

CITY OF LANDRUM

SOUTH CAROLINA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Landrum, South Carolina

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 City of Landrum, South Carolina's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, and schedule of court fines, assessments and surcharges 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 City of Landrum, State South Carlina's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2024, on our consideration of the City of Landrum, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Landrum, South Carolina's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Landrum, South Carolina's internal control over financial reporting and compliance.

Love Bailey & Associates, LLC

Love Bailey & Associates, LLC
Laurens, South Carolina
January 5, 2024

**CITY OF LANDRUM, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

The discussion and analysis of The City of Landrum's (The "City") financial performance provides an overall review of the City's financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider this information in conjunction with the additional information in the City's financial statements, and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows at June 30, 2023 by \$3,556,361 (net position).
- The City's total net position increased \$408,365 from the prior year net position with fiscal year revenues of \$3,537,072 and expenses of \$2,467,933.
- At June 30, 2023, the City's governmental fund balance sheet reported a combined ending fund balance of \$1,413,575, a increase of \$297,864 from the previous fiscal year. Of this amount, \$37,249 is restricted to the Victim's Fund, \$95 is restricted to the Drug Enforcement Fund, and \$14,378 is restricted other governmental funds, \$230,700 is restricted General Fund and the remaining \$1,131,153 is unrestricted.
- The General Fund revenues for the year ended June 30, 2023 was \$2,976,461, which was over budget due to the "tax revenues", "licenses, permits, and franchise fees", "fines and forfeitures", "public works", and "contributions and grants" budget lines; total change in fund balance was a increase of \$330,911 for the year end June 30, 2023.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. A description of these statements and some related definitions follow:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. These statements outline functions of the City that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, public safety, street and sanitation, recreation, hospitality and tourism, community development, and economic development. The government-wide financial statements can be found on pages can be found on pages mentioned in the table of contents.

Statement of Net Assets

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

**CITY OF LANDRUM, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Statement of Activities

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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 (e.g., uncollected taxes and earned but unused compensated absences).

Fund Financial Statements

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 City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be classified as governmental funds.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages mentioned 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 on pages mentioned in the table of contents.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents a General Fund Budgetary Comparison Schedule as required supplementary information, the schedule's of the City's pension plan, and the uniform schedule of court fines, assessment's and surcharges. Required supplementary information can be found on pages 36-41 of this report.

Combining statements in connection with non-major governmental funds are presented immediately following the required supplementary information.

**CITY OF LANDRUM, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$ 3,556,361 as of June 30, 2023.

The City's total net position is primarily made up of investments in capital assets. The City uses these capital assets to provide services to its constituents; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of any related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following table presents a summary of the City's net position for the fiscal years ended June 30, 2023 and June 30, 2022.

	2023	2022
Current and other assets	\$ 1,798,497	\$ 1,512,302
Non-current assets	4,736,364	4,647,430
Total assets	<u>6,534,861</u>	<u>6,159,732</u>
Deferred pension charges	247,703	302,781
Total deferred outflows of resources	<u>247,703</u>	<u>302,781</u>
Current liabilities	426,364	423,207
Long-term liabilities	2,751,435	2,613,968
Total liabilities	<u>3,177,799</u>	<u>3,037,175</u>
Deferred pension charges	47,521	276,463
deferred revenue	883	879
Total deferred inflows of resources	<u>48,404</u>	<u>277,342</u>
Net position:		
Invested in capital assets, net of related debt	3,465,078	3,306,430
Restricted	282,422	280,983
Unrestricted	(175,425)	(439,417)
Total net position	<u>\$ 3,556,361</u>	<u>\$ 3,147,996</u>

**CITY OF LANDRUM, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2023 and June 30, 2022.

	2023	2022
Revenues:		
Program revenues		
Charges for services	\$ 407,017	325,393
Operating grants and contributions	253,757	238,325
General revenue		
Property taxes	813,179	787,401
Hospitality taxes	405,214	363,366
Licenses, permits and franchise fees	630,592	609,274
Intergovernmental	308,906	283,723
American Rescue Plan Act	666,364	666,364
Miscellaneous revenues	52,043	33,509
Gain/(loss) on sale of capital assets	-	(2,000)
Total revenues	3,537,072	3,305,355
Expenses		
General government	1,217,856	1,083,778
Public safety	1,086,910	1,092,096
Public works	551,534	517,402
Deprecation	223,839	
Interest	48,568	
Total expenses	3,128,707	2,693,276
	408,365	612,079
Net position, beginning	3,147,996	2,535,917
Net position, ending	\$ 3,556,361	3,147,996

**CITY OF LANDRUM, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Governmental activities

The following table presents the cost of the three major City functional activities: general government, public safety, and public works for the fiscal years ended June 30, 2023 and June 30, 2022. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

	2023 Total Expenses	Net (Expense) Revenue	2022 Total Expenses	Net (Expense) Revenue
General government	\$ 1,217,856	\$ (1,066,608)	\$ 1,083,778	\$ (984,640)
Public safety	1,086,910	(972,683)	1,092,096	(1,003,129)
Public works	551,534	(156,235)	517,402	(141,789)
Deprecation	223,839	(223,839)		
Interest	48,568	(48,568)		
	<u>\$ 3,128,707</u>	<u>\$ (2,467,993)</u>	<u>\$ 2,693,276</u>	<u>\$ (2,195,526)</u>

As seen from the above table, the total cost of the City's activities for 2022-2023 was \$2,856,300. Because some of the costs were paid by those who directly benefited from the activities or by contributions and grants, the amount that the taxpayers financed through ad valorem taxes amounted to \$787,401. The City paid the remaining costs of governmental activities with hospitality fees, franchise fees, and state-shared revenues and fees instead of taxes.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The General Fund is the principal operating fund of the City. The General Fund's fund balance increased from \$1,111,571 on June 30, 2022, to \$1,442,482 at June 30, 2023. The General Fund had an increase of \$330,911 from the fiscal year 2023.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues exceeded budgeted revenues by \$630,711 for the year ended June 30, 2023.

Actual expenditures exceeded budgeted expenditures by \$367,159.

A more complete report of the budgeted vs. actual revenues and expenditures for the General Fund is included in this report as required supplementary information.

**CITY OF LANDRUM, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the City had invested \$7,865,278 in capital assets, including land, buildings and improvements, and other vehicles and equipment. Accumulated depreciation was \$3,128,914 including current depreciation expense of \$221,339 for the year.

The following schedule presents capital asset balances net of depreciation for the fiscal years ended June 30, 2023 and June 30, 2022.

	2023	2022
Land	\$ 149,116	\$ 149,116
Construction in Progress	1,453,939	2,288,215
Machinery and equipment	3,157,454	1,235,285
Buildings and Improvements	2,360,193	924,105
Vehicles	744,576	50,709
	\$ 7,865,278	\$ 4,647,430

Additional information on the City's capital assets can be found in Note 4 of this report.

Debt Administration

At year-end, the City had \$1,287,000 worth of bonds outstanding. During fiscal year 2023, the City made principal and interests payments of \$54,000.

Additional information on the City's debt can be found in Note 6 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

It is not anticipated that the 2023-2024 fiscal year will result in substantial growth.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional information, contact The City of Landrum, 100 N Shamrock Ave, Landrum, South Carolina 29356.

CITY OF LANDRUM, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,361,560
Cash and cash equivalents- restricted	230,700
Accounts Receivables	177,275
Tax Receivable-Net of allowance	28,962
Non-depreciable capital assets	2,509,309
Depreciable capital assets, net	2,227,055
Total assets	6,534,861
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension charges	247,703
LIABILITIES	
Accounts payable and accrued expenses	282,441
Accrued payroll	61,724
Accrued interest	15,283
Due to Treasurer	10,916
Current portion of long-term liabilities	56,000
Long-term liabilities	
Due in more than one year:	
Bonds payable	1,231,000
Compensated absences	58,819
Net pension liability	1,461,616
Total liabilities	3,177,799
DEFERRED INFLOWS OF RESOURCES	
Deferred pension charges	47,521
Deferred revenue	883
Total deferred inflows of resources	48,404
NET POSITION	
Net investment in capital assets	3,449,364
Restricted for:	
Farmers market	226,522
Landrum cemetery	4,178
Victim's fund	37,249
Drug enforcement	95
Various projects	14,378
Unrestricted	(175,425)
Total net position	\$ 3,556,361

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

**CITY OF LANDRUM, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

		Program revenues		Net expense and changes in net position
	Expenses	Charges for services	Operating grants and contributions	Governmental Activities
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 1,217,856	\$ 54,451	\$ 96,797	\$ (1,066,608)
Public safety	1,086,910	114,227	-	(972,683)
Public works	551,534	238,339	156,960	(156,235)
Deprecation	223,839	-	-	(223,839)
Interest	48,568	-	-	(48,568)
	\$ 3,128,707	\$ 407,017	\$ 253,757	(2,467,933.00)
 General Revenues				
Property taxes				813,179
Hospitality taxes				405,214
Licenses, permits, and franchise fees				630,592
Intergovernmental				308,906
American Rescue Plan Act				666,364
Miscellaneous				52,043
				2,876,298
Change in net position				408,365
Net position, beginning of year				3,147,996
Net position, end of year				\$ 3,556,361

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

CITY OF LANDRUM, SOUTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>Special Revenue Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Hospitality Tax Fund</u>	<u>Non-Major Governmental Funds</u>	
ASSETS				
Cash and cash equivalents	\$ 1,166,273	\$ 118,962	\$ 76,325	\$ 1,361,560
Cash and cash equivalents- restricted	230,700	-	-	230,700
Accounts Receivables	143,418	33,857	-	177,275
Due from other funds	6,506	-	756	7,262
	<u>1,546,897</u>	<u>152,819</u>	<u>77,081</u>	<u>1,776,797</u>
Total assets	<u>\$ 1,546,897</u>	<u>\$ 152,819</u>	<u>\$ 77,081</u>	<u>\$ 1,776,797</u>
LIABILITIES				
Accounts payable	\$ 29,054	\$ 147,415	\$ 105,972	\$ 282,441
Accrued payroll	61,724	-	-	61,724
Due to Treasurer	10,916	-	-	10,916
Due to other funds	2,721	4,541	-	7,262
	<u>104,415</u>	<u>151,956</u>	<u>105,972</u>	<u>362,343</u>
Total liabilities	<u>104,415</u>	<u>151,956</u>	<u>105,972</u>	<u>362,343</u>
Deferred inflows of resources				
Deferred revenue	-	-	879	879
	<u>-</u>	<u>-</u>	<u>879</u>	<u>879</u>
FUND BALANCES				
Restricted	230,700	-	51,722	282,422
Unrestricted	1,211,782	863	(81,492)	1,131,153
Total fund balances	<u>1,442,482</u>	<u>863</u>	<u>(29,770)</u>	<u>1,413,575</u>
Total liabilities, deferred inflows of resources	<u>\$ 1,546,897</u>	<u>\$ 152,819</u>	<u>\$ 77,081</u>	<u>\$ 1,776,797</u>

