

TOWN OF ESTILL, SOUTH CAROLINA

---

GOVERNMENT-WIDE FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION

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YEAR ENDED JUNE 30, 2024

WITH

INDEPENDENT AUDITORS' REPORT

TOWN OF ESTILL, SOUTH CAROLINA

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GOVERNMENT-WIDE FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION

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YEAR ENDED JUNE 30, 2024

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# THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

501 STATE STREET  
POST OFFICE BOX 5949  
WEST COLUMBIA, SOUTH CAROLINA 29171

PHONE: (803) 739-3090

FAX: (803) 791-0834

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members  
Of Town Council  
Town of Estill, South Carolina  
Post Office Box 415  
Estill, SC 29918

### Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Estill, South Carolina (the "Town"), as of and for the year ended June 30, 2024, and the related notes to the financial statements. These financial statements collectively comprise the Town's basic financial statements as listed in the table of contents.

### Summary of Opinions

| <u>Opinion Unit</u>      | <u>Type of Opinion</u> |
|--------------------------|------------------------|
| Governmental Activities  | Qualified              |
| Business-Type Activities | Unmodified             |
| General Fund             | Unmodified             |
| Firemen's Fund           | Unmodified             |
| Hospitality Fund         | Unmodified             |
| ARPA Fund                | Unmodified             |
| Water and Sewer Fund     | Unmodified             |
| Refuse Fund              | Unmodified             |

### Qualified Opinion on the Opinion on the Governmental Activities

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Town, as of June 30, 2024, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Unmodified Opinions on the Business-type Activities and Each Major Fund

In our opinion, the business-type activities and each major fund, of the Town, as of June 30, 2024, 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 Qualified of Opinion and Unmodified 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 unmodified audit opinions.

### **Matter Giving Rise to Qualified Opinion on the Governmental Activities**

As discussed in *Note 1* to the basic financial statements we were not able to obtain sufficient audit evidence for the Town's governmental activities' capital assets; nor were we able to satisfy ourselves as to the correct carrying value of these capital assets by other auditing procedures.

## **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 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 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'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 – 11, the Schedule of Proportionate Share of the South Carolina Retirement Systems Net Pension Liabilities on page 42, and the Schedule of South Carolina Retirement Systems Contributions on page 43, 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 Schedule of Court Fines, Fees, Assessments, and Surcharges and the Schedule of Revenues, Expenses and Changes in Proprietary Funds Net Position – Budget to Actual and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Court Fines, Fees, Assessments, and Surcharges and the Schedule of Revenues, Expenses and Changes in Proprietary Funds Net Position – Budget to Actual and the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Brittingham Group LLP

West Columbia, South Carolina  
October 28, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Mayor and Council of the Town of Estill submits 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 June 30, 2024.

### FINANCIAL HIGHLIGHTS

The combined Governmental Activities and Business Type Activities assets of the Town of Estill exceeded its combined liabilities at the end of the fiscal year by \$10,449,743 (net position). The combined Governmental Activities and Business Type Activities revenues and other financial sources totaled \$5,367,533 and combined expenses totaled \$3,703,367. Accordingly, combined revenues exceeded expenses by \$1,664,166.

At the end of fiscal year 2024, the governmental funds restricted fund balance was \$54,045, the assigned fund balance was \$56,391 and the unassigned fund balance was \$837,285. Accordingly, \$837,285 was available for spending at the government's discretion from the unassigned fund balance. The total fund balance was \$853,710 for the General Fund, the Town's principal operating fund.

The Town of Estill Business Type Activities reported an increase in net position at the end of the fiscal year in the amount of \$1,675,514.

At the end of fiscal year 2024, the Town of Estill Business Type Activity reported unrestricted cash and cash equivalents of \$146,141 and restricted cash and cash equivalents of \$233,179.

### 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 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 of Estill finances, in a manner similar to businesses in the private sector business.

The Statement of Net Position presents information on all the Town of Estill 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 government-wide financial statements distinguish functions of the Town that are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or significant portions of their costs through user fees and charges (business-type activities).

The governmental activities of the Town of Estill include administration, police, fire, streets, recreation, community development, non-departmental and interest on long-term debt. The business-type activity of the Town of Estill is the water and wastewater utility system.

The government-wide financial statements include the Town, also known as the primary government. The government-wide financial statements are listed on pages 12 - 13 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 of Estill, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Estill can be divided into these categories:

Governmental funds

Proprietary funds

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 funds Balance Sheet and the governmental funds 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 funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all funds. The Town adopts an annual operating and capital budget for the General and Proprietary funds. The basic governmental fund financial statements are listed on pages 14 - 17 of this document.

Proprietary funds. The Town maintains two enterprise funds, a type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. The Town uses enterprise funds to account for its public utility system, comprised of water and wastewater operations and the garbage collection operations. Proprietary funds provide the same types of information as the government-wide financial statements.

The basic proprietary funds financial statements can be found on pages 18 - 21 of this report.



**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 22 - 41 of this document.

**Other information.** In addition to the basic financial statements and accompanying notes, these reports also represent certain other financial information.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The fiscal year 2024 financial statements are the 20<sup>h</sup> 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 2024, 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 of Estill assets exceeded liabilities by \$10,449,743 at the close of fiscal year 2024. Net position is reported in three categories:

|                                  |                      |
|----------------------------------|----------------------|
| Net investment in capital assets | \$ 9,837,314         |
| Restricted                       | 287,224              |
| Unrestricted                     | 325,205              |
|                                  | <u>\$ 10,449,743</u> |

The largest portion of the Town's net position reflects its investment in capital assets (e.g. land, building, 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 June 30, 2024 and 2023:

### Town of Estill's Condensed Statement of Net Position - June 2024

|   | Governmental<br>Activities | Business-Type<br>Activities | Total                |
|---|----------------------------|-----------------------------|----------------------|
| Current and other assets                      | \$ 3,030,184               | \$ 2,377,607                | \$ 5,407,791         |
| Capital assets                                | 1,370,228                  | 10,721,437                  | 12,091,665           |
| <b>Total assets</b>                           | <b>4,400,412</b>           | <b>13,099,044</b>           | <b>17,499,456</b>    |
| Deferred pension outflows                     | 153,857                    | 112,365                     | 266,222              |
| <b>Total assets and deferred outflows</b>     | <b>4,554,269</b>           | <b>13,211,409</b>           | <b>17,765,678</b>    |
| Long-term liabilities outstanding             | 135,945                    | 2,103,903                   | 2,239,848            |
| Pension liabilities                           | 737,260                    | 689,805                     | 1,427,065            |
| Other liabilities                             | 2,083,642                  | 1,340,644                   | 3,424,286            |
| <b>Total liabilities</b>                      | <b>2,956,847</b>           | <b>4,134,352</b>            | <b>7,091,199</b>     |
| Deferred pension inflows                      | 162,019                    | 62,717                      | 224,736              |
| <b>Total liabilities and deferred inflows</b> | <b>3,118,866</b>           | <b>4,197,069</b>            | <b>7,315,935</b>     |
| Net position:                                 |                            |                             |                      |
| Net investment in capital assets              | 1,233,104                  | 8,604,210                   | 9,837,314            |
| Restricted - expendable                       | 54,045                     | 233,179                     | 287,224              |
| Unrestricted                                  | 148,254                    | 176,951                     | 325,205              |
| <b>Total net position</b>                     | <b>\$ 1,435,403</b>        | <b>\$ 9,014,340</b>         | <b>\$ 10,449,743</b> |

### Town of Estill's Condensed Statement of Net Position - June 2023

|   | Governmental<br>Activities | Business-Type<br>Activities | Total               |
|---|----------------------------|-----------------------------|---------------------|
| Current and other assets                      | \$ 2,283,675               | \$ 1,236,288                | \$ 3,519,963        |
| Capital assets                                | 1,350,777                  | 9,310,778                   | 10,661,555          |
| <b>Total assets</b>                           | <b>3,634,452</b>           | <b>10,547,066</b>           | <b>14,181,518</b>   |
| Deferred pension outflows                     | 149,182                    | 144,654                     | 293,836             |
| <b>Total assets and deferred outflows</b>     | <b>3,783,634</b>           | <b>10,691,720</b>           | <b>14,475,354</b>   |
| Long-term liabilities outstanding             | 179,696                    | 2,370,226                   | 2,549,922           |
| Pension liabilities                           | 838,733                    | 689,463                     | 1,528,196           |
| Other liabilities                             | 1,141,219                  | 196,999                     | 1,338,218           |
| <b>Total liabilities</b>                      | <b>2,159,648</b>           | <b>3,256,688</b>            | <b>5,416,336</b>    |
| Deferred pension inflows                      | 177,235                    | 96,206                      | 273,441             |
| <b>Total liabilities and deferred inflows</b> | <b>2,336,883</b>           | <b>3,352,894</b>            | <b>5,689,777</b>    |
| Net position:                                 |                            |                             |                     |
| Net investment in capital assets              | 1,178,228                  | 6,950,778                   | 8,129,006           |
| Restricted - expendable                       | 42,814                     | 624,669                     | 667,483             |
| Unrestricted                                  | 225,709                    | (236,621)                   | (10,912)            |
| <b>Total net position</b>                     | <b>\$ 1,446,751</b>        | <b>\$ 7,338,826</b>         | <b>\$ 8,785,577</b> |

The following tables are summaries of revenues and expenses for fiscal years 2024 and 2023:

### Town of Estill's Statement of Activities - June 2024

|  | Governmental<br>Activities | Business-Type<br>Activities | Total                      |
|--|----------------------------|-----------------------------|----------------------------|
| Revenue:   |                            |                             |                            |
| Charges for services                                 | \$ 48,564                  | \$ 1,654,569                | \$ 1,703,133               |
| Capital grants and contributions                     | 27,988                     | 1,808,939                   | 1,836,927                  |
| General revenues                                     | 1,816,334                  | 11,139                      | 1,827,473                  |
| Total revenue  | <u>1,892,886</u>           | <u>3,474,647</u>            | <u>5,367,533</u>           |
| Expenses:  |                            |                             |                            |
| Administration                                       | 421,950                    | -                           | 421,950                    |
| Public Works   | 161,468                    | -                           | 161,468                    |
| Police   | 1,081,742                  | -                           | 1,081,742                  |
| Fire   | 75,709                     | -                           | 75,709                     |
| Interest on long-term debt                           | 9,097                      | -                           | 9,097                      |
| Combined water and sewer expenses                    | -                          | 1,824,552                   | 1,824,552                  |
| Refuse Fund  | -                          | 128,849                     | 128,849                    |
| Total expenses                                       | <u>1,749,966</u>           | <u>1,953,401</u>            | <u>3,703,367</u>           |
| Increase (decrease) in net position before transfers | 142,920                    | 1,521,246                   | 1,664,166                  |
| Transfers  | <u>(154,268)</u>           | <u>154,268</u>              | <u>-</u>                   |
| Increase (decrease) in net position                  | <u><u>\$ (11,348)</u></u>  | <u><u>\$ 1,675,514</u></u>  | <u><u>\$ 1,664,166</u></u> |

