

TOWN OF ELGIN
Elgin, South Carolina

FINANCIAL STATEMENTS and
REQUIRED SUPPLEMENTAL INFORMATION
For the Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Elgin, South Carolina
Elgin, South Carolina

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of Town's contributions and the schedule of Town's proportionate share of the net pension liability be presented to supplement the basic financial statements. Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information 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.

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Our opinion on the basic financial statements is not affected by this missing information. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Uniform Schedule of Court Fines, Assessments and Surcharges are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Uniform Schedule of Court Fines, Assessments and Surcharges are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2024, on our consideration of the Town of Elgin, 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 Elgin, 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 Town of Elgin, South Carolina’s internal control over financial reporting and compliance.

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

August 30, 2024

TOWN of ELGIN, SOUTH CAROLINA

STATEMENT of NET POSITION

June 30, 2023

ASSETS	Primary Government	
	Governmental Activities	Total
	\$ 3,876,398	\$ 3,876,398
	12,039	12,039
	52,353	52,353
	13,742	13,742
	<u>3,954,532</u>	<u>3,954,532</u>
	173,826	173,826
	557,068	557,068
	<u>372,137</u>	<u>372,137</u>
	<u>929,205</u>	<u>929,205</u>
	<u>1,103,031</u>	<u>1,103,031</u>
	<u>5,057,563</u>	<u>5,057,563</u>
	<u>347,628</u>	<u>347,628</u>
	<u>347,628</u>	<u>347,628</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Other Liabilities	23,963	23,963
Total Current Liabilities	<u>23,963</u>	<u>23,963</u>
NON-CURRENT LIABILITIES		
Net Pension Liability	724,363	724,363
Compensated Absences, Non-current	15,033	15,033
Total Non-Current Liabilities	<u>739,396</u>	<u>739,396</u>
Total Liabilities	<u>763,359</u>	<u>763,359</u>
DEFERRED INFLOW OF RESOURCES		
Deferred Inflow Related to Pension Liability	175,168	175,168
Deferred Inflow-Related to Grant Revenue	723,869	723,869
Deferred Inflow-Victims' Assistance	13,051	13,051
Total Deferred Inflow of Resources	<u>912,088</u>	<u>912,088</u>
NET POSITION		
Net Investment in Capital Assets	929,205	929,205
Restricted	173,826	173,826
Unrestricted	2,626,713	2,626,713
Total Net Position	<u>\$ 3,729,744</u>	<u>\$ 3,729,744</u>
CURRENT ASSETS		
Cash and Cash Equivalents		
Account Receivable, Net		
Intergovernmental Receivables		
Prepaid Expenses		
Total Current Assets		

The Accompanying Notes are an Integral Part of These Financial Statements

NON-CURRENT ASSETS

Restricted Cash

CAPITAL ASSETS

Land

Other Capital Assets, Net of

Accumulated Depreciation

Total Capital Assets

Total Non Current Assets Total

Assets

DEFERRED OUTFLOW OF RESOURCES

Deferred Outflow Related to Pension Liability

Total Deferred Outflow of Resources

TOWN of ELGIN, SOUTH CAROLINA

STATEMENT of ACTIVITIES
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary Government:						
General Government	\$ 441,541	\$ 8,925	\$ 61,576	\$ -	\$ (371,040)	\$ (371,040)
Public Safety						
Police	812,534	148,078	-	-	(664,456)	(664,456)
Asset Forfeiture Program	71,629	-	-	-	(71,629)	(71,629)
Library	22,133	-	-	-	(22,133)	(22,133)
Total Governmental Activities	1,347,837	157,003	61,576	-	(1,129,258)	(1,129,258)
Total Primary Government	\$ 1,347,837	\$ 157,003	\$ 61,576	\$ -	(1,129,258)	(1,129,258)
General Revenues:						
Taxes:						
Licenses (Fees)					495,039	495,039
Intergovernmental Revenues					711,892	711,892
Unrestricted Investment Income					8,634	8,634
Miscellaneous					52,071	52,071
Total General Revenues					1,267,636	1,267,636
Change in Net Position					138,378	138,378
Net Position, Beginning of Year					3,591,366	3,591,366
Net Position, End of Year					\$ 3,729,744	\$ 3,729,744

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of ELGIN, SOUTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023

