

**CITY OF LIBERTY,
SOUTH CAROLINA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

CITY OF LIBERTY, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2024

	<u>Page Number</u>
Listing of Principal Officials	iii

FINANCIAL SECTION

Independent Auditor's Report	1
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Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position	5
Statement of Activities	6

Fund Financial Statements:

Balance Sheet - Governmental Funds	7
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	8
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	9
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	10
Statement of Net Position - Proprietary Fund	11
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	12
Statement of Cash Flows - Proprietary Fund	13
<i>Notes to the Financial Statements</i>	14

Required Supplementary Information:

Budgetary Comparison Schedule:

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgets and Actual - General Fund	41
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Pension Plan Schedules:

Schedule of the City's Proportionate Share of the Net Pension Liability - South Carolina Retirement System	42
Schedule of Contributions - South Carolina Retirement System	43
Schedule of the City's Proportionate Share of the Net Pension Liability - Police Officers Retirement System	44
Schedule of Contributions - Police Officers Retirement System	45

Supplementary Information:

Budgetary Comparison Schedule:

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Revised Budget and Actual - General Fund	47
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(Continued)

CITY OF LIBERTY, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2024

<u>FINANCIAL SECTION (CONTINUED)</u>	
	<u>Page Number</u>
Supplementary Information (Continued):	
Combining Balance Sheet - Nonmajor Special Revenue Funds	50
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	52
Uniform Schedule of Fines, Assessments, and Surcharges (Per Act 96)	54
 <u>COMPLIANCE SECTION</u>	
Independent Auditor's Report - Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	55

CITY OF LIBERTY, SOUTH CAROLINA
LISTING OF PRINCIPAL OFFICIALS
AS OF JUNE 30, 2024

Established

1876

MAYOR

Erica Woods

CITY COUNCIL MEMBERS

Rhonda Whitaker

Zachary Arms

Robbie Shoenblen

Lavant Padgett

Daniel Graybeal

Jeffery Massie

CITY ADMINISTRATOR

Philip Trotter

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Liberty, South Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Liberty, South Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Liberty, South Carolina's 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Liberty, South Carolina, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Liberty, 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 Liberty, 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 Liberty, 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 Liberty, 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, pension schedules and budgetary comparison information on pages as presented 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 Liberty, South Carolina'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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2025, on our consideration of the City of Liberty, 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 Liberty, 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 Liberty, South Carolina's internal control over financial reporting and compliance.

Love Bailey & Associates, LLC

Love Bailey & Associates, LLC
Laurens, South Carolina
March 5, 2025

BASIC FINANCIAL STATEMENTS

CITY OF LIBERTY, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2024

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Cash Equivalents	\$ 1,607,252	170,969	\$ 1,778,221
Restricted Cash and Cash Equivalents	551,715	190,682	742,397
Receivables, Net			
Taxes	51,758	-	51,758
Accounts and Other	243,048	490,313	733,361
Cell Tower Lease	156,170	-	156,170
Internal Balances	(115,060)	115,060	-
Prepays	87,892	20,046	107,938
Capital Assets:			
Non-Depreciable	266,125	6,414	272,539
Depreciable, Net	1,396,188	7,949,540	9,345,728
TOTAL ASSETS	4,245,088	8,943,024	13,188,112
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	364,239	43,771	408,010
LIABILITIES			
Accounts Payable	100,152	757,695	857,847
Accrued Salaries and Fringe Benefits	86,432	10,381	96,813
Accrued Interest Payable	2,591	1,489	4,080
Accrued Liabilities	2,197	-	2,197
Customer Deposits	-	26,596	26,596
Non-Current Liabilities:			
Net Pension Liability - Due in More Than One Year	2,145,850	360,117	2,505,967
Long-Term Obligations - Due Within One Year	161,957	74,320	236,277
Long-Term Obligations - Due in More Than One Year	286,303	793,671	1,079,974
TOTAL LIABILITIES	2,785,482	2,024,269	4,809,751
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	77,773	19,141	96,914
Deferred Revenue - Cell Tower Lease	156,170	-	156,170
TOTAL DEFERRED INFLOWS OF RESOURCES	233,943	19,141	253,084
NET POSITION			
Net Investment in Capital Assets	1,285,738	7,098,271	8,384,009
Restricted For:			
Recreation and Tourism	290,044	-	290,044
Victims' Assistance	23,201	-	23,201
Local Law Enforcement	14,620	-	14,620
Road Maintenance	242,600	-	242,600
Sewer Maintenance Projects	-	190,682	190,682
Unrestricted	(266,301)	(345,568)	(611,869)
TOTAL NET POSITION	\$ 1,589,902	6,943,385	\$ 8,533,287

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

CITY OF LIBERTY, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	\$ 762,948	604,199	-	-	(158,749)	-	\$ (158,749)
Police	1,265,829	160,650	10,863	-	(1,094,316)	-	(1,094,316)
Public Works	604,614	301,337	2,061	-	(301,216)	-	(301,216)
Recreation	517,423	14,600	-	95,271	(407,552)	-	(407,552)
Interest and Other Charges	18,475	-	-	-	(18,475)	-	(18,475)
Total Governmental Activities	3,169,289	1,080,786	12,924	95,271	(1,980,308)	-	(1,980,308)
Business-Type Activities:							
Water	1,030,036	712,116	-	-	-	(317,920)	(317,920)
Sewer	1,146,036	1,094,871	-	2,693,667	-	2,642,502	2,642,502
Total Business-Type Activities	2,176,072	1,806,987	-	2,693,667	-	2,324,582	2,324,582
TOTAL - PRIMARY GOVERNMENT	\$ 5,345,361	2,887,773	12,924	2,788,938	(1,980,308)	2,324,582	344,274
General Revenues and Transfers:							
Taxes:							
Property Taxes					433,054	-	433,054
Hospitality Taxes					150,065	-	150,065
Local Option Sales Tax					571,973	-	571,973
Franchise Fees					365,506	-	365,506
State-Shared Revenues					194,213	-	194,213
Fines					91,411	-	91,411
Miscellaneous Revenue					51,657	58,158	109,815
Total General Revenues and Transfers					1,857,879	58,158	1,916,037
CHANGE IN NET POSITION					(122,429)	2,382,740	2,260,311
NET POSITION, Beginning of Year					1,712,331	4,560,645	6,272,976
NET POSITION, End of Year					1,589,902	6,943,385	\$ 8,533,287

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

CITY OF LIBERTY, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2024

	GENERAL FUND	NONMAJOR SPECIAL REVENUE FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 1,607,252	-	\$ 1,607,252
Restricted Cash and Cash Equivalents	242,600	309,115	551,715
Receivables, Net			
Taxes	51,758	-	51,758
Accounts and Other	230,989	12,059	243,048
Cell Tower Lease	156,170	-	156,170
Due from Other Funds	297,849	11,852	309,701
Prepays	40,092	47,800	87,892
TOTAL ASSETS	\$ 2,626,710	380,826	\$ 3,007,536
LIABILITIES			
Accounts Payable	\$ 89,985	10,167	\$ 100,152
Accrued Salaries and Fringe Benefits	86,432	-	86,432
Accrued Liabilities	2,197	-	2,197
Due to Other Funds	381,967	42,794	424,761
TOTAL LIABILITIES	560,581	52,961	613,542
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	50,106	-	50,106
Deferred Revenue - Cell Tower Lease	156,170	-	156,170
TOTAL DEFERRED INFLOWS OF RESOURCES	206,276	-	206,276
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	766,857	52,961	819,818
FUND BALANCES			
Nonspendable:			
Prepays	40,092	47,800	87,892
Restricted for:			
Recreation and Tourism	-	242,244	242,244
Victims' Assistance	-	23,201	23,201
Local Law Enforcement	-	14,620	14,620
Road Maintenance	242,600	-	242,600
Committed for:			
Future Purchase of Solid Waste Collection Trucks	100,903	-	100,903
Unassigned	1,476,258	-	1,476,258
TOTAL FUND BALANCES	1,859,853	327,865	2,187,718
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,626,710	380,826	\$ 3,007,536

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

CITY OF LIBERTY, SOUTH CAROLINA

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

JUNE 30, 2024

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	2,187,718
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:		
Property taxes due from Pickens County in the Statement of Net Position will be collected but are not available soon enough to pay for the current period's expenditures and therefore are reflected as unavailable in the governmental funds.		50,106
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of the assets was \$5,524,609 and the accumulated depreciation was \$3,862,296.		1,662,313
The City's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.		(1,859,384)
Accrued interest on debt in governmental accounting is not due and payable in the current period and therefore has not been reported as a liability in the governmental funds.		(2,591)
Long-term liabilities are not due or payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities consisted of the following:		
Long-Term Obligations (Debt Obligations)	(376,575)	
Compensated Absences (Annual Leave)	(71,685)	(448,260)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$	1,589,902

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

CITY OF LIBERTY, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2024

	GENERAL FUND	NONMAJOR SPECIAL REVENUE FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Taxes	\$ 1,006,500	150,065	\$ 1,156,565
Licenses and Permits	591,421	-	591,421
Franchise Fees	365,506	-	365,506
Fines and Forfeitures	81,847	9,564	91,411
Charges for Services	489,365	-	489,365
Shared Revenues	194,213	-	194,213
Miscellaneous	51,659	10,863	62,522
Grants	97,332	-	97,332
TOTAL REVENUES	2,877,843	170,492	3,048,335
EXPENDITURES			
Current:			
General Government	664,811	51,922	716,733
Police	1,201,373	13,090	1,214,463
Public Works	499,562	-	499,562
Recreation	461,186	57,339	518,525
Capital Outlay	60,894	-	60,894
Debt Service:			
Principal	157,428	-	157,428
Interest	10,898	-	10,898
TOTAL EXPENDITURES	3,056,152	122,351	3,178,503
CHANGES IN FUND BALANCES	(178,309)	48,141	(130,168)
FUND BALANCES, Beginning of Year	2,038,162	279,724	2,317,886
FUND BALANCES, End of Year	\$ 1,859,853	327,865	\$ 2,187,718

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

CITY OF LIBERTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2024

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ (130,168)**

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

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. This amount represents the change in unavailable revenues for the year. (1,473)

Repayment of bond and debt principal (including lease and financed purchase obligations) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 149,300

Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This amount is the net change in accrued interest for the year. 551

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This amount represents the change in compensated absences for the year. (12,163)

Changes in the City's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year related to its participation in the State retirement plans are not reported in the governmental funds but are reported in the Statement of Activities. 37,316

The governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$258,421 exceeded capital asset additions of \$92,629 in the current year. (165,792)

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (122,429)**

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

CITY OF LIBERTY, SOUTH CAROLINA

STATEMENT OF NET POSITION - PROPRIETARY FUND

JUNE 30, 2024

	WATER AND SEWER FUND
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 170,969
Restricted Cash and Cash Equivalents	190,682
Accounts Receivables	490,313
Prepays	20,046
Total Current Assets	<u>872,010</u>
Noncurrent Assets	
Due From the General Fund	308,000
Capital Assets:	
Non-Depreciable	6,414
Depreciable Capital Assets, Net	7,949,540
Total Noncurrent Assets	<u>8,263,954</u>
TOTAL ASSETS	<u>9,135,964</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Charges	<u>43,771</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	757,695
Accrued Salaries and Fringe Benefits	10,381
Accrued Interest Payable	1,489
Customer Deposits	26,596
Due to Other Funds	192,940
Compensated Absences - Current Portion	3,642
Bonds Payable - Current Portion	70,678
Total Current Liabilities	<u>1,063,421</u>
Noncurrent Liabilities	
Net Pension Liability	360,117
Compensated Absences, Less Current Portion	6,666
Bonds Payable, Less Current Portion	787,005
Total Non-Current Liabilities	<u>1,153,788</u>
TOTAL LIABILITIES	<u>2,217,209</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Credits	<u>19,141</u>
NET POSITION	
Net Investment in Capital Assets	7,098,271
Restricted for Sewer Maintenance Projects	190,682
Unrestricted	(345,568)
TOTAL NET POSITION	<u>\$ 6,943,385</u>

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

CITY OF LIBERTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2024

	<u>WATER AND SEWER FUND</u>
OPERATING REVENUES	
Charges for Services:	
Water Fees	\$ 712,116
Sewer Fees	1,094,871
Miscellaneous	58,158
TOTAL OPERATING REVENUES	<u>1,865,145</u>
OPERATING EXPENSES	
Water Department	612,465
Water Purchases	248,434
Sewer Department	322,827
Sewer Treatment Fees	602,114
Depreciation	363,096
TOTAL OPERATING EXPENSES	<u>2,148,936</u>
OPERATING INCOME (LOSS)	<u>(283,791)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest Expense	(27,136)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(27,136)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS	(310,927)
Capital Grants	2,693,667
TOTAL INCOME (LOSS) AFTER TRANSFERS AND CAPITAL GRANTS	<u>2,693,667</u>
CHANGE IN NET POSITION	2,382,740
NET POSITION, Beginning of Year	<u>4,560,645</u>
NET POSITION, End of Year	<u>\$ 6,943,385</u>

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

CITY OF LIBERTY, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

YEAR ENDED JUNE 30, 2024

	WATER AND SEWER FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 1,629,646
Cash Payments for Goods and Services	(662,541)
Cash Payments for Personnel Services	(460,870)
NET CASH PROVIDED BY OPERATING ACTIVITIES	506,235
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Payments from Other Funds for Noncapital Purposes	(20,217)
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	(20,217)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grants Received	2,693,667
Acquisition of Capital Assets	(2,889,835)
Principal Paid on Debt	(68,797)
Interest Payments on Debt	(27,252)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(292,217)
NET INCREASE IN CASH AND CASH EQUIVALENTS	193,801
CASH AND CASH EQUIVALENTS INCLUDING RESTRICTED CASH, Beginning of Year	167,850
CASH AND CASH EQUIVALENTS INCLUDING RESTRICTED CASH, End of Year	\$ 361,651
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:	
Operating Income (Loss)	\$ (283,791)
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:	
Depreciation Expense	363,096
Change in Statement of Net Position Accounts that Impacted Operating Activities:	
Accounts Receivables	(240,030)
Prepays	(20,046)
Deferred Pension Charges	4,125
Accounts Payable	670,200
Customer Deposits	4,531
Compensated Absences	(3,543)
Net Pension Liability	(19)
Deferred Pension Credits	11,712
Net Cash Provided By Operating Activities	\$ 506,235

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

CITY OF LIBERTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

The City of Liberty ("City") was incorporated in 1876. Section 47-26 of the 1962 Code of Laws, as amended (Home Rule Act), requires that municipalities adopt a specific form of government. The City operates under a Mayor - Council Form of government. The City Council may enact ordinances, levy taxes, adopt a budget and set compensation, in addition to other legislative duties. The Mayor is elected at large, and six council members are elected from four wards plus two elected at large to serve four-year staggered terms. The City Council appoints a City Administrator who serves as the chief executive officer of the City and is responsible to the City Council for the proper administration of all affairs of the City.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

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

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the City having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the City; and (c) issue bonded debt without approval by the City. An entity has a financial benefit or burden relationship with the City if, for example, any one of the following conditions exists: (a) the City is legally entitled to or can otherwise access the entity's resources, (b) the City is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the City is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the City's financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City. Based on the criteria above, the City does not have any component units.

Major Operations

The City's operations include general and administrative services, public safety (police), public works (streets and sanitation), recreation, water and sewer services.

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Proprietary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, includes property taxes, grants, and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. Proceeds of long-term debt, financed purchase obligations, and acquisitions under capital leases are reported as other financing sources.

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The **Special Revenue Funds, non-major funds**, are used to account for and report the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted, committed or assigned to expenditures for specified purposes other than debt service. None of these funds have a legally adopted budget and any remaining fund balance is generally restricted for the purpose of the specific revenue sources. The City has the following nonmajor special revenue funds:

Hospitality Tax Fund	Police Department Donations Fund
Victims' Assistance Fund	Recreation Scholarships Fund
Drug Seizures Fund	

Proprietary Fund Types are accounted for based on the economic resources measurement focus and use of the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The City has one enterprise fund; it does not have any internal service funds.

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

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

The **Water and Sewer Fund, a major fund** and a budgeted fund, is used to account for the City's water and sewer operations.

CITY OF LIBERTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash, Cash Equivalents, and Investments

The City considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) are reported as investments.

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

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The City's cash and investment objectives are preservation of capital, liquidity, and yield. The City reports its cash and investments at fair value which is normally determined by quoted market prices.

The City does not and in the past year did not have any investments.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. *Restricted Assets*

The City established certain accounts for assets that are restricted for specific purposes, typically by outside parties or legal agreement. The major types of restrictions are those imposed by the revenue source (i.e., hospitality taxes, victims' assistance, drug seizures, road maintenance and bond indentures).

3. *Receivables and Payables*

During the course of its operations, the City has numerous transactions occurring between funds. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received as of year-end, balances of interfund amounts or payables have been recorded.

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

4. *Prepays*

Prepays are reported under the consumption method as they are recorded as an expense/expenditure at the time individual prepaid items are consumed. Prepays in the governmental funds are offset by a fund balance constraint (nonspendable) to reflect that portion of fund balance does not represent available expendable resources.

5. *Capital Assets*

General capital assets are those assets specifically related to activities reported in the governmental funds and generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the Water and Sewer Fund are reported both in the business-type activities column of the government-wide Statement of Net Position and in the fund financial statements.

The City defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if not purchased or constructed. Donated capital assets are recorded at estimated fair market value (as estimated by the City) at the date of donation. Further, the City considers renovations/improvements to buildings over \$25,000 and improvements to infrastructure over \$100,000 as capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. The City considers resurfacing of streets and parking lots to be normal maintenance that does not add to the value of these assets. The City has right to use assets (leased vehicles) and the related amortization on these assets is included with depreciation expense.

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

Buildings and Improvements	10 - 40 years
Water and Sewer Utility Systems	5 - 40 years
Machinery and Equipment	3 - 20 years
Vehicles	5 - 15 years

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. *Compensated Absences*

It is the City's policy to permit employees to accumulate earned but unused vacation leave and sick leave. Unused vacation leave is accumulated in varying amounts based on years and will be paid out upon separation of service in accordance with City policies. Unused sick leave will not be paid out upon separation of service.

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. The entire compensated absence liability and expense is reported on the government-wide financial statements. The portion applicable to the Water and Sewer Fund is also recorded in the proprietary fund financial statements. The governmental funds will also recognize a liability for compensated absences for terminations or retirements that occur prior to fiscal year end (if material).

7. *Accrued Liabilities and Long-Term Obligations*

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. The portion applicable to the Water and Sewer Fund is also recorded in the proprietary fund financial statements. If material, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method (as it approximates the effective interest method). Debt is reported net of applicable bond premiums and discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses when incurred.

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

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

8. *Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has one type of deferred outflows of resources. The City reports *deferred pension charges* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System (the "Plans"). These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has three types of deferred inflows of resources: (1) The City reports *unavailable revenues* only in the governmental funds Balance Sheet; they are deferred and recognized as inflows of resources (i.e., property tax revenues) in the period the amounts become available.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. *Deferred Outflows/Inflows of Resources (Continued)*

(2) The City reports *deferred lease revenue* on the governmental funds Balance Sheet and the government-wide Statement of Net Position; it is amortized in a systematic and rational method and recognized as an inflow of resources in future periods. (3) The City also reports *deferred pension credits* in its Statements of Net Position in connection with its participation in the Plans. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

9. *Fund Balance*

In accordance with GAAP, the City classifies its governmental fund balances as follows:

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

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

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

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. City Council has designated that the assignment of funds may be performed by the Mayor or City Administrator.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The City generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the City generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The City has formally adopted a fund balance policy requiring that 10% to 15% of the current year operating budget, excluding capital items, be available as unassigned fund balance.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not yet been expended is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments. The City considers the fees received for major sewer maintenance projects, less expenditures for these projects, as restricted net position as these fees were restricted by City resolution for that purpose.

11. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.B and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the City's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.

12. Accounting Estimates

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – BUDGETARY INFORMATION

The City utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

The City Council adopts an annual budget for the General Fund and the Water and Sewer Fund. The annual budget for the General Fund is prepared in accordance with the basis of accounting utilized by that fund. The budget for the Water and Sewer Fund is adopted under a basis consistent with GAAP, except that amortization is not considered. Additionally, cash outlay for debt principal and capital assets funded by operations are budgeted but treated differently in accordance with GAAP. After joint workshops with the City Council, which are open to the public, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means for financing them. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of an ordinance. Appropriations lapse at the end of each fiscal year.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – BUDGETARY INFORMATION
(CONTINUED)

The Mayor is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any fund or transfer amounts between departments must be approved by the City Council. The presented budgeted amounts are as originally adopted or as last amended by the City Council. There were no amendments to the budget for the year ended June 30, 2024.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2024, none of the City's bank balances of approximately \$2,471,000 (with a carrying value of approximately \$2,521,000) were exposed to custodial credit risk.

Investments

As of June 30, 2024, the City did not have any investments.

B. Receivables and Unavailable Revenues

Property Taxes and Unavailable Revenues

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

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

January 16 th	3%
February 2 nd	an additional 7%
March 17 th	an additional 5%

After proper notification, the law requires "exclusive possession" of property necessary to satisfy the delinquent taxes. Properties with unpaid taxes are sold at a public auction during the month of October. Vehicle property taxes attach a lien and are levied throughout the year depending on when the vehicles' license tags expire. The lien and collection date for motor vehicle taxes is the last day of the month in which the motor vehicle license expires.

The City's fiscal year 2024 real and business personal property taxes (which was for tax year 2023) were levied in October 2023 based on a millage rate of 93.1 mills (86.2 mills in the prior year) and were due beginning on that date. The City's assessed value of real and personal property was approximately \$12.5 million. Amounts collected by the County but not yet remitted to the City at year end are included in other receivables in the Balance Sheet and Statement of Net Position.

CITY OF LIBERTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

B. Receivables and Unavailable Revenues (Continued)

Property Taxes and Unavailable Revenues (Continued)

The City has recorded uncollected property taxes of approximately \$52,000 at June 30, 2024, which is net of an allowance for uncollectible taxes of approximately \$35,000. The City recognized outstanding delinquent property taxes of approximately \$2,000 as revenue in the current year because the amount was collected within 60 days after year end. The remaining delinquent property tax receivable of approximately \$50,000 has been recorded as unavailable revenue on the governmental funds balance sheet.

Accounts and Other Receivables

The City has the following accounts and other receivables as of June 30, 2024: (a) franchise fees and hospitality taxes totaling approximately \$63,000; (b) intergovernmental revenues from the State of South Carolina for local option sales taxes of approximately \$110,000; (c) amounts due from Pickens County for property tax collections and aid to subdivisions totaling approximately \$29,000; (d) amounts due from the School District of Pickens County for school resource officer fees of approximately \$30,000; (e) water and sewer grant receivable of approximately \$277,000; (f) amounts due from water and sewer customers of approximately \$213,000; and (g) approximately \$42,000 for other fees and miscellaneous items.

Lease Receivable and Deferred Lease Revenue

The City entered into an agreement with a tenant for the use of the City's property to operate a cell tower. The lease term is 60 months beginning on March 1, 2008 with five additional 60 month extensions and terminating on February 28, 2038. Monthly lease payments are \$800, and will increase 10% upon each extension.

In accordance with GASB #87 "Leases," the City's lease receivable was discounted to a net present value using a 3.25% interest rate, the prime rate at the inception of the lease. At June 30, 2024, the City reported a lease receivable and a corresponding deferred lease revenue of approximately \$156,000.

For the year ended June 30, 2024, the City received \$13,000 from the tenant, consisting of \$8,000 in lease revenue and \$5,000 in lease interest revenue. Future lease payments due to the City under the agreement are as follows:

Year Ended June 30,	Principal	Interest	Total
2025	\$ 7,702	5,076	\$ 12,778
2026	7,952	4,826	12,778
2027	8,211	4,567	12,778
2028	8,478	4,300	12,778
2029	10,031	4,024	14,055
2030-2034	56,668	15,015	71,683
2025-2038	57,128	4,716	61,844
Totals	<u>\$ 156,170</u>	<u>42,524</u>	<u>\$ 198,694</u>

CITY OF LIBERTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

C. Interfund Receivables and Payables

Interfund balances at June 30, 2024, consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
<u>Governmental Funds:</u>		
General Fund	\$ 297,849	\$ 381,967
Hospitality Tax Fund	-	42,794
Victims' Assistance Fund	8,719	-
Recreation Scholarships Fund	3,133	-
<u>Enterprise Fund:</u>		
Water and Sewer Fund	308,000	192,940
Totals	<u>\$ 617,701</u>	<u>\$ 617,701</u>

Amounts to be paid between funds are accounted for in the interfund receivable/payable accounts. The amount that the General Fund owes to the Water and Sewer Fund is related to the General Fund being unable to pay for all of its operations in prior years, and the City using cash from the Water and Sewer Fund. \$308,000 that the General Fund owed the Water and Sewer Fund will not be repaid within one year and thus is reflected as a noncurrent asset on the Water and Sewer Fund’s Balance Sheet as of June 30, 2024.

The remaining approximately \$308,000 that the Water and Sewer Fund owes the General Fund results from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF LIBERTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Balance
Governmental Activities:				
Capital Assets, Non-Depreciable:				
Land	\$ 266,125	-	-	266,125
Construction In Progress	53,779	-	(53,779)	-
Total Capital Assets, Non-Depreciable	319,904	-	(53,779)	266,125
Capital Assets, Depreciable:				
Buildings and Improvements	1,535,970	-	-	1,535,970
Infrastructure	2,071,480	107,558	-	2,179,038
Vehicles, Furniture and Equipment	1,211,047	38,850	-	1,249,897
Right to Use Asset - Leased Vehicles	293,579	-	-	293,579
Total Capital Assets, Depreciable	5,112,076	146,408	-	5,258,484
Less: Accumulated Depreciation for:				
Buildings and Improvements	1,302,665	34,337	-	1,337,002
Infrastructure	1,256,595	93,946	-	1,350,541
Vehicles, Furniture and Equipment	844,710	77,857	-	922,567
Right to Use Asset - