



ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2024

TOWN OF CENTRAL, SOUTH CAROLINA

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PAYNE, WHITE & SCHMUTZ
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Independent Auditor's Report

To the Honorable Mayor and Town Council
Town of Central, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Central, South Carolina (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 as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town'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 GAAS 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 GAAS, 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, budgetary comparison, and pension plan schedules 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 other supplementary, as listed in the table of contents and the 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 supplementary information 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Payne, White & Schmutz, CPA, PA".

Payne, White & Schmutz, CPA, PA

Seneca, South Carolina

December 4, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF CENTRAL, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024

The management of the Town of Central ("Town") offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2024 ("FY 2024" or "2024") compared to the fiscal year ended June 30, 2023 ("FY 2023" or "2023"). The intent of this management's discussion and analysis ("MD&A") is to look at the Town's financial performance as a whole. Readers are encouraged to not only consider the information presented here, but also the information provided in the financial statements, the notes to the financial statements, the required supplementary information, and the supplementary information to enhance their understanding of the Town's overall financial performance.

Financial Highlights

- In the Statement of Net Position, the Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$22,158,064. Unrestricted net position has a balance of \$3,581,521 at June 30, 2024.
- The Town's total net position increased by \$2,109,595 compared to the prior year net position, as revenues of \$9,360,123 exceeded expenses of \$7,250,528.
- As of the close of the current year, the Town's governmental funds reported combined ending fund balances of \$4,965,369, a decrease of \$116,913.
- At the end of the current year, unassigned fund balance for the General Fund was \$2,550,435, 62% of total General Fund expenditures for 2024.
- The Town's capital assets increased by \$1,439,057 (8%). The increase in capital assets was primarily due to the acquisition of equipment and the Church Street project.
- The Town's total debt decreased by \$224,894 (6%) during 2024 due to scheduled principal payments.
- The Town's net pension liability decreased by \$282,943 (10%) to \$2,579,107 at June 30, 2024.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of two parts – *Financial Section* (which includes the MD&A, the financial statements, the required supplementary information, and the supplementary information) and the *Compliance Section* (if applicable).

Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's financial statements. The Town's financial statements comprise three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statements present two different views of the Town through the use of government-wide and fund financial statements. In addition to the financial statements, this report contains required supplementary information and supplementary information that will enhance the reader's understanding of the financial condition of the Town.

Government-Wide Financial Statements. The financial statements include two statements that present different views of the Town. These are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Town's assets and deferred outflows of resources ("deferred outflows") and liabilities and deferred inflows of resources ("deferred inflows"), with the differences between these reported as net position. Over time, increases or decreases in 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 showing how the government'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 change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

TOWN OF CENTRAL, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

The government-wide financial statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include administrative and general, police, fire, streets and sanitation, community service and recreation and tourism. The business-type activities are the Town's water and sewer operations. The government-wide financial statements can be found as listed in the table of contents.

Fund Financial Statements. The fund financial statements provide a more detailed look at the Town's most significant activities. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like all other governmental entities in South Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – The Town uses *governmental funds* to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. The focus of these funds is on how assets can readily be converted into cash flow (in and out), and what monies are left at year-end that will be available for spending in the next year. The governmental funds report using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental funds financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's services. The relationship between *governmental activities* (reported in the government-wide financial statements) and *governmental funds* is described in a reconciliation that is a part of the fund financial statements.

The Town maintains five individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenue, expenditures and changes in fund balances for the General Fund. The Hospitality Tax Fund, Victim's Fund, Fire Fund and Recycling Fund are non-major funds and are combined for presentation purposes. The governmental funds financial statements can be found as listed in the table of contents.

Proprietary Funds – The Town maintains one type of proprietary fund. *Enterprise Funds* are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (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 revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Town uses an enterprise fund to account for its water and sewer operations. The proprietary fund financial statements can be found as listed in the table of contents.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents.

Required Supplementary Information – A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with their budgets. Required pension plan schedules have been included which provide relevant information regarding the Town's participation in the State retirement plans. Required supplementary information can be found as listed in the table of contents.

Supplementary Information – In addition to the financial statements, notes, and required supplementary information, this report includes certain supplementary information which is presented immediately following the required supplementary information. These schedules can be found as listed in the table of contents.

TOWN OF CENTRAL, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Figure A-1 Major Features of the Town's Government-Wide and Fund Financial Statements				
		Fund Financial Statements		
	Government-Wide Financial Statements	Governmental Funds	Proprietary Funds	
Scope	Entire Town government.	The activities of the Town that are not proprietary.	Activities the Town operates similar to private businesses, in the Town's case, all activities related to the water and sewer operations.	
Required Financial Statements	<ul style="list-style-type: none"> Statement of Net Position. Statement of Activities. 	Balance Sheet. Statement of Revenues, Expenditures, and Changes in Fund Balances.	<ul style="list-style-type: none"> Statement of Net Position. Statement of Revenues, Expenses and Change in Net Position. Statement of Cash Flows. 	
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	
Type of Balance Sheet Information	All assets and deferred outflows and liabilities and deferred inflows, both financial and capital, and short-term and long-term.	Only assets and deferred outflows (if any) expected to be used and liabilities and deferred inflows that come due during the year or soon, thereafter; no capital assets or long-term obligations included.	All assets and deferred outflows and liabilities and deferred inflows, both financial and capital and short-term and long-term.	
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	

TOWN OF CENTRAL, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Town's net position for June 30, 2024 and 2023:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	\$ 5,262,355	\$ 5,511,448	\$ 4,058,147	\$ 3,451,148	\$ 9,320,502	\$ 8,962,596
Capital Assets	7,389,358	6,807,736	12,017,587	11,160,381	19,406,945	17,968,117
Total Assets	<u>12,651,713</u>	<u>12,319,184</u>	<u>16,075,734</u>	<u>14,611,529</u>	<u>28,727,447</u>	<u>26,930,713</u>
Deferred Outflows of Resources	<u>375,258</u>	<u>433,929</u>	<u>98,687</u>	<u>79,758</u>	<u>473,945</u>	<u>513,687</u>
Current Liabilities	365,778	494,799	332,331	268,990	698,109	763,789
Long-Term Liabilities	297,757	336,373	3,140,436	3,296,802	3,438,193	3,633,175
Net Pension Liability	2,108,584	2,435,666	470,523	426,384	2,579,107	2,862,050
Total Liabilities	<u>2,772,119</u>	<u>3,266,838</u>	<u>3,943,290</u>	<u>3,992,176</u>	<u>6,715,409</u>	<u>7,259,014</u>
Deferred Inflows of Resources	<u>298,495</u>	<u>132,453</u>	<u>29,424</u>	<u>4,464</u>	<u>327,919</u>	<u>136,917</u>
Net Investment in Capital Assets	7,071,119	6,434,507	8,827,660	7,800,550	15,898,779	14,235,057
Restricted	2,405,190	3,056,818	272,574	150,269	2,677,764	3,207,087
Unrestricted	480,048	(137,503)	3,101,473	2,743,828	3,581,521	2,606,325
Total Net Position	<u>\$ 9,956,357</u>	<u>\$ 9,353,822</u>	<u>\$ 12,201,707</u>	<u>\$ 10,694,647</u>	<u>\$ 22,158,064</u>	<u>\$ 20,048,469</u>

The Town's total assets increased \$1,796,734 from the prior year. Current and other assets increased \$357,906 primarily due to an increase in cash and cash equivalents. Capital assets and leases increased \$1,438,828 from the prior year due to equipment purchases and the Church Street project. Total liabilities decreased \$543,605 from the prior year primarily due to regularly scheduled principal payments. The changes in deferred outflows and inflows of resources was primarily due to differences between expected and actual liability/investment experience and changes in the percentage of the Town's share of the net pension liability in the State retirement plans.

The Town's net position increased by \$2,109,595 during the current fiscal year primarily due to general revenues exceeding expenses in 2024. Please see the discussion following the next table regarding this increase.

The Town's assets and deferred outflows exceeded liabilities and deferred inflows by \$22,158,064 as of June 30, 2024. \$15,898,779 of total net position reflects the Town's net investment in capital assets (i.e., land, buildings, water and sewer system, equipment, vehicles, infrastructure, etc.) less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. 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 generally must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

\$2,677,764 of net position represents resources that are subject to external restrictions on how they may be used. This net position is restricted primarily for capital improvements, tourism related expenditures (hospitality taxes) and debt service.

The remaining portion of the Town's net position is an unrestricted balance of \$3,581,521.

TOWN OF CENTRAL, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table shows the changes in the Town's net position for June 30, 2024 and 2023:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,474,459	\$ 2,150,417	\$ 3,032,760	\$ 2,725,340	\$ 5,507,219	\$ 4,875,757
Operating Grants and Contributions	200,618	1,474,841	-	-	200,618	1,474,841
Capital Grants and Contributions	291,300	74,756	1,135,752	363,321	1,427,052	438,077
General Revenues:						
Taxes	1,426,624	1,391,640	-	-	1,426,624	1,391,640
Other	740,491	961,549	58,119	274,643	798,610	1,236,192
Total Revenues	5,133,492	6,053,203	4,226,631	3,363,304	9,360,123	9,416,507
Expenses:						
Administrative and General	370,765	543,701	-	-	370,765	543,701
Judicial Services	169,113	151,517	-	-	169,113	151,517
Public Safety	1,420,818	1,339,119	-	-	1,420,818	1,339,119
Streets and Sanitation	640,468	666,789	-	-	640,468	666,789
Planning and Zoning	685	2,789	-	-	685	2,789
Community Service	32,848	84,568	-	-	32,848	84,568
Recreation and Tourism	1,854,730	1,646,484	-	-	1,854,730	1,646,484
Interest on Long-Term Debt	13,458	13,858	-	-	13,458	13,858
Sewer	-	-	1,430,708	1,338,366	1,430,708	1,338,366
Water	-	-	1,316,935	1,276,610	1,316,935	1,276,610
Total Expenses	4,502,885	4,448,825	2,747,643	2,614,976	7,250,528	7,063,801
Change in Net Position Before Transfers	630,607	1,604,378	1,478,988	748,328	2,109,595	2,352,706
Transfers	(28,072)	(8,086)	28,072	8,086	-	-
Change in Net Position	602,535	1,596,292	1,507,060	756,414	2,109,595	2,352,706
Net Position - Beginning of Year	9,353,822	7,757,530	10,694,647	9,938,233	20,048,469	17,695,763
Net Position - End of Year	\$ 9,956,357	\$ 9,353,822	\$ 12,201,707	\$ 10,694,647	\$ 22,158,064	\$ 20,048,469

Governmental Activities: Governmental activities had an increase in net position of \$602,535. Governmental activities revenues decreased by \$919,711 (15%) from the prior year. This decrease was due to higher operating grants in the prior year when compared to the current year.