ASSETS	General	Special Revenue	Total Governmental Funds
Cash	\$ 3,876,398	\$ -	\$ 3,876,398
Receivables (Net)			
Taxes	12,039	-	12,039
Due from Other Governmental Units	52,353	-	52,353
Prepaid Expenses	13,742	-	13,742
Restricted Assets			
Cash and Investments	-	173,826	173,826
Total Assets	<u>\$ 3,954,532</u>	<u>\$ 173,826</u>	<u>\$ 4,128,358</u>
LIABILITIES and FUND BALANCE			
LIABILITIES			
Accounts Payable and Other Liabilities	\$ 23,963	\$ -	\$ 23,963
Total Liabilities	<u>23,963</u>	<u>-</u>	<u>23,963</u>
Deferred Inflows of Resources			
Deferred Inflow Related to Grant Revenue	723,869	-	723,869
Reserve for Victims' Assistance	13,051	-	13,051
Total Deferred Inflows of Resources	<u>736,920</u>	<u>-</u>	<u>736,920</u>
FUND BALANCES			
Restricted	-	173,826	173,826
Unassigned	3,193,649	-	3,193,649
Total Fund Balances	<u>3,193,649</u>	<u>173,826</u>	<u>3,367,475</u>
Total Liabilities and Fund Balances	<u>\$ 3,954,532</u>	<u>\$ 173,826</u>	<u>\$ 4,128,358</u>

RECONCILIATION of the GOVERNMENTAL FUNDS BALANCE SHEET
to the STATEMENT of NET POSITION June 30, 2023

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

TOWN of ELGIN, SOUTH CAROLINA

Total Fund Balance for Governmental Funds		\$ 3,367,475
Capital assets of \$2,132,329, net of accumulated depreciation of \$1,203,124, are not financial resources and, therefore, are not reported in the governmental funds.		929,205
Deferred outflows and inflows related to the pension liability are applicable to future periods and, therefore, are not reported in the governmental funds:		
Deferred outflows-pension		347,628
Deferred inflows-pension		(175,168)
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated Absences	\$ (15,033)	
Net Pension Liability	(724,363)	(739,396)
		<u> </u>
Total Net Position of Governmental Activities		<u>\$ 3,729,744</u>

COMBINED STATEMENT of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES
GOVERNMENTAL FUNDS For the Year Ended June 30, 2023

TOWN of ELGIN, SOUTH CAROLINA

REVENUES	General	Asset Forfeiture Program	Totals (Memorandum Only)
Insurance Licenses	\$ 367,994	\$ -	\$ 367,994
Fairfield Rebates	23,370	-	23,370
Business Licenses	42,644	-	42,644
Police Fines	140,841	-	140,841
Victim's Assistance Allocation	7,237	-	7,237
Local Option Revenue	673,600	-	673,600
State Shared Revenue	38,292	-	38,292
Merchants Inventory Tax	825	-	825
Accommodations Tax	2,986	-	2,986
Buildings Permits	4,841	-	4,841
Interest Income	8,634	-	8,634
Franchise Fees	25,706	-	25,706
Progress Energy	37,212	-	37,212
Lugoff Reimbursement	8,925	-	8,925
Brokers Tax	12,043	-	12,043
Telecommunications Tax	5,779	-	5,779
Miscellaneous	2,499	-	2,499
Alcohol License	3,000	-	3,000
TNC Tax	161	-	161
SCANA Franchise	10,692	-	10,692
Donations	12,363	-	12,363
Potter Park	1,178	-	1,178
Duke Energy	5,000	-	5,000
Seizure	1,180	-	1,180
ARP Income	49,213	-	49,213
Total Revenues	1,486,215	-	1,486,215
EXPENDITURES			
General Government			
Administrative Salaries	118,239	-	118,239
Payroll Taxes	5,517	-	5,517
Retirement	19,179	-	19,179
Utilities	46,075	-	46,075
Office Supplies and Postage	7,899	-	7,899
Repairs and Maintenance	7,756	-	7,756
Advertising and Promotion	1,167	-	1,167
Garbage Pickup	52,828	-	52,828
Insurance	25,693	-	25,693
Accounting and Auditing Fees	28,945	-	28,945
Bank Charges	2,634	-	2,634
Inspection Fees	1,462	-	1,462
Membership Deus	4,810	-	4,810
Group Life	1,309	-	1,309
Miscellaneous	12,130	-	12,130
Judge Compensation	32,961	-	32,961
Research and Development	19,804	-	19,804
Legal and Professional	4,400	-	4,400
Seminars and Meetings	1,762	-	1,762
Stormwater Waste Management Fees	4,000	-	4,000
Technology	20,259	-	20,259
Military Salute	507	-	507
Potter Park	8,406	-	8,406
Benevolence	692	-	692
Seasonal Decorations	11,871	-	11,871
ARP Expense	49,213	-	49,213
	489,518	-	489,518

COMBINED STATEMENT of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES -
GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2023

