

**TOWN OF LYMAN,
SOUTH CAROLINA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

TOWN OF LYMAN, SOUTH CAROLINA

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TOWN OF LYMAN, SOUTH CAROLINA
LISTING OF PRINCIPAL OFFICIALS
YEAR ENDED JUNE 30, 2023

Established

1954

MAYOR

Glenn Greer, II

TOWN COUNCIL MEMBERS AS OF JUNE 30, 2023

Adam Crisp

Brantley Enloe

Alton Free

Rick Hellams

Rebecca Martin

Phil McIntyre

TOWN ADMINISTRATOR

Noel Blackwell



Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of Town Council
Town of Lyman, South Carolina

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("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

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 and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison schedules, and the pension plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
March 21, 2024

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TOWN OF LYMAN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

The management of the Town of Lyman ("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, 2023 ("FY 2023" or "2023") compared to the fiscal year ended June 30, 2022 ("FY 2022" or "2022"). 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

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the current fiscal year by approximately \$41,749,000 (*net position*). Of this amount, approximately \$12,292,000 and \$29,457,000 were related to the Town's governmental and business-type activities, respectively. In addition, the Town's unrestricted net position (which may be used to meet the government's ongoing obligations to citizens and creditors) was approximately \$4,880,000 for its governmental activities and approximately \$2,115,000 for its business-type activities.
- The Town's total revenues of approximately \$16,532,000 exceeded total expenses of approximately \$7,882,000, resulting in an increase in net position of approximately \$8,651,000 for 2023.
- At the close of 2023, the Town's governmental funds reported ending fund balances of approximately \$7,436,000, which was an increase of approximately \$2,228,000 from the prior year. Of this amount, 64% or approximately \$4,773,000, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was approximately \$4,773,000, or 132% of total General Fund expenditures for 2023.
- Governmental fund revenues and other financing sources were approximately \$8,302,000 for the current fiscal year compared to approximately \$8,448,000 in the prior fiscal year. Governmental fund expenditures and other financing uses were approximately \$6,074,000 for the current fiscal year compared to approximately \$5,266,000 in the prior fiscal year.
- At the close of 2023, the Town's proprietary fund (Wastewater Fund) reported ending net position of approximately \$29,457,000, an increase of approximately \$6,559,000 from the prior year net position.
- Wastewater Fund revenues and capital contributions were approximately \$10,433,000 for the current fiscal year compared to approximately \$5,073,000 in the prior fiscal year. Wastewater Fund expenses and transfers out were approximately \$3,873,000 for the current fiscal year compared to approximately \$3,591,000 in the prior fiscal year.
- The Town's total net capital assets of approximately \$36,276,000 increased by approximately \$7,390,000 (26%) during the current fiscal year, primarily due to governmental activities capital asset additions of approximately \$602,000 being offset by depreciation expense and disposals of approximately \$608,000 and business-type activities capital asset additions of approximately \$8,576,000 being partially offset by depreciation expense and disposals of approximately \$1,180,000.
- The Town's total debt increased by approximately \$2,516,000 during the current fiscal year due to drawing down approximately \$2,591,000 on the Town's State Revolving Fund Loan ("Revenue Bond") partially offset by principal payments of approximately \$75,000.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of two parts – *Financial Section* (which includes management's discussion and analysis, the financial statements, the required supplementary information, and the supplementary information) and the *Compliance Section*.

Financial Statements

The MD&A 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.

TOWN OF LYMAN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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 and liabilities and deferred inflows of resources, 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.

The government-wide financial statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include general government, public safety - police, municipal court, streets, events, victims' assistance, and parks and recreation. The business-type activities are the Town's wastewater 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 the following 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 six individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenue, expenditures and change in fund balance for the Town's major funds, the General Fund, Hospitality Tax Fund, and Capital Projects Fund. 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 wastewater 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.

Other Information – In addition to the financial statements and accompanying notes, this report includes certain required supplementary information and supplementary information. The required supplementary information and the supplementary information can be found as listed in the table of contents.

TOWN OF LYMAN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

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.
Required Financial Statements	<ul style="list-style-type: none"> ▪ Statement of Net Position. ▪ Statement of Activities. 	<ul style="list-style-type: none"> ▪ 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 Changes 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 are 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 LYMAN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

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 2023 compared to 2022:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and Other Assets	\$ 7,754,838	5,518,335	4,689,403	2,834,556	12,444,241	\$ 8,352,891
Capital Assets, Net	6,682,635	6,688,895	29,593,627	22,197,777	36,276,262	28,886,672
Total Assets	14,437,473	12,207,230	34,283,030	25,032,333	48,720,503	37,239,563
Deferred Outflows of Resources:						
Deferred Pension Charges	407,265	454,492	256,444	278,271	663,709	732,763
Liabilities:						
Long-Term Obligations	72,165	71,328	2,818,084	302,667	2,890,249	373,995
Net Pension Liability	2,133,391	1,789,448	1,449,796	1,364,009	3,583,187	3,153,457
Other	270,282	249,335	803,673	535,587	1,073,955	784,922
Total Liabilities	2,475,838	2,110,111	5,071,553	2,202,263	7,547,391	4,312,374
Deferred Inflows of Resources:						
Deferred Pension Credits	76,986	351,298	10,955	210,564	87,941	561,862
Net Position:						
Net Investment in Capital Assets	6,682,635	6,688,895	27,076,808	21,664,499	33,759,443	28,353,394
Restricted	728,864	533,134	264,974	205,349	993,838	738,483
Unrestricted	4,880,415	2,978,284	2,115,184	1,027,929	6,995,599	4,006,213
Total Net Position	\$ 12,291,914	10,200,313	29,456,966	22,897,777	41,748,880	\$ 33,098,090

The Town's total assets of approximately \$48,721,000 increased approximately \$11,481,000 from the prior year. The increase was primarily due to (a) an increase in current and other assets of approximately \$4,091,000 primarily due to the increase in net position and (b) an increase in capital assets, net of approximately \$7,390,000 primarily due to capital asset additions exceeding depreciation expense. The Town's total liabilities of approximately \$7,547,000 increased by approximately \$3,235,000 from the prior year primarily due to increases in long-term obligations related to draw downs on the Revenue Bond and accounts payable, and increases in other liabilities related to ongoing construction accruals. The changes in deferred outflows of resources and deferred inflows of resources were due to differences between expected and actual liability/investment experience, changes in assumptions, and changes in the percentage of the Town's proportionate share of the net pension liability in the State retirement plans.

The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by approximately \$41,749,000 as of June 30, 2023. Approximately 81% of total net position (\$33,759,000) reflects the Town's net investment in capital assets (i.e., land, construction in progress, buildings, improvements, infrastructure, wastewater utility system, equipment, vehicles, etc.) less any related outstanding debt and lease obligations 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 and lease obligations, it should be noted that the resources needed to repay these obligations generally must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 2% of net position (\$994,000) represents resources that are subject to external restrictions on how they may be used. This net position is restricted primarily for tourism related costs (hospitality taxes), victims' assistance, and public safety. The remaining portion of the Town's net position 17% or \$6,996,000 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town's net position increased by approximately \$8,651,000 during the current fiscal year due to revenues exceeding expenses. Please see the discussion following the next table regarding this increase.

TOWN OF LYMAN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table shows the changes in the Town's net position for 2023 compared to 2022.

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 387,407	562,650	5,778,567	3,906,206	6,165,974	\$ 4,468,856
Operating Grants and Contributions	18,937	1,857,617	-	-	18,937	1,857,617
Capital Grants and Contributions	129,344	58,049	4,523,866	1,159,915	4,653,210	1,217,964
General Revenues:						
Taxes	4,830,122	3,573,970	-	-	4,830,122	3,573,970
Other	733,800	424,188	130,224	6,576	864,024	430,764
Total Revenues	6,099,610	6,476,474	10,432,657	5,072,697	16,532,267	11,549,171
Expenses:						
General Government	1,280,538	913,590	-	-	1,280,538	913,590
Public Safety - Police	1,269,069	1,175,357	-	-	1,269,069	1,175,357
Municipal Court	92,370	114,991	-	-	92,370	114,991
Streets	1,188,683	945,646	-	-	1,188,683	945,646
Events	75,636	48,043	-	-	75,636	48,043
Victims Assistance	41,945	48,292	-	-	41,945	48,292
Parks and Recreation	159,768	109,862	-	-	159,768	109,862
Wastewater	-	-	3,773,468	3,440,969	3,773,468	3,440,969
Total Expenses	4,108,009	3,355,781	3,773,468	3,440,969	7,881,477	6,796,750
Change in Net Position Before Transfers	1,991,601	3,120,693	6,659,189	1,631,728	8,650,790	4,752,421
Transfers	100,000	150,000	(100,000)	(150,000)	-	-
Change in Net Position	2,091,601	3,270,693	6,559,189	1,481,728	8,650,790	4,752,421
Net Position - Beginning of Year	10,200,313	6,929,620	22,897,777	21,416,049	33,098,090	28,345,669
Net Position - End of Year	\$ 12,291,914	10,200,313	29,456,966	22,897,777	41,748,880	\$ 33,098,090

Governmental Activities: Net position related to governmental activities increased approximately \$2,092,000 in the current year.