### Town of Estill's Statement of Activities - June 2023

|  | Governmental<br>Activities | Business-Type<br>Activities | Total                      |
|--|----------------------------|-----------------------------|----------------------------|
| Revenue:   |                            |                             |                            |
| Charges for services                                 | \$ 64,532                  | \$ 1,449,417                | \$ 1,513,949               |
| Capital grants and contributions                     | 34,809                     | 7,500                       | 42,309                     |
| General revenues                                     | 1,640,848                  | 12,530                      | 1,653,378                  |
| Total revenue  | <u>1,740,189</u>           | <u>1,469,447</u>            | <u>3,209,636</u>           |
| Expenses:  |                            |                             |                            |
| Administration                                       | 450,167                    | -                           | 450,167                    |
| Public Works   | 194,648                    | -                           | 194,648                    |
| Police   | 834,735                    | -                           | 834,735                    |
| Fire   | 56,842                     | -                           | 56,842                     |
| Interest on long-term debt                           | 12,412                     | -                           | 12,412                     |
| Combined water and sewer expenses                    | -                          | 1,657,043                   | 1,657,043                  |
| Refuse Fund  | -                          | 129,407                     | 129,407                    |
| Total expenses                                       | <u>1,548,804</u>           | <u>1,786,450</u>            | <u>3,335,254</u>           |
| Increase (decrease) in net position before transfers | 191,385                    | (317,003)                   | (125,618)                  |
| Transfers  | <u>(96,396)</u>            | <u>96,396</u>               | <u>-</u>                   |
| Increase (decrease) in net position                  | <u><u>\$ 94,989</u></u>    | <u><u>\$ (220,607)</u></u>  | <u><u>\$ (125,618)</u></u> |

**Governmental activities.** Governmental activities net position increased \$142,920 before transfers, during the fiscal year. After transfers of \$154,268 to Business-type activities, Governmental activities resulted in a \$11,348 decrease in net position. Governmental activities revenues showed an increase when compared to fiscal year 2023 due to increased general revenues. General revenues have increased as a result of tax collections. The Town incurred \$201,162 more in expenditures mostly due to increased payroll expenditures when compared to the prior fiscal year.

**Business-type activities.** Business-type activities consist of the public water and wastewater system and the garbage collection and disposal system. Total revenues in the amount of \$3,474,647 exceeded total expenses in the amount of \$1,953,401 for an operational increase in net position of \$1,521,246. \$154,268 was transferred from Governmental Activities to reconcile expenses paid for by the O&M fund for general fund expenses. After transfers, Business-type activities incurred a \$1,675,514 increase in net position.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

**Governmental funds.** The focus on the Town's Governmental Fund 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 2024, the Town's Governmental Funds reported a combined ending fund balance of \$947,721. The Town's General Fund reported an ending balance of \$853,710. The General Fund represents 90% of the total fund balance of all Governmental Funds.

**Proprietary funds.** The Town's largest component of proprietary fund net position is the investment in capital assets, net of related debt, \$8,604,210 or 95% of the Town's total proprietary fund net assets. The Town should endeavor to fully account for depreciation and amortization of capital assets. The Water and Sewer Fund's financial performance netted an increase in net position of \$1,526,121 not including transfers. The increase was due to an increase in service revenue and an increase in grant revenue. The Refuse Fund's financial performance netted a decrease in net position of \$4,875 not including transfers. This decrease was due to a decrease in service revenue when compared to the prior year.

## GENERAL FUND HIGHLIGHTS

Selected variances between fiscal years 2024 and 2023 General Fund actual revenues were as follows:

- \$170,355 Grant Revenue 123.33% increase

Grant revenue increased as the Town received funding for various projects that the Town is currently working on.

## PROPRIETARY FUNDS HIGHLIGHTS

Selected variances between fiscal years 2024 and 2023 Proprietary Fund actual revenues were as follows:

- \$205,152                      Water and sewer service sales                      14.15% increase

The increase is due to a an increase in water and sewer usage, and a 10% increase in rates from the previous year.

**Capital Asset Administration.** Governmental Activities had a total of \$137,512 in asset additions during fiscal year 2024. These asset additions were composed of equipment additions of \$48,045, and construction in process of \$89,467. Depreciation expense for Governmental Activities was \$118,061.

Business-Type Activities had a total of \$1,853,382 in asset additions during fiscal year 2024. These asset additions were composed of equipment additions of \$7,700 and construction in progress additions of \$1,845,682. Depreciation expense for Business-Type Activities was \$442,723.

The charts below detail the net effect of all transactions noted above to capital assets between fiscal year 2024 and 2023:

### Town of Estill's Capital Assets - Net of Accumulated Depreciation - 2024

|                          | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>         |
|--------------------------|------------------------------------|-------------------------------------|----------------------|
| Land                     | \$ 412,468                         | \$ 453,375                          | \$ 865,843           |
| Construction in process  | 106,967                            | 1,972,182                           | 2,079,149            |
| Land improvements        | 193,822                            | -                                   | 193,822              |
| Buildings                | 1,832,552                          | -                                   | 1,832,552            |
| Equipment                | 419,338                            | 463,222                             | 882,560              |
| Vehicles                 | 874,543                            | 153,465                             | 1,028,008            |
| Utility plant            | -                                  | 17,850,230                          | 17,850,230           |
| Accumulated depreciation | (2,469,462)                        | (10,171,037)                        | (12,640,499)         |
|                          | <u>\$ 1,370,228</u>                | <u>\$ 10,721,437</u>                | <u>\$ 12,091,665</u> |

## Town of Estill's Capital Assets - Net of Accumulated Depreciation - 2023

|                          | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>         |
|--------------------------|------------------------------------|-------------------------------------|----------------------|
| Land                     | \$ 389,968                         | \$ 453,375                          | \$ 843,343           |
| Construction in process  | 242,500                            | 126,500                             | 369,000              |
| Land improvements        | 193,822                            | -                                   | 193,822              |
| Buildings                | 1,630,052                          | -                                   | 1,630,052            |
| Equipment                | 378,268                            | 455,522                             | 833,790              |
| Vehicles                 | 967,852                            | 153,465                             | 1,121,317            |
| Utility plant            | -                                  | 17,850,230                          | 17,850,230           |
| Accumulated depreciation | (2,451,685)                        | (9,728,314)                         | (12,179,999)         |
|                          | <u>\$ 1,350,777</u>                | <u>\$ 9,310,778</u>                 | <u>\$ 10,661,555</u> |

**Debt Administration.** At the end of fiscal year 2024, the Town of Estill had total debt outstanding (bonds, and leases) of \$2,217,666. All the Town's bonded debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds). \$22,182 represents the amount owed for compensated absences.

|                      | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>        |
|----------------------|------------------------------------|-------------------------------------|---------------------|
| Compensated absences | \$ 8,279                           | \$ 13,903                           | \$ 22,182           |
| Leases               | 127,666                            | -                                   | 127,666             |
| Revenue bonds        | -                                  | 2,090,000                           | 2,090,000           |
|                      | <u>\$ 135,945</u>                  | <u>\$ 2,103,903</u>                 | <u>\$ 2,239,848</u> |

### REQUESTS FOR INFORMATION

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

Town Administrator  
Town of Estill  
Post Office Box 415  
Estill, South Carolina 29918.

## TOWN OF ESTILL, SOUTH CAROLINA

## STATEMENT OF NET POSITION

JUNE 30, 2024

|   | Primary Government         |                                |               |
|---|----------------------------|--------------------------------|---------------|
|   | Governmental<br>Activities | Business<br>Type<br>Activities | Totals        |
| <b>Assets</b>                                       |                            |                                |               |
| Cash and cash equivalents - unrestricted            | \$ 2,766,472               | \$ 146,141                     | \$ 2,912,613  |
| Cash and cash equivalents - restricted              | 54,249                     | 233,179                        | 287,428       |
| Receivables, net of allowance:                      |                            |                                |               |
| Accounts, net                                       | -                          | 340,205                        | 340,205       |
| Grants revenue                                      | -                          | 1,658,082                      | 1,658,082     |
| State revenue                                       | 209,463                    | -                              | 209,463       |
| Prepaid expenses                                    | -                          | -                              | -             |
| Capital assets:                                     |                            |                                |               |
| Non-depreciable                                     | 519,434                    | 626,071                        | 1,145,505     |
| Depreciable, net of accumulated depreciation        | 850,794                    | 10,095,366                     | 10,946,160    |
| Total assets  | 4,400,412                  | 13,099,044                     | 17,499,456    |
| <b>Deferred outflows of resources</b>               |                            |                                |               |
| Deferred pension outflows                           | 153,857                    | 112,365                        | 266,222       |
| Total assets and deferred outflows of resources     | 4,554,269                  | 13,211,409                     | 17,765,678    |
| <b>Liabilities</b>                                  |                            |                                |               |
| Accounts payable                                    | 63,891                     | 989,623                        | 1,053,514     |
| Accrued interest                                    | 1,179                      | 13,324                         | 14,503        |
| Other accrued liabilities                           | 48,931                     | 27,986                         | 76,917        |
| Internal balances                                   | (201,708)                  | 201,708                        | -             |
| Customer deposits                                   | -                          | 108,003                        | 108,003       |
| Deferred revenue                                    | 2,171,349                  | -                              | 2,171,349     |
| Pension liabilities                                 | 737,260                    | 689,805                        | 1,427,065     |
| Long-term liabilities:                              |                            |                                |               |
| Due within one year                                 | 55,956                     | 288,903                        | 344,859       |
| Due in more than one year                           | 79,989                     | 1,815,000                      | 1,894,989     |
| Total liabilities                                   | 2,956,847                  | 4,134,352                      | 7,091,199     |
| <b>Deferred inflows of resources</b>                |                            |                                |               |
| Deferred pension inflows                            | 162,019                    | 62,717                         | 224,736       |
| Total liabilities and deferred inflows of resources | 3,118,866                  | 4,197,069                      | 7,315,935     |
| <b>Net position</b>                                 |                            |                                |               |
| Net investment in capital assets                    | 1,233,104                  | 8,604,210                      | 9,837,314     |
| Restricted net position - spendable                 | 54,045                     | 233,179                        | 287,224       |
| Unrestricted  | 148,254                    | 176,951                        | 325,205       |
| Total net position                                  | \$ 1,435,403               | \$ 9,014,340                   | \$ 10,449,743 |

See accompanying notes.