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

**CITY OF LANDRUM, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Total fund balances of the governmental funds	\$ 1,413,575
Amounts reported for governmental activities in the Statement of Net Position are different because	
Other long-term assets are not available to pay current period expenditures and, therefore not reported in the governmental funds.	28,962
Capital assets, net of depreciation are not current financial resources and are not included in the governmental funds.	4,736,364
Accrued interest on the bonds payable in governmental activities is not due and payable in the current period and, therefore, is not reported as a liability in the funds.	(15,283)
The City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not reported in the governmental funds but are reported in the Statement of Net Position.	(1,261,434)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Compensated absences	(58,823)
Bonds payable	<u>(1,287,000)</u>
Total net position of the governmental activities	<u><u>\$ 3,556,361</u></u>

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

CITY OF LANDRUM, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	Special Revenue Funds			Total Governmental Funds
	General Fund	Hospitality Tax Fund	Non-Major Governmental Funds	
REVENUES				
Tax revenues	\$ 815,656	\$ 405,214	\$ -	\$ 1,220,870
Licenses, permits, and franchise fees	630,592	-	-	630,592
Fines and forfeitures	107,598	-	6,629	114,227
Public works	238,339	-	-	238,339
Intergovernmental	308,906	-	-	308,906
Contributions and other grants	156,960	-	96,797	253,757
American Rescue Plan Act	666,364	-	-	666,364
Other revenue	52,046	38,385	16,066	106,497
Total revenues	<u>2,976,461</u>	<u>443,599</u>	<u>119,492</u>	<u>3,539,552</u>
EXPENDITURES				
General government	751,934	175,671	281,893	1,209,498
Public safety	1,079,450	-	-	1,079,450
Public works	547,749	-	-	547,749
Capital outlay	240,794	71,978	-	312,772
Debt Service				
Principal	-	54,000	-	54,000
Interest and other charges	-	38,219	-	38,219
Total expenditures	<u>2,619,927</u>	<u>339,868</u>	<u>281,893</u>	<u>3,241,688</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>356,534</u>	<u>103,731</u>	<u>(162,401)</u>	<u>297,864</u>
OTHER FINANCING SOURCES (USES)				
Transfers from the other funds	74,377	-	100,000	174,377
Transfers to other funds	(100,000)	(66,000)	(8,377)	(174,377)
Total other financing sources (uses)	<u>(25,623)</u>	<u>(66,000)</u>	<u>91,623</u>	<u>-</u>
Net change in fund balances	330,911	37,731	(70,778)	297,864
Fund balances, beginning of year	<u>1,111,571</u>	<u>(36,868)</u>	<u>41,008</u>	<u>1,115,711</u>
Fund Balances - End of Year	<u>\$ 1,442,482</u>	<u>\$ 863</u>	<u>\$ (29,770)</u>	<u>\$ 1,413,575</u>

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

CITY OF LANDRUM, SOUTH CAROLINA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds		\$ 297,864
<p>Amounts reported for governmental activities in the Statement of Activities differs from the amounts in the Statement of Revenue, Expenditures, and Changes in Fund Balances because:</p>		
<p>Some revenues reported in the Statement of Activities do not provide current financial resources and, therefore, are not reported as revenue in the governmental funds. The activity is reconciled as follows:</p>		
Property tax revenue		(2,477)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This activity is reconciled as follows:</p>		
Expenditure for cost of capital asset	312,772	
Depreciation expense	<u>(223,839)</u>	88,933
<p>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 governmental funds. This activity is reconciled as follows:</p>		
Change in compensated absences		(21,744)
<p>The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This activity is reconciled as follows:</p>		
Principal payments on general obligations bonds		54,000
<p>In the statement of activities, interest is accrued on long term debt, whereas in governmental funds, interest is expensed when due. This adjustment relates to the change in accrued interest from the prior year.</p>		
		(10,349)
<p>Change in the City's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.</p>		
		<u>2,141</u>
Change in net position of governmental activities		<u>\$ 408,365</u>

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

**CITY OF LANDRUM, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Landrum, South Carolina (the "City") was incorporated in 1896 under the general law for the government of municipalities of the State of South Carolina. The City operates under the Council form of government pursuant to the Home Rule Statute, Act No. 283 of 1995. The City receives funding through taxes collected by Spartanburg and Greenville Counties. The City is not included in any other governmental "reporting entity" since the mayor and council members are elected by the public and have decision making authority, the responsibility to significantly influence operations and primary accountability for fiscal matters. The City provides the following services as authorized by its charter: public safety, public works and general administrative services, among others.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies used by the City are described below.

Basis of Presentation

Financial statements for governments like that of the City are presented from two perspectives, the government-wide perspective and the fund perspective.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government and its component units. Net position is calculated based on information on all the City's assets, deferred outflows/inflows of resources, and liabilities, including capital assets and long-term debt. For the most part, the effect of interfund activity, if any, has been removed from these statements. In these statements, governmental activities, which are normally supported by taxes and intergovernmental revenues, are distinguished from any business-type activities in which the government may be engaged and which rely on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses, including depreciation of capital assets, are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items which are not properly included among program revenues are reported as general revenues.

Separate fund financial statements are provided for the governmental funds, groupings of accounts used to control resources that have been segregated for specific activities or objectives. Major individual governmental funds are reported as separate columns in the fund financial statements. The governmental fund balance sheet includes a reconciliation of the total fund balance for all governmental funds to total net position of governmental activities reported in the government-wide statement of net position.

(Continued)

**CITY OF LANDRUM, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

In addition, the governmental statement of revenues, expenditures, and changes in fund balances also include a reconciliation of the changes in fund balances of the governmental funds to the government-wide statement of activities.

