revenues over expenditures	<u>268,665</u>	<u>17,476</u>	<u>286,141</u>
Other financing sources			
Proceeds from sale of assets	9,670	-	9,670
Transfers out	(44,092)	44,092	-
Total other financing sources	<u>(34,422)</u>	<u>44,092</u>	<u>9,670</u>
Net change in fund balance	234,243	61,568	295,811
Fund balance, beginning of year	<u>69,004</u>	<u>39,632</u>	<u>108,636</u>
Fund balance, end of year	<u>\$ 303,247</u>	<u>\$ 101,200</u>	<u>\$ 404,447</u>

See accompanying notes.

TOWN OF YEMASSEE, SOUTH CAROLINA

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

YEAR ENDED AUGUST 31, 2023

Net change in fund balance - total governmental funds		\$ 295,811
Amounts reported for governmental activities in the Statement of Activities are different due to the following:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over the estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeded depreciation expense in the period.		
Acquisition of capital assets	\$ 78,594	
Depreciation	<u>(62,127)</u>	
		16,467
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		
Municipal court fines held pending trial		(105,248)
Net change in pension liability for current year. This is an expenditure for governmental funds and it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
Net pension liabilities	(328,942)	
Deferred outflows of resources related to pensions	3,946	
Deferred inflows of resources related to pensions	<u>218,509</u>	
		(106,487)
Repayment of notes payable is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
		<u>42,466</u>
Change in net position of governmental activities		<u><u>\$ 143,009</u></u>

TOWN OF YEMASSEE, SOUTH CAROLINA

STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET TO ACTUAL

YEAR ENDED AUGUST 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenue				
Property and vehicle taxes	\$ 547,000	\$ 547,000	\$ 302,188	\$ (244,812)
Licenses and permits	240,000	240,000	255,442	15,442
Police fines	501,394	501,394	941,289	439,895
State shared revenues	302,646	302,646	200,313	(102,333)
Charges for services	135,000	135,000	151,484	16,484
Rental	7,200	7,200	6,000	(1,200)
Grant income	834,738	834,738	619,822	(214,916)
Other	185,059	185,059	233,666	48,607
Total revenue	<u>2,753,037</u>	<u>2,753,037</u>	<u>2,710,204</u>	<u>(42,833)</u>
Expenditures				
Administrative	1,163,016	1,163,016	466,552	696,464
Police department	1,095,465	1,095,465	1,343,083	(247,618)
Streets department	331,957	331,957	362,563	(30,606)
Municipal court	85,099	85,099	178,968	(93,869)
Town buildings	-	-	19,124	(19,124)
Recreation department	10,500	10,500	7,640	2,860
Debt service	67,000	67,000	63,609	3,391
Total expenditures	<u>2,753,037</u>	<u>2,753,037</u>	<u>2,441,539</u>	<u>311,498</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>268,665</u>	<u>268,665</u>
Other financing sources				
Proceeds from sale of assets	-	-	9,670	(9,670)
Transfers out	-	-	(44,092)	44,092
Total other financing sources	<u>-</u>	<u>-</u>	<u>(34,422)</u>	<u>34,422</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	234,243	<u>\$ 303,087</u>
Fund balance, beginning of year			<u>69,004</u>	
Fund balance, end of year			<u>\$ 303,247</u>	

See accompanying notes.

TOWN OF YEMASSEE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2023

1. Summary of Significant Accounting Policies

The Town of Yemassee, South Carolina (the "Town") was incorporated under the laws of the State of South Carolina for the incorporation of municipal governments and as amended by Act 283 of the 1975 Code (Home Rule Town Act). The Town operates under a Council-form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health, culture-recreation, public improvements, planning and zoning and general administrative services.

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

Basis of Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities report information about all activities of the primary government. Taxes and other non-exchange transactions primarily finance the governmental activities. All of the Town's governmental funds are reported in the government-wide financial statements as governmental activities (See the *Fund Financial Statements* subsection which follows for more information about fund types.)

Statement of Activities

The statement of activities presents a comparison between direct expenses and program revenues and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include fees, fines, and charges paid by the recipients of goods, services, or privileges offered by the programs. The Town classifies as *general revenues* all revenues that are not program revenues, including all taxes and business license fees.