TOWN OF ESTILL, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

| Functions/Programs                   | Expenses            | Program Revenues        |  | Net (Expense) Revenue and<br>Changes in Net Position |                             |                      |
|--------------------------------------|---------------------|-------------------------|--|--|-----------------------------|----------------------|
|                                      |                     | Charges for<br>Services | Capital Grants<br>and<br>Contributions | Governmental<br>Activities                           | Business-Type<br>Activities | Total                |
| Primary Government:                  |                     |                         |  |  |                             |                      |
| Governmental activities              |                     |                         |  |  |                             |                      |
| Administration                       | \$ 421,950          | \$ -                    | \$ -                                   | \$ (421,950)   | \$ -                        | \$ (421,950)         |
| Public Works department              | 161,468             | -                       | -                                      | (161,468)  | -                           | (161,468)            |
| Police department                    | 1,081,742           | 48,564                  | 12,348                                 | (1,020,830)  | -                           | (1,020,830)          |
| Fire department                      | 75,709              | -                       | 15,640                                 | (60,069)   | -                           | (60,069)             |
| Interest on long-term debt           | 9,097               | -                       | -                                      | (9,097)  | -                           | (9,097)              |
| Total governmental activities        | 1,749,966           | 48,564                  | 27,988                                 | (1,673,414)  | -                           | (1,673,414)          |
| Business-type activities             |                     |                         |  |  |                             |                      |
| Water and sewer                      | 1,824,552           | 1,533,671               | 1,808,939                              | -  | 1,518,058                   | 1,518,058            |
| Refuse                               | 128,849             | 120,898                 | -                                      | -  | (7,951)                     | (7,951)              |
| Total business-type activities       | 1,953,401           | 1,654,569               | 1,808,939                              | -  | 1,510,107                   | 1,510,107            |
| Total Primary Government             | <u>\$ 3,703,367</u> | <u>\$ 1,703,133</u>     | <u>\$ 1,836,927</u>                    | <u>(1,673,414)</u>                                   | <u>1,510,107</u>            | <u>(163,307)</u>     |
| General revenues and transfers:      |                     |                         |  |  |                             |                      |
| General revenues:                    |                     |                         |  |  |                             |                      |
| Property and vehicle                 |                     |                         |  | 555,345  | -                           | 555,345              |
| Licenses, permits and franchise fees |                     |                         |  | 245,272  | -                           | 245,272              |
| State shared revenues                |                     |                         |  | 375,367  | -                           | 375,367              |
| Other shared revenues                |                     |                         |  | 181,535  | -                           | 181,535              |
| Unrestricted grants                  |                     |                         |  | 376,248  | -                           | 376,248              |
| Unrestricted investment earnings     |                     |                         |  | 1,179  | 8,087                       | 9,266                |
| Miscellaneous                        |                     |                         |  | 81,388   | 3,052                       | 84,440               |
| Transfers in/(out)                   |                     |                         |  | (154,268)  | 154,268                     | -                    |
| Total general revenues and transfers |                     |                         |  | 1,662,066  | 165,407                     | 1,827,473            |
| Change in net position               |                     |                         |  | (11,348)   | 1,675,514                   | 1,664,166            |
| Net position, at beginning of year   |                     |                         |  | 1,446,751  | 7,338,826                   | 8,785,577            |
| Net position, end of year            |                     |                         |  | <u>\$ 1,435,403</u>                                  | <u>\$ 9,014,340</u>         | <u>\$ 10,449,743</u> |

See accompanying notes.



# TOWN OF ESTILL, SOUTH CAROLINA

## BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2024

|  | General      | Firemen's<br>Fund | Hospitality<br>Tax | ARPA<br>Funds | Total<br>Governmental<br>Funds |
|--|--------------|-------------------|--------------------|---------------|--------------------------------|
| <b>Assets</b>                            |              |                   |                    |               |                                |
| Cash and cash equivalents - unrestricted | \$ 2,278,739 | \$ 19,476         | \$ 75,339          | \$ 392,918    | \$ 2,766,472                   |
| State revenue, receivable                | 209,463      | -                 | -                  | -             | 209,463                        |
| Due from other funds                     | 116,696      | -                 | -                  | 105,216       | 221,912                        |
| Prepaid expenses                         | -            | -                 | -                  | -             | -                              |
| Cash and cash equivalents - restricted   | 16,425       | 37,824            | -                  | -             | 54,249                         |
| Total assets                             | 2,621,323    | 57,300            | 75,339             | 498,134       | 3,252,096                      |
| <b>Liabilities and fund balances</b>     |              |                   |                    |               |                                |
| Liabilities                              |              |                   |                    |               |                                |
| Accounts payable                         | 63,891       | -                 | -                  | -             | 63,891                         |
| Other accrued liabilities                | 30,507       | 2,910             | 15,514             | -             | 48,931                         |
| Due to other funds                       | -            | 16,770            | 3,434              | -             | 20,204                         |
| Deferred revenue                         | 1,673,215    | -                 | -                  | 498,134       | 2,171,349                      |
| Total liabilities                        | 1,767,613    | 19,680            | 18,948             | 498,134       | 2,304,375                      |
| Fund balances                            |              |                   |                    |               |                                |
| Restricted                               | 16,425       | 37,620            | -                  | -             | 54,045                         |
| Assigned                                 | -            | -                 | 56,391             | -             | 56,391                         |
| Unassigned                               | 837,285      | -                 | -                  | -             | 837,285                        |
| Total fund balances                      | 853,710      | 37,620            | 56,391             | -             | 947,721                        |
| Total liabilities and fund balances      | \$ 2,621,323 | \$ 57,300         | \$ 75,339          | \$ 498,134    | \$ 3,252,096                   |

### Reconciliation to the statement of net position

|  |            |
|--|------------|
| Total fund balances - governmental funds | \$ 947,721 |
|--|------------|

Amounts reported for governmental activities in the Statement of Net 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     | \$ 3,839,690 |           |
| Accumulated depreciation | (2,469,462)  |           |
|                          |              | 1,370,228 |

Long-term liabilities, including bonds payable, notes payable, Net pension liabilities, deferred inflows, deferred outflows and capital lease obligations, 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:

|                              |           |
|------------------------------|-----------|
| Deferred pension outflows    | 153,857   |
| Deferred pension inflows     | (162,019) |
| Net pension liabilities      | (737,260) |
| Accrued interest payable     | (1,179)   |
| Compensated absences payable | (8,279)   |
| Lease liabilities            | (127,666) |

|   |              |
|---|--------------|
| Net position of governmental activities | \$ 1,435,403 |
|---|--------------|

See accompanying notes.

TOWN OF ESTILL, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2024

|  | General           | Firemen's<br>Fund | Hospitality<br>Tax | ARPA<br>Funds | Total<br>Governmental<br>Funds |
|--|-------------------|-------------------|--------------------|---------------|--------------------------------|
| <b>Revenues</b>  |                   |                   |                    |               |                                |
| Property, vehicle, and hospitality taxes               | \$ 518,964        | \$ -              | \$ 36,381          | \$ -          | \$ 555,345                     |
| Licenses, permits, and franchise fees                  | 245,272           | -                 | -                  | -             | 245,272                        |
| Court fines  | 48,564            | -                 | -                  | -             | 48,564                         |
| State shared revenues                                  | 375,367           | -                 | -                  | -             | 375,367                        |
| Other shared revenues                                  | 181,535           | -                 | -                  | -             | 181,535                        |
| Grant revenue  | 308,485           | -                 | -                  | 95,751        | 404,236                        |
| Miscellaneous income                                   | 74,191            | 8,376             | -                  | -             | 82,567                         |
| Total revenues   | 1,752,378         | 8,376             | 36,381             | 95,751        | 1,892,886                      |
| <b>Expenditures</b>                                    |                   |                   |                    |               |                                |
| Administration   | 382,208           | -                 | 10,271             | -             | 392,479                        |
| Public Works   | 150,086           | -                 | 3,929              | -             | 154,015                        |
| Police   | 1,229,363         | -                 | 26,323             | -             | 1,255,686                      |
| Fire   | 64,135            | 12,396            | 1,842              | -             | 78,373                         |
| Debt service   | 54,399            | -                 | -                  | -             | 54,399                         |
| Total expenditures                                     | 1,880,191         | 12,396            | 42,365             | -             | 1,934,952                      |
| Excess (deficit) of revenues over (under) expenditures | (127,813)         | (4,020)           | (5,984)            | 95,751        | (42,066)                       |
| <b>Other Financing Sources (uses)</b>                  |                   |                   |                    |               |                                |
| Transfers in/(out)                                     | (58,517)          | -                 | -                  | (95,751)      | (154,268)                      |
| Total other financing sources                          | (58,517)          | -                 | -                  | (95,751)      | (154,268)                      |
| Net change in fund balance                             | (186,330)         | (4,020)           | (5,984)            | -             | (196,334)                      |
| Fund balance, beginning of year                        | 1,040,040         | 41,640            | 62,375             | -             | 1,144,055                      |
| Fund balance, end of year                              | <u>\$ 853,710</u> | <u>\$ 37,620</u>  | <u>\$ 56,391</u>   | <u>\$ -</u>   | <u>\$ 947,721</u>              |

See accompanying notes.