Measurement Focus and Basis of Accounting

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.

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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

General Fund - The general fund is the government's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

Hospitality Tax Fund - The hospitality tax fund is used to account for receipts and expenditures associated with tourism, advertising, road maintenance and beautification of the City.

Revenues - Exchange and Non-exchange Transactions

Revenues resulting from exchange transactions are recorded using the accrual basis of accounting, when the exchange takes place. Under the modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period of the City is 60 days after year-end.

(Continued)

**CITY OF LANDRUM, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Real and personal property taxes are billed and collected by Spartanburg and Greenville counties. Liens attach to the property at the time taxes are levied, which is usually in October of each year. These taxes are due without penalty through January 15. Penalties are added to taxes depending on the date paid as follows: January 16 through February 1 (3% of tax), February 2 through March 15 (10% of tax), March 16 through March 31 (15% of tax). Current year real and business personal property taxes become delinquent on March 16. The levy date for motor vehicle taxes 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. The City assesses and levies property taxes in accordance with applicable laws of the State of South Carolina. Real property and personal property of every description owned and used in the City, except that which is exempt from taxation under the Constitution and Laws of the State of South Carolina, is subject to taxation. An annual ordinance establishing the millage rate associated with the levy is adopted each year as part of the budget adoption process. For government wide financial statements, City property tax revenues are recognized for the budget period to which they apply when they become measurable and available. Delinquent and unpaid property taxes are reported as receivables, less amounts deemed to be uncollectable.

Expenditures/Expenses

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Cash and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities within one year from the date of acquisition.

Restricted cash held in the general fund is restricted for use towards maintenance of Landrum Cemetery. Restricted cash and cash equivalents of cash held in escrow of the special revenue fund is legally restricted as to their use. The primary restricted assets of the special revenue funds are related to various hospitality and public safety activities.

State statutes authorize the primary government and its component units to invest in (1) obligations of the United States and its agencies, (2) general obligations of the State of South Carolina and its political subdivisions, (3) savings and loan associations if their deposits are insured by an agency of the federal government, (4) certificates of deposit which are collaterally secured by securities of the type described at (1) and (2) held by a third party, and (5) the State Treasurer's Investment Pool.

Investments, equity and debt securities are reported at fair value.

(Continued)

**CITY OF LANDRUM, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, business licenses, and intergovernmental revenues.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as local option sales tax, property taxes, business licenses, and grants and other similar intergovernmental revenues since they are usually both measurable and available.

Interfund Transactions

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due from and to other funds”. Short-term interfund loans are reported as “interfund receivables and payables”.

Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds”. Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. Interfund receivables and payables and interfund transfers between funds within governmental activities are eliminated in the statement of net position and statement of activities.

Capital Assets

Capital assets include land, construction in progress, buildings and improvements, machinery and equipment, and vehicles. These assets are reported in the applicable governmental activities columns in the government-wide financial statements.

Capital assets are defined by the City as those assets with an initial, individual cost of more than \$1,000 and an estimated useful life of two years or more. All capital assets are valued at cost when purchased or constructed. Donated capital assets are valued at their estimated acquisition value on the date donated. Unless repair and maintenance cost (1) adds value to or (2) materially extends the life of an asset, it is expensed. Public domain (rights-of-way and easements), if booked, are capitalized using estimated historical or depreciable cost. Depreciation of all exhaustible capital assets has been provided based on the estimated useful lives of the class of assets, or individual assets using the straight line method with service lives as follows:

Buildings and improvements	15 - 40 years
Machinery and equipment	5 - 30 years
Vehicles	5 – 15 years

(Continued)

**CITY OF LANDRUM, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Deferred Outflows and Inflows of Resources

In the government-wide financial statements, in addition to assets and liabilities, separate sections for deferred outflows and deferred inflows of resources are reported. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an expenditure until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as revenue until that time. The City's only deferred outflows of resources are related to pensions. The City's deferred inflows of resources include those relating to pensions, and unavailable revenue related to public safety activities.

Compensated Absences

The City allows full time employees to earn two to ten days of annual vacation leave depending on length of service. The City has recorded a liability for the unused vacation at the fiscal year end. Employees are not entitled to paid unused sick leave upon termination; therefore, no provision has been recorded.

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond issue premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Fund Balance

The governmental fund financial statements present fund balances based on classifications that compose a hierarchy that is based primarily on the extent the City is bound to honor constraints on a specific purpose for which amounts in the respective governmental funds can be spent. The following classifications are used in the governmental fund financial statements.

Non-spendable – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation.

Committed – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority, the City Council; to be reported as committed, amounts cannot be used for any other purpose unless the City Council takes the same highest level action to remove or change the constraint.

(Continued)

**CITY OF LANDRUM, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Assigned – amounts the City intends to use for a specific purpose; intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unrestricted – amounts that are available for any purpose; positive amounts are reported only in the general fund. The unassigned classification also includes negative residual fund balances of any governmental fund that cannot be eliminated by the offsetting assigned fund balance amounts.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for a specific purpose (such as the purchase of capital assets, construction, debt service, etc.).

Although the City has not formally adopted a fund balance spending policy, the City would typically use restricted funds balances first, followed by committed resources, and the assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these classified funds. Where applicable, these classifications are presented on the face of the governmental fund balance sheet.