Total revenues decreased by approximately \$377,000 (6%) from the prior year. Key changes in revenue compared to the prior year were primarily due to the following:

- Total program revenues decreased approximately \$1,943,000 primarily due to lower charges for services and operating grants and contributions, partially offset by higher capital grants and contributions. The decrease in the operating grants and contributions was primarily due to the Town recognizing approximately \$1,851,000 in grant revenues from the American Rescue Plan Act ("ARPA") as reimbursement for government services under the "Revenue Loss" provision of the ARPA in the prior year.
- Total general revenues increased approximately \$1,566,000 primarily due to higher property tax revenues (assessed values) and business license revenues (growth).

Total expenses related to governmental activities increased by approximately \$752,000, or 22%, from the prior year. This was primarily due to higher salaries/benefits (i.e. promotions, raises, staff adjustments, etc.) and repair and maintenance expenses.

TOWN OF LYMAN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-Type Activities: Net position related to business-type activities (wastewater operations) increased by approximately \$6,559,000. This increase was primarily due to revenues of approximately \$10,433,000 exceeding expenses and transfers out of approximately \$3,774,000 and \$100,000, respectively. Revenues increased approximately \$5,360,000 from the prior year primarily due to increases in charges for services and capital grants and contributions. Charges for services increased primarily due to an increase in tap fees due to growth in the Town. Capital grants and contributions increased primarily due to the Town receiving more donated infrastructure in the current year. Expenses increased approximately \$332,000 from the prior year primarily due to increases in depreciation expense (\$145,000) and repairs and maintenance (\$169,000).

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.

At the end of the current fiscal year, the Town's governmental funds reported ending fund balance of approximately \$7,436,000, an increase of approximately \$2,228,000, or 43%, from the prior year fund balance. Approximately 64% of the total fund balance of the governmental funds (\$4,773,000) constitutes unassigned fund balance, which is available for spending at the Town's discretion. The Town had restricted fund balance indicating that it is not available for new spending: (1) for tourism-related costs (\$702,000), (2) for victims' assistance (\$21,000), and (3) for public safety (\$6,000). The remainder of the fund balance is assigned for capital improvements (\$1,934,000). Total unassigned fund balance of the governmental funds represents approximately 119% of total governmental funds expenditures.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the total fund balance was approximately \$4,776,000. As a measure of the General Fund's liquidity, it may be useful to compare total unassigned fund balance to total General Fund expenditures. The total unassigned fund balance of the General Fund of approximately \$4,773,000 represents approximately 132% of total General Fund expenditures for 2023. The net increase in the fund balance of the General Fund was approximately \$160,000 during the current year. Highlights for the General Fund were as follows:

- Total General Fund revenues increased approximately \$1,339,000 from the prior year primarily due to increases in property tax revenues (\$114,000), business licenses, permits, and fees (\$831,000), state shared revenue (\$94,000), and MASC telecommunications and insurance revenue (\$74,000).
- Total General Fund expenditures were approximately \$420,000 higher than 2022. The increase was primarily due to increases in expenditures related to capital outlay, salaries, benefits, and other operating costs.
- Net other financing sources (uses) decreased approximately \$3,705,000 in the current year. This decrease was primarily due to the Town transferring ARPA revenue in the prior year of approximately \$1,733,000 to reimburse the General Fund for eligible government services and transferring out approximately \$2,020,000 in the current year for capital projects.

The Hospitality Tax Fund is used to account for and report the financial resources received and disbursed related to the Town's 2% fee imposed on prepared food and beverage sales within the Town. The fund balance for the Hospitality Tax Fund increased by approximately \$193,000 from the prior year balance. The increase is primarily attributable to revenues of approximately \$337,000 exceeding expenditures and transfers out of approximately \$144,000. Fund balance was approximately \$702,000 at June 30, 2023 and was restricted for tourism related costs.

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned for expenditures of capital outlay related to site acquisitions, construction, equipment, and renovation of all major capital facilities except for those finances in the Wastewater Fund. The fund balance for the Capital Project Fund increased by approximately \$1,874,000 from the prior year balance. The increase is primarily attributable to transfers in of approximately \$2,020,000 which were transferred out of the General Fund for current and future Capital Projects.

TOWN OF LYMAN, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (CONTINUED)

Proprietary Fund: The Town's proprietary fund provide the same type of information found in the government-wide statements, but in more detail. 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. The Town had two budget amendments during the year with a net impact of approximately \$610,000. Actual revenues of approximately \$5,549,000 were approximately \$1,691,000, or 44%, greater than budget primarily due to higher business licenses, permits, and fees, MASC telecommunications and insurance taxes, and state shared revenues. Actual expenditures of approximately \$3,616,000 were approximately \$305,000, or 8%, under budget primarily due to lower capital outlay and operating costs in the administration, municipal court, and streets department.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's capital assets as of June 30, 2023 were approximately \$36,276,000. The Town's capital assets include land, construction in progress, buildings and improvements, vehicles, equipment, and furnishings, infrastructure, and the wastewater utility system. The Town's capital assets (net of depreciation) as of June 30, 2023 and 2022 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 882,623	871,566	787,825	787,825	1,670,448	\$ 1,659,391
Construction in Progress	99,932	99,932	3,369,665	1,131,924	3,469,597	1,231,856
Buildings and Improvements	2,464,939	2,518,402	371,718	392,757	2,836,657	2,911,159
Vehicles, Equipment, and Furnishings	353,387	289,450	538,652	514,956	892,039	804,406
Infrastructure - Lyman	2,881,754	2,909,545	22,387,836	17,100,545	25,269,590	20,010,090
Infrastructure - Wellford Acquisition	-	-	1,559,367	1,625,696	1,559,367	1,625,696
Infrastructure - Duncan Acquisition	-	-	578,564	644,074	578,564	644,074
Total	\$ 6,682,635	6,688,895	29,593,627	22,197,777	36,276,262	\$ 28,886,672

The total increase in the Town's capital assets for 2023 was approximately \$7,390,000 or 26%. Major capital asset events during 2023 included the following:

- Capital asset additions of approximately \$9,178,000 consisted primarily of:
 - Construction in progress of sewer infrastructure - \$3,615,000
 - Buildings and Improvements - \$89,000
 - Vehicles, Equipment, and Furnishings - \$260,000
 - Land - \$214,000
 - Donated sewer infrastructure - \$4,524,000
 - Other additions - \$690,000
- Depreciation expense of approximately \$405,000 for governmental activities and \$1,178,000 for business-type activities
- Disposals of approximately \$203,000 for governmental activities and approximately \$2,000 for business-type activities.

Additional information on the Town's capital assets can be found in Notes I.C.4 and III.D in the notes to the financial statements.

TOWN OF LYMAN, SOUTH CAROLINA
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt

As of June 30, 2023, the Town had total outstanding debt of approximately \$2,781,000. The Town’s total debt as of June 30, 2023 and 2022 was as follows:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenue Bond	\$ -	-	2,780,684	264,481	2,780,684	\$ 264,481

The total increase in the Town’s debt for 2023 was approximately \$2,516,000 or 951%. Major events during 2023 included the following:

- The Town issued the Series 2022 Revenue Bond in the prior year and drew down approximately \$2,591,000 in the current year.
- Principal payments of approximately \$75,000.

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government’s boundaries. The Town’s statutory debt limit at June 30, 2023 was approximately \$2,693,000. As of June 30, 2023, the Town had no bonded debt subject to the 8% limit resulting in an unused legal debt margin of approximately \$2,693,000.

Additional information regarding the Town’s long-term obligations can be found in Note III.E 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 (“2024” or “FY 2024”) budget. The state of the economy, health pandemic, tourism activity, anticipated construction activity, future capital needs, and the best interests of the Town’s residents were all taken into account.

- Millage: The Town's millage for FY 2024 is 60.6 mills which is an increase of 6 mills from the prior year.
- General Fund revenues and expenditures are budgeted at approximately \$4,960,000 and \$4,599,000, respectively.

The safety and welfare of the citizens of Lyman is the Town’s number one priority, along with providing needed services to the Town’s residents efficiently as possible.

REQUESTS FOR TOWN INFORMATION

This financial report is designed to provide a general overview of the Town’s finances for all those with an interest in the government’s financing. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Administrator, 81 Groce Road, Lyman, South Carolina 29365. General information about the Town can also be obtained from our website at www.lymansc.gov.