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its governmental funds. The Town has no other funds than governmental funds.

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TOWN OF YEMASSEE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

Fund Accounting

Fund Accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives in accordance with limitations and restrictions imposed by sources outside the entity and in accordance with directives issued by the governing board.

The Town only has one category of funds – governmental.

Governmental Funds

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally (or donor) restricted to expenditures for specified purposes.

Accrual Basis

The Town uses the accrual basis of accounting in reporting its government-wide financial statements. Under the accrual basis, the Town generally records revenues when earned and reasonably measurable and records expenses when a liability is incurred, regardless of the timing of related cash flows. Significant non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include taxes, grants, and donations. The Town recognizes grants, donations and similar items as revenue as soon as it meets all eligibility requirements.

Modified Accrual Basis

The Town uses the modified accrual basis of accounting to report its governmental funds. Under the modified accrual basis, revenues, net of estimated uncollectible amounts, are recognized in the fiscal year when they become susceptible to accrual-that is, as soon as they become both measurable and available to finance current operations or to liquidate liabilities existing at fiscal year-end. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Principal revenue sources considered susceptible to accrual include taxes, grants, charges for goods and services, and interest earnings.

Under the modified accrual basis, expenditures generally are recorded when a liability is incurred, as under accrual accounting. An exception, however, is that principal and interest on general long-term debt, claims and judgments, and compensated absences, are recognized as expenditures only to the extent they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. General capital asset acquisitions are reported as expenditures (rather than as assets) in governmental funds.

TOWN OF YEMASSEE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

The accounting policies of the Town conform to generally accepted accounting principles (GAAP) applicable to its activities as prescribed by the Governmental Accounting Standards Board (GASB), the recognized standard-setting body for GAAP for all state governmental entities.

If measurable, revenue is recognized when earned and expenses when incurred.

Transfers of financial resources among funds are recognized in all affected funds in the period in which the related interfund receivables and payables arise.

Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year-end.

Cash and Cash Equivalents and Investments

Cash includes amounts held in demand deposits. For purpose of the statement of cash flows, the Town considers all savings and short-term investments purchased with maturities of three months or less to be cash equivalents. State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. Investments, if any, are reported at fair value.

Accounts Receivable

The accounts receivable of the General Fund consists of unpaid user charges for the garbage and solid waste collection program of the Town. This service is billed by and the collections are remitted from the Lowcountry Regional Water System. The amount of unpaid charges is reported net of an allowance for doubtful accounts.

Property taxes are levied, generally in November, for property on record with Hampton County and Beaufort County as of the prior December 31. These taxes are due without penalty by the January 15 following billing. All taxes outstanding for more than ten years are written off. Personal property (motor vehicles, boats, motors, etc.) taxes are levied by the county on a monthly basis.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on their respective financial statements.

TOWN OF YEMASSEE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

Capital Assets and Depreciation

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are stated at cost or, if donated, at estimated fair market value at the time of donation. In some instances, capital asset historical costs were not available; therefore, the costs of these assets at the dates of acquisitions have been estimated. Expenditures materially extending the life of capital assets are capitalized. Capital assets are depreciated over their useful life, using the straight-line depreciation method. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Donated capital assets are valued at their estimated fair value on the date donated.

Depreciation of exhaustible capital assets has been provided using the straight-line method over the estimated useful lives as follows:

Equipment	3 - 10 years
Vehicles	4 - 10 years
Buildings	15 - 50 years

Compensated Absences

The Town's policy allows employees to accumulate unused sick leave to a maximum of eighteen workweeks and vacation leave up to a maximum of six workweeks. Upon termination, any accumulated vacation leave, will be paid to the employee. There will be no payment for unused sick leave. Accordingly, sick pay is charged to expenditures when taken.

The estimated liability for vested vacation leave attributable to the Town's governmental activities is recorded as an expense and liability in the governmental fund. The estimated liabilities include required salary-related payments.