Expenses related to total governmental activities increased by \$54,060, or 1%, from the prior year.

Business-Type Activities: Net position related to business-type activities (i.e., water and sewer operations) increased by \$1,507,060. This increase was primarily due to revenues of \$4,226,631 exceeding expenses of \$2,747,643 and transfers in of \$28,072. Revenues increased by \$863,327 primarily due to an increase in capital grants when compared to the prior year. Expenses increased by \$132,667.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

TOWN OF CENTRAL, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (CONTINUED)

At the end of the current fiscal year, the Town's governmental funds reported ending fund balance of \$4,965,369, a decrease of \$116,913, or 2% lower than the prior year fund balance.

\$2,550,435 (51%) of the total fund balance of the governmental funds constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of the fund balance is restricted or committed to indicate that it is not available for new spending: (1) for capital improvements (\$703,046), (2) for victims assistance (\$14,636), (3) for public safety (\$67,136), (4) for tourism and other (\$1,627,708), and (5) for streets and sanitation (\$2,408). Total unassigned fund balance of the governmental funds (General Fund) represents approximately 62% of total governmental funds expenditures.

Highlights for the General Fund were as follows:

- Total General Fund revenues decreased by \$1,033,229 from the prior year, primarily due to lower intergovernmental revenues and grants.
- Total General Fund expenditures increased by \$454,090 from the prior year, due to higher capital expenditures.

Proprietary Fund. The Town's proprietary fund provides the same type of information found in the government-wide statements, but in more detail. Net position of the Utility Fund at the end of 2024 was \$12,201,707. Please see "Business-Type Activities" discussion in the previous section for details.

General Fund Budgetary Highlights: If budget amendments are made, they generally fall into one of three categories: amendments made to adjust the estimates used to prepare the original budget ordinance once exact information is available; amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and increases in appropriations that become necessary to maintain services.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's capital assets as of June 30, 2024 amounted to \$19,299,171. The Town's capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, vehicles, infrastructure, and the water and sewer utility system. The Town's capital assets (net of depreciation) as of June 30, 2024 and 2023 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 1,140,338	\$ 1,140,338	\$ 90,216	\$ 90,216	\$ 1,230,554	\$ 1,230,554
Construction in Progress	11,700	136,602	2,599	414,704	14,299	551,306
Buildings and Improvements	3,758,462	3,752,148	215,013	224,137	3,973,475	3,976,285
Vehicles and Equipment	1,282,896	1,115,029	252,138	282,143	1,535,034	1,397,172
Infrastructure	1,088,188	555,616	11,457,621	10,149,181	12,545,809	10,704,797
Total	<u>\$ 7,281,584</u>	<u>\$ 6,699,733</u>	<u>\$ 12,017,587</u>	<u>\$ 11,160,381</u>	<u>\$ 19,299,171</u>	<u>\$ 17,860,114</u>

The total increase in the Town's capital assets for 2024 was \$1,439,057. Major capital asset events during 2024 included the following:

- Capital asset additions of approximately \$2,320,000 consisted primarily of:
 - Vehicles – approximately \$126,000
 - Water – Church Street project – approximately \$1,245,000
 - Various Paving and Trail Construction – approximately \$645,000
 - Garbage Truck – approximately \$304,000

TOWN OF CENTRAL, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

- Depreciation expense of approximately \$388,000 for governmental activities and \$439,000 for business-type activities.

Additional information on the Town's capital assets can be found in Note 4 in the notes to the financial statements.

Debt

As of June 30, 2024, the Town had total outstanding debt of \$3,508,166. The Town's total debt as of June 30, 2024 and 2023 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Notes Payable	\$ -	\$ -	\$ 180,952	\$ 192,860	\$ 180,952	\$ 192,860
Revenue Bonds	-	-	3,008,975	3,166,971	3,008,975	3,166,971
Leases	318,239	373,229	-	-	318,239	373,229
Total	<u>\$ 318,239</u>	<u>\$ 373,229</u>	<u>\$ 3,189,927</u>	<u>\$ 3,359,831</u>	<u>\$ 3,508,166</u>	<u>\$ 3,733,060</u>

The total decrease in the Town's debt for 2024 was approximately \$225,000 or 6%. Major events during 2024 included the following:

Governmental Activities:

- Scheduled principal payments on bond/note/lease of approximately \$108,000.
- Issuance of approximately \$53,000 in leases

Business-Type Activities:

- Scheduled principal payments on bond/note/lease of approximately \$170,000.

Additional information regarding the Town's long-term obligations can be found in Note 5 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town's elected officials and staff considered many factors when setting the fiscal year 2024 budget. The state of the economy, anticipated construction activity, future capital needs, and the best interests of the Town's residents were all taken into account.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide Central's citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances, and to demonstrate the Town's accountability for the public assets under its management. Please contact the Town of Central Administration Department, 1067 W Main Street, Central, SC 29630 with any questions or to request additional information.

GOVERNMENT - WIDE FINANCIAL STATEMENTS

TOWN OF CENTRAL, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2024

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
ASSETS			
Cash and Cash Equivalents	\$ 2,075,114	\$ 2,898,629	\$ 4,973,743
Restricted Cash and Cash Equivalents	1,883,434	272,574	2,156,008
Investments	679,295	592,903	1,272,198
Receivables, Net			
Taxes	6,751	-	6,751
Accounts	74,708	242,343	317,051
Other	442,850	-	442,850
Due from Governments	100,203	-	100,203
Inventory	-	51,698	51,698
Right-to-Use Leased Assets, Net of Accumulated Amortization	107,774	-	107,774
CAPITAL ASSETS:			
Non Depreciable	1,152,038	92,815	1,244,853
Depreciable, Net of Accumulated Depreciation	6,129,546	11,924,772	18,054,318
TOTAL ASSETS	12,651,713	16,075,734	28,727,447
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	375,258	98,687	473,945
TOTAL DEFERRED OUTFLOWS OF RESOURCES	375,258	98,687	473,945
LIABILITIES			
Accounts Payable	\$ 115,865	\$ 133,579	\$ 249,444
Accrued Liabilities	79,641	18,660	98,301
Interest Payable	7,314	3,427	10,741
NON-CURRENT LIABILITIES			
DUE WITHIN ONE YEAR:			
Compensated Absences	71,238	12,495	83,733
Bonds, Notes and Capital Leases Payable	91,720	164,170	255,890
DUE IN MORE THAN ONE YEAR:			
Compensated Absences	71,238	12,494	83,732
Refundable Connection Fees	-	102,185	102,185
Bonds, Notes and Leases Payable	226,519	3,025,757	3,252,276
Net Pension Liability	2,108,584	470,523	2,579,107
TOTAL LIABILITIES	2,772,119	3,943,290	6,715,409
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Business Licenses	101,480	-	101,480
Deferred Pension Credits	197,015	29,424	226,439
TOTAL DEFERRED INFLOWS OF RESOURCES	298,495	29,424	327,919
NET POSITION			
Net Investment in Capital Assets	7,071,119	8,827,660	15,898,779
RESTRICTED FOR:			
Capital Improvements	703,046	-	703,046
Debt Service	-	272,574	272,574
Public Safety	67,136	-	67,136
Victim Services	14,636	-	14,636
Recreation and Tourism	616,543	-	616,543
Other	1,003,829	-	1,003,829
Unrestricted	480,048	3,101,473	3,581,521
TOTAL NET POSITION	\$ 9,956,357	\$ 12,201,707	\$ 22,158,064

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

See accompanying independent auditor's report.