The City's total restricted fund balance consisted of the following:

	Restricted Fund Balance
General Fund – Landrum Cemetery	\$ 4,178
General Fund – Farmers Market	226,522
Non-Major Governmental	
Victim’s Fund	37,249
Drug Enforcement	95
All Other Funds	14,378
	\$ 282,422

Net Position

Net position represents the difference between assets, deferred outflows/inflows of resources and liabilities. Net position’s 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 adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

(Continued)

**CITY OF LANDRUM, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Fund Balance

At June 30, 2023, railcar museum fund had negative fund balances of \$81,492.

Restricted Sources

When both restricted and unrestricted resources are available, it is the City's policy to use restricted resources first, and then unrestricted resources as needed.

Use of Estimates

The preparation of the basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgetary Information

An annual operating budget is adopted for the general fund. This budget is adopted on a basis consistent with generally accepted accounting principles. The budget is adopted and amended, as necessary, by approval from the City Council.

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City does not have a formal policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. All of the City's cash and cash deposit amounts were sufficiently insured or collateralized, except for cash deposits held in a brokerage account. As of June 30, 2023, none of the City's bank balances of \$1,677,655 were not exposed to custodial credit risk because they were insured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following on June 30, 2023:

	<u>General Fund</u>	<u>Hospitality Tax Fund</u>	<u>Totals</u>
Property Claims	\$ 3,300	\$ -	\$ 3,275
Taxes Receivable	7,890	-	7,890
Delinquent Tax Receivable Net	175	-	175
MASC funds	50,986	-	50,986
Garbage fees	20,711	-	20,711
Hospitality taxes	-	33,857	33,857
Intergovernmental	17,777	-	17,777
Franchise fees	35,659	-	35,659
Taxes	6,920	-	6,920
	<u>\$ 143,418</u>	<u>\$ 33,857</u>	<u>\$ 177,275</u>

**CITY OF LANDRUM, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 4 - CAPITAL ASSETS

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

	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023
Non-depreciable assets:				
Land	\$ 149,116	\$ -	\$ -	\$ 149,116
Construction in progress	2,288,215	71,979	-	2,360,193
Total non-depreciable assets	2,437,331	71,979	-	2,509,309
Depreciable:				
Machinery and equipment	3,157,454	52,935	-	3,210,389
Buildings and improvements	1,453,939	-	-	1,453,939
Vehicles	503,782	187,860	-	691,642
Total depreciable capital assets	5,115,175	240,795	-	5,355,970
Less accumulated depreciation:				
Machinery and equipment	(1,922,169)	(117,688)	-	(2,039,857)
Buildings and improvements	(529,834)	(62,335)	-	(592,169)
Vehicles	(453,073)	(43,816)	-	(496,889)
Total accumulated depreciation	(2,905,076)	(223,839)	-	(3,128,915)
Total depreciable capital assets, net	2,210,099	17,456	-	2,227,055
Total capital assets, net	\$ 4,647,430	\$ 89,434	\$ -	\$ 4,736,364

Depreciation expense was \$223,839 for governmental activities during the year ended June 30, 2023.

NOTE 5 – INVESTMENT IN SPARTANBURG COUNTY FOUNDATION (SCF)

The City of Landrum has a designated fund with the Spartanburg County Foundation (the “Foundation”). This fund, the Landrum Municipal Projects Fund (the “Fund”), is held, managed, administered, applied, and disbursed under the general powers and duties of the Foundation. The Foundation maintains an investment pool of various mutual funds and managed accounts. The investment pool is allocated to various sub-funds, including those of the Foundation, based on a percentage of ownership interest in the market value of the investment pool.

(Continued)

**CITY OF LANDRUM, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 5 – INVESTMENT IN SPARTANBURG COUNTY FOUNDATION (SCF), Continuedspart

Although the City is the sponsor and beneficiary of the Landrum Municipal Projects Fund, per the City’s agreement with the Foundation, the Fund is considered the property of the Foundation, with the Foundation possessing ultimate authority and control over all property within the fund, as well as all income derived therefrom. Therefore, this Fund is not carried as an asset on the City’s financial statements. Disbursements received from the Fund are considered contribution revenue by the City.

After its creation, the Fund absorbed another fund within the Foundation, the Landrum Cemetery Perpetual Care Fund, which had previously been sponsored by the Landrum Perpetual Care Association. Although the proceeds of the Landrum Cemetery Perpetual Care Fund are considered to be part of the Landrum Municipal Projects Fund, these proceeds are to be exclusively used by the City to maintain Landrum Cemetery. The Fund consisted of the following at June 30, 2023:

	Landrum Municipal Projects Fund		
	Landrum Cemetery	Municipal Projects	Total
Transfer from Landrum Cemetery Perpetual Care Fund	\$ 13,262	\$ 3,986	\$ 17,248
Contributions	1,250	-	1,250
Disbursements	(6,800)	-	(6,800)
Apportionable Items:			
Investment Income	730	378	1,108
Fees	(100)	(52)	(152)
	\$ 8,342	\$ 4,312	\$ 12,654

The Spartanburg County Foundation’s annual audited financial statements are available by contacting the Spartanburg County Foundation at 424 East Kennedy Street, Spartanburg, SC 29302, or by (864)-582- 0138.

NOTE 6 – LONG-TERM DEBT

Limited Obligation Bonds

On April 2, 2021, the City was issued \$1,400,000 of Limited Obligation Bonds, Series 2021. The bond requires interest only payments every August and interest and principal payments every February. Maturity date for the bond is February 1, 2041 and has an interest rate of 2.85 percent.

The following is a summary of changes in bonds for the year ended June 30, 2023.