Long-Term Obligations

In the government-wide financial statements, and in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

TOWN OF YEMASSEE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently reports deferred outflows of resources in the amount of \$430,865 as of August 31, 2023.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently reports deferred inflows of resources in the amount of \$30,839 as of August 31, 2023.

Net Position/Fund Balances

Net position is classified and presented in three components in the government-wide financial statements:

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

The Town reports a portion of its net position or fund balance in its government-wide and fund financial statements as restricted net position - spendable. Net position or fund balance for governmental funds is reported as restricted when constraints placed on resource use are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulation of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Enabling legislation authorizes the Town to assess, levy, charge, or otherwise mandate payments of resources (from resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable requirement is one that an outside party (such as citizens, public interest groups, or the judiciary) can compel the government to honor.

Unrestricted net position - All other net position that do not meet the definition of "restricted," or "invested in capital assets."

TOWN OF YEMASSEE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

Fund balance is reported as assigned if the fund balance is constrained by the government's intent to use the funds for a specific purpose. The Town reports amounts as assigned if constrained through appropriations actions of the legislature. The removal of constraints for assigned funds occurs through the budgetary process.

Nonspendable fund balance are amounts that are not in spendable form or are legally or contractually required or be maintained intact. The Town has nonspendable fund balance in the form of mortgages and notes receivable in its community development revolving loan program.

Fund balance is reported as restricted fund balance if the fund balance is restricted for use by an outside party. The Town has restricted fund balance in the form of amounts held that can only be used for community development revolving loans and victims' assistance programs.

Fund balance is reported as committed if amounts have been committed through the appropriations process. The Town does not have any committed funds.

Unassigned fund balance – All other fund balances that do not meet the definition of "restricted," "assigned," or "committed".

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position or fund balances are available. Within the unrestricted fund balance, committed resources would be first applied, when available, followed by assigned resources before unassigned resources are used.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used to determine depreciation expense, and the allowance for doubtful accounts among other accounts. Actual results could differ from those estimates.

TOWN OF YEMASSEE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

2. Legal Compliance - Budgets

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year for the General Fund.
2. The combined statement of revenues, expenditures and changes in fund balance-budget and actual for the General Fund presents comparisons of the legally adopted budget with actual data on a GAAP basis.
3. Unused appropriations lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.
5. Expenditures should not exceed budgeted appropriations at the fund level.

Expenditures approved by Council shall automatically carry amendments to fund appropriations where necessary. Budget amounts reported are as originally adopted, or as amended by the Town Council.

Budgeted revenues exceeded actual revenues by \$42,833. Budgeted expenditures exceeded actual expenditures by \$311,498.

3. Deposits and Investments

Credit Risk – The town has an investment policy that limits investment types to those approved by the South Carolina Code of Laws to obligations of the United States and agencies thereof, general obligations of the State of South Carolina or any of its political subdivisions, certificates of deposit where the certificates are collaterally insured by securities described above held by a third part as escrow agent or custodian of a market value not less than the amount of certificates of deposits so secured including interest, or repurchase agreements when collateralized by securities set forth above.

Interest Rate Risk – In accordance with its investment policy, the Town manages its exposure to declines in fair value by limiting the weighted average maturity of its investments to short-term investments in South Carolina Local Investment Pool.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal investment policy to address custodial credit risk. The town has a deposit policy for custodial credit risk. As of August 31, 2023, the book balance for cash was \$491,418 the bank balances were

TOWN OF YEMASSEE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

\$611,448. Of this amount, \$500,000 was covered by FDIC insurance coverage and the balance of \$361,448 was adequately collateralized in accordance with state law.

4. Receivables

Receivables at August 31, 2023 consist of the following:

Accounts receivable:	
State of South Carolina (merchants' inventory tax and local options sales tax)	\$ 18,752
Hampton County (property tax)	4,273
Lowcountry Regional Water System	12,966
Other receivables	4,901
Gross receivables	40,892
Less, allowance for uncollectibles	-
Net receivables	<u>\$ 40,892</u>