TOWN OF CENTRAL, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

	PROGRAM REVENUES				NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
FUNCTION/PROGRAM ACTIVITIES							
PRIMARY GOVERNMENT:							
GOVERNMENTAL ACTIVITIES							
General Administration	\$ 370,765	\$ 642,896	\$ 100,000	\$ 14,821	\$ 386,952	\$ -	\$ 386,952
Judicial Services	169,113	23,944	-	-	(145,169)	-	(145,169)
Public Safety	1,420,818	311,274	57,834	-	(1,051,710)	-	(1,051,710)
Streets and Sanitation	640,468	326,456	-	-	(314,012)	-	(314,012)
Planning and Zoning	685	70,506	-	-	69,821	-	69,821
Community Service	32,848	7,200	-	-	(25,648)	-	(25,648)
Recreation and Tourism	1,854,730	1,092,183	42,784	276,479	(443,284)	-	(443,284)
Interest on Long-Term Debt	13,458	-	-	-	(13,458)	-	(13,458)
TOTAL GOVERNMENTAL ACTIVITIES	<u>4,502,885</u>	<u>2,474,459</u>	<u>200,618</u>	<u>291,300</u>	<u>(1,536,508)</u>	<u>-</u>	<u>(1,536,508)</u>
BUSINESS-TYPE ACTIVITIES							
Water Activity	1,316,935	1,032,310	-	-	-	(284,625)	(284,625)
Sewer Activity	1,430,708	2,000,450	-	1,135,752	-	1,705,494	1,705,494
TOTAL BUSINESS-TYPE ACTIVITIES	<u>2,747,643</u>	<u>3,032,760</u>	<u>-</u>	<u>1,135,752</u>	<u>-</u>	<u>1,420,869</u>	<u>1,420,869</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 7,250,528</u>	<u>\$ 5,507,219</u>	<u>\$ 200,618</u>	<u>\$ 1,427,052</u>	<u>(1,536,508)</u>	<u>1,420,869</u>	<u>(115,639)</u>
GENERAL REVENUES:							
TAXES:							
Property Taxes, Levied for General Purposes					302,637	-	302,637
Local Option Tax					886,918	-	886,918
Tax Increment Fees					18,801	-	18,801
Hospitality Tax					209,633	-	209,633
Other Taxes					8,635	-	8,635
Payments in Lieu of Taxes and Franchise Fees					413,652	-	413,652
Grants and Contributions not Related to Specific Programs					153,877	-	153,877
Impact Fees					28,799	37,000	65,799
Miscellaneous					123,847	21,119	144,966
Income on Investments					20,316	-	20,316
Transfers					(28,072)	28,072	-
TOTAL GENERAL REVENUES, SPECIAL ITEMS AND TRANSFERS					<u>2,139,043</u>	<u>86,191</u>	<u>2,225,234</u>
CHANGE IN NET POSITION					602,535	1,507,060	2,109,595
NET POSITION, BEGINNING					<u>9,353,822</u>	<u>10,694,647</u>	<u>20,048,469</u>
NET POSITION - ENDING					<u>\$ 9,956,357</u>	<u>\$ 12,201,707</u>	<u>\$ 22,158,064</u>

The accompanying notes are an integral part of the financial statements.
See accompanying independent auditor's report.

FUND FINANCIAL STATEMENTS

TOWN OF CENTRAL, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2024

	GENERAL	CENTRAL-CLEMSON RECREATION CENTER FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 2,005,815	\$ 56,971	\$ 12,328	\$ 2,075,114
Restricted Cash and Cash Equivalents	1,396,405	-	487,029	1,883,434
Investments	679,295	-	-	679,295
RECEIVABLES:				
Taxes	6,751	-	-	6,751
Accounts	58,999	-	15,709	74,708
Other	386,165	56,685	-	442,850
Due from Governments	-	100,203	-	100,203
TOTAL ASSETS	<u>\$ 4,533,430</u>	<u>\$ 213,859</u>	<u>\$ 515,066</u>	<u>\$ 5,262,355</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts Payable	\$ 94,697	17,369	\$ 3,799	\$ 115,865
Accrued Liabilities	74,269	5,372	-	79,641
TOTAL LIABILITIES	<u>168,966</u>	<u>22,741</u>	<u>3,799</u>	<u>195,506</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue - Business Licenses	101,480	-	-	101,480
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>101,480</u>	<u>-</u>	<u>-</u>	<u>101,480</u>
FUND BALANCES:				
RESTRICTED FOR:				
Capital Improvements	703,046	-	-	703,046
Victims Assistance	-	-	14,636	14,636
Public Safety	5,674	-	61,462	67,136
Tourism	-	-	425,425	425,425
Recreation	-	191,118	-	191,118
Other	1,003,829	-	-	1,003,829
COMMITTED TO:				
Streets and Sanitation	-	-	2,408	2,408
Recreation and Tourism	-	-	7,336	7,336
UNASSIGNED:	<u>2,550,435</u>	<u>-</u>	<u>-</u>	<u>2,550,435</u>
TOTAL FUND BALANCES	<u>4,262,984</u>	<u>191,118</u>	<u>511,267</u>	<u>4,965,369</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 4,533,430</u>	<u>\$ 213,859</u>	<u>\$ 515,066</u>	<u>\$ 5,262,355</u>

The accompanying notes are an integral part of the financial statements.
See accompanying independent auditor's report.

TOWN OF CENTRAL, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2024

Fund balances - total governmental funds		\$	4,965,369
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of the assets was \$13,685,200 and the accumulated depreciation was \$6,403,616.			7,281,584
Right-to-use leased assets are not financial resources and are not reported in the funds.			107,774
The Town's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.			(1,930,341)
Accrued interest on long-term obligations in governmental accounting is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.			(7,314)
Long-term liabilities, debt and lease purchase obligations, are not due or payable in the current period and therefore are not reported as liabilities in the governmental funds.			
Long-term liabilities consisted of the following:			
Bonds, Notes and Leases Payable	(318,239)		
Compensated absences	(142,476)		(460,715)
Net position of governmental activities		\$	9,956,357

The accompanying notes are an integral part of the financial statements.
See accompanying independent auditor's report.

TOWN OF CENTRAL, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2024

	GENERAL	CENTRAL-CLEMSON RECREATION CENTER FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Property Taxes	\$ 308,801	\$ -	\$ -	\$ 308,801
Licenses, Permits and Fees	1,478,252	993,823	213,304	2,685,379
Fines and Forfeitures	20,248	-	3,696	23,944
Payments in Lieu of Taxes and Franchise Fees	413,652	-	-	413,652
Intergovernmental Revenues	1,452,797	-	62,180	1,514,977
Miscellaneous and Other	85,016	-	13,359	98,375
Income on Investments	20,316	-	-	20,316
TOTAL REVENUES	3,779,082	993,823	292,539	5,065,444
EXPENDITURES				
CURRENT OPERATING				
General Administration	389,786	-	-	389,786
Judicial Services	161,510	-	8,274	169,784
Public Safety	1,286,667	-	11,900	1,298,567
Streets and Sanitation	549,857	-	15,767	565,624
Planning and Zoning	685	-	-	685
Community Service	29,072	-	-	29,072
Recreation and Tourism	627,169	902,649	150,152	1,679,970
Capital Expenditures	964,235	-	59,162	1,023,397
DEBT SERVICE:				
Principal	107,802	-	-	107,802
Interest	15,144	-	-	15,144
TOTAL EXPENDITURES	4,131,927	902,649	245,255	5,279,831
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(352,845)	91,174	47,284	(214,387)
OTHER FINANCING SOURCES AND (USES)				
Proceeds from Sale of Capital Assets	45,842	-	-	45,842
Insurance Proceeds	12,071	-	-	12,071
Capital Contributions	14,821	-	-	14,821
Proceeds from Financing Lease	52,812	-	-	52,812
Transfers In (Out)	(28,072)	-	-	(28,072)
TOTAL OTHER FINANCING SOURCES AND (USES)	97,474	-	-	97,474
NET CHANGE IN FUND BALANCES	(255,371)	91,174	47,284	(116,913)
FUND BALANCES, BEGINNING	4,518,355	99,944	463,983	5,082,282
FUND BALANCES, ENDING	\$ 4,262,984	\$ 191,118	\$ 511,267	\$ 4,965,369

The accompanying notes are an integral part of the financial statements.
See accompanying independent auditor's report.

TOWN OF CENTRAL, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2024

Net change in fund balances - total governmental funds \$ (116,913)

Amounts reported for the governmental activities in the Statement of Activities are different
because:

Repayment of bond principal (including refunding principal payments) is recognized in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. This amount is the total reduction in outstanding principal in the current year. 107,802

Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the 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 the interest accrues, regardless of when it is due. 1,682

The governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, capital outlay expenditures that qualify as capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and amortization expense of \$437,090 was exceeded by capital asset additions of \$1,023,397, in the current period. 586,307

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (26,946)

The adjusted basis of capital assets sold are not recorded when calculating gain/loss on the sale of assets in the governmental funds, but the adjusted basis is recorded in the Statement of Activities. (4,685)

Capital lease proceeds provide current financial resources to the governmental fund, but entering into capital lease obligations increase long-term liabilities in the Statement of Net Position. (52,812)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. 108,100

Change in net position of governmental activities \$ 602,535

TOWN OF CENTRAL, SOUTH CAROLINA

STATEMENT OF NET POSITION - PROPRIETARY FUND

JUNE 30, 2024

ASSETS**CURRENT ASSETS:**

Cash and Cash Equivalents	\$ 2,898,629
Restricted Cash and Cash Equivalents	272,574
Investments	592,903
Accounts Receivable	242,343
Inventory	51,698
TOTAL CURRENT ASSETS	4,058,147

CAPITAL ASSETS:

Land	90,216
Construction in Progress	2,599
Buildings	281,278
Equipment and Vehicles	1,054,711
Water and Sewer Lines and Facilities	16,955,717
Less Accumulated Depreciation	(6,366,934)
TOTAL NON-CURRENT ASSETS	12,017,587
TOTAL ASSETS	16,075,734

DEFERRED OUTFLOWS OF RESOURCES

Deferred Pension Charges	98,687
TOTAL DEFERRED OUTFLOWS OF RESOURCES	98,687

LIABILITIES**CURRENT LIABILITIES:**

Accounts Payable	\$ 133,579
Accrued Liabilities	18,660
Interest Payable	3,427
Compensated Absences	12,495
Current Portion of Bonds, Notes and Capital Leases Payable	164,170
TOTAL CURRENT LIABILITIES	332,331

NON-CURRENT LIABILITIES:

Compensated Absences	12,494
Refundable Connection Fees	102,185
Bonds, Notes and Capital Leases Payable after One Year	3,025,757
Net Pension Liability	470,523
TOTAL NON-CURRENT LIABILITIES	3,610,959
TOTAL LIABILITIES	3,943,290

DEFERRED INFLOWS OF RESOURCES

Deferred Pension Credits	29,424
TOTAL DEFERRED INFLOWS OF RESOURCES	29,424

NET POSITION

Net Investment in Capital Assets	8,827,660
Restricted	272,574
Unrestricted	3,101,473
TOTAL NET POSITION	\$ 12,201,707

The accompanying notes are an integral part of the financial statements.
See accompanying independent auditor's report.