# TOWN OF ESTILL, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2024

|   |              |
|---|--------------|
| Net change in fund balance - total governmental funds | \$ (196,334) |
|---|--------------|

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 depreciation exceeded capital outlays in the period.

|                              |              |        |
|------------------------------|--------------|--------|
| Depreciation                 | \$ (118,061) |        |
| Additions                    | 137,512      |        |
|                              |              |        |
| Net change in capital assets |              | 19,451 |

|  |         |
|--|---------|
| Net change in in pension assets and liabilities for the 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. | 121,363 |
|--|---------|

|  |        |
|--|--------|
| Repayment of a lease is an expenditure in the governmental funds, and it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. | 44,883 |
|--|--------|

|   |     |
|---|-----|
| Interest on long-term debt is recorded as an expenditure in the governmental funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as interest accrues, regardless of when it is due. | 422 |
|---|-----|

|   |         |
|---|---------|
| In the Statement of Activities, compensated absences are reported by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used. | (1,133) |
|   |         |

|   |             |
|---|-------------|
| Change in net position of governmental activities | \$ (11,348) |
|---|-------------|

*See accompanying notes.*

-

TOWN OF ESTILL, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2024

|   | Original<br>Budget | Final<br>Budget | Actual       | Variance<br>Positive /<br>(Negative) |
|---|--------------------|-----------------|--------------|--------------------------------------|
| Revenue   |                    |                 |              |                                      |
| Property and vehicle taxes                            | \$ 519,309         | \$ 519,309      | \$ 518,964   | \$ (345)                             |
| Licenses, permits, and franchise fees                 | 252,427            | 252,427         | 245,272      | (7,155)                              |
| State shared revenue                                  | 391,432            | 391,432         | 375,367      | (16,065)                             |
| Municipal Association of South Carolina               | 177,350            | 177,350         | 181,535      | 4,185                                |
| Court fines   | 27,500             | 27,500          | 48,564       | 21,064                               |
| Grants  | 2,222,396          | 2,222,396       | 308,485      | (1,913,911)                          |
| Miscellaneous income                                  | 27,170             | 27,170          | 74,191       | 47,021                               |
| Total revenue   | 3,617,584          | 3,617,584       | 1,752,378    | (1,865,206)                          |
| Expenditures  |                    |                 |              |                                      |
| Salaries, taxes and benefits                          | 802,016            | 802,016         | 867,698      | (65,682)                             |
| Contract labor  | 1,250              | 1,250           | 4,580        | (3,330)                              |
| Utilities   | 85,927             | 85,927          | 98,697       | (12,770)                             |
| Materials and supplies                                | 36,610             | 36,610          | 64,145       | (27,535)                             |
| Insurance   | 62,760             | 62,760          | 63,449       | (689)                                |
| Gas, oil and tires                                    | 52,000             | 52,000          | 50,967       | 1,033                                |
| Legal and audit                                       | 47,500             | 47,500          | 49,913       | (2,413)                              |
| Bookkeeping services                                  | 9,312              | 9,312           | 10,566       | (1,254)                              |
| Other professional fees                               | 7,700              | 7,700           | 168,562      | (160,862)                            |
| Training and workshops                                | 9,515              | 9,515           | 10,794       | (1,279)                              |
| Court expenses  | 16,575             | 16,575          | 26,189       | (9,614)                              |
| Victims Advocate                                      | 1,900              | 1,900           | 200          | 1,700                                |
| Dispatching   | 8,160              | 8,160           | 4,533        | 3,627                                |
| Telephone   | 44,353             | 44,353          | 46,204       | (1,851)                              |
| Travel and lodging                                    | 24,840             | 24,840          | 28,722       | (3,882)                              |
| Office supplies                                       | 4,600              | 4,600           | 5,051        | (451)                                |
| Dues and subscriptions                                | 19,254             | 19,254          | 19,545       | (291)                                |
| Advertising   | 4,000              | 4,000           | 2,539        | 1,461                                |
| Bank charges  | 194                | 194             | 188          | 6                                    |
| Capital improvements                                  | 1,994,248          | 1,994,248       | 145,548      | 1,848,700                            |
| Economic development                                  | 234,310            | 234,310         | 2,769        | 231,541                              |
| Pest control  | 2,600              | 2,600           | 1,711        | 889                                  |
| Repairs and maintenance                               | 63,730             | 63,730          | 101,280      | (37,550)                             |
| Postage   | 3,300              | 3,300           | 3,482        | (182)                                |
| Equipment rental                                      | 2,465              | 2,465           | 5,904        | (3,439)                              |
| Debt service  | 60,899             | 60,899          | 63,282       | (2,383)                              |
| Miscellaneous   | 32,249             | 32,249          | 33,673       | (1,424)                              |
| Total expenditures                                    | 3,632,267          | 3,632,267       | 1,880,191    | 1,752,076                            |
| Excess (deficit) of revenue over (under) expenditures | (14,683)           | (14,683)        | (127,813)    | (113,130)                            |
| Transfers in/out                                      | -                  | -               | (58,517)     | (58,517)                             |
| Change in fund balance                                | \$ (14,683)        | \$ (14,683)     | \$ (186,330) | \$ (171,647)                         |

See accompanying notes.

## TOWN OF ESTILL, SOUTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2024

|   | Water and<br>Sewer | Refuse     | Total        |
|---|--------------------|------------|--------------|
| <b>Assets</b>                                       |                    |            |              |
| Current assets                                      |                    |            |              |
| Cash and cash equivalents                           | \$ 133,443         | \$ 12,698  | \$ 146,141   |
| Restricted cash                                     | 233,179            | -          | 233,179      |
| Accounts receivable, net                            | 310,010            | 30,195     | 340,205      |
| Grants receivable                                   | 1,658,082          | -          | 1,658,082    |
| Prepaid expenses                                    | -                  | -          | -            |
| Due from Governmental funds                         | 2,881              | -          | 2,881        |
| Due from Water                                      | -                  | 100,396    | 100,396      |
| Non-current assets                                  |                    |            |              |
| Property, plant and equipment, net                  | 10,721,437         | -          | 10,721,437   |
| Total assets  | 13,059,032         | 143,289    | 13,202,321   |
| <b>Deferred outflows of resources</b>               |                    |            |              |
| Deferred pension outflows                           | 107,709            | 4,656      | 112,365      |
| Total assets and deferred outflows of resources     | 13,166,741         | 147,945    | 13,314,686   |
| <b>Liabilities</b>                                  |                    |            |              |
| Current liabilities                                 |                    |            |              |
| Accounts payable                                    | 981,094            | 8,529      | 989,623      |
| Other accrued liabilities                           | 41,310             | -          | 41,310       |
| Due to Refuse Fund                                  | 100,396            | -          | 100,396      |
| Due to Governmental funds                           | 204,589            | -          | 204,589      |
| Customer deposits                                   | 108,003            | -          | 108,003      |
| Compensated absences payable                        | 13,903             | -          | 13,903       |
| Revenue bonds payable                               | 275,000            | -          | 275,000      |
| Non-current liabilities                             |                    |            |              |
| Net pension liabilities                             | 661,219            | 28,586     | 689,805      |
| Revenue bonds payable                               | 1,815,000          | -          | 1,815,000    |
| Total liabilities                                   | 4,200,514          | 37,115     | 4,237,629    |
| <b>Deferred inflows of resources</b>                |                    |            |              |
| Deferred pension inflows                            | 60,118             | 2,599      | 62,717       |
| Total liabilities and deferred inflows of resources | 4,260,632          | 39,714     | 4,300,346    |
| <b>Net position</b>                                 |                    |            |              |
| Net investment in capital assets                    | 8,604,210          | -          | 8,604,210    |
| Restricted net position - spendable                 | 233,179            | -          | 233,179      |
| Unrestricted - unfunded pension obligation          | 613,628            | 26,529     | 640,157      |
| Unrestricted - other                                | (544,908)          | 81,702     | (463,206)    |
| Total net position                                  | \$ 8,906,109       | \$ 108,231 | \$ 9,014,340 |

*See accompanying notes.*

# TOWN OF ESTILL, SOUTH CAROLINA

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION OF PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2024

|   | <b>Water and<br/>Sewer</b> | <b>Refuse</b>            | <b>Total</b>               |
|---|----------------------------|--------------------------|----------------------------|
| Operating revenue   |                            |                          |                            |
| Water, Sewer, and Refuse service sales                        | \$ 1,447,374               | \$ 120,898               | \$ 1,568,272               |
| Penalty fees  | 76,297                     | -                        | 76,297                     |
| Reconnection fees   | 10,000                     | -                        | 10,000                     |
| Total operating revenue                                       | <u>1,533,671</u>           | <u>120,898</u>           | <u>1,654,569</u>           |
| Operating expenses  |                            |                          |                            |
| Salaries and employee benefits                                | 470,345                    | 21,556                   | 491,901                    |
| Electricity and utilities                                     | 108,695                    | -                        | 108,695                    |
| Materials and supplies  | 49,250                     | 92,683                   | 141,933                    |
| Chemicals and laboratory analysis                             | 36,092                     | -                        | 36,092                     |
| Depreciation  | 442,723                    | -                        | 442,723                    |
| Insurance   | 93,138                     | -                        | 93,138                     |
| Gas, oil, tires and repairs                                   | 19,750                     | -                        | 19,750                     |
| Contracted services   | 189,156                    | 6,631                    | 195,787                    |
| Training, lodging   | 2,305                      | -                        | 2,305                      |
| Telephone   | 17,566                     | -                        | 17,566                     |
| Office supplies   | 1,428                      | -                        | 1,428                      |
| DHEC permits  | 78,093                     | -                        | 78,093                     |
| Repairs and maintenance, engineering<br>and capital equipment | 251,021                    | 7,979                    | 259,000                    |
| Miscellaneous   | 9,974                      | -                        | 9,974                      |
| Total operating expenses                                      | <u>1,769,536</u>           | <u>128,849</u>           | <u>1,898,385</u>           |
| Operating loss  | (235,865)                  | (7,951)                  | (243,816)                  |
| Nonoperating revenue (expenses)                               |                            |                          |                            |
| Interest income   | 8,063                      | 24                       | 8,087                      |
| Capital grant   | 1,808,939                  | -                        | 1,808,939                  |
| Sale of capital asset   | -                          | 3,052                    | 3,052                      |
| Debt service (interest expense)                               | (55,016)                   | -                        | (55,016)                   |
| Total nonoperating revenue (expense)                          | <u>1,761,986</u>           | <u>3,076</u>             | <u>1,765,062</u>           |
| Income before transfers                                       | 1,526,121                  | (4,875)                  | 1,521,246                  |
| Transfers in  | <u>154,268</u>             | <u>-</u>                 | <u>154,268</u>             |
| Change in net position  | 1,680,389                  | (4,875)                  | 1,675,514                  |
| Total net position, beginning                                 | <u>7,225,720</u>           | <u>113,106</u>           | <u>7,338,826</u>           |
| Total net position, ending                                    | <u><u>\$ 8,906,109</u></u> | <u><u>\$ 108,231</u></u> | <u><u>\$ 9,014,340</u></u> |