5. Capital Assets

Capital asset activity for the year ended August 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 118,580	\$ -	\$ -	\$ 118,580
Total capital assets, not being depreciated	<u>118,580</u>	<u>-</u>	<u>-</u>	<u>118,580</u>
Capital assets, being depreciated				
Buildings and improvements	702,343	-	-	702,343
Equipment and machinery	246,778	-	-	246,778
Vehicles	426,408	78,594	-	505,002
Total capital assets, being depreciated	<u>1,375,529</u>	<u>78,594</u>	<u>-</u>	<u>1,454,123</u>
Less accumulated depreciation for:				
Buildings and improvements	(281,497)	(13,730)	-	(295,227)
Equipment and machinery	(185,955)	(10,644)	-	(196,599)
Vehicles	(275,080)	(37,753)	-	(312,833)
Total accumulated depreciation	<u>(742,532)</u>	<u>(62,127)</u>	<u>-</u>	<u>(804,659)</u>
Total capital assets, being depreciated, net	<u>632,997</u>	<u>16,467</u>	<u>-</u>	<u>649,464</u>
Governmental activities capital assets, net	<u>\$ 751,577</u>	<u>\$ 16,467</u>	<u>\$ -</u>	<u>\$ 768,044</u>

TOWN OF YEMASSEE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

5. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

General governments	\$ 19,554
Public safety	33,969
Public works	7,843
Municipal court	761
Total depreciation - governmental activities	<u>\$ 62,127</u>

6. Long-Term Debt

Notes Payable

The Town has the following notes payable outstanding as of August 31, 2023:

Notes payable dated December 15, 2020, in the original amount of \$45,000 payable in annual installments of \$10,122 with a 4.05% interest rate. This note is collateralized by Police Chevy Tahoe and matures on December 15, 2025.	\$ 28,064
Note payable dated February 3, 2020, in the original amount of \$45,256 payable in annual installments of \$9,899 with a 3.062% interest rate. This note is collateralized by John Deere tractor and implements and matures on February 3, 2024.	9,456
Note payable dated October 18, 2021, in the original amount of \$43,028 payable in annual installments of \$9,982 with a 4.27% interest rate. This note is collateralized by 2022 Chevy Tahoe and matures on May 20, 2027.	35,266
Note payable dated October 18, 2021, in the original amount of \$35,649 payable in annual installments of \$9,907 with a 4.30% interest rate. This note is collateralized by 2022 Ford F-250 and matures on November 11, 2025.	<u>27,300</u>
Total notes payable	<u>\$ 100,086</u>

Debt service requirements to maturity for the capital leases are as follows:

Year Ending August 31,	Principal	Interest	Total
2024	\$ 35,318	\$ 4,397	\$ 39,715
2025	27,028	2,983	30,011
2026	28,247	1,764	30,011
2027	9,493	490	9,983
	<u>\$ 100,086</u>	<u>\$ 9,634</u>	<u>\$ 109,720</u>

TOWN OF YEMASSEE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

6. Long-Term Debt (continued)

Changes in long-term liabilities for the year ended August 31, 2023, are as follows:

	September 1, 2022	Increases	Decreases	August 31, 2023	Due within One year
Notes payable	\$ 142,552	\$ -	\$ (42,466)	\$ 100,086	\$ 35,318
Total governmental activities	\$ 142,552	\$ -	\$ (42,466)	\$ 100,086	\$ 35,318

7. Pension Plan

South Carolina Retirement System

Substantially all employees of the Town are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division of the South Carolina Public Employee Benefit Authority (PEBA), a public employee retirement system. Generally, all full-time or part-time equivalent State employees in a permanent position are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws, as amended, or are eligible and elect to participate in the State Optional Retirement Program (ORP). The SCRS plan provides a life-time monthly retirement annuity benefits to members as well as disability, survivor options, annual benefit adjustments, death benefits, and incidental benefits to eligible employees and retired members.

The Retirement Division maintains five independent defined benefit plans and issues its own publicly available Annual Comprehensive Financial Report (ACFR) which includes financial statements and required supplementary information. The ACFR is available online at www.retirement.sc.gov, or a copy may be obtained by writing to the South Carolina Public Employee Benefit Authority, P.O. Box 11960, Columbia, South Carolina 29211-1960. Furthermore, the Division and the five pension plans are included in the State of South Carolina's ACFR.