Basic Financial Statements

TOWN OF LYMAN, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2023

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 5,803,368	3,864,661	\$ 9,668,029
Cash and Cash Equivalents, Restricted	583,892	264,974	848,866
Due from County Treasurer	18,497	-	18,497
Property Taxes Receivable, Net	49,432	-	49,432
Accounts Receivable	354,889	651,463	1,006,352
Loan Receivable - Series 2022 Revenue Bond	-	853,065	853,065
Internal Balances	944,760	(944,760)	-
Capital Assets, Net:			
Non-Depreciable	982,555	4,157,490	5,140,045
Depreciable, Net	5,700,080	25,436,137	31,136,217
TOTAL ASSETS	14,437,473	34,283,030	48,720,503
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	407,265	256,444	663,709
LIABILITIES			
Accounts Payable	192,767	633,706	826,473
Retainage Payable	-	155,117	155,117
Accrued Salaries and Fringe Benefits	44,583	14,850	59,433
Other Accrued Liabilities	5,387	-	5,387
Unearned Revenue	27,545	-	27,545
Non-Current Liabilities:			
Long-Term Obligations - Due Within One Year	36,083	141,224	177,307
Long-Term Obligations - Due in More Than One Year	36,082	2,676,860	2,712,942
Net Pension Liability - Due in More Than One Year	2,133,391	1,449,796	3,583,187
TOTAL LIABILITIES	2,475,838	5,071,553	7,547,391
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	76,986	10,955	87,941
NET POSITION			
Net Investment in Capital Assets	6,682,635	27,076,808	33,759,443
Restricted For:			
Tourism Related Costs	701,829	-	701,829
Victims' Assistance	20,658	-	20,658
Public Safety	6,377	-	6,377
Debt Service	-	264,974	264,974
Unrestricted	4,880,415	2,115,184	6,995,599
TOTAL NET POSITION	\$ 12,291,914	29,456,966	\$ 41,748,880

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

TOWN OF LYMAN, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
					Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	\$ 1,280,538	229,176	-	-	(1,051,362)	-	\$ (1,051,362)
Public Safety - Police	1,269,069	153,856	18,937	-	(1,096,276)	-	(1,096,276)
Municipal Court	92,370	-	-	-	(92,370)	-	(92,370)
Streets	1,188,683	-	-	129,344	(1,059,339)	-	(1,059,339)
Events	75,636	-	-	-	(75,636)	-	(75,636)
Victims' Assistance	41,945	-	-	-	(41,945)	-	(41,945)
Parks and Recreation	159,768	4,375	-	-	(155,393)	-	(155,393)
Total Governmental Activities	4,108,009	387,407	18,937	129,344	(3,572,321)	-	(3,572,321)
Business-Type Activities:							
Wastewater	3,773,468	5,778,567	-	4,523,866	-	6,528,965	6,528,965
Total Business-Type Activities	3,773,468	5,778,567	-	4,523,866	-	6,528,965	6,528,965
TOTAL - PRIMARY GOVERNMENT	\$ 7,881,477	6,165,974	18,937	4,653,210	(3,572,321)	6,528,965	2,956,644
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					1,627,700	-	1,627,700
Hospitality Taxes					333,510	-	333,510
Business Licenses and MASC Taxes					2,462,100	-	2,462,100
Franchise Fees					406,812	-	406,812
Unrestricted Intergovernmental Revenue					341,174	-	341,174
Unrestricted Investment Earnings					162,037	109,233	271,270
Gain on Disposal of Capital Assets					-	20,991	20,991
Miscellaneous					230,589	-	230,589
Transfers In (Out)					100,000	(100,000)	-
Total General Revenues and Transfers					5,663,922	30,224	5,694,146
CHANGE IN NET POSITION					2,091,601	6,559,189	8,650,790
NET POSITION, Beginning of Year					10,200,313	22,897,777	33,098,090
NET POSITION, End of Year					12,291,914	29,456,966	\$ 41,748,880

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

TOWN OF LYMAN, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

	GENERAL FUND	HOSPITALITY TAX FUND	CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	\$ 5,722,673	-	80,347	348	\$ 5,803,368
Cash and Cash Equivalents, Restricted	3,411	560,166	-	20,315	583,892
Due from County Treasurer	18,497	-	-	-	18,497
Property Taxes Receivable, Net	49,432	-	-	-	49,432
Accounts Receivable	320,498	30,527	-	3,864	354,889
Interfund Receivables	941,962	112,865	1,853,626	569	2,909,022
TOTAL ASSETS	\$ 7,056,473	703,558	1,933,973	25,096	\$ 9,719,100
LIABILITIES					
Accounts Payable	\$ 190,625	1,545	-	597	\$ 192,767
Accrued Salaries and Fringe Benefits	43,872	184	-	527	44,583
Interfund Payables	1,964,262	-	-	-	1,964,262
Other Accrued Liabilities	5,387	-	-	-	5,387
Unearned Revenue	27,545	-	-	-	27,545
TOTAL LIABILITIES	2,231,691	1,729	-	1,124	2,234,544
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	48,529	-	-	-	48,529
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,280,220	1,729	-	1,124	2,283,073
FUND BALANCES					
Restricted For:					
Tourism Related Costs	-	701,829	-	-	701,829
Victims' Assistance	-	-	-	20,658	20,658
Public Safety	3,411	-	-	2,966	6,377
Assigned For:					
Capital Improvements	-	-	1,933,973	348	1,934,321
Unassigned	4,772,842	-	-	-	4,772,842
TOTAL FUND BALANCES	4,776,253	701,829	1,933,973	23,972	7,436,027
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 7,056,473	703,558	1,933,973	25,096	\$ 9,719,100

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

TOWN OF LYMAN, SOUTH CAROLINA

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

JUNE 30, 2023

TOTAL FUND BALANCE - GOVERNMENTAL FUND	\$ 7,436,027
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Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:

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 were \$11,096,692 and the accumulated depreciation was \$4,414,057.	6,682,635
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Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore have been deferred in the governmental funds.	48,529
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The Town's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State Retirement Plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(1,803,112)
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Long-term obligations are not due or payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term obligations at year-end consisted of the following: Compensated Absences (Annual Leave)	(72,165)
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TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 12,291,914</u>
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The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF LYMAN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2023

	GENERAL FUND	HOSPITALITY TAX FUND	CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes:					
Property Taxes	\$ 1,639,755	-	-	-	\$ 1,639,755
Hospitality Taxes	-	333,510	-	-	333,510
MASC Telecommunications and Insurance	711,299	-	-	-	711,299
Franchise Fees	406,727	-	-	-	406,727
Business Licenses, Permits, and Fees	1,930,027	-	-	-	1,930,027
Grants	15,437	-	-	128,744	144,181
State Shared Revenue	341,174	-	-	-	341,174
Fines and Forfeitures	136,308	-	-	20,049	156,357
Rent Income	50,035	-	-	-	50,035
Interest	158,701	3,332	-	4	162,037
Other	159,353	-	-	-	159,353
TOTAL REVENUES	5,548,816	336,842	-	148,797	6,034,455
EXPENDITURES					
Current:					
General Government:					
Administration	845,771	-	-	-	845,771
Public Safety:					
Police	1,163,970	-	-	564	1,164,534
Victims' Assistance	-	-	-	47,308	47,308
Hospitality	-	83,860	-	-	83,860
Events	61,782	-	-	-	61,782
Municipal Court	94,062	-	-	-	94,062
Streets	861,661	-	-	-	861,661
Capital Outlay	588,726	-	146,374	100,000	835,100
TOTAL EXPENDITURES	3,615,972	83,860	146,374	147,872	3,994,078
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,932,844	252,982	(146,374)	925	2,040,377
OTHER FINANCING SOURCES (USES)					
Transfers In	160,000	-	2,020,000	-	2,180,000
Transfers Out	(2,020,000)	(60,000)	-	-	(2,080,000)
Insurance Recovery	77,210	-	-	-	77,210
Sale of Capital Assets	10,024	-	-	-	10,024
TOTAL OTHER FINANCING SOURCES (USES)	(1,772,766)	(60,000)	2,020,000	-	187,234
NET CHANGE IN FUND BALANCE	160,078	192,982	1,873,626	925	2,227,611
FUND BALANCES, Beginning of Year	4,616,175	508,847	60,347	23,047	5,208,416
FUND BALANCE, End of Year	\$ 4,776,253	701,829	1,933,973	23,972	\$ 7,436,027

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

TOWN OF LYMAN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2023

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS **\$ 2,227,611**

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

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. They are considered revenue in the Statement of Activities. In addition, revenues in the funds that provide current financial resources are reported as revenues in the funds. They are considered revenues in the Statement of Activities. (12,055)

Changes in the Town's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the State Retirement Plans for the current year are not reported in the governmental funds but are reported in the Statement of Activities. (116,858)

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. (837)

In the Statement of Activities the loss on disposal of capital assets is reported, whereas in the governmental funds, proceeds from disposal of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets disposed. (202,740)

The governmental funds report capital outlay as expenditures. However, in the Statement of Activities, capital outlay expenditures that qualify as capital assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$405,236 was exceeded by capital asset additions of \$601,716 in the current period. 196,480

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 2,091,601**

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

TOWN OF LYMAN, SOUTH CAROLINA**STATEMENT OF NET POSITION - PROPRIETARY FUND****JUNE 30, 2023**

	WASTEWATER FUND
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 3,864,661
Cash and Cash Equivalents, Restricted	264,974
Accounts Receivables, Net	651,463
Loan Receivable - Series 2022 Revenue Bond	853,065
Total Current Assets	<u>5,634,163</u>
Noncurrent Assets:	
Capital Assets, Net:	
Non-Depreciable	4,157,490
Depreciable, Net	25,436,137
Total Noncurrent Assets	<u>29,593,627</u>
TOTAL ASSETS	<u>35,227,790</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Charges	<u>256,444</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	633,706
Retainage Payable	155,117
Accrued Salaries and Benefits	14,850
Interfund Payables	944,760
Current Portion of Compensated Absences	18,700
Current Portion of Debt	122,524
Total Current Liabilities	<u>1,889,657</u>
Noncurrent Liabilities:	
Compensated Absences, Less Current Portion	18,700
Debt, Less Current Portion	2,658,160
Net Pension Liability	1,449,796
Total Noncurrent Liabilities	<u>4,126,656</u>
TOTAL LIABILITIES	<u>6,016,313</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Credits	<u>10,955</u>
NET POSITION	
Net Investment in Capital Assets	27,076,808
Restricted - Debt Service	264,974
Unrestricted	2,115,184
TOTAL NET POSITION	<u><u>\$ 29,456,966</u></u>

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

TOWN OF LYMAN, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION - PROPRIETARY FUND