TOWN OF CENTRAL, SOUTH CAROLINA**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND****YEAR ENDED JUNE 30, 2024**

	UTILITY FUND
OPERATING REVENUES	
Water Billings	\$ 951,951
Sewer Billings	1,955,485
Connection Fees	30,165
Tap Fees	16,054
Penalties	68,280
Reconnection Fees	10,825
Miscellaneous	21,119
TOTAL OPERATING REVENUES	3,053,879
OPERATING EXPENSES	
Salaries, Wages and Employee Benefits	652,959
Contractual Services, Materials, Supplies and Other Expenses	1,578,431
Depreciation Expense	439,072
TOTAL OPERATING EXPENSES	2,670,462
OPERATING INCOME (LOSS)	383,417
NON-OPERATING REVENUES (EXPENSES)	
Impact Fees	37,000
Interest Expense	(77,181)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(40,181)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	343,236
Grants and Capital Contributions	1,135,752
Transfers In (Out)	28,072
CHANGE IN NET POSITION	1,507,060
NET POSITION - BEGINNING	10,694,647
NET POSITION - ENDING	\$ 12,201,707

The accompanying notes are an integral part of the financial statements.
See accompanying independent auditor's report.

TOWN OF CENTRAL, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2024

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:	UTILITY FUND
CASH FLOWS FROM OPERATIONS:	
Receipts from Customers	\$ 3,013,872
Payments to Employees and Related Benefits	(595,365)
Payments to Suppliers	(1,499,048)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	919,459
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Interfund Transfers In	28,072
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	28,072
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Impact and Other Fees Received	36,999
Grants and Capital Contributions Received	1,135,752
Acquisition of Capital Assets	(1,296,278)
Principal Paid on Bonds, Notes and Capital Leases	(169,904)
Interest Paid on Bonds, Notes and Capital Leases	(77,181)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(370,612)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Investments	(423,838)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(423,838)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	153,081
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,018,122
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,171,203
CLASSIFIED AS:	
Current Assets	\$ 2,898,629
Restricted Assets	272,574
TOTALS	\$ 3,171,203
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
OPERATING INCOME (LOSS)	\$ 383,417
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Depreciation	439,072
CHANGE IN ASSETS AND LIABILITIES:	
Accounts Receivable	(40,007)
Inventory	9,928
Accounts Payable	55,354
Accrued Liabilities	708
Compensated Absences	7,424
Refundable Connection Fees	13,393
Net Pension Liability	44,139
CHANGE IN DEFERRED OUTFLOWS/INFLOWS OF RESOURCES:	
Deferred Pension Charges	(18,929)
Deferred Pension Credits	24,960
TOTAL ADJUSTMENTS	536,042
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 919,459

The accompanying notes are an integral part of the financial statements.
See accompanying independent auditor's report.

NOTES TO FINANCIAL STATEMENTS

TOWN OF CENTRAL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

The Town of Central, South Carolina (the Town), which was founded in 1876, has an estimated population of 7,000 living within an area of 2.85 square miles. The Town operates under a Council form of government. The Council appoints a Town Administrator who serves as the chief executive officer of the Town and is responsible to the Council for proper administration of all affairs of the Town.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. The Reporting Entity

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 governmental 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.

As required by GAAP, the financial statements must present the Town's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the Town both appoints a voting majority of the entity's governing body, and either 1) the Town is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the Town. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the Town and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the Town.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the Town having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the Town; and (c) issue bonded debt without approval by the Town. An entity has a financial benefit or burden relationship with the Town if, for example, any one of the following conditions exists: (a) the Town is legally entitled to or can otherwise access the entity's resources, (b) the Town is legally obligated or has otherwise assumed the obligation to finance the deficits, or provide financial support to, the entity, or (c) the Town is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the Town's financial statements to be misleading. Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the Town.

Based upon the application of these criteria, the financial statements for the Town include the transactions of the Central Recreation Department (CRD). The CRD is a 501(c)(3) organization that promotes and coordinates various recreation activities for the Town. These amounts are blended within the Town's General Fund. A copy of the Central Recreation Department's financial statements for the year ended June 30, 2024 can be obtained by writing to the Town of Central, PO Box 549, Central, South Carolina 29630.

Major Operations

The Town's major governmental operations include: administrative and general, police, fire, municipal court, victims' assistance, recreation and parks, hospitality, and streets and sanitation. In addition, the Town provides water and sewer operations through its utility fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Town (the “Primary Government”). For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Proprietary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, includes property taxes, grants, and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. The government-wide financial statements are prepared using a different measurement focus from the manner in which the governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements and the governmental fund financial statements.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, hospitality taxes, accommodation taxes, fire protection fees and charges for services, fines and forfeitures, business licenses, franchise fees, intergovernmental revenues, external service reimbursements and interest associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period with the exception of certain reimbursement expenditure grants for which a twelve-month availability period is generally used.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, lease purchase expenditures, capital lease expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. Proceeds of long-term debt, lease purchase obligations, and acquisitions under capital leases are reported as other financing sources. Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. When both restricted and unrestricted resources are available for use, it is the Town’s practice to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued):

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The following major funds and fund types are used by the Town.

Governmental Fund Types are those through which most governmental functions of the Town are financed. The Town's expendable financial resources and related assets and liabilities (except for those accounted for in the Proprietary Fund) are accounted for through governmental funds. The governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. The Town's only governmental funds and its major fund is as follows:

The **General Fund, a major fund and a budgeted fund**, is the general operating fund of the Town and accounts for all governmental revenues and expenditures of the Town. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The **Central-Clemson Recreation Center Fund, a major fund and a budgeted fund**, accounts for the account balances, revenue and expenditures of the Central-Clemson Recreation Center

Special Revenue Funds are used to account for the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The Town has the following non-major special revenue funds:

Hospitality Tax	Victims Assistance	Fire	Curbside Recycling	Main Street
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Proprietary Fund Types are accounted for based on the economic resources measurement focus and use of the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The Town does not have any internal service funds and has one enterprise fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued):

A proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are primarily charges for services and fees. Operating expenses for the enterprise fund includes the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting these general definitions are reported as non-operating revenues and expenses. The Town's only proprietary fund is as follows:

Enterprise Fund is 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 costs (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 revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town has the following Enterprise Fund:

The **Utility Fund, a major fund**, is used to account for the Town's water and sewer operations. This is a budgeted fund.

C. Cash, Cash Equivalents, and Investments

The Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and money market mutual funds to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) and other non-money market mutual funds are reported as investments.

The Town's operating cash and investment policy is designed to operate within existing statutes (which are identical for all non-fiduciary funds, fund types, and component units within the State of South Carolina). The statutes of the State of South Carolina authorize the Town to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

TOWN OF CENTRAL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Cash, Cash Equivalents, and Investments (continued):

- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The Town's cash and investment objectives are preservation of capital, liquidity, and yield. The Town reports its cash and investments at fair value which is normally determined by quoted market prices. The Town currently or in the past year has primarily used the following investments in its operating activities:

South Carolina Local Government Investment Pool ("LGIP" or "Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any town treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments are carried at fair value determined annually based upon quoted market prices for identical or similar investments. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211- 1960.

D. Receivables and Payables

During the course of its operations, the Town has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received as of year-end, balances of interfund amounts or payables have been recorded.

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts (if material). Trade receivables are comprised of amounts due from entities and individuals for a variety of types of fees, charges and services, including franchise fees, hospitality fees, sanitation, water, sewer, and other fees and charges.

TOWN OF CENTRAL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Inventories and Prepaid Items

Inventories of materials, supplies, and gasoline are stated at average cost, which approximates market. The costs of inventories and prepaid items are accounted for using the consumption method (expensed when consumed).

F. Capital Assets

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. The Town’s capitalization levels are \$5,000 on tangible personal property and \$25,000 on infrastructure assets. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

	<u>Years</u>
Buildings	20-50
Improvements	25-50
Equipment and Vehicles	5-10
Infrastructure	15-50

G. Compensated Absences

The Town accrues accumulated unpaid vacation when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

H. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. The portion applicable to the Proprietary Fund is also recorded in the Proprietary Fund financial statements. Bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the straight-line method (as it approximates the effective interest method) if material. Debt is reported net of applicable bond premiums and discounts.

In the governmental fund financial statements, bond premiums, discounts and bond issuance costs are recognized immediately. The face amount of debt, lease purchases, or capital leases issued is reported as other financing sources. Premiums received on issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

In general, payables and accrued liabilities that will be paid from the governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current financial resources. However, claims and judgments, debt, lease purchases, capital leases, compensated absences, and other related long-term liabilities that will eventually be paid from the governmental funds are not reported as a liability in the fund financial statements until due and payable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

I. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

J. Fund Balance

In accordance with GASB Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" ("GASB #54"), the Town classifies its governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision making authority (Town Council) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. Town Council formally granted the Town Administrator the right to make assignments of fund balance for the Town.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The Town generally uses restricted amounts first when both restricted and unrestricted (committed, assigned, and unassigned) fund balances are available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the Town generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

K. Net Position

Net position represents the difference between assets and deferred outflows (if any) and liabilities and deferred inflows (if any) in the statement of net position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one type of deferred outflow of resources, Deferred Pension Charges. This item is deferred and recognized as an outflow of resources (expense). These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the statement of financial 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 has two types of deferred inflow of resources: (1) deferred revenue – business licenses not only in the governmental funds balance sheet but also in the government-wide Statement of Net Position. This item is deferred and recognized as an inflow of resources (revenue) in the period for which it was intended to finance. (2) Deferred Pension Credits. This item is deferred and recognized as an inflow of resources (revenue) in the period for which it was intended to finance. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

M. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The Town recognizes a net pension liability for its participation in the Plans, which represents the Town's proportionate share of the total pension liability over the fiduciary net position of the Plans, measured as of the Town's preceding fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.

Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

TOWN OF CENTRAL, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

N. Property Tax

Property taxes receivable represent current real and personal property as well as delinquent real and personal property taxes, less an allowance for amounts estimated to be uncollectible (if material). All property taxes receivable at year end, except those collected within 60 days, are recorded as deferred tax revenue and thus not recognized as revenue until collected in the governmental funds.

Property taxes are assessed and collected by Pickens County ("County"). The County generally levies its real property taxes in October based upon assessed valuations on January 1st of each year. Assessed values are established by the County Assessor, the County Auditor, and the South Carolina Department of Revenue and Taxation at various rates of 4 to 10.5 percent of the estimated market value. Real property and all personal property taxes other than vehicle property taxes attach as an enforceable lien on property as of January 16th. Taxes are levied and billed in October on all property other than vehicles and are payable without penalty until January 15th of the following year. Penalties are assessed on unpaid taxes on the following dates:

January	3%	
February 2 nd		an additional 7%
March 17 th		an additional 5%

After proper notification, the law requires "exclusive possession" of property necessary to satisfy the delinquent taxes. Properties with unpaid taxes are sold at a public auction during the month of October.

Vehicle property taxes attach a lien and are levied throughout the year depending on when the vehicles' license tags expire. The lien and collection date for motor vehicle taxes is the last day of the month in which the motor vehicle license expires.

O. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the governmental funds during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities. For budget purposes encumbrances and unused expenditure appropriations lapse at year end.

P. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Q. Comparative Data

Comparative data (i.e. presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

R. Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Town can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1 that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The Town believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

TOWN OF CENTRAL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NOTE 2 – DEPOSITS AND INVESTMENTS:

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits might not be recovered. The Town does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina.

Investments

As of June 30, 2024, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities in Years			
			< 1 yr	1-3 yrs	3-5 yrs	> 5 yrs
State Government Local Investment Pool	N/A	\$ 1,272,198	\$ 1,272,198	-	-	-

Interest Rate Risk: The Town does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina.

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

Concentration of Credit Risk for Investments: The Town places no limit on the amount the Town may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

Certain deposits and investments of the Town are legally restricted for specified purposes. The major types of restrictions at June 30, 2024 were (a) those imposed by the revenue source (i.e. hospitality fees, grants, etc.).

NOTE 3 – RIGHT-TO-USE LEASE ASSETS:

A summary of lease asset activity for the Town for the year ended June 30, 2024, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Vehicles	\$ 168,671	\$ 53,792	\$ (20,831)	\$ 201,632
Total Right-to-Use Assets	168,671	53,792	(20,831)	201,632
Less Accumulated Amortization for:				
Vehicles	(60,668)	(49,336)	16,146	(93,858)
Total Accumulated Amortization	(60,668)	(49,336)	16,146	(93,858)
Total right-to-use assets, net	<u>\$ 108,003</u>	<u>\$ 4,456</u>	<u>\$ (4,685)</u>	<u>\$ 107,774</u>

TOWN OF CENTRAL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NOTE 4 – CAPITAL ASSETS:

Capital asset activity for the Town’s governmental activities for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 1,140,338	\$ -	\$ -	\$ 1,140,338
Construction-in-Progress	136,602	364,138	(489,040)	11,700
Total Capital Assets not being Depreciated	<u>1,276,940</u>	<u>364,138</u>	<u>(489,040)</u>	<u>1,152,038</u>
Capital Assets being Depreciated:				
Buildings	6,291,988	174,040	-	6,466,028
Equipment and Vehicles	4,054,371	341,587	(16,012)	4,379,946
Infrastructure	1,108,308	578,880	-	1,687,188
Total Capital Assets being Depreciated	<u>11,454,667</u>	<u>1,094,507</u>	<u>(16,012)</u>	<u>12,533,162</u>
Less Accumulated Depreciation for:				
Buildings	(2,539,840)	(167,726)	-	(2,707,566)
Equipment and Vehicles	(2,939,342)	(173,720)	16,012	(3,097,050)
Infrastructure	(552,692)	(46,308)	-	(599,000)
Total Accumulated Depreciation	<u>(6,031,874)</u>	<u>(387,754)</u>	<u>16,012</u>	<u>(6,403,616)</u>
Total Capital Assets being Depreciated, Net	<u>5,422,793</u>	<u>706,753</u>	<u>-</u>	<u>6,129,546</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,699,733</u>	<u>\$ 1,070,891</u>	<u>\$ (489,040)</u>	<u>\$ 7,281,584</u>

Depreciation expense was charged to governmental functions as follows:

Function/Program	Depreciation Expense
General Administration	\$ 27,096
Public Safety	106,000
Streets and Sanitation	75,267
Community Service	3,776
Recreation and Tourism	175,615
Total Government Depreciation Expense	<u>\$ 387,754</u>

TOWN OF CENTRAL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NOTE 4 – CAPITAL ASSETS (CONTINUED):

Capital asset activity for the Town's business-type activities for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	\$ 90,216	\$ -	\$ -	\$ 90,216
Construction-in-Progress	414,704	1,247,432	(1,659,537)	2,599
Total Capital Assets not being Depreciated	504,920	1,247,432	(1,659,537)	92,815
Capital Assets being Depreciated:				
Buildings	281,278	-	-	281,278
Equipment and Vehicles	1,005,865	48,846	-	1,054,711
Water and Sewer Lines and Facilities	15,296,180	1,659,537	-	16,955,717
Total Capital Assets being Depreciated	16,583,323	1,708,383	-	18,291,706
Less Accumulated Depreciation for:				
Buildings	(57,141)	(9,124)	-	(66,265)
Equipment and Vehicles	(723,722)	(78,851)	-	(802,573)
Water and Sewer Lines and Facilities	(5,146,999)	(351,097)	-	(5,498,096)
Total Accumulated Depreciation	(5,927,862)	(439,072)	-	(6,366,934)
Total Capital Assets being Depreciated, Net	10,655,461	1,269,311	-	11,924,772
Business-Type Activities Capital Assets, Net	\$ 11,160,381	\$ 2,516,743	\$ (1,659,537)	\$ 12,017,587

Capital asset depreciation expense for business-type activities were charged to functions/programs as follows:

Function/Program	Depreciation Expense
Water	\$ 58,176
Sewer	380,896
Total Business Type Depreciation Expense	\$ 439,072

TOWN OF CENTRAL, SOUTH CAROLINA**NOTES TO FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2024****NOTE 5 – LONG-TERM OBLIGATIONS:**

The Town may issue bonds to provide funds for the acquisition and construction of major capital facilities. Revenue bonds and other long-term liabilities directly related to and intended to be paid from proprietary funds of the primary government are included in the accounts of such funds. All other long-term indebtedness of the primary government is accounted for in the governmental column of the government-wide Statement of Net Position.

Revenue Bonds - The Town issued revenue bonds in its business-type activities where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding as of June 30, 2024 are as follows:

Revenue Bonds

\$2,444,000 Series 2016A Water and Sewer System Improvement Revenue Bonds dated March 2016 with annual principal payments of approximately \$36,000 to \$80,000, plus interest at 2.5% due monthly through March 2056. \$ 2,117,493

\$523,000 Series 2016B Water and Sewer System Improvement Revenue Bonds dated March 2016 with annual principal payments of approximately \$7,000 to \$15,000, plus interest at 2.5% due monthly through March 2056. 453,108

\$750,000 Series 2021 Water and Sewer System Revenue Bonds dated July 2021 with annual principal payments of approximately \$113,000, plus interest at 1.530% due monthly through July 2028. 438,374

Total Revenue Bonds Payable \$ 3,008,975

Annual debt service requirements to maturity for the revenue bonds are as follows:

Fiscal Year	Business-Type Activities		
	Principal	Interest	Total
2025	\$ 151,962	\$ 69,742	\$ 221,704
2026	163,824	66,731	230,555
2027	166,894	63,661	230,555
2028	170,024	60,531	230,555
2029	68,923	58,001	126,924
2030-2034	320,925	266,595	587,520
2035-2039	363,611	223,909	587,520
2039-2043	411,971	175,549	587,520
2044-2048	466,764	120,756	587,520
2049-2053	528,845	58,675	587,520
2054-2058	195,232	4,214	199,446
Total	<u><u>\$ 3,008,975</u></u>	<u><u>\$ 1,168,364</u></u>	<u><u>\$ 4,177,339</u></u>

TOWN OF CENTRAL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED):

Loan Agreements - The Town entered into loan agreements in its business-type activities to pay for water facilities and distribution lines. Loan agreements outstanding as of June 30, 2024 are as follows:

Notes Payable

\$350,000 Note Payable initiated in January 2007, due in quarterly installments of approximately \$2,000 to \$4,000 beginning in April 2007 through January 2037, plus interest of 2.5%. The Town purchased elevated water tanks and distribution lines with the proceeds.

\$ 180,952

Total Notes Payable

\$ 180,952

Annual debt service requirements to maturity for the loan agreements are as follows:

<u>Fiscal Year</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 12,208	\$ 4,410	\$ 16,618
2026	12,516	4,102	16,618
2027	12,832	3,786	16,618
2028	13,156	3,462	16,618
2029	13,488	3,130	16,618
2030-2034	72,720	10,370	83,090
2035-2039	44,032	1,668	45,700
Total	<u><u>\$ 180,952</u></u>	<u><u>\$ 30,928</u></u>	<u><u>\$211,880</u></u>

Lease Purchase Agreements - The Town has entered into lease-purchase agreements for certain equipment. Principal and interest requirements will be provided by an appropriation in the year they become due. Lease purchases outstanding as of June 30, 2024 are as follows:

Capital Lease

\$413,174 Capital Lease entered into in July 2019, due in annual installments of \$60,000 beginning on August 2020 through August 2017, plus interest of 3.4% due annually. The proceeds from this issue were used to acquire a fire truck for the fire department.