TOWN OF YEMASSEE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

7. Pension Plan (continued)

Under the SCRS, Class II members are eligible for a full-service retirement annuity upon reaching age 65 or completion of 28 years of credited service regardless of age. Employees who first became members of the System after June 30, 2012 are considered Class III members and are eligible for a full service retirement annuity upon reaching age 65 or upon meeting the rule of 90 requirement (i.e., the members age plus the years of service add up to a total of at least 90). The benefit formula for full benefits effective since July 1, 1989 for the SCRS is 1.82 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual earnable compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay at retirement for unused annual leave.

For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. Early retirement options with reduced benefits are available as early as age 55 for Class II members and age 60 for Class III members. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Disability annuity benefits are payable to Class II members if they have permanent incapacity to perform regular duties of the member's job and they have at least 5 years of earned service (this requirement does not apply if the disability is a result of a job-related injury). Class III members qualify for disability annuity benefits provided they have a minimum of eight years of credited service. An incidental death benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service or to a working retired contributing member.

Effective July 1, 2022, employees participating in the SCRS were required to contribute 9.00% of all earnable compensation. The employer contribution rate for SCRS was 17.41%. Included in the total SCRS employer contribution rate is a base retirement contribution of 17.41%. The Town's actual retirement contributions to the SCRS for the years ended August 31, 2023, 2022 and 2021 are as follows:

Fiscal Year Ended	Retirement	
	Rate	Contribution
2023	17.41%	\$ 62,680
2022	16.41%	54,514
2021	15.41%	35,200

TOWN OF YEMASSEE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

7. Pension Plan (continued)

Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple employer defined benefit public employee retirement system. Generally, all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to PORS as a condition of employment. This plan provides lifetime monthly annuity benefits as well as disability, survivor benefits and incidental benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Under the PORS, Class II members are eligible for a full-service retirement annuity upon reaching age 55 or completion of 25 years of credited service regardless of age. Class III members are eligible for a full-service retirement annuity upon reaching age 55 or 27 years of credited service. The benefit formula for full benefits effective since July 1, 1989 for the SCRS is 2.14 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay for unused annual leave.

For Class II members, AFC is the average annual compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. PORS does not have an early retirement option. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service.

Effective July 1, 2022, employees participating in the PORS were required to contribute 9.75% of all earnable compensation. The employer contribution rate for PORS was 19.84%. Included in the total PORS employer contribution rate is a base retirement contribution of 19.84%. The Town's actual retirement contributions to the PORS for the years ended August 31, 2023, 2022 and 2021 are as follows:

Fiscal Year Ended	Retirement	
	Rate	Contribution
2023	19.84%	\$ 106,669
2022	18.84%	94,944
2021	17.84%	75,058

TOWN OF YEMASSEE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

7. Pension Plan (continued)

The amounts paid by the Town for pension and incidental death benefit program contributions are reported as employer contribution expenditures within the applicable functional expenditure categories to which the related salaries are charged.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit, and employee/employer contributions for each retirement system. Employee and employer contribution rates to SCRS and PORS are actuarially determined.

At August 31, 2023 the Town reported \$620,972 and \$875,991 for its proportionate share of the net pension liabilities of SCRS and PORS. The net pension liability defined of the SCRS and the PORS defined benefit pension plans were determined based on the July 1, 2022 actuarial valuations, using membership data as of July 1, 2022, projected forward to June 30, 2023, and financial information of the pension trust funds as of June 30, 2023, using generally accepted actuarial procedures. The Town's portion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At August 31, 2023, the Town's SCRS and PORS proportion was .002562% and .02921%.