*See accompanying notes.*

TOWN OF ESTILL, SOUTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2024

|   | Water and<br>Sewer       | Refuse                  | Total                    |
|---|--------------------------|-------------------------|--------------------------|
| <b>Cash flows from operating activities</b>                             |                          |                         |                          |
| Receipts from customers   | \$ 2,328,520             | \$ 114,465              | \$ 2,442,985             |
| Payments to suppliers   | (677,202)                | (106,659)               | (783,861)                |
| Payments to employees   | (600,350)                | (17,027)                | (617,377)                |
| Net cash used in operating activities                                   | <u>1,050,968</u>         | <u>(9,221)</u>          | <u>1,041,747</u>         |
| <b>Cash flows from noncapital financing activities</b>                  |                          |                         |                          |
| Interfund transfers   | 154,268                  | -                       | 154,268                  |
| Internal balances   | 289,097                  | (81,450)                | 207,647                  |
| Net cash provided by (used in) noncapital financing                     | <u>443,365</u>           | <u>(81,450)</u>         | <u>361,915</u>           |
| <b>Cash flows from capital and related financing activities</b>         |                          |                         |                          |
| Interest income   | 8,063                    | 24                      | 8,087                    |
| Gain on sale of capital assets  | -                        | 3,052                   | 3,052                    |
| Capital grant proceeds  | 150,857                  | -                       | 150,857                  |
| Purchase of property and equipment                                      | (1,853,382)              | -                       | (1,853,382)              |
| Principal paid on revenue bonds   | (270,000)                | -                       | (270,000)                |
| Interest expense  | (55,016)                 | -                       | (55,016)                 |
| Net cash provided by (used in) capital and related financing activities | <u>(2,019,478)</u>       | <u>3,076</u>            | <u>(2,016,402)</u>       |
| Net increase (decrease) in cash and cash equivalents                    | (525,145)                | (87,595)                | (612,740)                |
| Cash and cash equivalents, beginning                                    | 891,767                  | 100,293                 | 992,060                  |
| Cash and cash equivalents, ending                                       | <u><u>\$ 366,622</u></u> | <u><u>\$ 12,698</u></u> | <u><u>\$ 379,320</u></u> |
| Cash and cash equivalents   | \$ 133,443               | \$ 12,698               | \$ 146,141               |
| Restricted cash   | 233,179                  | -                       | 233,179                  |
| Total cash and cash equivalents   | <u><u>\$ 366,622</u></u> | <u><u>\$ 12,698</u></u> | <u><u>\$ 379,320</u></u> |

(CONTINUED)

## TOWN OF ESTILL, SOUTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

-CONTINUED-

|  | <b>Water and<br/>Sewer</b> | <b>Refuse</b>     | <b>Total</b>        |
|--|----------------------------|-------------------|---------------------|
| <b>Reconciliation of operating income to<br/>net cash provided by operating activities</b>       |                            |                   |                     |
| Operating loss   | \$ (235,865)               | \$ (7,951)        | \$ (243,816)        |
| Adjustments to reconcile operating income (loss)<br>to net cash provided by operating activities |                            |                   |                     |
| Depreciation and amortization  | 442,723                    | -                 | 442,723             |
| Changes in assets, deferred outflows, liabilities and<br>deferred inflows                        |                            |                   |                     |
| Accounts receivable  | (95,971)                   | (6,433)           | (102,404)           |
| Prepaid expenses   | 6,427                      | -                 | 6,427               |
| Accounts payable   | 929,653                    | 634               | 930,287             |
| Customer deposits  | 2,308                      | -                 | 2,308               |
| Accrued interest   | (1,721)                    | -                 | (1,721)             |
| Other accrued liabilities  | 5,124                      | -                 | 5,124               |
| Deferred outflows  | (33,006)                   | (2,502)           | (35,508)            |
| Deferred inflows   | 32,201                     | 2,107             | 34,308              |
| Net pension liability  | (4,582)                    | 4,924             | 342                 |
| Compensated absences payable   | 3,677                      | -                 | 3,677               |
| Net cash provided by operating activities  | <u>\$ 1,050,968</u>        | <u>\$ (9,221)</u> | <u>\$ 1,041,747</u> |
| <b>Supplemental Information</b>  |                            |                   |                     |
| Interest paid  | <u>\$ 53,295</u>           | <u>\$ -</u>       | <u>\$ 53,295</u>    |

*See accompanying notes.*



# TOWN OF ESTILL, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

### 1. Summary of Significant Accounting Policies

The Town of Estill, 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, 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. These statements distinguish between the Town's *governmental* and *business-type activities*. Taxes and other non-exchange transactions primarily finance the governmental activities whereas fees charged to external parties' finance, in whole or in part, the business-type activities. All of the Town's governmental funds are reported in the government-wide financial statements as governmental activities and all of its enterprise funds are reported as business-type 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 for the business-type activities of the Town 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 and proprietary fund. The Town presents separate statements for each fund category-governmental and proprietary.

-CONTINUED-

## TOWN OF ESTILL, SOUTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

#### 1. Summary of Significant Accounting Policies (continued)

##### *Operating and Non-Operating Revenues and Expenses in Proprietary Fund Financial Statements*

Enterprise funds distinguish *operating* revenues and expenses from *non-operating* revenues and expenses. Operating revenues and expenses generally are limited to items resulting from the provision of services and goods in connection with the fund's principal ongoing operations. The Town generally classifies revenues and expenses as operating only if the related cash flows appear in the operating section on the statement of cash flows. Accordingly, grants are reportable as operating revenues only if they are essentially the same as contracts for services (i.e., exchange transactions) and they finance programs that the proprietary fund would not otherwise undertake (i.e., the activity of the grant is inherently part of the operations of the grantor). Conversely, the Town classifies non-exchange transactions as non-operating. This includes all grant revenues except those reportable as operating revenue as described above and those restricted by the grantor for use exclusively for capital purposes. The Town reports as operating most expenses it pays from operating revenues but usually reports interest expense as non-operating.

##### 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's funds are classified into two categories - governmental and proprietary.

##### 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.

**Firemen's Fund** – Firemen's Fund is 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.

**ARPA Fund** – ARPA Fund is used to account for the proceeds of American Rescue Plan money that are legally (or donor) restricted to expenditures for specified purposes.

**Hospitality Tax Fund** – Hospitality Tax Fund is 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.

## TOWN OF ESTILL, SOUTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

#### 1. Summary of Significant Accounting Policies (continued)

##### Proprietary Funds

**Enterprise Funds** - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

##### Accrual Basis

The Town uses the accrual basis of accounting in reporting its government-wide financial statements, as well as its proprietary fund 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.

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. Proprietary fund activities are reported using the accrual basis method of accounting. If measurable, revenue is recognized when earned and expenses when incurred.

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**1. Summary of Significant Accounting Policies (continued)**

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

The Town has elected to treat all funds as major and present them in separate columns.

Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund, Water and Sewer Enterprise Fund and the Refuse Enterprise Fund. All annual appropriations lapse at fiscal year-end.

Cash and Cash Equivalents and Investments

Cash includes amounts held in demand deposits. For the 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 Water and Sewer Enterprise Fund consist of unpaid user charges for the water and sewer system of the Town. 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 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 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. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

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.

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**1. Summary of Significant Accounting Policies (continued)**

Before the implementation of GASB 34 in June 2003, the Town recorded capital assets as expenditures for governmental activities and no formal record of capital assets was maintained. Therefore, the governmental activities' capital assets are reported in the government-wide financial statements based on management's estimated values of the capital assets when they were acquired or constructed. All assets recorded subsequent to June 2003 in the General Fund are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Business-type activities' capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. 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:

|                          | <u>Governmental Funds</u> | <u>Proprietary Funds</u> |
|--------------------------|---------------------------|--------------------------|
| Utility plant in service | –                         | 40 - 45 years            |
| Equipment                | 3 - 10 years              | 5 - 10 years             |
| Vehicles                 | 5 - 10 years              | 4 - 5 years              |
| Buildings                | 15 - 40 years             | –                        |

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.

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 and business-type activities is recorded as an expense and liability in the respective funds. The estimated liabilities include required salary-related payments.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**1. Summary of Significant Accounting Policies (continued)**

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

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 \$266,222 as of June 30, 2024.

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 \$224,736 as of June 30, 2024.

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. At June 30, 2024, \$287,224 was reported as restricted net position.

## TOWN OF ESTILL, SOUTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

#### **1. Summary of Significant Accounting Policies (continued)**

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

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.

Fund balance is reported as restricted fund balance if the fund balance is restricted for use by an outside party. The Town does not have any restricted fund balance.

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.

#### **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, Water and Sewer Enterprise Fund, and Refuse Enterprise 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.

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**2. Legal Compliance – Budgets (continued)**

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.

General Fund budgeted revenue exceeded actual revenue by \$1,769,455. General Fund budgeted expenditures exceeded actual expenditures by \$1,752,076. Proprietary Fund budgeted revenue exceeded actual revenue by \$2,949,310. Proprietary Fund budgeted operating expenditures exceeded actual operating expenditures by \$2,493,138.

**3. Deposits**

At June 30, 2024, the carrying amount of the Town's unrestricted and restricted deposits totaled \$3,200,041, and the bank balance was \$4,188,880 all of which was covered by federal depository insurance and other securities provided by financial institutions.

**4. Restricted Cash**

The restricted cash that is presented in the financial statements consists of various bank accounts that are reserved for a specific purpose and are prohibited from being used in the normal operations of the Town. General Fund restricted cash represents funds held for specific purposes, such as grants and police matters. Special Revenue Fund restricted cash represents funds held for use by the Estill Fire Department. The Water and Sewer Fund restricted cash represents funds held for debt service on revenue bonds, and future construction and funds remaining on grant funds received in advance.