YEAR ENDED JUNE 30, 2023

	WASTEWATER FUND
OPERATING REVENUES	
Charges for Services	\$ 3,244,321
Tap Fees	1,074,100
Sale of Treatment Capacity	1,439,047
Other	21,099
TOTAL OPERATING REVENUES	5,778,567
OPERATING EXPENSES	
Salaries and Benefits	955,964
Engineering Services	28,755
Compliance Monitoring	47,612
Materials and Supplies	264,363
Repairs and Maintenance	342,436
Billing Services	190,585
Utilities and Telephones	522,940
Professional Fees	15,378
Insurance	43,772
Community Events	3,655
Sludge Disposal	51,219
Vehicle Expense	66,917
Dues and Meetings	9,177
Bank Charges	3,014
Depreciation	1,178,008
Bad Debt	6,055
Other	12,968
TOTAL OPERATING EXPENSES	3,742,818
OPERATING INCOME	2,035,749
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	109,233
Interest Expense	(30,650)
Gain on Sale/Disposal of Capital Assets	20,991
TOTAL NON-OPERATING REVENUES (EXPENSES)	99,574
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	2,135,323
Donated Capital Assets	4,523,866
Transfers Out	(100,000)
CHANGE IN NET POSITION	6,559,189
NET POSITION, BEGINNING OF YEAR	22,897,777
NET POSITION, END OF YEAR	\$ 29,456,966

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

TOWN OF LYMAN, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

YEAR ENDED JUNE 30, 2023

	WASTEWATER FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 5,775,963
Cash Paid to Vendors	(1,479,447)
Cash Paid to Personnel	(1,058,459)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,238,057
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers From Other Funds	518,738
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	518,738
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of Capital Assets	(3,880,600)
Proceeds from Capital Debt	1,909,708
Principal Paid on Revenue Bond	(74,568)
Interest and Fees Paid on Revenue Bond	(30,650)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(2,076,110)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	109,233
NET CASH PROVIDED BY INVESTING ACTIVITIES	109,233
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,789,918
CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED), BEGINNING OF YEAR	2,339,717
CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED), END OF YEAR	\$ 4,129,635
Reconciliation of Operating Income to Net Cash from Operating Activities:	
Operating Income	\$ 2,035,749
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities	
Depreciation	1,178,008
Change in Accounts Representing Operating Activities:	
Accounts Receivable	(2,604)
Accounts Payable	(25,718)
Accrued Salaries and Benefits	(9,714)
Retainage Payable	155,117
Accrued Compensated Absences	(786)
Net Pension Liability	85,787
Deferred Pension Charges	21,827
Deferred Pension Credits	(199,609)
Net Cash Provided by Operating Activities	\$ 3,238,057
Noncash Investing and Capital and Related Financing Items:	
Donated Capital Assets	\$ 4,523,866
Change in Capital Assets that were Accrued in Accounts/Retainage Payable	148,401
Change in Debt Proceeds that were Recognized in Loan Receivable	681,063
Gain on Sale/Disposal of Capital Assets	\$ 20,991

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

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

The Town of Lyman ("Town") was incorporated as a municipality in Spartanburg County, South Carolina in 1954. Section 47-26 of the 1962 Code of Laws, as amended (Home Rule Act), requires that municipalities adopt a specific form of government. The Town operates under Council form of government. The Council is composed of a Mayor and six Council members which are elected from the Town at large. The Mayor and Council are elected for four-year staggered terms and are vested with the legislative and policymaking powers of the Town. 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The basic 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 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, 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 for being fiscally independent 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 on the criteria above, the Town does not have any component units.

Major Operations

The governmental activities of the Town include general government, public safety (police), municipal court, streets, events, victims' assistance, and parks and recreation. The business-type activities of the Town include its wastewater activities.

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.

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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, intergovernmental revenues, franchise taxes, business licenses, interest, and other revenues 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 its 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, 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 governmental funds. Proceeds of long-term debt and acquisitions under leases are reported as other financing sources.

Fund financial statements report detailed information about the Town. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

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. There are a minimum number of funds maintained to keep the accounts consistent with legal and managerial requirements. The following fund types are used by the Town.

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental Fund Types are those through which all governmental functions of the Town are financed. The Town's expendable financial resources and related assets and deferred outflows of resources (if any) and liabilities and deferred inflows of resources (if any) are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. The Town's governmental funds are as follows:

The **General Fund, a major fund** and a budgeted fund, is the general operating fund of the Town and accounts for all revenues and expenditures of the Town except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund.

The **Capital Projects Fund, a major fund** and a budgeted fund, is used to account for and report financial resources that are restricted, committed, or assigned for expenditures of capital outlay related to site acquisitions, construction, equipment, and renovation of all major capital facilities except for those financed in the Wastewater Fund.

The **Hospitality Tax Fund, a major special revenue fund** and a budgeted fund, is used to account for and report the financial resources received and disbursed related to the Town's 2% fee imposed on prepared food and beverage sales within the Town. These funds are restricted and thus can only be spent for tourism related costs.

The other **special revenue funds, all nonmajor funds**, are generally used to account for and report 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, committed, or assigned to expenditures for specified purposes. The Town from time to time may also transfer in other monies in order to meet grant match requirements or to assist with the payment of other non-reimbursable costs. The Town has the following nonmajor special revenue funds:

Police Forfeitures Fund

Victims Fund

Grants Fund

Proprietary Fund Types are accounted for based on the flow of economic resources measurement focus and use 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 distinguish 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 enterprise funds include the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are generally reported as non-operating items. 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.

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the 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 **Wastewater Fund, a major fund** and budgeted fund, is used to account for all activities of the Town's wastewater operations. All costs are financed through charges to utility customers.

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity

1. Cash, Cash Equivalents and Investments

For purposes of the financial statements, the Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) 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) (i) 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.
- (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:

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

1. Cash, Cash Equivalents and Investments (Continued)

- 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”* and GASB Statement No. 72 *“Fair Value Measurement and Application”*, investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. 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.
- Money market mutual funds (“MMMF”) are generally open-ended funds that invest in short term debt securities (primarily obligations of the United States and related agencies) that generally have a weighted average maturity of 60 days or less and do not invest more than 5% in any one issuer, except for government securities and repurchase agreements.

2. Receivables and Payables

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as interfund receivables or interfund payables. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Other receivables represent amounts due to the Town for franchise fees, hospitality taxes, other fees and charges, and amounts due from citizens for wastewater and other services. All trade and property taxes receivable are shown net of an allowance for uncollectibles (if any).

3. Inventories and Prepaid Items

Inventories of materials and supplies are accounted for using the purchase method (expensed when purchased). Certain payments to vendors reflect costs that are applicable to future periods and are recorded as prepaid items in both the government-wide and fund financial statements (if material). Prepaid items are recorded as expenditures/expenses when consumed rather than when purchased (consumption method).

4. Capital Assets

General capital assets are those assets specifically related to activities reported in the governmental fund. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for any additions and retirements during the year. Donated capital assets are recorded at estimated acquisition value (as estimated by the Town) at the date of donation.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

4. Capital Assets (Continued)

The Town maintains a capitalization threshold of \$10,000 and \$25,000 for furniture and equipment, vehicles, land improvements and buildings and improvements for its governmental activities and business-type activities, respectively. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Infrastructure capital assets include streets, curbs, sidewalks, sewer lines, streetlights, signs, signals, and storm drains.

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are complete and placed in service, at which time the complete costs of the project are transferred to the appropriate capital asset category. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and Improvements	10-50 years
Furniture and Equipment	3-25 years
Vehicles	4-10 years
Infrastructure	20-45 years

5. Compensated Absences

The Town's employees earn annual leave (vacation leave) on a monthly basis. Annual leave and compensatory time may be accumulated to a maximum of 180 hours for police department employees and up to 140 hours for all other employees.

The Town's employees earn sick leave on a monthly basis. Sick leave is allowed to accumulate to a maximum of 480 hours for all employees. Sick leave with pay may be taken by an eligible employee but only for a valid illness. Accumulated sick leave is lost upon termination.

The Town reports compensated absences in accordance with the provisions of GASB Statement No. 16 "*Accounting for Compensated Absences*." The entire compensated absence liability and expense is reported in the government-wide financial statements. If applicable, the portion of the compensated absence liability related to the Town's wastewater activities is also recorded in the proprietary fund financial statements, if material. The Town's governmental fund will only recognize a compensated absences liability if they have matured, for example, as a result of employee resignations or retirements.

6. 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 its wastewater activities is also recorded in the proprietary fund financial statements. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method (as it approximates the effective interest method) if material. Debt is reported net of applicable premiums and discounts.

In the governmental fund financial statements, debt premiums, discounts and issuance costs are recognized immediately. The face amount of debt and 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, 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

7. *Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has only one type of deferred outflows of resources. The Town reports *deferred pension charges* in its Statements of Net Position in connection with their participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. 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 Net Position and the Balance Sheet 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently has two types of deferred inflows of resources: (1) The Town reports *unavailable revenue – property taxes* only in the governmental funds balance sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts become available. (2) The Town also reports *deferred pension credits* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System (“Plans”). 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.

8. *Fund Balance*

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, land held for sale, etc.) or because of legal or contractual requirements.

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 (resolution) 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. The Town recognizes committed fund balances when Town Council has approved a resolution/ordinance before the end of the fiscal year.

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 reserves the right to assign fund balance. The Town recognizes assigned fund balances when Town Council has approved a motion before the report date of the financial statements for a particular purpose.

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.