At August 31, 2023 the state reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

Deferred Outflows of Resources	SCRS	PORS
Differences between expected and actual experience	\$ 5,395	\$ 14,697
Assumption changes	19,916	36,478
Net difference between projected and actual investment earnings	958	2,645
Differences between employer contributions and proportionate share	116,631	64,796
Contributions made subsequent to the measurement date	62,680	106,669
Total deferred outflows of resources	205,580	225,285
Deferred Inflows of Resources		
Differences between expected and actual experience	2,706	17,317
Differences between employer contributions and proportionate share	-	10,816
Total deferred inflows of resources	2,706	28,133
Net deferred outflows/(inflows)	\$ 202,874	\$ 197,152

TOWN OF YEMASSEE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

7. Pension Plan (continued)

\$62,680 and \$106,669 for SCRS and PORS respectively reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year ended June 30,</u>	<u>SCRS</u>	<u>PORS</u>	<u>Net</u>
2024	\$ (70,465)	\$ (40,577)	\$ (111,042)
2025	(44,989)	(36,598)	(81,587)
2026	(8,544)	20,742	12,198
2027	(16,196)	(34,050)	(50,246)
	<u>\$ (140,194)</u>	<u>\$ (90,483)</u>	<u>\$ (230,677)</u>

The total pension liabilities in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	<u>SCRS</u>	<u>PORS</u>
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Investment Rate or Return	7.00%	7.00%
Projected Salary Increases	3.0% to 11.0%	3.5% to 10.5%
Inflation Rate	2.25%	2.25%
Benefit Adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

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 published Scale AA projected from the year 2020. Assumption used in the determination of the June 30, 2021, SCRS and PORS valuations are as follows:

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
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 Males multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Males multiplied by 107%

TOWN OF YEMASSEE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

7. Pension Plan (continued)

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30-year capital market assumptions. The long-term expected rate of returns represented assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 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 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

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

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	46.00%	6.79%	3.12%
Bonds	26.00%	35.00%	-0.09%
Private Equity	9.00%	8.75%	0.79%
Privated Debt	7.00%	6.00%	0.42%
Real Assets	12.00%		
Real Estate	9.00%	4.12%	0.37%
Infrastructure	3.00%	5.88%	0.18%
Total Expected Return	100.00%		4.79%
Inflation for Actuarial Purposes			2.25%
			7.04%

The discount rate used to measure the total pension liability (TPL) was 7.00 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 Systems' 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.

TOWN OF YEMASSEE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

7. Pension Plan (continued)

The following table represents the Town's proportionate share of the net SCRS and PORS pension liabilities calculated using the discount rate of 7.00 percent, as well as what the Town's respective net pension liabilities would be if it were calculated using a discount rate of 1.00 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

Plan	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
SCRS	\$ 796,163	\$ 620,972	\$ 475,324
PORS	1,221,516	875,991	593,146
	<u>\$ 2,017,679</u>	<u>\$ 1,496,963</u>	<u>\$ 1,068,470</u>

8. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Town carries commercial property insurance coverage and general liability coverage for these risks. There have been no significant reductions in insurance coverage in the last two years and settled claims have not exceeded coverage in any of the last four fiscal years.

The Town participates in the South Carolina Insurance Reserve Fund, an insurance pool currently operating as a common tort liability and insurance program. The limit of the tort liability is \$600,000 per occurrence, while the limit for casualty insurance varies depending on the value of the property.

9. Contingent Liabilities

The Town is occasionally involved in legal proceedings (predominately civil suits) and claims with various parties, which arose, in the normal course of business.

Although any litigation has an element of uncertainty, it is management's opinion that the outcome of litigation pending or threatened, or the combination thereof, will not have a materially adverse effect on the financial position of the Town. No provision has been made in these financial statements for losses, if any, which might result from litigation pending, threatened or the combination thereof because there is no evidence to indicate that a loss expenditure and liability should be recorded at year-end.

TOWN OF YEMASSEE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

10. Subsequent Events

Subsequent events were evaluated through March 8, 2024, which is the date the financial statements were available for issue. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

COMBINING FUND FINANCIAL STATEMENTS

TOWN OF YEMASSEE, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR
GOVERNMENTAL FUNDS