**5. Receivables**

Receivables at June 30, 2024, consist of the following:

|                                    | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>        |
|------------------------------------|------------------------------------|-------------------------------------|---------------------|
| Accounts receivable:               |                                    |                                     |                     |
| State revenue                      | \$ 209,463                         | \$ -                                | \$ 209,463          |
| Grant revenue                      | -                                  | 1,658,082                           | 1,658,082           |
| Water and sewer billings           | -                                  | 589,758                             | 589,758             |
| Gross receivables                  | 209,463                            | 2,247,840                           | 2,457,303           |
| Less, allowance for uncollectibles | -                                  | (249,553)                           | (249,553)           |
| Net receivables                    | <u>\$ 209,463</u>                  | <u>\$ 1,998,287</u>                 | <u>\$ 2,207,750</u> |



TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**6. Capital Assets**

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

|  | Beginning<br>Balance | Increases           | Decreases /<br>Transfers | Ending<br>Balance    |
|--|----------------------|---------------------|--------------------------|----------------------|
| Governmental activities:                     |                      |                     |                          |                      |
| Capital assets, not being depreciated        |                      |                     |                          |                      |
| Land   | \$ 389,968           | \$ -                | \$ 22,500                | \$ 412,468           |
| Construction in progress                     | 242,500              | 89,467              | (225,000)                | 106,967              |
| Total capital assets, not being depreciated  | 632,468              | 89,467              | (202,500)                | 519,435              |
| Capital assets, being depreciated            |                      |                     |                          |                      |
| Buildings                                    | 1,630,052            | -                   | 202,500                  | 1,832,552            |
| Land improvements                            | 193,822              | -                   | -                        | 193,822              |
| Equipment                                    | 378,268              | 48,045              | (6,975)                  | 419,338              |
| Vehicles                                     | 967,852              | -                   | (93,309)                 | 874,543              |
| Total capital assets, being depreciated      | 3,169,994            | 48,045              | 102,216                  | 3,320,255            |
| Less accumulated depreciation for:           |                      |                     |                          |                      |
| Buildings                                    | (1,156,552)          | (40,708)            | -                        | (1,197,260)          |
| Land improvements                            | (182,719)            | (7,790)             | -                        | (190,509)            |
| Equipment                                    | (330,712)            | (12,647)            | 6,975                    | (336,384)            |
| Vehicles                                     | (781,702)            | (56,916)            | 93,309                   | (745,309)            |
| Total accumulated depreciation               | (2,451,685)          | (118,061)           | 100,284                  | (2,469,462)          |
| Total capital assets, being depreciated, net | 718,309              | (70,016)            | 202,500                  | 850,793              |
| Governmental activities capital assets, net  | <u>\$ 1,350,777</u>  | <u>\$ 19,451</u>    | <u>\$ -</u>              | <u>\$ 1,370,228</u>  |
| Business-type activities:                    |                      |                     |                          |                      |
| Capital assets, not being depreciated        |                      |                     |                          |                      |
| Land   | \$ 453,375           | \$ -                | \$ -                     | \$ 453,375           |
| Construction in progress                     | 126,500              | 1,845,682           | -                        | 1,972,182            |
| Total capital assets, not being depreciated  | 579,875              | 1,845,682           | -                        | 2,425,557            |
| Capital assets, being depreciated            |                      |                     |                          |                      |
| Utility plant                                | 17,850,230           | -                   | -                        | 17,850,230           |
| Equipment                                    | 455,522              | 7,700               | -                        | 463,222              |
| Vehicles                                     | 153,465              | -                   | -                        | 153,465              |
| Total capital assets, being depreciated      | 18,459,217           | 7,700               | -                        | 18,466,917           |
| Less accumulated depreciation for:           |                      |                     |                          |                      |
| Utility plant                                | (9,217,089)          | (420,455)           | -                        | (9,637,544)          |
| Equipment                                    | (383,855)            | (8,434)             | -                        | (392,289)            |
| Vehicles                                     | (127,370)            | (13,834)            | -                        | (141,204)            |
| Total accumulated depreciation               | (9,728,314)          | (442,723)           | -                        | (10,171,037)         |
| Total capital assets, being depreciated, net | 8,730,903            | (435,023)           | -                        | 8,295,880            |
| Business-type activities capital assets, net | <u>\$ 9,310,778</u>  | <u>\$ 1,410,659</u> | <u>\$ -</u>              | <u>\$ 10,721,437</u> |

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**6. Capital Assets (continued)**

Governmental activities:

|  |                   |
|--|-------------------|
| General government                           | \$ 28,616         |
| Public Works                                 | 10,950            |
| Police department                            | 73,360            |
| Fire department                              | 5,135             |
| Total depreciation - governmental activities | <u>\$ 118,061</u> |

Business type activities:

|   |                   |
|---|-------------------|
| Water and sewer                               | \$ 442,723        |
| Total depreciation - business type activities | <u>\$ 442,723</u> |

**7. Interfund Receivables, Payables and Transfers**

Interfund transfers:

|                      | <u>General<br/>Fund</u> | <u>ARPA<br/>Fund</u> | <u>Water and<br/>Sewer</u> | <u>Total</u> |
|----------------------|-------------------------|----------------------|----------------------------|--------------|
| General Fund         | \$ -                    | \$ -                 | \$ 58,517                  | \$ 58,517    |
| ARPA Funds           | -                       | -                    | 95,751                     | 95,751       |
| Water and Sewer Fund | (58,517)                | (95,751)             | -                          | (154,268)    |
| Total transfers      | <u>\$ (58,517)</u>      | <u>\$ (95,751)</u>   | <u>\$ 154,268</u>          | <u>\$ -</u>  |

Due to due from:

|                   | <u>General<br/>Fund</u> | <u>ARPA<br/>Fund</u> | <u>Firemen's<br/>Fund</u> | <u>Hospitality<br/>Fund</u> | <u>Water and<br/>Sewer</u> | <u>Refuse<br/>Fund</u> | <u>Total</u> |
|-------------------|-------------------------|----------------------|---------------------------|-----------------------------|----------------------------|------------------------|--------------|
| General Fund      | \$ -                    | \$ -                 | \$ 16,770                 | \$ 553                      | \$ 99,373                  | \$ -                   | \$ 116,696   |
| ARPA Fund         | -                       | -                    | -                         | -                           | 105,216                    | -                      | 105,216      |
| Hospitality Fund  | (553)                   | -                    | -                         | -                           | (2,881)                    | -                      | (3,434)      |
| Firemen's Fund    | (16,770)                | -                    | -                         | -                           | -                          | -                      | (16,770)     |
| Water and Sewer   | (99,373)                | (105,216)            | -                         | 2,881                       | -                          | (100,396)              | (302,104)    |
| Refuse Fund       | -                       | -                    | -                         | -                           | 100,396                    | -                      | 100,396      |
| Total Due to/from | <u>\$ (116,696)</u>     | <u>\$ (105,216)</u>  | <u>\$ 16,770</u>          | <u>\$ 3,434</u>             | <u>\$ 302,104</u>          | <u>\$ (100,396)</u>    | <u>\$ -</u>  |

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**8. Long-Term Debt**

Leases

The Town has the following leases outstanding as of June 30, 2024:

**Governmental activities**

|  |                   |
|--|-------------------|
| Lease dated January 27, 2022, in the original amount of \$186,529 payable in quarterly installments of \$10,700. This lease is collateralized by four police vehicles      | \$ 98,870         |
| Lease dated June 3, 2022, in the original amount of \$49,449 payable in quarterly installments of \$2,900. This lease is collateralized by Police Ford F-150 pickup truck. | 28,796            |
| <b>Total governmental activities</b>   | <b>\$ 127,666</b> |

Debt service requirements to maturity for the lease is as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|-----------------------------|-------------------|------------------|-------------------|
| 2025                        | \$ 47,677         | \$ 6,722         | \$ 54,399         |
| 2026                        | 50,645            | 3,754            | 54,399            |
| 2027                        | 29,344            | 756              | 30,100            |
|                             | <u>\$ 127,666</u> | <u>\$ 11,232</u> | <u>\$ 138,898</u> |

Revenue Bonds

**Business-type activities:**

The Town also issues revenue bonds where the Town pledges income derived from the acquired or constructed assets to pay debt service. During the year ended June 30, 2016, the Town issued bonds in the amount of \$4,090,000. These proceeds were used to pay off the previous bonds issued in 2003 and to pay for repairs and upgrades to the system. The interest rate on the revenue bonds is 2.55% with an outstanding principal balance in of \$2,090,000 as of June 30, 2024.

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**8. Long-Term Debt (continued)**

Debt service requirements to maturity of the revenue bonds are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|-----------------------------|---------------------|-------------------|---------------------|
| 2025                        | \$ 275,000          | \$ 49,789         | \$ 324,789          |
| 2026                        | 285,000             | 42,649            | 327,649             |
| 2027                        | 290,000             | 35,318            | 325,318             |
| 2028                        | 300,000             | 27,795            | 327,795             |
| 2029                        | 305,000             | 20,081            | 325,081             |
| 2030-2031                   | 635,000             | 16,256            | 651,256             |
|                             | <u>\$ 2,090,000</u> | <u>\$ 191,888</u> | <u>\$ 2,281,888</u> |

Changes in long-term liabilities for the year ended June 30, 2024, are as follows:

|                                | <u>Balances as of<br/>July 1, 2023</u> | <u>Increases</u> | <u>Decreases</u>    | <u>Balances as of<br/>June 30, 2024</u> | <u>Due within<br/>One Year</u> |
|--------------------------------|--|------------------|---------------------|---|--------------------------------|
| Governmental activities:       |  |                  |                     |   |                                |
| Lease                          | \$ 172,549                             | \$ -             | \$ (44,883)         | \$ 127,666                              | \$ 47,677                      |
| Compensated absences           | 7,147                                  | 8,279            | (7,147)             | 8,279                                   | 8,279                          |
| Total governmental activities  | <u>\$ 179,696</u>                      | <u>\$ 8,279</u>  | <u>\$ (52,030)</u>  | <u>\$ 135,945</u>                       | <u>\$ 55,956</u>               |
| Business-type activities:      |  |                  |                     |   |                                |
| Revenue bonds                  | \$ 2,360,000                           | \$ -             | \$ (270,000)        | \$ 2,090,000                            | \$ 275,000                     |
| Compensated absences           | 10,226                                 | 13,903           | (10,226)            | 13,903                                  | 13,903                         |
| Total business-type activities | <u>\$ 2,370,226</u>                    | <u>\$ 13,903</u> | <u>\$ (280,226)</u> | <u>\$ 2,103,903</u>                     | <u>\$ 288,903</u>              |
| Total activities               | <u>\$ 2,549,922</u>                    | <u>\$ 22,182</u> | <u>\$ (332,256)</u> | <u>\$ 2,239,848</u>                     | <u>\$ 344,859</u>              |

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**9. Pension Plan**

***South Carolina Retirement System***

The majority of 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. A copy of the separately issued ACFR 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.

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).

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**9. Pension Plan (continued)**

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. There is no service requirement for death resulting from actual performance of duties for an active member.