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

8. Fund Balance (Continued)

The Town generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

The Town's fund balance policy requires the General Fund to maintain unassigned fund balance of at least two months (17% - 20%) of total General Fund operating expenditures.

9. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists 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.

10. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.B and the required supplementary information immediately following the notes to the financial statements for more information), 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/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.

11. 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.

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

11. Fair Value (Continued)

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.

12. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

13. 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.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Town has elected to present its budgetary comparison information (required supplementary information) for the General Fund and its major special revenue fund (Hospitality Tax Fund) as separate schedules and not as basic financial statements. The General Fund and the Hospitality Tax Fund are the only major funds for which the Town is required to report budgetary comparison schedules. See the notes to the budgetary comparison schedule for details regarding the Town's budgetary information and process.

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. 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. As of June 30, 2023, none of the Town’s bank balances of approximately \$2,950,000 (with a carrying value of approximately \$1,409,000 due to outstanding checks) were exposed to custodial credit risk.

Investments

As of June 30, 2023, the Town had the following investments:

Investment Type	Credit Rating *	Fair Value Level (1)	Fair Value	WAM
MMMF	AAAm, Aaa-mf, AAAmmf	Level 1	\$ 51,269	< 1 Year
LGIP	Unrated	N/A	9,056,945	< 1 Year
Totals			<u>\$ 9,108,214</u>	

* If available, credit ratings are for Moody's Investors Service, Standard & Poor's, and Fitch Ratings.

(1) See Note I.C.11 for details on the City's fair value hierarchy.

WAM = Weighted Average Maturity.

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 cash, cash equivalents and investments of the Town are legally restricted for specified purposes. The major types of restrictions at June 30, 2023 were those imposed by the revenue source (i.e., hospitality taxes, victims’ assistance, debt service reserve, etc.).

B. Receivables and Unavailable Revenue

Spartanburg County, South Carolina (the “County”) is responsible for levying and collecting sufficient property taxes to meet funding obligations for the Town. This obligation is established each year by the Town Council. 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. Property taxes are levied and billed by the County on real and personal properties based on an assessed value of approximately \$33.7 million (\$29.4 million in the prior year) on January 1st based on a rate of 54.6 mills (same rate as prior year).

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

B. Receivables and Unavailable Revenue (Continued)

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 16 through February 1	-	3% of tax
February 2 through March 15	-	10% of tax
After March 15	-	15% of tax plus collection cost

Current year real and personal property taxes become delinquent on March 16. Unpaid property taxes become a lien against the property as of June 1 of the calendar year following the levy date. The levy date for motor vehicles is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month.

Property taxes receivable of approximately \$49,000 represents current real and personal property as well as delinquent real and personal property taxes and is net of an allowance for uncollectible amounts of approximately \$12,000 at June 30, 2023. All property taxes receivable at year end, except those collected within 60 days, are recorded as unavailable revenues (component of deferred inflows of resources) and thus not recognized as revenue until collected in the governmental funds. Property taxes of approximately \$49,000 were recorded as unavailable revenues at June 30, 2023.

Accounts receivable represent amounts due to the Town for business licenses, franchise fees, intergovernmental revenue, and amounts due from citizens for sewer and other services. All accounts receivable are shown net of an allowance for uncollectibles (if any). The Town's net accounts receivable at June 30, 2023 consisted of the following:

Description	General Fund	Hospitality Fund	Nonmajor Governmental Funds	Wastewater Fund	Totals
Utilities	\$ -	-	-	651,463	\$ 651,463
Hospitality Fees	-	30,527	-	-	30,527
MASC Revenues	124,789	-	-	-	124,789
Business Licenses	6,604	-	-	-	6,604
Franchise Fees	76,570	-	-	-	76,570
Aid to Subdivisions	37,975	-	-	-	37,975
School Resource Officer	34,819	-	-	-	34,819
Other	39,741	-	3,864	-	43,605
Net Receivables	\$ 320,498	30,527	3,864	651,463	\$ 1,006,352

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

C. Interfund Receivables, Payables, and Transfers

Interfund balances at June 30, 2023, consisted of the following individual fund receivables and payables (all are expected to be repaid within one year):

Fund	Interfund Receivables	Interfund Payables
<u>Major Governmental Fund:</u>		
General Fund	\$ 941,962	\$ 1,964,262
Hospitality Tax Fund	112,865	-
Capital Projects Fund	1,853,626	-
<u>Major Enterprise Fund:</u>		
Wastewater Fund	-	944,760
<u>Other Nonmajor Governmental Funds:</u>		
Victims Fund	569	-
Totals	<u>\$ 2,909,022</u>	<u>\$ 2,909,022</u>

The outstanding balances between funds result mainly from the time lag between the dates the interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and when payments between funds are made.

Interfund transfers for the year ended June 30, 2023, consisted of the following:

Fund	Transfers In	Transfers Out
<u>Major Governmental Fund:</u>		
General Fund	\$ 160,000	\$ 2,020,000
Hospitality Tax Fund	-	60,000
Capital Projects Fund	2,020,000	-
<u>Major Enterprise Fund:</u>		
Wastewater Fund	-	100,000
Totals	<u>\$ 2,180,000</u>	<u>\$ 2,180,000</u>

The Wastewater Fund transferred funds to the General Fund in lieu of property taxes and franchise fees (to cover the costs of direct and indirect costs the Town's governmental operations incurred related to providing services to its wastewater operations). The Hospitality Tax Fund transferred funds into the General Fund for the 20% allowable to cover operating costs in the General Fund. The General Fund transferred funds to the Capital Projects Fund to fund current year projects and to set aside funds for future capital needs.

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets

Capital asset activity for the Town's governmental activities for the year ended June 30, 2023, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable:					
Land	\$ 871,566	213,797	(202,740)	-	\$ 882,623
Construction In Progress	99,932	-	-	-	99,932
Total Capital Assets, Non-Depreciable	<u>971,498</u>	<u>213,797</u>	<u>(202,740)</u>	<u>-</u>	<u>982,555</u>
Capital Assets, Depreciable:					
Buildings and Improvements	3,732,199	89,238	-	-	3,821,437
Vehicles, Equipment, and Furnishings	1,386,801	152,306	(56,476)	-	1,482,631
Infrastructure	4,663,694	146,375	-	-	4,810,069
Total Capital Assets, Depreciable	<u>9,782,694</u>	<u>387,919</u>	<u>(56,476)</u>	<u>-</u>	<u>10,114,137</u>
Less: Accumulated Depreciation for:					
Buildings and Improvements	1,213,797	142,701	-	-	1,356,498
Vehicles, Equipment, and Furnishings	1,097,351	88,369	(56,476)	-	1,129,244
Infrastructure	1,754,149	174,166	-	-	1,928,315
Total Accumulated Depreciation	<u>4,065,297</u>	<u>405,236</u>	<u>(56,476)</u>	<u>-</u>	<u>4,414,057</u>
Total Capital Assets, Depreciable, Net	<u>5,717,397</u>	<u>(17,317)</u>	<u>-</u>	<u>-</u>	<u>5,700,080</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,688,895</u>	<u>196,480</u>	<u>(202,740)</u>	<u>-</u>	<u>\$ 6,682,635</u>

Construction in progress in the Town's governmental activities is related to the Rail Trail project.

Capital asset additions and depreciation expense for governmental activities were charged to functions/programs as follows:

Functions/Programs	Capital Asset Additions	Depreciation Expense
General Government	\$ 303,035	\$ 68,077
Public Safety - Police	152,306	70,218
Streets	146,375	194,749
Parks and Recreation	-	72,192
Total - Governmental Activities	<u>\$ 601,716</u>	<u>\$ 405,236</u>

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets (Continued)

Capital asset activity for the Town's business-type activities (wastewater activities) for the year ended June 30, 2023, was as follows:

Business-Type Activities:	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable:					
Land	\$ 787,825	-	-	-	\$ 787,825
Construction In Progress	1,131,924	3,615,176	-	(1,377,435)	3,369,665
Total Capital Assets, Non-Depreciable	<u>1,919,749</u>	<u>3,615,176</u>	<u>-</u>	<u>(1,377,435)</u>	<u>4,157,490</u>
Capital Assets, Depreciable:					
Buildings and Improvements	631,781	-	(3,920)	-	627,861
Vehicles, Equipment, and Furnishings	1,590,727	107,626	(52,152)	-	1,646,201
Infrastructure - Lyman	30,152,244	4,852,717	(225,436)	1,377,435	36,156,960
Infrastructure - Wellford Acquisition	2,845,307	-	(4,978)	-	2,840,329
Infrastructure - Duncan Acquisition	2,620,395	-	-	-	2,620,395
Total Capital Assets, Depreciable	<u>37,840,454</u>	<u>4,960,343</u>	<u>(286,486)</u>	<u>1,377,435</u>	<u>43,891,746</u>
Less: Accumulated Depreciation for:					
Buildings and Improvements	239,024	21,039	(3,920)	-	256,143
Vehicles, Equipment, and Furnishings	1,075,771	83,930	(52,152)	-	1,107,549
Infrastructure - Lyman	13,051,699	942,859	(225,434)	-	13,769,124
Infrastructure - Wellford Acquisition	1,219,611	64,670	(3,319)	-	1,280,962
Infrastructure - Duncan Acquisition	1,976,321	65,510	-	-	2,041,831
Total Accumulated Depreciation	<u>17,562,426</u>	<u>1,178,008</u>	<u>(284,825)</u>	<u>-</u>	<u>18,455,609</u>
Total Capital Assets, Depreciable, Net	<u>20,278,028</u>	<u>3,782,335</u>	<u>(1,661)</u>	<u>1,377,435</u>	<u>25,436,137</u>
Business-Type Activities Capital Assets, Net	<u>\$ 22,197,777</u>	<u>7,397,511</u>	<u>(1,661)</u>	<u>-</u>	<u>\$ 29,593,627</u>

Construction in progress in the Town's business-type activities is related to Wastewater Treatment Plant project.