\$ 221,007

Total Capital Leases

\$ 221,007

Annual debt service requirements to maturity for the capital lease are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 52,527	\$ 7,473	\$ 60,000
2026	54,303	5,697	60,000
2027	56,139	3,861	60,000
2028	58,038	1,962	60,000
2029	-	-	-
Total	<u><u>\$ 221,007</u></u>	<u><u>\$ 18,993</u></u>	<u><u>\$240,000</u></u>

TOWN OF CENTRAL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED):

Finance Lease

\$83,324 Finance Lease entered into in July 2021, due in monthly installments of \$2,302 beginning on July 2021 through October 2021, plus interest of 4%. The proceeds from this issue were used to acquire police vehicles.

\$ 9,191

\$85,347 Finance Lease entered into in December 2022, due in monthly installments of \$1,764 beginning December 2022 through December 2026, plus interest of 4%. The proceeds from this issue were used to acquire police vehicles.

48,696

\$52,812 Finance Lease entered into in February 2024, due in monthly installments of \$980 beginning February 2024 through January 2028, plus interest of 4%. The proceeds from this issue were used to acquire police vehicles.

39,345

Total Finance Leases

\$ 97,232

Annual debt service requirements to maturity for the capital lease are as follows:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2025	\$ 36,281	\$ 3,826	\$ 40,107
2026	31,223	1,714	32,937
2027	20,021	567	20,588
2028	9,707	68	9,775
2029	-	-	-
Total	<u>\$ 97,232</u>	<u>\$ 6,175</u>	<u>\$ 103,407</u>

Presented below is a summary of changes in long-term obligations for the Town's governmental activities for the year ended June 30, 2024:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Governmental Activities:					
Debt:					
Capital Lease - 7/19	\$ 271,816	\$ -	\$ (50,809)	\$ 221,007	\$ 52,527
Financing Lease - 7/21	33,902	-	(24,711)	9,191	9,191
Financing Lease - 12/22	67,511	-	(18,815)	48,696	19,582
Financing Lease - 2/24	-	52,812	(13,467)	39,345	10,420
Total Bonds, Notes and Capital Leases Payable	<u>373,229</u>	<u>52,812</u>	<u>(107,802)</u>	<u>318,239</u>	<u>91,720</u>
Other Liabilities:					
Compensated Absences	115,530	26,946	-	142,476	71,238
Net Pension Liability	2,435,666	-	(327,082)	2,108,584	-
Total Other Liabilities	<u>2,551,196</u>	<u>26,946</u>	<u>(327,082)</u>	<u>2,251,060</u>	<u>71,238</u>
Governmental Activities Long-term Liabilities	<u>\$ 2,924,425</u>	<u>\$ 79,758</u>	<u>\$ (434,884)</u>	<u>\$ 2,569,299</u>	<u>\$ 162,958</u>

TOWN OF CENTRAL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED):

Presented below is a summary of changes in long-term obligations for the Town’s business-type activities for the year ended June 30, 2024:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Business-Type Activities:					
Debt:					
Revenue Bond A - 3/16	\$ 2,160,763	\$ -	\$ (43,270)	\$ 2,117,493	\$ 44,364
Revenue Bond B - 3/16	462,367	-	(9,259)	453,108	9,493
Revenue Bond - 7/21	543,841	-	(105,467)	438,374	98,105
Note Payable - 1/07	192,860	-	(11,908)	180,952	12,208
Total Bonds, Notes and Capital Leases Payable	3,359,831	-	(169,904)	3,189,927	164,170
Other Liabilities:					
Compensated Absences	17,565	7,424	-	24,989	12,495
Refundable Connection Fees	88,792	13,393	-	102,185	-
Net Pension Liability	426,384	44,139	-	470,523	-
Total Other Liabilities	532,741	64,956	-	597,697	12,495
Business-Type Activities Long- term Liabilities	\$ 3,892,572	\$ 64,956	\$ (169,904)	\$ 3,787,624	\$ 176,665

NOTE 6 – PENSION PLAN:

The Town participates in the State of South Carolina’s retirement plans, which are administered by the South Carolina Public Employee Benefit Authority (“PEBA”). The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the retirement systems and benefit programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state’s employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems’ five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds’ assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems’ Pension Trust Funds. The ACFR is publicly available through PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR for the state.

NOTE 6 – PENSION PLAN (CONTINUED):

Plan Description

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and individuals first elected to the South Carolina General Assembly at or after the general election in November 2012.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

Membership

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

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals first elected to the South Carolina General Assembly at or after the general election in November 2012. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Plan Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of the benefit terms for each system is presented below:

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

NOTE 6 – PENSION PLAN (CONTINUED):

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

- PORS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Effective July 1, 2017, employee rates were increased and capped at 9 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS until reaching 18.56 percent for SCRS and 21.24 percent for PORS. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded.

TOWN OF CENTRAL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NOTE 6 – PENSION PLAN (CONTINUED):

- Required employee contribution rates (1) for the following fiscal years are as follows:

	Fiscal Year 2024	Fiscal Year 2023
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

- Required employer contributions rates (1) for the following fiscal years are as follows:

	Fiscal Year 2024	Fiscal Year 2023
SCRS		
Employer Class Two	18.41%	17.41%
Employer Class Three	18.41%	17.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	20.84%	19.84%
Employer Class Three	20.84%	19.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

(1) Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

Actuarial Assumptions and Methods

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

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

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2023.

	SCRS	PORS
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	7.00%	7.00%
Projected salary increases	3.0% to 11.0%	3.5% to 10.5%
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

TOWN OF CENTRAL, SOUTH CAROLINA**NOTES TO FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2024****NOTE 6 – PENSION PLAN (CONTINUED):**

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

Assumptions used in the determination of the June 30, 2023, TPL are as follows:

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

Net Pension Liability of the Plan

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of the June 30, 2023, measurement date, for SCRS and PORS are as follows:

Plan	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$58,464,402,454	\$34,286,961,942	\$24,177,440,512	58.6%
PORS	\$9,450,021,576	\$6,405,925,370	\$3,044,096,206	67.8%

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

Long-term expected rate of return

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

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted at the beginning of the 2023 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.00 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.

TOWN OF CENTRAL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NOTE 6 – PENSION PLAN (CONTINUED):

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.62%	3.04%
Bonds	26.0%	0.31%	0.08%
Private Equity ¹	9.0%	10.91%	0.98%
Private Debt ¹	7.0%	6.16%	0.43%
Real Assets	12.0%		
Real Estate ¹	9.0%	6.41%	0.58%
Infrastructure ¹	3.0%	6.62%	0.20%
Total Expected Return ²	100.0%		5.31%
Inflation for Actuarial Purposes			2.25%
			7.56%

Discount Rate

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the proportionate share of the NPL of the plans calculated using the discount rate of 7.00 percent, as well as what the City's NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
SCRS	\$2,338,665	\$1,809,979	\$1,370,553
PORS	1,084,972	769,128	510,413

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2024, the Town reported a liability of \$2,108,584 for the governmental activities and \$470,523 for the business-type activities on the government wide financial statements for its proportionate share of the net pension liability. The NPL was measured as of June 30, 2022, and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date. The Town's proportion of the NPL was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the Town's proportion for SCRS was 0.007486% (0.008081% at June 30, 2022). The Town's proportion for PORS was 0.025266% at June 30, 2023 (0.030111% at June 30, 2022).

For the year ended June 30, 2024, the Town recognized pension expense of approximately \$246,000 (approximately \$208,000 for the SCRS and approximately \$38,000 for the PORS).

TOWN OF CENTRAL, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NOTE 6 – PENSION PLAN (CONTINUED):

At June 30, 2024, the Town's governmental activities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 31,424	\$ 5,019
Assumption Changes	27,731	-
Net difference between projected and actual investment earnings	17,968	2,477
Change in allocated proportion	-	105,691
Contributions after the measurement date	192,560	-
Total	\$ 269,683	\$ 113,187

PORS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 36,196	\$ 9,482
Assumption Changes	16,739	-
Net difference between projected and actual investment earnings	41,387	1,320
Change in allocated proportion	-	102,450
Contributions after the measurement date	109,940	-
Total	\$ 204,262	\$ 113,252

The amount of \$192,560 and \$109,940 reported as deferred outflows of resources related to pensions resulting from Town governmental activities contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	SCRS Amount	PORS Amount	Total
2025	\$ 1,119	\$ 14,204	\$ 15,323
2026	(63,717)	(40,894)	(104,611)
2027	27,595	8,564	36,159
2028	(1,061)	(804)	(1,865)
Thereafter	-	-	-
Total	\$ (36,064)	\$ (18,930)	\$ (54,994)

Payable to Plans

The Town reported a payable of approximately \$29,500 to the PEBA as of June 30, 2024, representing required employer and employee contributions for the month of June 2024 for the SCRS and PORS.

TOWN OF CENTRAL, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 7 – INTERFUND TRANSFERS:

Interfund Transfers

Interfund transfers for the year ended June 30, 2024, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major Governmental Fund:</u>		
General Fund	\$ 222,117	\$ 15,750
<u>Major Enterprise Fund:</u>		
Utility Fund	228,013	434,380
<u>Other Governmental:</u>		
Hospitality Tax Fund	-	61,839
Main Street Fund	61,839	-
Totals	<u>\$ 511,969</u>	<u>\$ 511,969</u>

NOTE 8 – CONTINGENT LIABILITIES AND COMMITMENTS:

Litigation

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

Grants

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

NOTE 9 – RISK MANAGEMENT:

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Commercial insurance is carried for all these risks. Settled claims resulting from these risks have not exceeded the insurance coverage limits in any of the past three fiscal years.