AUGUST 31, 2023

	Drug Fund	Local Hospitality Tax Fund	Victims Assistance Fund	Festivals Fund	Total
Assets					
Cash and cash equivalents	\$ 2,052	\$ -	\$ 69,454	\$ 14,800	\$ 86,306
Due from other funds	-	14,894	-	-	14,894
Total assets	<u>\$ 2,052</u>	<u>\$ 14,894</u>	<u>\$ 69,454</u>	<u>\$ 14,800</u>	<u>\$ 101,200</u>
Liabilities and fund balances					
Fund Balances					
Restricted	\$ 2,052	\$ 14,894	\$ 69,454	\$ 14,800	\$ 101,200
Total fund balances	<u>2,052</u>	<u>14,894</u>	<u>69,454</u>	<u>14,800</u>	<u>101,200</u>
Total liabilities and fund balances	<u>\$ 2,052</u>	<u>\$ 14,894</u>	<u>\$ 69,454</u>	<u>\$ 14,800</u>	<u>\$ 101,200</u>

TOWN OF YEMASSEE, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR
GOVERNMENTAL FUNDS

YEAR ENDED AUGUST 31, 2023

	Drug Fund	Local Hospitality Tax Fund	Victims Assistance Fund	Festivals Fund	Total
Revenues					
Fines, fees, assessments and surcharges	\$ -	\$ -	\$ 89,195	\$ -	\$ 89,195
Taxes	-	86,666	-	-	86,666
Other	-	-	-	23,576	23,576
Total revenues	-	86,666	89,195	23,576	199,437
Expenditures					
General government	-	73,687	-	21,145	94,832
Public safety	-	-	87,129	-	87,129
Total expenditures	-	73,687	87,129	21,145	181,961
Excess (deficit) of revenues over (under) expenditures	-	12,979	2,066	2,431	17,476
Other financing sources					
Transfers in	-	-	38,463	5,629	44,092
Total other financing sources	-	-	38,463	5,629	44,092
Net change in fund balances	-	12,979	40,529	8,060	61,568
Fund balances, beginning	2,052	1,915	28,925	6,740	39,632
Fund balances, ending	<u>\$ 2,052</u>	<u>\$ 14,894</u>	<u>\$ 69,454</u>	<u>\$ 14,800</u>	<u>\$ 101,200</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF YEMASSEE, SOUTH CAROLINA

SCHEDULE OF PROPORTIONATE SHARE OF THE SOUTH CAROLINA RETIREMENT SYSTEMS NET PENSION LIABILITIES

LAST TEN FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
South Carolina Retirement System										
Town's proportion of the net pension liability	0.002562%	0.002071%	0.001952%	0.001615%	0.001105%	0.001096%	0.001041%	0.000115%	0.000115%	0.000115%
Town's proportionate share of the net pension liability	\$ 620,972	\$ 448,191	\$ 498,890	\$ 368,804	\$ 247,555	\$ 246,727	\$ 222,356	\$ 21,810	\$ 21,810	\$ 21,810
Town's covered payroll	\$ 332,200	\$ 228,423	\$ 220,464	\$ 179,208	\$ 126,223	\$ 129,761	\$ 90,780	\$ 24,240	\$ 82,233	\$ 82,233
Town's proportionate share of the net pension liability as a percentage of its covered payroll	186.93%	196.21%	226.29%	205.80%	196.13%	190.14%	244.94%	89.98%	26.52%	26.52%
Plan fiduciary net position as a percentage of the total pension liability	57.10%	60.70%	54.40%	54.40%	54.10%	66.22%	52.91%	56.99%	56.99%	56.99%
South Carolina Police Officers Retirement System										
Town's proportion of the net pension liability	0.0292%	0.0280%	0.0257%	0.0272%	0.0231%	0.0202%	0.0245%	0.0023%	0.0023%	0.0023%
Town's proportionate share of the net pension liability	\$ 875,991	\$ 719,830	\$ 853,147	\$ 778,391	\$ 654,639	\$ 554,213	\$ 621,436	\$ 50,346	\$ 50,346	\$ 50,346
Town's covered payroll	\$ 503,949	\$ 420,729	\$ 400,786	\$ 423,483	\$ 294,324	\$ 300,311	\$ 258,157	\$ 123,668	\$ 118,020	\$ 118,020
Town's proportionate share of the net pension liability as a percentage of its covered payroll	173.83%	171.09%	212.87%	183.81%	222.42%	184.55%	240.72%	40.71%	42.66%	42.66%
Plan fiduciary net position as a percentage of the total pension liability	66.40%	70.40%	62.69%	62.69%	61.73%	51.02%	60.44%	64.57%	64.57%	64.57%

* - The amounts presented for each fiscal year were determined as of July 1 of one year prior, using membership data as of the day, projected forward to June 30 of the previous year.