During fiscal year 2023, the Town's business-type activities received donated capital assets of approximately \$4,524,000, consisting of sewer line infrastructure.

E. Long-Term Obligations

The Town may issue debt from time to time to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds ("GOB") are direct obligations and pledge the full faith and credit of the Town and are subject to the 8% debt limit requirement if not issued under a bond referendum. Revenue Bonds ("RB") are obligations of the Town that are secured by revenue from a specific source (wastewater activities). The full faith, credit, and taxing powers of the Town are not pledged for the payment of RB obligations nor the interest thereon.

All of the Town's outstanding debt has been issued/obtained through direct borrowings/placements ("DBP"). Obligations through DBP are generally secured/collateralized by the underlying assets and contain provisions that in an event of default (a) outstanding amounts can become immediately due if the Town is unable to make payment and (b) the lender could exercise its option to demand return of the financed asset.

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

Details on the Town's outstanding debt as of June 30, 2023 are as follows:

Balance at
June 30, 2023

Revenue Bond

\$3,500,000 state water quality revolving fund loan issued in 2022 ("Series 2022 Revenue Bond"), due in quarterly installments of \$41,571 beginning March 1, 2023 through December 1, 2042, plus interest at 1.60% due quarterly. As of June 30, 2023, only \$2,855,252 had been drawn down on this loan. This loan is collateralized by a statutory lien on the net revenues derived from the operation of the sewer system. The proceeds from the direct borrowing/placement were primarily for the Wastewater Treatment Plant Solids Handling Upgrade project.

\$2,780,684

Presented below is a summary of changes in long-term obligations for the Town's governmental and business-type activities for the year ended June 30, 2023:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 71,328	36,501	35,664	72,165	\$ 36,083
Total Governmental Activities	<u>\$ 71,328</u>	<u>36,501</u>	<u>35,664</u>	<u>72,165</u>	<u>\$ 36,083</u>
Business-Type Activities:					
Debt:					
Series 2022 Revenue Bond	\$ 264,481	2,590,771	74,568	2,780,684	\$ 122,524
Total Debt	<u>264,481</u>	<u>2,590,771</u>	<u>74,568</u>	<u>2,780,684</u>	<u>122,524</u>
Compensated Absences	38,186	18,307	19,093	37,400	18,700
Total Business-Type Activities	<u>\$ 302,667</u>	<u>2,609,078</u>	<u>93,661</u>	<u>2,818,084</u>	<u>\$ 141,224</u>

Resources from the General Fund have typically been used to liquidate the long-term obligations of the Town's governmental activities. Resources from the Wastewater enterprise fund have been used to liquidate the respective long-term obligations of the Town's business-type activities.

Presented below is a summary of debt service requirements to maturity by year for the Town's business-type activities as of June 30, 2023:

Year Ending June 30,	Principal	Interest	Total
Business-Type Activities:			
2024	\$ 122,524	43,758	\$ 166,282
2025	124,496	41,786	166,282
2026	126,500	39,782	166,282
2027	128,536	37,746	166,282
2028	130,605	35,677	166,282
2029-2033	685,245	146,166	831,411
2034-2038	742,199	89,213	831,412
2039-2043	720,579	27,692	748,271
Totals	<u>\$ 2,780,684</u>	<u>461,820</u>	<u>\$ 3,242,504</u>

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

Interest paid on the debt issued by the Town is generally exempt from federal income tax. The Town sometimes temporarily reinvests the proceeds of such tax-exempt debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. The Town does not believe it has an arbitrage liability at June 30, 2023.

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no Town or Town shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such Town or Town voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was thirty five percent (35%). In 1976, the General Assembly reduced the general obligation debt limit without voter approval to eight percent (8%) of assessed valuation; whereas, with a referendum any amount can be floated. As of June 30, 2023, the Town had no outstanding general obligation bonds subject to the 8% limit of approximately \$2,693,000 resulting in an unused legal debt margin of approximately \$2,693,000.

IV. OTHER INFORMATION

A. Risk Management

Participation in Public Entity Risk Pools for Property and Casualty Insurance

The Town is exposed to various risks of loss related to workers' injuries, torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The Town continues to carry commercial insurance coverage for property and casualty insurance, workers' compensation, and other general insurance and has effectively managed risk through various employee education and prevention programs. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

Health Insurance and Other Postemployment Benefits

The Town provides a health insurance program through the State for its eligible employees. The Town pays a monthly premium to the State for its health coverage (insured plan) with the insurer being responsible for claims.

In 2015, the GASB issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("GASB #75"). GASB #75 establishes standards for the measurement, recognition and display of Other Postemployment Benefits ("OPEB") expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The Town adopted GASB #75 for the year ended June 30, 2018 and its implementation had no impact, as the Town currently does not provide any significant OPEB benefits (i.e. retiree health benefits, etc.) to its retirees.

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans

The Town participates in the State of South Carolina's retirement plans. 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' ("Systems") five defined benefit pension plans. PEBA has an 11-member Board of Directors ("PEBA Board"), 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 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.

The PEBA issues an Annual Comprehensive Financial Report ("ACFR") containing financial statements and required supplementary information for the System's Pension Trust Funds. The ACFR is publicly available through the 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. The PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR of the state.

Plan Description

The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective 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. The SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and first-term individuals elected to the South Carolina General Assembly.

The South Carolina Police Officers Retirement System ("PORS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective 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. The PORS also covers peace officers, coroners, probate judges, and magistrates.

Plan 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 first-term individuals elected to the South Carolina General Assembly. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Membership (Continued)

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

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 benefit terms for each system is presented below.

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

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

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

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

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

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, the SCRS and PORS ("Plans") 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. The Retirement Funding and Administration Act of 2017 increased, but also established a ceiling for the SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for the SCRS and 9.75 percent for the PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both the SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. The General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for the SCRS and 21.24 percent for the PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The PEBA Board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Pension reform legislation modified the statute such that the employer contribution rates for the 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 the 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 Plans. Finally, under the revised statute, the contribution rates for the SCRS and PORS may not be decreased until the Plans are at least 85 percent funded.

As noted earlier, both employees and the Town are required to contribute to the Plans at rates established and as amended by the PEBA. The Town's contributions are actuarially determined but are communicated to and paid by the Town as a percentage of the employees' annual eligible compensation. Required employer and employee contribution rates for the past year are as follows:

	SCRS Rates	PORS Rates
	2023	2023
Employer Contribution Rate: ^		
Retirement	17.41%	19.84%
Incidental Death Benefit	0.15%	0.20%
Accidental Death Contributions	0.00%	0.20%
	17.56%	20.24%
Employee Contribution Rate ^	9.00%	9.75%

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

The actual and required contributions to the SCRS and PORS were approximately \$233,000 and \$132,000, respectively, for the year ended June 30, 2023 and include the nonemployer contributions noted below.

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Nonemployer Contributions

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly (“State”) funded 1 percent of the SCRS and PORS contribution increases for the year ended June 30, 2023. The State’s budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund and the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended June 30, 2023 were approximately \$8,000 and \$4,000 for the SCRS and PORS, respectively. These contributions (on-behalf benefits) from the State were recognized as intergovernmental revenues and pension expenditures in the Town’s governmental fund financial statements.

Actuarial Assumptions and Methods

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

The June 30, 2022 total pension liability (“TPL”), net pension liability (“NPL”), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company, and are based on an actuarial valuation performed as of July 1, 2021. The TPL was rolled-forward from the valuation date to the Plans’ fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022 (measurement date) for the SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.00%	7.00%
Projected Salary Increases*	3.0% to 11.0% (varies by service)	3.5% to 10.5% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

* Includes inflation at 2.25%.

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”), were 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.

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%

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

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 rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. 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.

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

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

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, 2022 measurement date, for the SCRS and PORS, are presented in the following table:

System	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	\$ 56,454,779,872	32,212,626,932	\$ 24,242,152,940	57.1%
PORS	\$ 8,937,686,946	5,938,707,767	\$ 2,998,979,179	66.4%

The TPL is calculated by the Systems' actuary, and each Plans' fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB No. 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.