NOTE 10 – SUBSEQUENT EVENTS:

No significant events were noted through the date of this report, December 4, 2024.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF CENTRAL, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSTITIVE (NEGATIVE)
REVENUES				
Property Taxes	\$ 539,250	\$ 539,250	\$ 308,801	\$ (230,449)
Licenses, Permits and Fees	1,097,021	1,097,021	1,478,252	381,231
Fines and Forfeitures	28,100	28,100	20,248	(7,852)
Payments in Lieu of Taxes and Franchise Fees	346,000	346,000	413,652	67,652
Intergovernmental Revenues	1,034,300	1,034,300	1,452,797	418,497
Miscellaneous and Other	29,750	29,750	85,016	55,266
Income on Investments	4,250	4,250	20,316	16,066
TOTAL REVENUES	3,078,671	3,078,671	3,779,082	700,411
EXPENDITURES				
CURRENT OPERATING:				
General Administration	340,805	340,805	389,786	(48,981)
Judicial Services	180,103	180,103	161,510	18,593
Public Safety	1,251,149	1,251,149	1,286,667	(35,518)
Streets and Sanitation	623,996	623,996	549,857	74,139
Planning and Zoning	34,500	34,500	685	33,815
Economic Development	12,000	12,000	-	12,000
Community Service	30,250	30,250	29,072	1,178
Recreation and Tourism	530,468	530,468	627,169	(96,701)
Capital Expenditures	58,000	58,000	964,235	(906,235)
DEBT SERVICE:				
Principal	122,000	122,000	107,802	14,198
Interest	12,900	12,900	15,144	(2,244)
TOTAL EXPENDITURES	3,196,171	3,196,171	4,131,927	(935,756)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(117,500)	(117,500)	(352,845)	(235,345)
OTHER FINANCING SOURCES AND (USES)				
Proceeds from Sale of Capital Assets	-	-	45,842	45,842
Insurance Proceeds	-	-	12,071	12,071
Capital Contributions	-	-	14,821	14,821
Proceeds from Capital Lease	-	-	52,812	52,812
Interfund Transfers In	117,500	117,500	(28,072)	(145,572)
TOTAL OTHER FINANCING SOURCES AND (USES)	117,500	117,500	97,474	(20,026)
NET CHANGE IN FUND BALANCES	-	-	(255,371)	(255,371)
FUND BALANCES - BEGINNING	4,518,355	4,518,355	4,518,355	-
FUND BALANCES - ENDING	\$ 4,518,355	\$ 4,518,355	\$ 4,262,984	\$ (255,371)

Note: The budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America

TOWN OF CENTRAL, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE - CENTRAL-CLEMSON RECREATION CENTER FUND

YEAR ENDED JUNE 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSTITIVE (NEGATIVE)
REVENUES				
Licenses, Permits and Fees	\$ 919,200	\$ 919,200	\$ 993,823	\$ 74,623
Total Revenues	<u>919,200</u>	<u>919,200</u>	<u>993,823</u>	<u>74,623</u>
EXPENDITURES				
CURRENT OPERATING:				
Recreation and Tourism	919,200	919,200	902,649	16,551
TOTAL EXPENDITURES	<u>919,200</u>	<u>919,200</u>	<u>902,649</u>	<u>16,551</u>
NET CHANGE IN FUND BALANCES	-	-	91,174	91,174
FUND BALANCES, BEGINNING	<u>99,944</u>	<u>99,944</u>	<u>99,944</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 99,944</u>	<u>\$ 99,944</u>	<u>\$ 191,118</u>	<u>\$ 91,174</u>

Note: The budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America

TOWN OF CENTRAL

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF TOWN

CONTRIBUTIONS TO THE COST SHARING PENSION PLAN

JUNE 30, 2024

NOTE 1 – SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE SCRS AND PORS NET PENSION LIABILITY:

The Town's proportionate share of the net pension liability for SCRS is as follows:

	SCRS									
	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Town's proportion of the net pension liability (asset)	0.007486%	0.008081%	0.007916%	0.007999%	0.008042%	0.007726%	0.007676%	0.007454%	0.008418%	0.007836%
Town's proportion share of the net pension liability (asset)	\$ 1,809,979	\$ 1,959,026	\$ 1,713,134	\$ 2,043,802	\$ 1,836,282	\$ 1,731,142	\$ 1,727,991	\$ 1,592,163	\$ 1,596,514	\$ 1,349,099
Town's covered payroll	\$ 647,369	\$ 957,850	\$ 894,833	\$ 892,359	\$ 849,196	\$ 800,627	\$ 774,533	\$ 721,844	\$ 789,312	\$ 731,548
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	279.59%	204.52%	191.45%	229.03%	216.24%	216.22%	223.10%	220.57%	202.27%	184.42%
Plan fiduciary net position as a percentage of the total pension liability	58.60%	57.10%	60.70%	50.70%	54.40%	54.10%	53.30%	52.90%	57.00%	59.90%

The Town's proportionate share of the net pension liability for PORS is as follows:

	PORS									
	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Town's proportion of the net pension liability (asset)	0.02527%	0.03011%	0.02845%	0.02668%	0.02268%	0.02486%	0.02288%	0.02122%	0.02350%	0.02311%
Town's proportion share of the net pension liability (asset)	\$ 769,128	\$ 903,024	\$ 731,890	\$ 884,781	\$ 650,055	\$ 704,448	\$ 626,729	\$ 538,189	\$ 512,116	\$ 442,462
Town's covered payroll	\$ 451,240	\$ 476,538	\$ 424,052	\$ 403,048	\$ 328,997	\$ 344,113	\$ 308,076	\$ 270,502	\$ 291,096	\$ 265,841
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	170.45%	189.50%	172.59%	219.52%	197.59%	204.71%	203.43%	198.96%	175.93%	166.44%
Plan fiduciary net position as a percentage of the total pension liability	67.80%	66.40%	70.40%	58.80%	62.70%	61.70%	60.90%	60.44%	64.60%	67.50%

Notes to Schedule:

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

The City adopted GASB #68/71 during the year ended June 30, 2015. Information before 2015 is not available.

TOWN OF CENTRAL, SOUTH CAROLINA

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF TOWN
CONTRIBUTIONS TO THE COST SHARING PENSION PLAN (CONTINUED)**

YEAR ENDED JUNE 30, 2024

NOTE 1 – SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE SCRS AND PORS NET PENSION LIABILITY (CONTINUED):

The Town's contributions to the SCRS cost sharing pension plan was as follows:

	SCRS									
	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 192,560	\$ 113,678	\$ 158,620	\$ 139,236	\$ 138,851	\$ 123,643	\$ 108,565	\$ 89,536	\$ 79,836	\$ 86,035
Contributions in relation to the contractually required contribution	(192,560)	(113,678)	(158,620)	(139,236)	(138,851)	(123,643)	(108,565)	(89,536)	(79,836)	(86,035)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Town's covered payroll	\$ 1,037,500	\$ 647,369	\$ 957,850	\$ 894,833	\$ 892,359	\$ 849,196	\$ 800,627	\$ 774,533	\$ 721,844	\$ 789,312
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%

Notes to SCRS Schedule:

The City adopted GASB #68/71 during the year ended June 30, 2015. Information before 2015 is not available.

The Town's contributions to the PORS cost sharing pension plan was as follows:

	PORS									
	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 109,940	\$ 91,331	\$ 91,686	\$ 77,347	\$ 73,516	\$ 56,719	\$ 55,884	\$ 43,870	\$ 37,167	\$ 39,036
Contributions in relation to the contractually required contribution	(109,940)	(91,331)	(91,686)	(77,347)	(73,516)	(56,719)	(55,884)	(43,870)	(37,167)	(39,036)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Town's covered payroll	\$ 517,608	\$ 451,240	\$ 476,538	\$ 424,052	\$ 403,048	\$ 328,997	\$ 344,113	\$ 308,076	\$ 270,502	\$ 291,096
Contributions as a percentage of covered payroll	21.24%	20.24%	19.24%	18.24%	18.24%	17.24%	16.24%	14.24%	13.74%	13.41%

Notes to PORS Schedule:

The City adopted GASB #68/71 during the year ended June 30, 2015. Information before 2015 is not available.

SUPPLEMENTAL INFORMATION

TOWN OF CENTRAL, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2024

	HOSPITALITY TAX	VICTIM ASSISTANCE	FIRE FUND	CURBSIDE RECYCLING	MAIN STREET	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS						
Cash and Other Cash Deposits	\$ -	\$ -	\$ -	\$ 2,408	\$ 9,920	\$ 12,328
Restricted Cash and Cash Deposits	410,931	14,636	61,462	-	-	487,029
Accounts Receivable	15,709	-	-	-	-	15,709
TOTAL ASSETS	<u>\$ 426,640</u>	<u>\$ 14,636</u>	<u>\$ 61,462</u>	<u>\$ 2,408</u>	<u>\$ 9,920</u>	<u>\$ 515,066</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts Payable	\$ 1,215	\$ -	\$ -	\$ -	\$ 2,584	\$ 3,799
TOTAL LIABILITIES	<u>1,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,584</u>	<u>3,799</u>
FUND BALANCES:						
RESTRICTED FOR:						
Judicial Services	-	14,636	-	-	-	14,636
Public Safety	-	-	61,462	-	-	61,462
Recreation and Tourism	425,425	-	-	-	-	425,425
COMMITTED TO:						
Streets and Sanitation	-	-	-	2,408	-	2,408
Recreation and Tourism	-	-	-	-	7,336	7,336
TOTAL FUND BALANCES	<u>425,425</u>	<u>14,636</u>	<u>61,462</u>	<u>2,408</u>	<u>7,336</u>	<u>511,267</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 426,640</u>	<u>\$ 14,636</u>	<u>\$ 61,462</u>	<u>\$ 2,408</u>	<u>\$ 9,920</u>	<u>\$ 515,066</u>

See independent auditor's report.