TOWN OF YEMASSEE, SOUTH CAROLINA

SCHEDULE OF SOUTH CAROLINA RETIREMENT SYSTEMS CONTRIBUTIONS

LAST TEN FISCAL YEARS *

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
South Carolina Retirement System										
Contractually required contributions	\$ 62,680	\$ 54,514	\$ 35,200	\$ 33,969	\$ 25,824	\$ 16,923	\$ 14,808	\$ 9,906	\$ 2,605	\$ 8,629
Contributions in relation to the contractually required contribution	(62,680)	(54,514)	(35,200)	(33,969)	(25,824)	(16,923)	(14,808)	(9,906)	(2,605)	(8,629)
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town covered payroll	\$ 360,023	\$ 332,200	\$ 228,423	\$ 220,464	\$ 179,208	\$ 126,223	\$ 129,761	\$ 90,780	\$ 24,240	\$ 82,233
Contributions as a percentage of covered payroll	17.41%	16.41%	15.41%	15.41%	14.41%	13.41%	11.41%	10.91%	10.75%	10.49%
South Carolina Police Officers Retirement System										
Contractually required contributions	\$ 106,669	\$ 94,944	\$ 75,058	\$ 71,484	\$ 71,305	\$ 46,621	\$ 41,549	\$ 34,440	\$ 16,087	\$ 14,738
Contributions in relation to the contractually required contribution	(106,669)	(94,944)	(75,058)	(71,484)	(71,305)	(46,621)	(41,549)	(34,440)	(16,087)	(14,738)
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town covered payroll	\$ 537,646	\$ 503,949	\$ 420,729	\$ 400,786	\$ 423,483	\$ 294,324	\$ 300,311	\$ 258,157	\$ 123,668	\$ 118,020
Contributions as a percentage of covered payroll	19.84%	18.84%	17.84%	17.84%	16.84%	15.84%	13.84%	13.34%	13.01%	12.49%

* - The amounts presented for each fiscal year were determined as of July 1 of one year prior, using membership data as of the day, projected forward to June 30 of the previous year.

OTHER FINANCIAL INFORMATION

TOWN OF YEMASSEE, SOUTH CAROLINA

SCHEDULE OF COURT FINES, FEES, ASSESSMENTS AND SURCHARGES

YEAR ENDED AUGUST 31, 2023

Total Court Fines and Assessments:

Court fines and assessments collected	\$ 1,688,838
Court fines and assessments remitted to State Treasurer	<u>905,726</u>
Total Court fines and assessments retained	<u><u>\$ 2,594,564</u></u>

Surcharges and Assessments retained for Victim's Services

Surcharges collected and retained	\$ 5,526
Assessments retained	<u>\$ 83,669</u>
Total surcharges and assessments retained for victims services	<u><u>\$ 89,195</u></u>

Victim Services Collected

Carryforward from previous year - beginning balance	\$ 71,093
Victim Service Revenue	
Victim service assessments retained by the Town	83,669
Victim service surcharges retained by the Town	<u>5,526</u>
Total funds allocated to victim service fund + beginning balance (A)	<u><u>160,288</u></u>
Expenditures for Victim Service Program	
Salaries and benefits	76,458
Operating expenditures	<u>10,672</u>
Total expenditures from victim service fund/program (B)	<u><u>87,130</u></u>
Total victim service funds retained by the Town (A-B)	73,158
Less: prior year fund deficit repayment	<u>-</u>
Carryforward funds - end of year	<u><u>\$ 73,158</u></u>

See independent auditors' report on other financial information

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

To the Honorable Mayor and Members
Of Town Council
Town of Yemassee, South Carolina
101 Town Circle
Post Office Box 577
Yemassee, South Carolina 29945

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 Yemassee, South Carolina (the "Town"), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 8, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiency in internal controls 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's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

The Brittingham Group LLP

West Columbia, South Carolina
March 8, 2024