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

At June 30, 2023, the Town reported liabilities of approximately \$2,450,000 and \$1,134,000 for its proportionate share of the NPL for the SCRS and PORS, respectively. The NPL were measured as of June 30, 2022, and the TPL for the Plans used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2021 that was projected forward to the measurement date. The Town's proportion of the NPL were based on a projection of the Town's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2022 measurement date, the Town's SCRS proportion was 0.01011 percent, which was an increase of 0.00029 from its proportion measured as of June 30, 2021. At the June 30, 2022 measurement date, the Town's PORS proportion was 0.03780 percent, which was a decrease of 0.00220 from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of approximately \$248,000 and \$142,000 for the SCRS and PORS, respectively. At June 30, 2023, the Town reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 21,282	\$ 10,675
Change in Assumptions	78,564	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,777	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	105,471	7,835
Employer Contributions Subsequent to the Measurement Date	224,193	-
Total SCRS	<u>433,287</u>	<u>18,510</u>
PORS		
Differences Between Expected and Actual Experience	19,020	22,410
Change in Assumptions	47,205	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,423	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	33,160	47,021
Employer Contributions Subsequent to the Measurement Date	127,614	-
Total PORS	<u>230,422</u>	<u>69,431</u>
Total SCRS and PORS	<u>\$ 663,709</u>	<u>\$ 87,941</u>

Approximately \$224,000 and \$128,000 that were reported as deferred outflows of resources related to the Town's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the NPL in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Year Ended June 30,	SCRS	PORS	Total
2024	\$ 93,894	33,474	\$ 127,368
2025	77,094	8,798	85,892
2026	(44,288)	(52,958)	(97,246)
2027	63,884	44,063	107,947
Total	<u>\$ 190,584</u>	<u>33,377</u>	<u>\$ 223,961</u>

Discount Rate

The discount rate used to measure the TPL was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the 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, each System's fiduciary net position was projected to be available to make all 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 sensitivity of the Town's proportionate share of the NPL of the Plans to changes in the discount rate, calculated using the discount rate of 7.00 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.00 percent) or 1% point higher (8.00 percent) than the current rate:

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability of the SCRS	\$ 3,140,662	2,449,578	\$ 1,875,032
Town's proportionate share of the net pension liability of the PORS	1,580,749	1,133,609	767,582
Total	<u>\$ 4,721,411</u>	<u>3,583,187</u>	<u>\$ 2,642,614</u>

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for the SCRS and PORS. The ACFR is publicly available through the 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.

Payable to Plans

The Town reported a payable of approximately \$63,000 to the PEBA as of June 30, 2023, representing required employer and employee contributions for the month of June 2023 for the SCRS and PORS. This amount is included in Accounts Payable on the financial statements and was paid in July 2023.

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

C. 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 Town. 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, 2023.

Solid Waste Pickup

In September 2018, the Town entered into a five-year agreement ("Agreement") with Waste Industries related to solid waste pickup. The Agreement's initial term began in October 2018 and ends in September 2023 and will automatically be extended for subsequent additional one-year periods unless either party provides written notice to terminate the agreement. The Town will pay a rate of \$8.20 per month per cart. The total cost for the year ended June 30, 2023 was approximately \$327,000.

Construction Commitments

In February 2022, the Town entered into a contract with M. B. Kahn Construction Company for approximately \$3,583,000 for wastewater treatment plant upgrade improvements which will be funded from the Series 2022 Revenue Bond. As of June 30, 2023, the Town has expended approximately \$3,102,000 on this project.

Pacific Mills Property

The Town began to purchase property related to the old Pacific Mills property ("Mill") in fiscal year 2022 and completed those purchase in fiscal year 2023. The Town elected to purchase the property as they were concerned about safety issues with the old Mill and were concerned about the future use of the property which is located adjacent to Town Hall. The Town has considered the requirements of GASB Statement No 49 "*Accounting and Financial Reporting for Pollution Remediation Obligations*" ("GASB #49") requires that an entity estimate the components of expected pollution remediation outlays and accrue a liability once an obligating event has occurred. The Town does not believe that an obligating event has occurred and that any pollution remediation outlays cannot be estimated at this time. The Town has contracted to have a Phase II Environmental Site Assessment performed and a feasibility study related to the Mill. Once those reports are available, the Town will decide on what it plans to do with the property (i.e. remediate/develop, sale, etc.).

Stormwater Engineering Services

In July 2022, the Town entered into a contract with Seamon Whiteside for a maximum cost of approximately \$119,000 for stormwater drainage engineering services that will be funded with the City's ARPA funds. As of June 30, 2023, the Town has expended approximately \$62,000 on this project.

D. Subsequent Events

In November 2023 and February 2024, the Town accepted significant donations of wastewater collection systems and other infrastructure from several subdivisions. The value of these donations is not fully known at this time but will be valued and capitalized in the preparation for the fiscal year 2024 financial statements.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board, but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedules
 - General Fund
 - Hospitality Tax Fund
- Pension Plan Schedules

TOWN OF LYMAN, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL -
GENERAL FUND**

YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Taxes:				
Property Taxes	\$ 1,482,154	1,682,154	1,639,755	\$ (42,399)
MASC Telecommunications and Insurance	450,000	450,000	711,299	261,299
Franchise Fees	325,000	325,000	406,727	81,727
Business Licenses, Permits, and Fees	512,550	867,054	1,930,027	1,062,973
Grants	5,000	5,000	15,437	10,437
State Shared Revenue	195,371	195,371	341,174	145,803
Fines and Forfeitures	138,400	138,400	136,308	(2,092)
Rent Income	47,700	47,700	50,035	2,335
Interest	1,680	1,680	158,701	157,021
Other	145,000	145,000	159,353	14,353
TOTAL REVENUES	3,302,855	3,857,359	5,548,816	1,691,457
EXPENDITURES				
Current:				
Administration	796,648	869,106	845,771	23,335
Police	1,107,620	1,116,537	1,163,970	(47,433)
Municipal Court	112,695	117,862	94,062	23,800
Streets	739,035	971,841	861,661	110,180
Events	52,143	55,986	61,782	(5,796)
Capital Outlay	-	789,703	588,726	200,977
TOTAL EXPENDITURES	2,808,141	3,921,035	3,615,972	305,063
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	494,714	(63,676)	1,932,844	1,996,520
OTHER FINANCING SOURCES (USES)				
Transfers In	60,000	60,000	160,000	100,000
Transfers Out	(20,000)	(20,000)	(2,020,000)	(2,000,000)
Insurance Recovery	-	7,391	77,210	69,819
Sale of Capital Assets	2,500	2,500	10,024	7,524
TOTAL OTHER FINANCING SOURCES (USES)	42,500	49,891	(1,772,766)	(1,822,657)
NET CHANGES IN FUND BALANCES	537,214	(13,785)	160,078	173,863
FUND BALANCES, Beginning of Year	4,616,175	4,616,175	4,616,175	-
FUND BALANCES, End of Year	\$ 5,153,389	4,602,390	4,776,253	\$ 173,863

Note: The notes to the budgetary comparison schedule are an integral part of this schedule.

Note: The Town's original and revised budget reflected an expected surplus and use of fund balance of approximately \$537,000 and \$14,000, respectively. Town Council approved a transfer out to the Capital Projects Fund of \$2,000,000 at year-end to set aside funds for current and future capital projects.

TOWN OF LYMAN, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL -
HOSPITALITY TAX FUND

YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Hospitality Taxes	\$ 240,000	240,000	333,510	\$ 93,510
Interest Income	-	-	3,332	3,332
TOTAL REVENUES	240,000	240,000	336,842	96,842
EXPENDITURES				
Current:				
Equipment and Supplies	2,400	2,400	661	1,739
Outside Vendors	24,000	45,000	61,991	(16,991)
Community Activity	44,420	44,420	21,208	23,212
Capital Outlay	-	209,775	-	209,775
TOTAL EXPENDITURES	70,820	301,595	83,860	217,735
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	169,180	(61,595)	252,982	314,577
OTHER FINANCING SOURCES (USES)				
Transfers Out	(60,000)	(60,000)	(60,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(60,000)	(60,000)	(60,000)	-
NET CHANGES IN FUND BALANCES	109,180	(121,595)	192,982	314,577
FUND BALANCES, Beginning of Year	508,847	508,847	508,847	-
FUND BALANCES, End of Year	\$ 618,027	387,252	701,829	\$ 314,577

Note: The notes to the budgetary comparison schedule are an integral part of this schedule.

Note: The Town's original and revised budget reflected a surplus and use of fund balance of approximately \$109,000 and \$122,000, respectively.

TOWN OF LYMAN, SOUTH CAROLINA

NOTES TO THE BUDGETARY COMPARISON SCHEDULES

YEAR ENDED JUNE 30, 2023

A. BASIS OF ACCOUNTING

The budgetary comparison schedules have been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

B. BUDGETARY INFORMATION

The Town follows the following procedures in establishing the budgetary data reflected in the budgetary comparison schedules:

1. During the months of February and March, the Town department heads develop operating budgets while the management and finance departments develop revenue forecasts.
2. During March and April, the Town Administrator reviews the department budgets and revenue forecasts. After various refinements and reviews, a proposed budget is presented to the Town Council.
3. After two readings in June, for which public notices have been announced, the Town Council adopts an annual budget ordinance for the following major governmental funds - General Fund and Hospitality Tax Fund.
4. During the year, accountability for the budget for each department is primarily the responsibility of the department head. The Town Administrator has the authority to transfer funds within departments, but funds can only be transferred between departments by approval of the Town Council. The legal level of budgetary control is at the department level, as reflected in the required supplementary information.
5. The presented budgetary information is as originally adopted or as amended by the Town Council.
6. At the year-end, unencumbered balances of appropriations lapse into the unappropriated fund balance.

TOWN OF LYMAN, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST NINE FISCAL YEARS

	Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's Proportion of the Net Pension Liability	0.01011%	0.00982%	0.00932%	0.00947%	0.00938%	0.00955%	0.00847%	0.00803%	0.00889%
Town's Proportionate Share of the Net Pension Liability	\$ 2,449,578	2,124,381	2,382,568	2,161,564	2,102,563	2,150,759	1,808,752	1,522,982	\$ 1,530,735
Town's Covered Payroll	\$ 1,203,224	1,109,647	1,040,272	993,803	972,401	873,042	806,070	741,752	\$ 807,190
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	203.58%	191.45%	229.03%	217.50%	216.22%	246.35%	224.39%	205.32%	189.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.06%	60.75%	50.71%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%

Notes to Schedule:

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

The Town implemented GASB #68/71 during the year ended June 30, 2015. Information before that date is not readily available.