Bonds	Beginning Balance 6/30/2022	Additions	Reductions	Ending Balance 6/30/2023	Due Within One Year
Series 2021	\$ 1,341,000	\$ -	\$ (54,000)	\$ 1,287,000	\$ 56,000

(Continued)

**CITY OF LANDRUM, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 6 – LONG-TERM DEBT, Continued

Maturities of bond for the succeeding five years and thereafter are as follows:

	Annual Interest	Annual Principal
2024	\$ 36,680	\$ 56,000
2025	35,084	57,000
2026	33,459	59,000
2027	31,778	61,000
2028	30,039	62,000
Thereafter	208,877	992,000
	\$ 375,917	\$ 1,287,000

Changes in other long-term liabilities

Other long-term liability activity for the year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Compensated absences	\$ 37,075	\$ 21,744	\$ -	\$ 58,819
Net pension liability	1,289,893	171,723	-	1,461,616
Total	\$ 1,326,968	\$ 21,744	\$ -	\$ 1,520,435

NOTE 7 – PENSION PLANS

State Retirement Plan

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state’s employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems’ five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, 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.

(Continued)

**CITY OF LANDRUM, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 7 – PENSION PLANS, Continued

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

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

Plan Descriptions

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

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

In addition to the plans described above, PEBA also administers three single employer defined benefit pension plans, which are not covered in this report. They are the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG).

(Continued)

**CITY OF LANDRUM, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 7 – PENSION PLANS, Continued

Membership

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

- SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

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

Benefits

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

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

(Continued)

**CITY OF LANDRUM, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 7 – PENSION PLANS, Continued

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

- 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.

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

(Continued)

**CITY OF LANDRUM, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 7 – PENSION PLAN, Continued

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

Required employee contribution rates¹ are as follows:

	<u>Fiscal Year 2023¹</u>	<u>Fiscal Year 2022¹</u>
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contribution rates¹ are as follows:

	<u>Fiscal Year 2023¹</u>	<u>Fiscal Year 2022¹</u>
SCRS		
Employee Class Two	17.41%	16.41%
Employee Class Three	17.41%	16.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employee Class Two	19.84%	18.84%
Employee Class Three	19.84%	18.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Benefit	0.20%	0.20%

(Continued)

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

**CITY OF LANDRUM, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 7 – PENSION PLAN, Continued

Actuarial Assumptions and Methods

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

The June 30, 2021, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles. There was no legislation enacted during the 2021 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
Investment rate of return ¹	7%	7%
Projected salary increases	3.0% to 11.0% (varies by service) ¹	3.5% to 10.5% (varies by service) ¹
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

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

(Continued)

¹ Includes inflation at 2.25%

**CITY OF LANDRUM, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 7 – PENSION PLAN, Continued

Assumptions used in the determination of the June 30, 2022, TPL are as follows.

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

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system’s TPL determined in accordance with GASB 67 less that system’s fiduciary net position. NPL totals, as of June 30, 2022, for SCRS and PORS are presented below.

System	Employers’ Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	City’s Proportionate Share of the Collective Net Pension Liability
SCRS	\$ 515,836	57.1%	.002128%
PORS	\$ 945,780	66.4%	.003154%

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

Long-term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

(Continued)

**CITY OF LANDRUM, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 7 – PENSION PLANS, Continued

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity¹	46.0%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity^{1 2}	9.0%	8.75%	0.79%
Private Debt²	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate ²	9.0%	4.12%	0.37%
Infrastructure ²	3.0%	5.88%	0.15%
Total Expected Real Return ³	100.0%		4.79%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.04%

Pensions

At June 30, 2023, the City reported a liability of \$515,836 and \$945,780 for its proportionate share of the net pension liability for SCRS and PORS, respectively. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

(Continued)

¹ The target weight to Private Equity will be equal to its actual weight, reported by the custodial bank, as of prior month end. When flows have occurred, flow adjusted weights are used to more accurately reflect the impact of the asset class weight. Private Equity and Public Equity combine for 55% of the entire portfolio.

² Staff and Consultant will notify the Commission if Private Markets assets exceed 25% of total assets.

³ Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 20% of total assets.

**CITY OF LANDRUM, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 7 – PENSION PLANS, Continued

For the year ended June 30, 2023, the City recognized pension expense for the SCRS and PORS plans of \$36,822 and \$115,458, respectively. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred outflow of resources	Deferred inflow of resources
SCRS		
Differences between expected and actual experience	\$ 21,026	\$ 2,248
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	796	-
Net difference between projected and actual earnings on pension plan investments	107	20,081
City's contributions subsequent to the measurement date	52,877	-
Total SCRS	<u>\$ 74,806</u>	<u>\$ 22,329</u>
PORS		
Differences between expected and actual experience	\$ 55,252	\$ 18,696
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	2,856	6,496
Net difference between projected and actual earnings on pension plan investments	13,246	-
City's contributions subsequent to the measurement date	101,543	-
Total PORS	<u>\$ 172,897</u>	<u>\$ 25,192</u>

The \$52,877 and \$101,543 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date for the SCRS and PORS plans, respectively, during the year ended June 30, 2023 will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2023.

(Continued)

**CITY OF LANDRUM, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 7 – PENSION PLANS, Continued

The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at the measurement date. Average remaining service lives of all employees provided with pensions through the pension plan at the measurement date was 4.00 years for SCRS and PORS:

Year Ended June 30,	SCRS	PORS	Total
2022	\$ 1,115	\$ 30,517	\$ 31,686
2023	154	13,171	13,325
2024	(15,122)	(34,343)	(49,465)
2025	13,453	36,763	50,216
	\$ (400)	\$ 46,162	\$ 45,762

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 SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7.00 percent, as well as what the employers’ NPL would be if it were calculated using a discount rate that is 1 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

System	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
City’s proportionate share of the net pension liability of the SCRS	\$ 661,365	\$ 515,836	\$ 394,847
City’s proportionate share of the net pension liability of the PORS	\$ 1,318,833	\$ 945,780	\$ 640,401

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Non-employer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems’ audited financial statements for the fiscal year ended June 30, 2022, and the accounting valuation report as of June 30, 2022. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems’ Comprehensive Annual Financial Report.

(Continued)

**CITY OF LANDRUM, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 8 - RISK MANAGEMENT AND CONTINGENCIES

Risk of Loss

The City is exposed to various torts; thefts of; damages to and destruction of assets; errors or omissions; injuries to employees; and natural disasters. The City is a member of the South Carolina Municipal Insurance and Risk Financing Fund (SCMIRF) and a member of the South Carolina Municipal Insurance Trust (SCMIT) which represents the City's insurance needs. These organizations are part of the South Carolina Municipal Association and they offer these insurance and risk management services to South Carolina local governments. The City pays annual insurance premiums directly to these organizations. SCMIT provides the City with workers' compensation coverage while SCMIRF provides the City with liability coverage. The City is also subject to the risk of loss from providing health, life, accident, dental and other medical benefits for employees, retirees and their dependents. The City uses a state health insurance plan administered by the South Carolina Budget and Control Board. The State reinsures through commercial companies for these risks.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Grant Program Involvement

In the normal course of operation, the City participates in various federal and/or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Litigation

The City is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include an accrual or provision for loss contingencies that may result from these proceedings. The City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

NOTE 9 – SUBSEQUENT EVENTS

The City has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2023, through January 5, 2024, which is the date the financial statements were available to be issued.

CITY OF LANDRUM, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Variance
	Original & Final	Actual	Favorable
			(Unfavorable)
REVENUES			
Tax revenues	\$ 690,000	\$ 815,656	\$ 125,656
Licenses, permits, and franchise fees	354,000	630,592	276,592
Fines and forfeitures	32,000	107,598	75,598
Public works	229,986	238,339	8,353
Intergovernmental	290,900	308,906	18,006
Contributions and other grants	-	156,960	156,960
American Rescue Plan Act	666,364	666,364	-
Other revenue	82,500	52,046	(30,454)
Total revenue	<u>2,345,750</u>	<u>2,976,461</u>	<u>630,711</u>
EXPENDITURES			
General government	525,521	751,934	(226,413)
Public safety	1,082,668	1,079,450	3,218
Public works	474,579	547,749	(73,170)
Capital outlay	170,000	240,794	(70,794)
Total expenditures	<u>2,252,768</u>	<u>2,619,927</u>	<u>(367,159)</u>
EXCESS (DEFICIENCY) OF REVENUES			
OVER EXPENDITURES	<u>92,982</u>	<u>356,534</u>	<u>263,552</u>
OTHER FINANCING SOURCES (USES)			
Transfers from the other funds	66,500	74,377	7,877
Transfers to other funds	-	(100,000)	(100,000)
Total other financing sources (uses)	<u>66,500</u>	<u>(25,623)</u>	<u>(92,123)</u>
Net change in fund balances	159,482	330,911	171,429
Fund balances - beginning of year	<u>1,111,571</u>	<u>1,111,571</u>	<u>-</u>
Fund Balances - end of year	<u>\$ 1,271,053</u>	<u>\$ 1,442,482</u>	<u>\$ 171,429</u>

**CITY OF LANDRUM, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2023**

Only eight years of information is presented as only eight years of data were available.

SCRS	2023	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability	0.002128%	0.00219%	0.00224%	0.00230%	0.00223%	0.00225%	0.00226%	0.00224%
City's proportionate share of the net pension liability	515,836	473,837	572,912	526,327	498,861	506,512	482,092	425,585
City's covered payroll	301,796	255,692	249,912	252,578	233,295	230,023	221,537	157,600
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	170.92%	185.32%	229.25%	208.38%	213.83%	220.20%	217.61%	270.04%
Plan fiduciary net position as a percentage of the total pension liability	57.1%	60.7%	50.7%	54.4%	54.1%	53.3%	52.9%	59.9%

Notes to schedule:

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

CITY OF LANDRUM, SOUTH CAROLINA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE CITY'S PENSION PLAN CONTRIBUTIONS
 SOUTH CAROLINA RETIREMENT SYSTEM
 YEAR ENDED JUNE 30, 2023

Only eight years of information is presented as only eight years of data were available.

SCRS	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	\$ 52,995	\$ 41,959	\$ 38,512	\$ 38,922	\$ 32,511	\$ 29,025	\$ 26,246	\$ 24,170
Contributions in relation to the statutorially required contribution	52,995	41,959	38,512	38,922	32,511	29,025	26,246	24,170
Contribution deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 301,796	\$ 255,692	\$ 249,912	\$ 252,578	\$ 233,295	\$ 230,023	\$ 221,537	\$ 157,600
Contributions as a percentage of covered-employee payroll	17.56%	16.41%	15.41%	15.41%	13.94%	12.62%	11.85%	15.34%

CITY OF LANDRUM, SOUTH CAROLINA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 POLICE OFFICER'S RETIREMENT SYSTEM
 YEAR ENDED JUNE 30, 2023

Only eight years of information is presented as only eight years of data were available.