The Accompanying Notes are an Integral Part of These Financial Statements

TOWN of ELGIN, SOUTH CAROLINA

EXPENDITURES (Continued)	General	Asset Forfeiture Program	Totals (Memorandum Only)
PUBLIC SAFETY			
Police Department			
	2,586		2,586
Repairs and Maintenance	13,998	15,039	29,037
Gas and Oil	25,770	-	25,770
Telephone	1,475	-	1,475
Supplies and Materials	7,582	49,748	57,330
Technology	-	-	-
Insurance	73,005	-	73,005
Retirement and Group Life	73,768	-	73,768
Dues Victim's Assistance	2,334	-	2,334
Seminars and Meetings Victim's Assistance	963	-	963
Miscellaneous	7,789	358	8,147
Office Supplies and Postage	2,077	-	2,077
Salaries	420,127	-	420,127
Victims' Assistance Salaries	5,475	-	5,475
Payroll Taxes	27,690	-	27,690
Court Fees	83,924	-	83,924
Education and Travel	642	6,484	7,126
Technology	19,184	-	19,184
Detention Fees	5,924	-	5,924
Total Public Safety	774,313	71,629	845,942
HEALTH AND WELFARE			
Library			
Utilities	8,667	-	8,667
Repairs and Maintenance	3,355	-	3,355
Total Library	12,022	-	12,022
Total Expenditures	1,275,853	71,629	1,347,482
Excess Over (Under) Expenditures and Other Financing Use	210,362	(71,629)	138,733
FUND BALANCE, Beginning of Year	2,983,287	245,455	3,228,742
FUND BALANCE, End of Year	<u>\$ 3,193,649</u>	<u>\$ 173,826</u>	<u>\$ 3,367,475</u>

Uniforms

TOWN of ELGIN, SOUTH CAROLINA

RECONCILIATION of COMBINED STATEMENT of REVENUES, EXPENDITURES, and CHANGES in
 FUND BALANCES – GOVERNMENT FUNDS to STATEMENT of ACTIVITIES
 For the Year Ended June 30, 2023

Net Changes in Fund Balances - Total Governmental Funds	\$ 138,733
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$49,213 was less than depreciation of \$55,601 in the current period.	(6,388)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds as follows:	
Net increase in compensated absences	(7,724)
Net decrease net pension related liabilities	13,757
Changes in net position of governmental activities	<u>\$ 138,378</u>

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TOWN of ELGIN, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1

SUMMARY OF ACCOUNTING POLICIES

The Town of Elgin (the Town) is incorporated in South Carolina and operates under the Mayor/Council form of government and provide services authorized by its charter. Services provided by the Town include public safety (police and fire), 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 through governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

A. Reporting Entity

The Town's financial statements include all funds for which the Council is considered to be financially accountable. The Town receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the Town is not included in any other governmental reporting entity because it does not meet the financial accountability criteria for inclusion established by Governmental Accounting Standards Board Statement Number 14 (GASB No. 14). Council members have decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

B. Basis of Presentation

The statements of the Town are presented as follows:

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the Town as a whole. These statements include the financial activities of the Town, except for fiduciary funds. For the most part, the effect of the interfund activity has been removed from these statements. The statements distinguished between those activities of the Town that are governmental and those that are considered business-type activities. Governmental activities generally are financed through local option revenue, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in part by fees charged to external parties. (The Town currently has no business-type activities. In the government-wide Statement of Net Position, both the governmental and business-type activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's Net Position is reported in three parts—net investments in capital assets, restricted net position, and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide statements are prepared using economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better justify the relationship between the government-wide statements and the statements for governmental funds.

TOWN of ELGIN, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1

SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

The government-wide statement of activities presents a comparison between each function or program of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

Fund Financial Statements - Fund financial statements report detailed information about the Town. The focus of the governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The Town has no nonmajor funds.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

C. Measurement Focus and Basis of Accounting

Fund Accounting

The Town uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Town functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Town are grouped into the categories governmental and fiduciary. The following fund types are used by the Town:

Governmental Funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which the mayor may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is separated as fund balance. The following are the Town's major governmental funds:

General Fund - to account for all financial transactions not properly accounted for in another fund. The Town uses this fund to account for expenditures principally for

TOWN of ELGIN, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1

administration/general government, police, and operation and maintenance of plant and related fixed charges.

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SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than debt service or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The special revenue fund of the Town are Asset Forfeiture Funds that will be spent on designated items.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. On the accrual basis accounting, revenues are recognized when earned and expenses are recognized when incurred. Under the modified accrual basis of accounting, revenues and expenditures are recognized when they become both measurable and available.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on an accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available means expected to be received within sixty days from fiscal year-end.

The Town follows Governmental Accounting Standards Board (GASB) Statement Number 33, Accounting and Financial Reporting for Non-Exchange Transactions to account for non-exchange revenues. Nonexchange transactions, in which the Town receives value without directly giving equal value in return, include local option revenue, grants, and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Town must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: local option revenue available as an advance, interest, and grants.

TOWN of ELGIN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

TOWN of ELGIN, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023 NOTE

1 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

D.

Assets, Liabilities, and Equity

Cash and Investments - South Carolina statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the State Treasurer's Local Governmental Investment Pool (invested in governmental guaranteed securities), obligations of the U.S. Government, and governmental agencies unconditionally guaranteed by the U.S. Government. Investments are recorded at fair market value. Deposits with an original maturity of three months or less are considered cash equivalents.

Receivables and Payables - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. On fund financial statements, these receivables, and payables, if containing a balance at the end of the fiscal year, are classified as "due from other funds" or "due to other funds" on the balance sheet. These amounts are eliminated in the governmental columns of the statements of net assets.

Prepaid Expenses - Payments made to vendors for services benefiting future periods are recorded as prepaid expenses, using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets - General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The cost and accumulated depreciation of property sold or retired are removed from the accounts, and gains or losses, if any, are reflected in revenue or expenditures/expenses for the year. Donated fixed assets are recorded in their fair market values as of the date received. The Town maintains a capitalization threshold of \$500. Improvements are capitalized, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Land improvement	15 - 40 years
Buildings/improvements	15 - 40 years
Furniture and equipment	5 - 10 years
Vehicles	5 - 10 years

TOWN of ELGIN, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Equity (Continued)

Deferred Outflows and Inflows of Resources - In addition to assets, the Statement of Net position will report a separate section for deferred outflows of resources. The 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) until then. The Town has only one item that meets the criteria: deferred outflows relating to pensions.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. The separate section, Deferred Inflows of Resources, represents acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one item that qualify for reporting in this category - deferred inflows relating to pensions.

Compensated Absences - Accumulated unpaid compensated absences total \$15,033 at June 30, 2023 for Town employees. Accumulated unpaid compensated absences are reported as accrued in the government-wide financial statements.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Governmental Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the applicable governmental fund. The classifications are as follows:

- **Nonspendable:** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form (e.g., inventories and prepaid amounts), or are legally or contractually required to be maintained intact.
- **Restricted:** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e., Town

TOWN of ELGIN, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Equity (Continued)

ordinances). Enabling legislation authorizes the Town to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Town can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

- *Committed:* The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Town Council. Those committed amounts cannot be used for any other purpose unless Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to commit those amounts previously. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Town Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

- *Assigned:* Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Town Council or by a Town official or body to which Council has delegated the authority to assign amounts to be used for specific purposes.

- *Unassigned:* Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Town applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net Position

TOWN of ELGIN, SOUTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Equity (Continued)

The Town's net position is classified as follows:

-Invested in capital assets: This amount is Town's total investment in capital assets, net of any outstanding debt obligations related to those assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets.

-Restricted net position: Restricted net assets include resources in which the Town is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties such as state laws and lenders.

-Unrestricted net position: Unrestricted net assets represent resources which may be used to meet current expenses for any purpose.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the Town's financial position and results of operations and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

E. Budgets and Budgetary Accounting

Budgetary Accounting - State statutes require a budget for operations to be approved before any expenditures are made. The Council will usually approve the operating budget in May for the fiscal year beginning July 1. A budget is adopted by July 1 of each fiscal year for the General Fund on the same modified accrual basis used to reflect actual revenues and expenditures in the fund financial statements. Budget and actual comparisons are presented in the accompanying fund financial statements for the general fund. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts adopted in the original appropriations. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended budget issued during the year ended June 30, 2023. All general fund appropriations lapse at the fiscal year end. The Town adopted a budget that addressed expenditures at the departmental level.

NOTE 2 CASH AND INVESTMENTS

Deposits are shown at carrying value at June 30, 2023 as follows:

	1	2	3	Bank Balance	Total Carrying Amount
Checking Accounts	\$ 250,000	\$ -	\$ 3,840,343	\$ 4,090,343	\$ 4,050,224

TOWN of ELGIN, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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

These amounts are reported in the statement of net position as follows:

Cash and Cash Equivalents	\$ 3,876,398
Cash and Cash Equivalents - Restricted	<u>173,826</u>
Total	<u>\$ 4,050,224</u>

Custodial Risk-Deposits- Deposits in financial institutions reported as components of cash and equivalents, had a bank balance of \$4,090,343 at June 30, 2023. Of the bank balance \$250,000 was covered by Federal Depository Insurance, \$3,840,343 was uncollateralized.

NOTE 3 CAPITAL ASSETS

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
GOVERNMENTAL ACTIVITIES:				
Capital Assets not Being Depreciated:				
Land and Improvements	\$ 557,068	\$ -	\$ -	\$ 557,068
Construction in Progress	-	49,213	-	49,213
Total Capital Assets not Being Depreciated	557,068	49,213	-	606,281
Other Capital Assets Being Depreciated:				
Furniture and Fixtures	345,789	-	-	345,789
Buildings and Improvements	790,032	-	-	790,032
Vehicles	390,227	-	-	390,227
Total Other Capital Assets at Historical Cost	1,526,048	-	-	1,526,048

NOTE 3 CAPITAL ASSETS (CONTINUED)

TOWN of ELGIN, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Less Accumulated Depreciation for:				
Furniture and Fixtures	(275,165)	(17,625)	-	(292,790)
Buildings and Improvements	(529,457)	(17,916)	-	(547,373)
Vehicles	(342,901)	(20,060)	-	(362,961)
Total Accumulated Depreciation	<u>(1,147,523)</u>	<u>(55,601)</u>	<u>-</u>	<u>(1,203,124)</u>
Other Capital Assets Being Depr, Net Governmental Activities	<u>378,525</u>	<u>(55,601)</u>	<u>-</u>	<u>322,924</u>
Capital Assets, Net	<u>\$ 935,593</u>	<u>\$ (6,388)</u>	<u>\$ -</u>	<u>\$ 929,205</u>

Depreciation expense for governmental activities was \$55,601 for the year ended June 30, 2023.

Depreciation expense is allocated on the statement of activities as follows:

GOVERNMENTAL ACTIVITIES	
General Governmental	\$ 7,269
Police Department	38,221
Library	10,111
Total Governmental Activities Depreciation Expense	<u>\$ 55,601</u>

NOTE 4 POST EMPLOYMENT HEALTH CARE BENEFITS

By Federal law (Public Law 99-272, Title X), the Town is required to offer a continuation of health care coverage at group rates to employees and their dependents whose coverage would otherwise end. Dependent on the circumstances of the employee's coverage loss, the employee or dependent can extend the health care plan benefits for 18 months to three years. The plan costs are paid by the employee or dependents based on 100% (Cobra) premium rates.

NOTE 5 RETIREMENT BENEFITS

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,

TOWN of ELGIN, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

RSIC as the agency), created the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets.

NOTE 5 RETIREMENT BENEFITS (CONTINUED)

The Commission, and eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/deductions from the System fiduciary net position have been determined on the accrual basis of accounting as they are reported by the System 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 the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. 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 9-120 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 police officers, coroners, probate judges and magistrates.

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

TOWN of ELGIN, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

NOTE 5 RETIREMENT BENEFITS (CONTINUED)

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

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

TOWN of ELGIN, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

TOWN of ELGIN, SOUTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

RETIREMENT BENEFITS (CONTINUED)

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.

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.

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017, for SCRS 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 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 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 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.

RETIREMENT BENEFITS (CONTINUED)

Required employer and employee contribution rates are as follows:

	<u>SCRS Rates</u>	<u>PORS Rates</u>
Employer Contribution Rate		

TOWN of ELGIN, SOUTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 5

Retirement	17.41%	19.84%
Incidental Death Benefit	0.15%	0.20%
Accidental Death Contributions	<u>0.00%</u>	<u>0.20%</u>
Total	<u>17.56%</u>	<u>20.24%</u>
 Employee Contribution Rate	 <u>9.00%</u>	 <u>9.75%</u>

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

Year Ended	SCRS Contributions		PORS Contributions		Total
	Required	%Contributed	Required	%Contributed	
June 30					
2023	\$ 19,871	100%	\$ 75,781	100%	\$ 95,652

Eligible payrolls covered under the Plans were as follows:

Year Ended	SCRS Payroll		PORS Payroll		Total
June 30	\$		\$		
2023	\$	113,166	\$	374,410	\$ 487,576

Actuarial Assumptions and Methods

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

The June 30, 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, and 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. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems. In FY 2022 the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2022 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

RETIREMENT BENEFITS (CONTINUED)

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

	SCRS	PORS
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	7.0%	7.25%
3.0% to 11.0%	3.5% to 9.5%	Projected salary increases

TOWN of ELGIN, SOUTH CAROLINA

NOTE 5

NOTES TO THE FINANCIAL STATEMENTS		
June 30, 2023		
Includes inflation at Benefit adjustments	(Varies by service) 2.25% Lesser of 1% or \$500	(Varies by service) 2.25% 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 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
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	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 67 less that system's fiduciary net position. NPL totals, as of June 30, 2022, for SCRS and PORS are presented below:

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

The TPL is calculated by the Systems' actuary, and each 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.

RETIREMENT BENEFITS (CONTINUED)

At June 30, 2023, the Town reported a liability of \$178,903 and \$545,460 for its proportionate share of the net pension liability for the SCRS and PORS. The net pension liability was measured as of July 1, 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 entities, actuarially determined. The Town's proportion was .0007% for the SCRS and .0182% for the PORS.

For the year ended June 30, 2023, the Town recognized pension expense of \$17,688 and \$64,202 for SCRS and PORS, respectfully. At June 30, 2023, the Town reported deferred

TOWN of ELGIN, SOUTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 5

outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 175,168
Liability Experience	251,976	-
Town Contributions Subsequent to the Measurement Date	95,652	-
Total	\$ 347,628	\$ 175,168

The \$95,652 of deferred outflows of resources resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Measurement Period Year Ended June 30,	Fiscal Year <u>Year Ended June 30,</u>
2023	2024 \$ 38,028
2024	2025 22,031
2025	2026 (9,123)
2026	2027 25,872
	\$ 76,808

Long-Term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 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 below. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

RETIREMENT BENEFITS (CONTINUED)

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

TOWN of ELGIN, SOUTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 5

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

Discount Rate

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS 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 participating employers calculated using the discount rate of 7 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

	<u>Discount Rate</u>	<u>Town's Proportionate Share of Net Pension Liability</u>
1% Decrease	6.00%	\$ 989,986
Current Discount Rate	7.00%	\$ 724,363
1% Increase	8.00%	\$ 506,280

TOWN of ELGIN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 6 RISK MANAGEMENT

The Town is participating in a Public Entity Risk Pool for Property and Casualty Insurance. The Town has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund ("SCMIRF") and the South Carolina Municipal Insurance Trust ("SCMIT"), which are public entity risk pools currently operating as a common risk management and insurance program for general risk insurance and workers compensation, respectively. The Town pays an annual premium to SCMIRF for its general risk insurance. For the year ended June 30, 2023, the Town made premium payments totaling approximately \$22,135. SCMIRF is self-sustaining through member premiums and reinsures through commercial companies. SCMIRF's net position from its most recently issued audited financial statements at December 31, 2022, totaled approximately \$6,715,244. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

The Town pays an annual premium to SCMIT for its workers compensation insurance. For the year ended June 30, 2023, the Town made premium payments totaling approximately \$10,697. The Trust uses reinsurance agreements to reduce its exposure to large workers' compensation losses. SCMIT's net position from its most recently issued audited financial statements at December 31, 2022, totaled approximately \$44,197,682. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

NOTE 7 COMMITMENTS and CONTIGENCIES

The Town is defendant in various lawsuits and asserted claims. Although the outcome of these lawsuits and asserted claims is not presently determinable, in the opinion of the Town's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

The Town receives state and federal grants for specific purposes that are subject to review and audit by state and federal agencies. Such audits could result in request for reimbursement by the state and federal agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of Town management, such disallowances, if any, will not be significant.

NOTE 8 SUBSEQUENT EVENTS

The Town evaluated all events or transactions that occurred after June 30, 2023, through the date of August 30, 2024, when the Town issued these financial statements. During this period, the Town did not have any material subsequent events that required recognition in the Town's disclosures to the June 30, 2023, financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

TOWN of ELGIN, SOUTH CAROLINA
GENERAL FUND

STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE –
BUDGET and ACTUAL – GENERAL FUND
For the Year Ended June 30, 2023

REVENUES	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Insurance Licenses		\$ 414,800	367,994	
Fairfield Rebates	22,525	22,525	23,370	845
Business Licenses	27,510	27,510	42,644	15,134
Police Fines	107,750	107,750	140,841	33,091
Victim's Assistance Allocation	5,700	5,700	7,237	1,537
Local Option Revenue	575,750	575,750	673,600	97,850
State Shared Revenue	97,276	97,276	38,292	(58,984)
Merchants Inventory Tax	275	275	825	550
Accommodations Tax	8,025	8,025	2,986	(5,039)
Buildings Permits	4,290	4,290	4,841	551
Interest Income	6,205	6,205	8,634	2,429
Franchise Fees	19,640	19,640	25,706	6,066
Progress Energy Rebates	16,750	16,750	37,212	20,462
Lugoff Reimbursement	9,100	9,100	8,925	(175)
Brokers Tax	9,395	9,395	12,043	2,648
Telecommunications Tax	7,006	7,006	5,779	(1,227)
Miscellaneous	500	500	2,499	1,999
Alcohol License	3,000	3,000	3,000	-
TNC Tax	8	8	161	153
SCANA Franchise	24,400	24,400	10,692	(13,708)
Donations	-	-	12,363	12,363
Potter Park	-	-	1,178	1,178
Duke Energy	-	-	5,000	5,000
Seizure	-	-	1,180	1,180
ARP Income	-	-	49,213	49,213
Total Revenues	1,359,905	1,359,905	1,486,215	126,310
EXPENDITURES				
General Government				
Administrative Salaries	88,890	88,890	118,239	(29,349)
Payroll Taxes	6,616	6,616	5,517	1,099
Retirement	10,522	10,522	19,179	(8,657)
Utilities	48,101	48,101	46,075	2,026
Office Supplies and Postage	3,300	3,300	7,899	(4,599)
Repairs and Maintenance	10,200	10,200	7,756	2,444
Advertising and Promotion	650	650	1,167	(517)
Garbage Pickup	60,000	60,000	52,828	7,172
Insurance	27,992	27,992	25,693	2,299
Accounting and Auditing Fees	24,200	24,200	28,945	(4,745)
Bank Charges	2,800	2,800	2,634	166
Inspection Fees	5,030	5,030	1,462	3,568
Membership Deu	4,500	4,500	4,810	(310)
Group Life	-	-	1,309	(1,309)
Miscellaneous	12,500	12,500	12,130	370
	33,861	33,861	32,961	900
	55,134	55,134	19,804	35,330
	4,800	4,800	4,400	
	1,000	1,000	1,762	
	38,000	38,000	4,000	
	12,000	12,000	20,259	
	750	750	507	
	7,500	7,500	8,406	
	-	-		
Seasonal Decorations	-	-	11,871	(11,871)
Contingency Savings	185,405	185,405	-	185,405
ARP Expense	-	-	49,213	(49,213)
	\$ 414,800			\$ (46,806)

Judge Compensation				
Research and Development				
Legal and Professional				400
Seminars and Meetings				(762)
Stormwater Waste Management Fees				34,000
Technology				(8,259)
Military Salute				243
Potter Park				(906)
Benevolence			692	(692)

TOWN of ELGIN, SOUTH CAROLINA
GENERAL FUND

Total General Government	643,751	643,751	489,518	154,233
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STATEMENT of REVENUES, _____
EXPENDITURES and CHANGES in FUND BALANCE – _____
BUDGET and ACTUAL – GENERAL FUND (CONTINUED)
For the Year Ended June 30, 2023

Variance

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
EXPENDITURES (Continued)				
PUBLIC SAFETY				
Police Department				
Uniforms	2,800	2,800	2,586	214
Repairs and Maintenance	3,500	3,500	13,998	(10,498)
Gas and Oil	26,500	26,500	25,770	730
Telephone	1,475	1,475	1,475	-
Supplies and Materials	6,000	6,000	7,582	(1,582)
Insurance	56,224	56,224	73,005	(16,781)
Retirement and Group Life	68,975	68,975	73,768	(4,793)
Dues Victim's Assistance	7,000	7,000	2,334	4,666
K-9 Expense	775	775	963	(188)
Miscellaneous	-	-	7,789	(7,789)
Office Supplies and Postage	1,000	1,000	2,077	(1,077)
Salaries	406,730	406,730	420,127	(13,397)
Victims' Assistance Salaries	5,700	5,700	5,475	225
Payroll Taxes	26,000	26,000	27,690	(1,690)
Court Fees	51,285	51,285	83,924	(32,639)
Education and Travel	1,000	1,000	642	358
Technology	12,500	12,500	19,184	(6,684)
Detention Fees	7,500	7,500	5,924	1,576
Total Police Department	<u>684,964</u>	<u>684,964</u>	<u>774,313</u>	<u>(89,349)</u>
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
HEALTH AND WELFARE				
Library				
Utilities	8,130	8,130	8,667	(537)
Repairs and Maintenance	23,060	23,060	3,355	19,705
Total Library	<u>31,190</u>	<u>31,190</u>	<u>12,022</u>	<u>19,168</u>
Total Expenditures	<u>1,359,905</u>	<u>1,359,905</u>	<u>1,275,853</u>	<u>84,052</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	210,362	<u>210,362</u>
FUND BALANCE, Beginning of Year			<u>2,983,287</u>	
FUND BALANCE, End of Year			<u>\$3,193,649</u>	

TOWN OF ELGIN, SOUTH CAROLINA

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

2023	2022	2021	2020	2019	2018	2017	2016
\$ 19,871	\$ 14,552	\$ 14,588	\$ 8,252	\$ 8,384	\$ 9,538	\$ 7,855	\$ 7,511
19,871	14,552	14,588	8,252	8,384	9,538	7,855	7,511
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 113,166	\$ 87,877	\$ 93,756	\$ 76,346	\$ 75,016	\$ 60,951	\$ 57,595	\$ 54,247
17.6%	16.6%	15.6%	10.8%	11.2%	15.6%	13.6%	13.8%

2023	2022	2021	2020	2019	2018	2017	2016
\$ 75,781	\$ 55,385	\$ 45,923	\$ 41,925	\$ 39,487	\$ 39,194	\$ 31,714	\$ 28,645
75,781	55,385	45,923	41,925	39,487	39,194	31,714	28,645
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 374,410	\$ 287,865	\$ 252,482	\$ 304,247	\$ 300,600	\$ 268,510	\$ 245,308	\$ 235,774
20.2%	19.2%	18.2%	13.8%	13.1%	14.6%	12.9%	12.1%

Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

SC Retirement System

Statutorily Required Contributions

Contributions in Relation to Statutorily
Required Contributions

Contribution Deficiency (Excess)

Reporting Unit's Covered-Employee Payroll

Contributions as a Percentage of Covered
Employee Payroll

Police Officers Retirement System

Statutorily Required Contributions

Contributions in Relation to Statutorily
Required Contributions

Contribution Deficiency (Excess)

Reporting Unit's Covered-Employee Payroll

Contributions as a Percentage of Covered
Employee Payroll

TOWN OF ELGIN, SOUTH CAROLINA

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

SC Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016
Reporting Unit's Proportion of South Carolina Retirement System Net Pension Liability (%)	0.000738%	0.000768%	0.000760%	0.000537%	0.000537%	0.000670%	0.000700%	0.000620%
Reporting Unit's Proportionate Share of Net Pension Liability	<u>\$ 178,903</u>	<u>\$ 166,129</u>	<u>\$ 203,175</u>	<u>\$ 122,561</u>	<u>\$ 122,561</u>	<u>\$ 151,503</u>	<u>\$ 149,733</u>	<u>\$ 118,345</u>
Reporting Unit's Covered Employee Payroll	<u>\$ 113,166</u>	<u>\$ 87,877</u>	<u>\$ 93,756</u>	<u>\$ 76,346</u>	<u>\$ 75,016</u>	<u>\$ 60,951</u>	<u>\$ 57,595</u>	<u>\$ 54,247</u>
Reporting Unit's Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll (%)	158.1%	189.0%	216.7%	160.5%	163.4%	248.6%	260.0%	218.2%

Police Officers Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016
Reporting Unit's Proportion of South Carolina Retirement System Net Pension Liability (%)	0.0182%	0.0157%	0.0162%	0.0016%	0.0016%	0.0016%	0.0017%	0.0017%
Reporting Unit's Proportionate Share of Net Pension Liability	<u>\$ 545,460</u>	<u>\$ 402,996</u>	<u>\$ 536,305</u>	<u>\$ 480,509</u>	<u>\$ 480,509</u>	<u>\$ 453,069</u>	<u>\$ 414,790</u>	<u>\$ 378,513</u>
Reporting Unit's Covered Employee Payroll	<u>\$ 374,410</u>	<u>\$ 287,865</u>	<u>\$ 252,482</u>	<u>\$ 304,247</u>	<u>\$ 300,600</u>	<u>\$ 268,510</u>	<u>\$ 245,308</u>	<u>\$ 235,774</u>
Reporting Unit's Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll (%)	145.7%	140.0%	212.4%	157.9%	159.8%	168.7%	169.1%	160.5%

Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

OTHER SUPPLEMENTARY INFORMATION

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TOWN OF ELGIN, SOUTH CAROLINA

UNIFORM SCHEDULE of COURT FINES, ASSESSMENTS, and SURCHARGES

Year Ended June 30, 2023

Fines Collected	\$	49,680
Assessments and Surcharges Collected		83,924
Assessments and Surcharges for Victim's Assistance		7,237

	<u>\$ 140,841</u>
Fines and Fees Retained by Town	\$ 49,680
Assessments and Surcharges Retained by Town For Victim's Services	<u>7,237</u>
Total Fines, Assessments and Surcharges Retained by Town	<u>\$ 56,917</u>
Total Assessments and Surcharges Remitted to State Treasurer	<u>\$ 83,924</u>
Assessments and Surcharges Retained by Town For Victim's Services	\$ 7,237
Victim Services Expenditures	<u>6,476</u>
Funds Available for Carry-Forward	761
Funds Unused Prior Year	<u>12,290</u>
Funds to Carry-forward to Next Year	<u>\$ 13,051</u>

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

Total Fines, Assessments and Surcharges

JANET M. PIERCE, CPA
HENRY D. GREEN, III., CPA
JOSHUA A. WILSON, CPA

LORI G. KORNEGAY

AMERICAN INSTITUTE OF CPA'S
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REPORT on INTERNAL CONTROL over FINANCIAL REPORTING and on
COMPLIANCE and OTHER MATTERS BASED on an AUDIT of FINANCIAL STATEMENTS
PERFORMED in ACCORDANCE with GOVERNMENT AUDITING STANDARDS

Honorable Mayor and
Members of the Town Council
Town of Elgin
Elgin, 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 Town of Elgin, South Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Town of Elgin, South Carolina's basic financial statements and have issued our report thereon dated August 30, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Findings and Responses

Financial Statement Preparation

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

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

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

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

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

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

Separation of Duties

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

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

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

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

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

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

Compliance and Other Matters

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

Town of Elgin, South Carolina's Response to Findings

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

Other Matters

We noted certain other matters that were reported to management of the Town of Elgin, South Carolina in a separate letter dated August 30, 2024.

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 this communication is not suitable for any other purpose. Government Auditing Standards in considering the entity's internal control and compliance. Accordingly,

Cantey, Tiller, Pierce & Green, LLP

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

August 30, 2024

DRAFT