Effective July 1, 2023, employees participating in the SCRS were required to contribute 9.00% of all earnable compensation. The employer contribution rate for SCRS was 18.56%. Included in the total SCRS employer contribution rate is a base retirement contribution of 18.41% and 0.15% contribution rate for the incidental death program. The Town's contributions for the years ended June 30, 2024, 2023 and 2022 are as follows:

| Year Ended<br>June 30, | Employer Contribution Rate |       |        | Employer Contributions |        |            |
|------------------------|----------------------------|-------|--------|------------------------|--------|------------|
|                        | Incidental                 |       |        | Incidental             |        |            |
|                        | Base                       | Death | Total  | Base                   | Death  | Total      |
| 2024                   | 18.41%                     | 0.15% | 18.56% | \$ 101,406             | \$ 885 | \$ 102,291 |
| 2023                   | 17.41%                     | 0.15% | 17.56% | 88,368                 | 762    | 89,130     |
| 2022                   | 16.41%                     | 0.15% | 16.56% | 79,650                 | 795    | 80,378     |

***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.

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**9. Pension Plan (continued)**

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 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. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Effective July 1, 2023, employees participating in the PORS were required to contribute 9.75% of all earnable compensation. The employer contribution rate for PORS was 21.24%. Included in the total PORS employer contribution rate is a base retirement contribution of 20.84% and .20% for the incidental death program and .20% for the accidental death program. The Town's contributions for the years ended June 30, 2024, 2023 and 2022 are as follows:

| Year Ended<br>June 30, | Incidental |       |        | Incidental |          |           |
|------------------------|------------|-------|--------|------------|----------|-----------|
|                        | Base       | Death | Total  | Base       | Death    | Total     |
| 2024                   | 20.84%     | 0.40% | 21.24% | \$ 74,981  | \$ 1,719 | \$ 76,700 |
| 2023                   | 19.84%     | 0.40% | 20.24% | 52,123     | 1,051    | 53,174    |
| 2022                   | 18.84%     | 0.40% | 19.24% | 53,793     | 1,142    | 54,935    |

The amounts paid by the Town for pension, incidental death benefit program, and accidental death 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.

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**9. Pension Plan (continued)**

At June 30, 2024, the Town reported \$970,617 and \$456,448 for its proportionate share of the net pension liabilities of SCRS and PORS, respectively. The net pension liability of the SCRS defined benefit pension plan was determined based on the July 1, 2023 actuarial valuations, using most recent membership data, projected forward to June 30, 2024, 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 June 30, 2024, the Town's SCRS proportion was 0.004% and its PORS proportion was 0.015%.

At June 30, 2024, the state reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

| <b>Deferred Outflows of Resources</b>                              | <b>SCRS</b>      | <b>PORS</b>        |
|--|------------------|--------------------|
| Differences between expected and actual experience                 | \$ 16,852        | \$ 21,481          |
| Assumption changes   | 14,871           | 9,934              |
| Differences between employer contributions and proportionate share | 24,093           | -                  |
| Contributions made from measurement date to June 30, 2024          | 102,291          | 76,700             |
| <b>Total deferred outflows of resources</b>                        | <b>158,107</b>   | <b>108,115</b>     |
| <b>Deferred Inflows of Resources</b>                               |                  |                    |
| Differences between expected and actual experience                 | 2,692            | 5,627              |
| Net difference between project and actual investment earnings      | 1,329            | 783                |
| Differences between employer contributions and proportionate share | 84,226           | 130,079            |
| <b>Total deferred inflows of resources</b>                         | <b>88,247</b>    | <b>136,489</b>     |
| <b>Net deferred outflows/(inflows)</b>                             | <b>\$ 69,860</b> | <b>\$ (28,374)</b> |

Deferred outflows of \$102,291 and \$76,700 for SCRS and PORS, respectively, reported as 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 ending June 30, 2025.



TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**9. Pension Plan (continued)**

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>          |
|----------------------------|--------------------|---------------------|---------------------|
| 2025                       | \$ (5,690)         | \$ (61,952)         | \$ (67,642)         |
| 2026                       | (54,649)           | (43,997)            | (98,646)            |
| 2027                       | 28,477             | 1,354               | 29,831              |
| 2028                       | (569)              | (479)               | (1,048)             |
|                            | <u>\$ (32,431)</u> | <u>\$ (105,074)</u> | <u>\$ (137,505)</u> |

The total pension liabilities in the July 1, 2023, 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 80% of Scale UMP projected from the year 2020. Assumption used in the determination of the June 30, 2023, SCRS and PORS valuations are as follows:

| <u>Former Job Class</u>                                  | <u>Males</u>                          | <u>Females</u>                         |
|--|---------------------------------------|--|
| Educators  | 2020 PRSC Males<br>multiplied by 95%  | 2020 PRSC Females<br>multiplied by 94% |
| General Employees and Members<br>of the General Assembly | 2020 PRSC Males<br>multiplied by 97%  | 2020 PRSC Males<br>multiplied by 107%  |
| Public Safety and Firefighters                           | 2020 PRSC Males<br>multiplied by 127% | 2020 PRSC Males<br>multiplied by 107%  |

# TOWN OF ESTILL, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

### 9. 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 2023 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table 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<br>Arithmetic Real<br>Rate of Return | Long Term Expected<br>Portfolio Real Rate of<br>Return |
|----------------------------------|---------------|---|--|
| Public Equity                    | 46.00%        | 6.62%   | 3.04%  |
| Bonds                            | 26.00%        | 0.31%   | 0.08%  |
| Private Equity                   | 9.00%         | 10.91%  | 0.98%  |
| Privated Debt                    | 7.00%         | 6.16%   | 0.43%  |
| Real Assets                      | 12.00%        |   |  |
| Real Estate                      | 9.00%         | 6.41%   | 0.58%  |
| Infrastructure                   | 3.00%         | 6.62%   | 0.20%  |
| Total Expected Return            | 100.00%       |   | 5.31%  |
| Inflation for Actuarial Purposes |               |   | 2.25%  |
|                                  |               |   | 7.56%  |

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 ESTILL, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

### 9. 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%<br>Decrease<br>6.00% | Current<br>Rate<br>7.00% | 1%<br>Increase<br>8.00% |
|------|-------------------------|--------------------------|-------------------------|
| SCRS | \$ 1,254,130            | \$ 970,617               | \$ 734,971              |
| PORS | 653,889                 | 456,448                  | 302,911                 |
|      | <u>\$ 1,908,019</u>     | <u>\$ 1,427,065</u>      | <u>\$ 1,037,882</u>     |

### Deferred Compensation Plans

Several optional deferred compensation plans are available to state employees and employers of its political subdivisions. Certain employees of the Town have elected to participate. The multiple-employers plans were created under Internal Revenue Sections 457, 401(k), and 403(b), are administrated by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate state employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

### 10. 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 four 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.

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**11. Commitments and Contingencies**

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.

**12. Subsequent events**

Subsequent events were evaluated through October 28, 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.

## REQUIRED SUPPLEMENTARY INFORMATION

# TOWN OF ESTILL, SOUTH CAROLINA

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

### LAST TEN FISCAL YEARS\*

|  | 2024       | 2023       | 2022         | 2021         | 2020       | 2019       | 2018         | 2017         | 2016       | 2015       |
|--|------------|------------|--------------|--------------|------------|------------|--------------|--------------|------------|------------|
| <b>South Carolina Retirement System</b>  |            |            |              |              |            |            |              |              |            |            |
| Town's proportion of the net pension liability   | 0.0040%    | 0.0040%    | 0.0050%      | 0.0039%      | 0.0039%    | 0.0039%    | 0.0049%      | 0.0047%      | 0.0042%    | 0.0046%    |
| Town's proportionate share of the net pension liability  | \$ 970,617 | \$ 973,409 | \$ 1,035,601 | \$ 1,109,732 | \$ 895,147 | \$ 871,074 | \$ 1,106,446 | \$ 1,009,467 | \$ 803,379 | \$ 783,359 |
| Town's covered payroll   | \$ 507,574 | \$ 485,374 | \$ 530,334   | \$ 474,370   | \$ 413,970 | \$ 402,854 | \$ 492,699   | \$ 451,429   | \$ 397,131 | \$ 400,802 |
| Town's proportionate share of the net pension liability as a percentage of its covered payroll | 191.23%    | 200.55%    | 195.27%      | 233.94%      | 216.23%    | 216.23%    | 224.57%      | 223.62%      | 202.30%    | 195.45%    |
| Plan fiduciary net position as a percentage of the total pension liability                     | 58.65%     | 57.06%     | 60.75%       | 50.71%       | 54.40%     | 54.10%     | 53.34%       | 52.91%       | 56.99%     | 59.92%     |
| <b>South Carolina Police Officers Retirement System</b>  |            |            |              |              |            |            |              |              |            |            |
| Town's proportion of the net pension liability   | 0.0150%    | 0.0185%    | 0.0290%      | 0.0290%      | 0.0290%    | 0.0271%    | 0.0278%      | 0.0299%      | 0.0258%    | 0.0206%    |
| Town's proportionate share of the net pension liability  | \$ 456,448 | \$ 554,787 | \$ 485,898   | \$ 818,858   | \$ 829,303 | \$ 768,168 | \$ 761,324   | \$ 760,688   | \$ 561,220 | \$ 394,717 |
| Town's covered payroll   | \$ 262,717 | \$ 285,525 | \$ 283,975   | \$ 377,067   | \$ 419,710 | \$ 375,240 | \$ 379,530   | \$ 371,143   | \$ 320,239 | \$ 247,991 |
| Town's proportionate share of the net pension liability as a percentage of its covered payroll | 173.74%    | 194.30%    | 171.11%      | 217.17%      | 197.59%    | 204.71%    | 200.60%      | 204.96%      | 175.25%    | 159.17%    |
| Plan fiduciary net position as a percentage of the total pension liability                     | 67.79%     | 66.45%     | 70.37%       | 58.79%       | 62.69%     | 61.73%     | 60.94%       | 60.44%       | 64.57%     | 67.55%     |

\* - 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 ESTILL, SOUTH CAROLINA

## SCHEDULE OF SOUTH CAROLINA RETIREMENT SYSTEMS CONTRIBUTIONS

### LAST TEN FISCAL YEARS

|  | 2024        | 2023        | 2022        | 2021        | 2020        | 2019        | 2018        | 2017        | 2016        | 2015        |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>South Carolina Retirement System</b>                              |             |             |             |             |             |             |             |             |             |             |
| Contractually required contributions                                 | \$ 102,291  | \$ 89,130   | \$ 80,378   | \$ 82,520   | \$ 73,812   | \$ 60,274   | \$ 54,627   | \$ 56,956   | \$ 49,928   | \$ 43,287   |
| Contributions in relation to the contractually required contribution | (102,291)   | (89,130)    | (80,378)    | (82,520)    | (73,812)    | (60,274)    | (54,627)    | (56,956)    | (49,928)    | (43,287)    |
| 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   | \$ 551,137  | \$ 507,574  | \$ 485,374  | \$ 530,334  | \$ 474,370  | \$ 413,970  | \$ 402,854  | \$ 492,699  | \$ 451,429  | \$ 397,131  |
| Contributions as a percentage of covered payroll                     | 18.56%      | 17.56%      | 16.56%      | 15.56%      | 15.56%      | 14.56%      | 13.56%      | 11.56%      | 11.06%      | 10.90%      |
| <b>South Carolina Police Officers Retirement System</b>              |             |             |             |             |             |             |             |             |             |             |
| Contractually required contributions                                 | \$ 76,700   | \$ 53,174   | \$ 54,935   | \$ 51,797   | \$ 68,777   | \$ 72,358   | \$ 60,939   | \$ 53,286   | \$ 50,995   | \$ 42,944   |
| Contributions in relation to the contractually required contribution | (76,700)    | (53,174)    | (54,935)    | (51,797)    | (68,777)    | (72,358)    | (60,939)    | (53,286)    | (50,995)    | (42,944)    |
| 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   | \$ 361,111  | \$ 262,717  | \$ 285,525  | \$ 283,975  | \$ 377,067  | \$ 419,710  | \$ 375,240  | \$ 379,530  | \$ 371,143  | \$ 320,239  |
| Contributions as a percentage of covered payroll                     | 21.24%      | 20.24%      | 19.24%      | 18.24%      | 18.24%      | 17.24%      | 16.24%      | 14.04%      | 13.74%      | 13.41%      |

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

## OTHER FINANCIAL INFORMATION



TOWN OF ESTILL, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
PROPRIETARY FUNDS NET POSITION - BUDGET TO ACTUAL

YEAR ENDED JUNE 30, 2024

| Account Description  | Budget       | Actual       | Variance<br>Positive /<br>(Negative) |
|--|--------------|--------------|--------------------------------------|
| Operating revenue  | \$ 1,714,896 | \$ 1,654,569 | \$ (60,327)                          |
| Operating expenses:  |              |              |                                      |
| Salaries and employee benefits                                 | 515,524      | 491,901      | 23,623                               |
| Electricity and utilities                                      | 86,581       | 108,695      | (22,114)                             |
| Materials and supplies   | 139,050      | 141,933      | (2,883)                              |
| Chemicals and laboratory analysis                              | 26,000       | 36,092       | (10,092)                             |
| Depreciation and amortization                                  | -            | 442,723      | (442,723)                            |
| Insurance  | 91,417       | 93,138       | (1,721)                              |
| Gas, oil, tires and repairs                                    | 16,800       | 19,750       | (2,950)                              |
| Contracted services  | 190,563      | 195,787      | (5,224)                              |
| Training, lodging  | 800          | 2,305        | (1,505)                              |
| Telephone  | 13,664       | 17,566       | (3,902)                              |
| Office supplies  | 2,400        | 1,428        | 972                                  |
| DHEC permits   | 86,437       | 78,093       | 8,344                                |
| Repairs and maintenance, engineering,<br>and capital equipment | 348,337      | 259,000      | 89,337                               |
| Miscellaneous  | 2,873,950    | 9,974        | 2,863,976                            |
| Total operating expenses                                       | 4,391,523    | 1,898,385    | 2,493,138                            |
| Operating loss   | (2,676,627)  | (243,816)    | 2,432,811                            |
| Nonoperating revenue (expense)                                 |              |              |                                      |
| Interest income  | 2,030        | 8,087        | 6,057                                |
| Grant income   | 2,910,540    | 1,808,939    | (1,101,601)                          |
| Proceeds from debt   | 530,371      | -            | (530,371)                            |
| Gain on sale of assets   | -            | 3,052        | 3,052.00                             |
| Debt service   | (765,756)    | (55,016)     | 710,740                              |
| Total non-operating revenue (expense)                          | 2,677,185    | 1,765,062    | (912,123)                            |
| Net income (loss) before transfers                             | 558          | 1,521,246    | 1,520,688                            |
| Transfers in (out)   | -            | 154,268      | 154,268                              |
| Change in net position   | \$ 558       | \$ 1,675,514 | \$ 1,674,956                         |

See independent auditors' report on other financial information

TOWN OF ESTILL, SOUTH CAROLINA

SCHEDULE OF COURT FINES, FEES, ASSESSMENTS AND SURCHARGES

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

FOR THE STATE TREASURER'S OFFICE:

| <b>COUNTY / MUNICIPAL FUNDS COLLECTED</b>                            | <b><u>General</u></b> | <b><u>Magistrate</u></b> | <b><u>Municipal</u></b> | <b><u>Total</u></b> |
|--|-----------------------|--------------------------|-------------------------|---------------------|
| <b>Court Fines and Assessments:</b>                                  |                       |                          |                         |                     |
| Court fines and assessments collected                                | -                     | -                        | 39,640                  | 39,640              |
| Court fines and assessments remitted to State Treasurer              | -                     | -                        | 18,112                  | 18,112              |
| <b>Total Court Fines and Assessments retained</b>                    | -                     | -                        | 21,528                  | 21,528              |
| <b>Surcharges and Assessments retained for victim services:</b>      |                       |                          |                         |                     |
| Surcharges collected and retained                                    | -                     | -                        | 2,260                   | 2,260               |
| Assessments retained   | -                     | -                        | 216                     | 216                 |
| <b>Total Surcharges and Assessments retained for victim services</b> | -                     | -                        | 2,476                   | 2,476               |

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

| <b><u>VICTIM SERVICE FUNDS COLLECTED</u></b>                                | <b><u>Municipal</u></b> | <b><u>County</u></b> | <b><u>Total</u></b> |
|---|-------------------------|----------------------|---------------------|
| <b>Carryforward from Previous Year – Beginning Balance</b>                  | 10,297                  | -                    | 10,297              |
| <b>Victim Service Revenue:</b>  |                         |                      |                     |
| Victim Service Fines Retained by City/County Treasurer                      | -                       |                      | -                   |
| Victim Service Assessments Retained by City/County Treasurer                | 216                     |                      | 216                 |
| Victim Service Surcharges Retained by City/County Treasurer                 | 2,260                   |                      | 2,260               |
| Grant Funds Received  | -                       |                      | -                   |
| Grant from:   |                         |                      | -                   |
| General Funds Transferred to Victim Service Fund                            | -                       |                      | -                   |
| (1) Town of Estill  | -                       |                      | -                   |
| (2) Town of   | -                       |                      | -                   |
| (3) City of   | -                       |                      | -                   |
| <b>Total Funds Allocated to Victim Service Fund + Beginning Balance (A)</b> | 12,773                  | -                    | 12,773              |
| <b>Expenditures for Victim Service Program:</b>                             | <b>Municipal</b>        | <b>County</b>        | <b>Total</b>        |
| Operating Expenditures  | 599                     | -                    | 599                 |
| <b>Victim Service Contract(s):</b>  |                         |                      |                     |
| (1) Entity's Name   | -                       | -                    | -                   |
| (2) Entity's Name   | -                       | -                    | -                   |
| <b>Victim Service Donation(s):</b>  |                         |                      |                     |
| (1) Domestic Violence Shelter:  | -                       | -                    | -                   |
| (2) Rape Crisis Center:   | -                       | -                    | -                   |
| (3) Other local direct crime victims service agency                         | -                       | -                    | -                   |
| Transferred to General Fund   | -                       | -                    | -                   |
| <b>Total Expenditures from Victim Service Fund/Program (B)</b>              | 599                     | -                    | 599                 |
| Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)     | 12,174                  | -                    | 12,174              |
| <b>Less: Prior Year Fund Deficit Repayment</b>                              | -                       | -                    | -                   |
| <b>Carryforward Funds – End of Year</b>                                     | 12,174                  | -                    | 12,174              |

## SINGLE AUDIT ACT REQUIREMENTS

TOWN OF ESTILL, SOUTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024

| Federal Grantor/<br>Pass-Through Grantor/<br>Program Title             | Federal<br>Assistance<br>Listing<br>Number | Award<br>Number | Federal<br>Expenditures<br>June 30, 2024 |
|--|--|-----------------|--|
| <b>United States Department of Housing and Urban Development</b>       |  |                 |  |
| Community Development Block Grant Program                              | 14.228                                     | CI-20-006       | \$ 10,982                                |
| <b>Total United States Department of Housing and Urban Development</b> |  |                 | <u>10,982</u>                            |
| <b>Department of Commerce</b>  |  |                 |  |
| Economic Adjustment Assistance   | 11.307                                     | 04-79-07678.01  | 1,613,957                                |
| <b>Total Department of Commerce</b>                                    |  |                 | <u>1,613,957</u>                         |
| <b>Department of the Treasury</b>                                      |  |                 |  |
| Coronavirus State and Local Fiscal Recovery Funds                      | 21.027                                     |                 | 95,751                                   |
| <b>Total Department of Treasury</b>                                    |  |                 | <u>95,751</u>                            |
| <b>Total Expenditures of Federal Awards</b>                            |  |                 | <u><u>\$ 1,720,690</u></u>               |

TOWN OF ESTILL, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2024

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town under programs of the federal government for the fiscal year ended June 30, 2024. The information in this schedule is presented in accordance with requirements of the *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Estill, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Estill.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles obtained in the *Uniform Guidance* and/or OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**3. Indirect Costs**

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

# THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

501 STATE STREET  
POST OFFICE BOX 5949  
WEST COLUMBIA, SOUTH CAROLINA 29171

PHONE: (803) 739-3090  
FAX: (803) 791-0834

## **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 Estill, South Carolina  
Post Office Box 415  
Estill, SC 29918

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Estill, (the "Town") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 28, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

The image shows a handwritten signature in black ink that reads "The Brittingham Group LLP". The signature is written in a cursive, flowing style. It is contained within a thin black rectangular border.

West Columbia, South Carolina  
October 28, 2024

# THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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POST OFFICE BOX 5949  
WEST COLUMBIA, SOUTH CAROLINA 29171

PHONE: (803) 739-3090  
FAX: (803) 791-0834

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

To the Honorable Mayor and Members  
Of Town Council  
Town of Estill, South Carolina  
Post Office Box 415  
Estill, SC 29918

### Report on Compliance for Each Major Federal Program

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

We have audited the Town of Estill's (the "Town") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2024. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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

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

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



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

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

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

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

## Report on Internal Control over Compliance

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

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

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

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

The Brittingham Group LLP

West Columbia, South Carolina  
October 28, 2024

TOWN OF ESTILL, SOUTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2024

**Summary of Auditors' Results:**

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Town of Estill.
2. No material weaknesses or significant deficiencies relating to the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Town of Estill were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of major federal awards are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the Town of Estill expresses an unmodified opinion.
6. No audit findings were reported relative to the major federal award programs for the Town of Estill as depicted below in this schedule.
7. Major federal programs:  
  
Economic Adjustment Assistance ALN#11.307
8. The threshold for distinguishing between Type A and Type B Programs was \$750,000.
9. Town of Estill did not qualify as a low-risk auditee.

**Financial Statement Findings:**

None

**Federal Awards Findings and Questioned Costs:**

No findings or questioned costs.

**Status of Prior Year Findings:**

None were reported.