PORS	2023	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability	0.031537%	0.03172%	0.03188%	0.03069%	0.02737%	0.02811%	0.02562%	0.02856%
City's proportionate share of the net pension liability	945,780	816,056	1,057,244	879,579	775,513	770,200	649,845	662,464
City's covered payroll	501,695	509,695	487,621	492,409	388,395	389,540	336,433	274,728
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	188.52%	160.11%	216.82%	178.63%	199.67%	197.72%	193.16%	241.13%
Plan fiduciary net position as a percentage of the total pension liability	66.4%	70.4%	58.8%	62.7%	61.7%	60.9%	60.4%	64.6%

Notes to schedule:

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

**CITY OF LANDRUM, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PENSION PLAN CONTRIBUTIONS
POLICE OFFICER'S RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2023**

Only eight years of information is presented as only eight years of data were available.

PORS	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	\$ 101,543	\$ 96,027	\$ 86,992	\$ 87,846	\$ 73,284	\$ 58,063	\$ 53,912	\$ 44,880
Contributions in relation to the statutorially required contribution	<u>101,543</u>	<u>96,027</u>	<u>86,992</u>	<u>87,846</u>	<u>73,284</u>	<u>58,063</u>	<u>53,912</u>	<u>44,880</u>
Contribution deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	501,695	509,695	487,621	\$ 492,409	\$ 388,395	\$ 389,540	\$ 336,433	\$ 274,728
Contributions as a percentage of covered payroll	20.24%	18.84%	17.84%	17.84%	18.87%	14.91%	16.02%	16.34%

CITY OF LANDRUM, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (PER ACT 96)
YEAR ENDED JUNE 30, 2023

FOR THE STATE TREASURER'S OFFICE:

MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>Municipal Court</u>	<u>Total</u>
Court fines and assessments:		
Court fines and assessments collected	\$ 82,263	\$ 82,263
Court fines and assessments remitted to State Treasurer	(46,709)	(46,709)
Total court fines and assessments retained	35,554	35,554
Surcharges and assessments retained for victim services:		
Assessments and surcharges retained and collected	6,629	6,629
Total surcharges and assessments retained for victim services	6,629	6,629
VICTIMS SERVICE FUNDS COLLECTED		
Carryforward from previous year - beginning balance	43,846	43,846
Total Funds Allocated To Victim Service Fund + Beginning Balance (A)		
Victim Service Revenue:		
Court assessments and surcharges retained	6,629	6,629
Interest earned	15	15
Victim services expenditures	(4,864)	(4,864)
Transferred to general fund	(8,377)	(8,377)
Carryforward funds - end of year	\$ 37,249	37,249

**CITY OF LANDRUM, SOUTH CAROLINA
BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>Special Revenue Funds</u>				<u>Total Non-Major Governmental Funds</u>
	<u>Victim's Fund</u>	<u>Drug Enforcement</u>	<u>Railcar Museum</u>	<u>All Other Funds</u>	
ASSETS					
Current assets					
Cash and cash equivalents	\$ 36,493	\$ 95	\$ 24,480	\$ 15,257	\$ 76,325
Due from general fund	756	-	-	-	756
Total assets	<u>37,249</u>	<u>95</u>	<u>24,480</u>	<u>15,257</u>	<u>77,081</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 105,972	\$ -	\$ 105,972
Total liabilities	<u>-</u>	<u>-</u>	<u>105,972</u>	<u>-</u>	<u>105,972</u>
Deferred inflows of resources					
Unavailable revenue	-	-	-	879	879
Fund balances					
Restricted	37,249	95	-	14,378	51,722
Unrestricted	-	-	(81,492)	-	(81,492)
Total fund balances	<u>37,249</u>	<u>95</u>	<u>(81,492)</u>	<u>14,378</u>	<u>(29,770)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 37,249</u>	<u>\$ 95</u>	<u>\$ 24,480</u>	<u>\$ 15,257</u>	<u>\$ 77,081</u>

CITY OF LANDRUM, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	<u>Special Revenue Funds</u>				<u>Total Non-Major Governmental Funds</u>
	<u>Victim's Fund</u>	<u>Drug Enforcement</u>	<u>Railcar Museum</u>	<u>All Other Funds</u>	
REVENUES					
Fines and forfeitures	\$ 6,629	\$ -	\$ -	\$ -	\$ 6,629
Grants	-	-	96,797	-	96,797
Other revenue	15	-	-	16,051	16,066
Total revenues	<u>6,644</u>	<u>-</u>	<u>96,797</u>	<u>16,051</u>	<u>119,492</u>
EXPENDITURES					
Operating expenditures	4,864	-	-	6,224	11,088
Grant expenditures	-	-	270,805	-	270,805
Total expenditures	<u>4,864</u>	<u>-</u>	<u>270,805</u>	<u>6,224</u>	<u>281,893</u>
Excess (deficiency) of revenues over expenditures	<u>1,780</u>	<u>-</u>	<u>(174,008)</u>	<u>9,827</u>	<u>(162,401)</u>
OTHER FINANCING SOURCES (USES)					
Transfer from general fund	-	-	100,000	-	100,000
Transfer to general fund	(8,377)	-	-	-	(8,377)
	<u>(8,377)</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>91,623</u>
Net change in fund balances	(6,597)	-	(74,008)	9,827	(70,778)
Fund balances - beginning of year	43,846	95	(7,484)	4,551	41,008
Fund balances - end of year	<u>\$ 37,249</u>	<u>\$ 95</u>	<u>\$ (81,492)</u>	<u>\$ 14,378</u>	<u>\$ (29,770)</u>



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED BY
GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and City Council
City of Landrum, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Landrum, South Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Landrum, South Carolina's basic financial statements, and have issued our report thereon dated January 5, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 City of Landrum, South Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a

direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Love Bailey & Associates, LLC

Love Bailey & Associates, LLC

Laurens, South Carolina

January 5, 2024