TOWN OF CENTRAL, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS

YEAR ENDED JUNE 30, 2024

	HOSPITALITY TAX	VICTIM ASSISTANCE	FIRE FUND	CURBSIDE RECYCLING	MAIN STREET	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
REVENUES						
Licenses, Permits and Fees	\$ 209,633	\$ -	\$ -	\$ 3,671	\$ -	\$ 213,304
Fines and Forfeitures	-	3,696	-	-	-	3,696
Intergovernmental Revenue	42,040	-	20,140	-	-	62,180
Miscellaneous Income	2,460	-	-	-	10,899	13,359
TOTAL REVENUES	254,133	3,696	20,140	3,671	10,899	292,539
EXPENDITURES						
CURRENT OPERATING:						
Judicial Services	-	8,274	-	-	-	8,274
Public Safety	-	-	11,900	-	-	11,900
Recreation and Tourism	84,750	-	-	-	65,402	150,152
Streets and Sanitation	-	-	-	15,767	-	15,767
Capital Expenditures	59,162	-	-	-	-	59,162
TOTAL EXPENDITURES	143,912	8,274	11,900	15,767	65,402	245,255
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	110,221	(4,578)	8,240	(12,096)	(54,503)	47,284
OTHER FINANCING SOURCES AND (USES)						
Transfers In (Out)	(61,839)	-	-	-	61,839	-
TOTAL OTHER FINANCING SOURCES AND (USES)	(61,839)	-	-	-	61,839	-
NET CHANGE IN FUND BALANCES	48,382	(4,578)	8,240	(12,096)	7,336	47,284
FUND BALANCES, BEGINNING	377,043	19,214	53,222	14,504	-	463,983
FUND BALANCES, ENDING	\$ 425,425	\$ 14,636	\$ 61,462	\$ 2,408	\$ 7,336	\$ 511,267

See independent auditor's report.

TOWN OF CENTRAL, SOUTH CAROLINA

UNIFORM SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES (PER ACT 96)

YEAR ENDED JUNE 30, 2024

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected			\$ 54,457	\$ 54,457
Court fines and assessments remitted to State Treasurer			(31,119)	(31,119)
Total Court Fines and Assessments retained			23,338	23,338
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			1,672	1,672
Assessments retained			2,286	2,286
Total Surcharges and Assessments retained for victim services			\$ 3,958	\$ 3,958

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	\$ 19,214		\$ 19,214
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	2,286		2,286
Victim Service Surcharges Retained by City/County Treasurer	1,672		1,672
Interest Earned			
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund			
Contribution Received from Victim Service Contracts:			
(1) Town of			
(2) Town of			
(3) City of			
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	23,172		23,172
Expenditures for Victim Service Program:	Municipal	County	Total
Salaries and Benefits	4,776		4,776
Operating Expenditures	3,760		3,760
Victim Service Contract(s):			
(1) Pickens County	-		-
(2) Entity's Name			
Victim Service Donation(s):			
(1) Domestic Violence Shelter:			
(2) Rape Crisis Center:			
(3) Other local direct crime victims service agency:			
Transferred to General Fund			
Total Expenditures from Victim Service Fund/Program (B)	8,536		8,536
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)			
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	\$ 14,636		\$ 14,636

COMPLIANCE SECTION

TOWN OF CENTRAL, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Grant Identification Number</u>	<u>Federal Expenditures</u>
<u>US Department of Treasury</u>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 638,724
<u>US Environmental Protection Agency</u>			
Passed through the South Carolina State Revolving Loan Fund Capitalization Grants for Drinking Water State Revolving Loan Cluster	66.468	F3-20-3910005-01	570,946
Brownfields Multipurpose Assessment	66.818	69606064	11,730
<u>US Department of Housing and Urban Development</u>			
Passed Through SC Department of Commerce for Community Development Block Grants/State's Program	14.228	4-CI-21-003	564,807
Total Federal Assistance Expended			<u>\$ 1,786,207</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The Schedule of Expenditures of Federal Awards is prepared using the accrual basis of accounting.

Program Type Determination

Type A programs are defined as federal programs with federal expenditures exceeding \$750,000. The threshold of \$750,000 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection

The risk-based approach was used in the selection of federal programs to be tested as major programs. The Town did not qualify as a low-risk auditee for the fiscal year ended June 30, 2024.

De Minimis Indirect Cost Rate

The Town did not use the de Minimis indirect cost rate.



**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**

Independent Auditor's Report

To the Honorable Mayor and Town Council
Town of Central, South Carolina

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Central, South Carolina (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 December 4, 2024.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (2024 A.1).

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be significant deficiency (2024 A.2).

Compliance and Other Matters

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

The Town's Response to Findings

The Town's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Payne, White & Schmutz, CPA, PA".

Payne, White & Schmutz, CPA, PA

December 4, 2024



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Honorable Mayor and Town Council
Town of Central, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Central'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 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 GAAS, *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 judgment 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment 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.

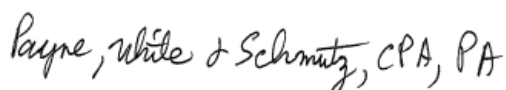
Report on Internal Control Over Compliance

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 above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. 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.



Payne, White & Schmutz, CPA, PA

Seneca, South Carolina

December 4, 2024

TOWN OF CENTRAL, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024

A. FINDINGS - FINANCIAL STATEMENT AUDIT

2023 A.1 - Preparation of financial statements in accordance with generally accepted accounting principles.

Material Weakness

Condition and criteria: Internal controls over financial reporting should be in place to provide reasonable assurance that financial statements are prepared in accordance with generally accepted accounting principles.

Effect: Management does not prepare financial statements in accordance with prescribed requirements. A material misstatement to the Town's financial statements could occur and not be prevented or detected and corrected by the Town's internal controls over financial reporting.

Cause: Currently, management responsible for the accounting and reporting function does not prepare the Town's financial statements in accordance with generally accepted accounting principles.

Auditor's recommendation: Consideration should be given to requiring management to prepare financial statements in accordance with generally accepted accounting principles.

Auditee's response: The Town's management considers the risk tolerable when compared to the cost of implementing a mitigating control.

2023 A.2 - Segregation of duties over accounting duties.

Significant deficiency

Condition and Criteria: Internal controls over disbursements and collections should be in place to ensure that adequate documentation is being maintained for each disbursement made and to provide proper segregation of duties over the authorization, purchasing, check signing functions, collections, deposits, and bank reconciliations.

Effect: Because there is no proper segregation of duties related to disbursements and collections, there could be instances of misappropriations of assets.

Cause: The Town Finance Director has the power to record transactions as well as maintain custody of the assets. This involves recording transactions in the general ledger, reconciling bank statements, approving wire transfers and various other activities. This represents a significant deficiency in an Entity's internal control.

Auditors Recommendation: Controls over cash disbursements and collections would be improved if the individual responsible for recording transactions and writing checks did not have authority over the bank reconciliation process.

Auditee's Response: The Town has a limited staff. However, they will attempt to segregate accounting duties when possible.

TOWN OF CENTRAL, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	US Department of Treasury Coronavirus Local Recovery Funds
66.468	US Environmental Protection Agency

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes X no

TOWN OF CENTRAL, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

Section II – Current Year Financial Statement Findings

2024 A.1 - Preparation of financial statements in accordance with generally accepted accounting principles.

Material Weakness

Condition and criteria: Internal controls over financial reporting should be in place to provide reasonable assurance that financial statements are prepared in accordance with generally accepted accounting principles.

Effect: Management does not prepare financial statements in accordance with prescribed requirements. A material misstatement to the Town's financial statements could occur and not be prevented or detected and corrected by the Town's internal controls over financial reporting.

Cause: Currently, management responsible for the accounting and reporting function does not prepare the Town's financial statements in accordance with generally accepted accounting principles.

Auditor's recommendation: Consideration should be given to requiring management to prepare financial statements in accordance with generally accepted accounting principles.

Auditee's response: The Town's management considers the risk tolerable when compared to the cost of implementing a mitigating control.

2024 A.2 - Segregation of duties over accounting duties.

Significant deficiency

Condition and Criteria: Internal controls over disbursements and collections should be in place to ensure that adequate documentation is being maintained for each disbursement made and to provide proper segregation of duties over the authorization, purchasing, check signing functions, collections, deposits, and bank reconciliations.

Effect: Because there is no proper segregation of duties related to disbursements and collections, there could be instances of misappropriations of assets.

Cause: The Town Finance Director has the power to record transactions as well as maintain custody of the assets. This involves recording transactions in the general ledger, reconciling bank statements, approving wire transfers and various other activities. This represents a significant deficiency in an Entity's internal control.

Auditors Recommendation: Controls over cash disbursements and collections would be improved if the individual responsible for recording transactions and writing checks did not have authority over the bank reconciliation process.

Auditee's Response: The Town has a limited staff. However, they will attempt to segregate accounting duties when possible.

TOWN OF CENTRAL, SOUTH CAROLINA

CORRECTIVE ACTION PLAN

YEAR ENDED JUNE 30, 2024

Section II – Financial Statement Findings

Finding: 2024 A.1

Contact Person: Josh Addis, Finance Director, jaddis@cityofcentral.org

Corrective Action: The Town has implemented procedures to prepare financial statements without material audit adjustments in the future.

Proposed Completion Date: June 30, 2025

Finding: 2024 A.2

Contact Person: Josh Addis, Finance Director, jaddis@cityofcentral.org

Corrective Action: The Town has implemented procedures to segregate accounting duties wherever possible.

Proposed Completion Date: June 30, 2025

Section III – Federal Award Findings and Questioned Costs

None noted.