The discount rate was lowered from (a) 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and (b) 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

TOWN OF LYMAN, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

**SCHEDULE OF CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST NINE FISCAL YEARS

	Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 232,557	199,254	172,661	161,866	144,698	131,858	100,924	89,151	\$ 80,851
Contributions in Relation to the Contractually Required Contribution									
Contributions from the Town	224,193	190,890	164,297	153,502	136,334	123,494	100,924	89,151	80,851
Contributions from the State	8,364	8,364	8,364	8,364	8,364	8,364	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	\$ -
Town's Covered Payroll	\$1,324,354	1,203,224	1,109,647	1,040,272	993,803	972,401	873,042	806,070	\$ 741,752
Contributions as a Percentage of Covered Payroll	17.56%	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%

Notes to Schedule:

The Town implemented GASB #68/71 during the year ended June 30, 2015. Information before that date is not readily available.

TOWN OF LYMAN, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE OFFICERS RETIREMENT SYSTEM**

LAST NINE FISCAL YEARS

	Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's Proportion of the Net Pension Liability	0.03780%	0.04000%	0.03933%	0.03625%	0.03611%	0.02387%	0.03374%	0.03214%	0.02739%
Town's Proportionate Share of the Net Pension Liability	\$ 1,133,609	1,029,076	1,304,316	1,038,776	1,023,120	654,015	855,908	700,490	\$ 524,266
Town's Covered Payroll	\$ 592,492	601,423	594,161	525,727	475,009	411,483	430,190	398,166	\$ 329,377
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	191.33%	171.11%	219.52%	197.59%	215.39%	158.94%	198.96%	175.93%	159.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.45%	70.37%	58.79%	62.69%	61.73%	60.94%	60.44%	64.57%	67.55%

Notes to Schedule:

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

The Town implemented GASB #68/71 during the year ended June 30, 2015. Information before that date is not readily available.

The discount rate was lowered from (a) 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and (b) 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

TOWN OF LYMAN, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

**SCHEDULE OF CONTRIBUTIONS
POLICE OFFICERS RETIREMENT SYSTEM**

LAST NINE FISCAL YEARS

	Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 132,037	113,995	109,700	108,375	90,635	77,141	58,595	59,108	\$ 53,394
Contributions in Relation to the Contractually Required Contribution:									
Contributions from the Town	127,614	109,572	105,277	103,952	86,212	72,718	58,595	59,108	53,394
Contributions from the State	4,423	4,423	4,423	4,423	4,423	4,423	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	\$ -
Town's Covered Payroll	\$ 652,355	592,492	601,423	594,161	525,727	475,009	411,483	430,190	\$ 398,166
Contributions as a Percentage of Covered Payroll	20.24%	19.24%	18.24%	18.24%	17.24%	16.24%	14.24%	13.74%	13.41%

Notes to Schedule:

The Town implemented GASB #68/71 during the year ended June 30, 2015. Information before that date is not readily available.

Supplementary Information

TOWN OF LYMAN, SOUTH CAROLINA

**SCHEDULE OF FUND EXPENDITURES - REVISED BUDGET AND ACTUAL
GENERAL FUND**

YEAR ENDED JUNE 30, 2023

	REVISED BUDGET	ACTUAL	VARIANCE
EXPENDITURES			
Current:			
Administration:			
Salaries	\$ 316,394	300,638	\$ 15,756
Employee Benefits	131,540	137,048	(5,508)
Vehicle Expenditures	6,431	5,320	1,111
Facilities	97,288	96,617	671
Equipment and Supplies	33,092	29,742	3,350
Outside Vendors	263,291	261,584	1,707
Dues, Meetings, and Books	16,870	11,620	5,250
Community Activity	4,200	3,202	998
Total Administration	869,106	845,771	23,335
Police:			
Salaries and Wages	627,232	640,965	(13,733)
Employee Benefits	298,162	313,952	(15,790)
Vehicle Expenditures	105,805	111,010	(5,205)
Facilities	14,612	13,883	729
Equipment and Supplies	45,900	61,892	(15,992)
Outside Vendors	11,100	10,840	260
Dues, Meetings, and Books	8,050	6,047	2,003
Community Activity	5,676	5,381	295
Total Police	1,116,537	1,163,970	(47,433)
Municipal Court:			
Salaries and Wages	79,432	63,132	16,300
Employee Benefits	29,504	23,038	6,466
Facilities	960	142	818
Equipment and Supplies	1,917	2,146	(229)
Outside Vendors	4,449	4,040	409
Dues, Meetings, and Books	1,600	1,564	36
Total Municipal Court	117,862	94,062	23,800
Streets:			
Salaries	157,000	144,053	12,947
Employee Benefits	65,870	60,050	5,820
Vehicle Expenditures	55,884	70,476	(14,592)
Facilities	117,832	110,647	7,185
Equipment and Supplies	4,656	3,503	1,153
Outside Vendors	313,599	330,018	(16,419)
Community Activity	257,000	142,914	114,086
Total Streets	\$ 971,841	861,661	\$ 110,180

(Continued)

TOWN OF LYMAN, SOUTH CAROLINA

**SCHEDULE OF FUND EXPENDITURES - REVISED BUDGET AND ACTUAL
GENERAL FUND**

YEAR ENDED JUNE 30, 2023

	REVISED BUDGET	ACTUAL	VARIANCE
Events:			
Employee Benefits	\$ 4,481	4,560	\$ (79)
Facilities	28,756	27,856	900
Equipment and Supplies	4,573	20,068	(15,495)
Outside Vendors	18,176	9,298	8,878
Total Events	<u>55,986</u>	<u>61,782</u>	<u>(5,796)</u>
Total Current Expenditures	<u>3,131,332</u>	<u>3,027,246</u>	<u>104,086</u>
Capital Outlay	<u>789,703</u>	<u>588,726</u>	<u>200,977</u>
TOTAL EXPENDITURES	<u>\$ 3,921,035</u>	<u>3,615,972</u>	<u>\$ 305,063</u>

TOWN OF LYMAN, SOUTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2023

	SPECIAL REVENUE FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS
	POLICE FORFEITURES FUND	GRANTS FUND	VICTIMS FUND	
Assets				
Cash and Cash Equivalents	\$ -	348	-	\$ 348
Cash and Cash Equivalents, Restricted	2,966	-	17,349	20,315
Accounts Receivable	-	-	3,864	3,864
Interfund Receivables	-	-	569	569
Total Assets	\$ 2,966	348	21,782	\$ 25,096
Liabilities and Fund Balances				
Accounts Payable	\$ -	-	597	\$ 597
Accrued Salaries and Fringe Benefits	-	-	527	527
Total Liabilities	-	-	1,124	1,124
Fund Balances:				
Restricted For:				
Victims' Assistance	-	-	20,658	20,658
Public Safety	2,966	-	-	2,966
Assigned for Capital Improvements	-	348	-	348
Total Fund Balances	2,966	348	20,658	23,972
Total Liabilities and Fund Balances	\$ 2,966	348	21,782	\$ 25,096

TOWN OF LYMAN, SOUTH CAROLINA

**COMBINING SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

YEAR ENDED JUNE 30, 2023

	SPECIAL REVENUE FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS
	POLICE FORFEITURES FUND	GRANTS FUND	VICTIMS FUND	
REVENUES				
Grant Revenue	\$ -	100,000	28,744	\$ 128,744
Fines and Forfeitures	2,500	-	17,549	20,049
Interest	3	1	-	4
TOTAL REVENUES	2,503	100,001	46,293	148,797
EXPENDITURES				
Current:				
Public Safety:				
Police	564	-	-	564
Victims' Assistance	-	-	47,308	47,308
Capital Outlay	-	100,000	-	100,000
TOTAL EXPENDITURES	564	100,000	47,308	147,872
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,939	1	(1,015)	925
NET CHANGES IN FUND BALANCES	1,939	1	(1,015)	925
FUND BALANCES, Beginning of Year	1,027	347	21,673	23,047
FUND BALANCES, End of Year	\$ 2,966	348	20,658	\$ 23,972

TOWN OF LYMAN, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2023

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected			\$ 311,022	\$ 311,022
Court fines and assessments remitted to State Treasurer			(175,379)	(175,379)
Total Court Fines and Assessments retained			135,643	135,643
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			1,354	1,354
Assessments retained			16,195	16,195
Total Surcharges and Assessments retained for victim services			\$ 17,549	\$ 17,549

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	\$ 21,673		\$ 21,673
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	16,195		16,195
Victim Service Surcharges Retained by City/County Treasurer	1,354		1,354
Interest Earned			
Grant Funds Received			
Grant from: South Carolina Attorney General	28,744		28,744
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)	\$ 67,966		\$ 67,966
Expenditures for Victim Service Program:	Municipal	County	Total
Salaries and Benefits	\$ 25,769		\$ 25,769
Operating Expenditures	21,539		21,539
Victim Service Contract(s):			
(1) Entity's Name			
(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)	47,308		47,308
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	20,658		20,658
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	\$ 20,658		\$ 20,658



Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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

The Honorable Mayor and Members of Town Council
Town of Lyman, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lyman, South Carolina (the "Town") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 21, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
March 21, 2024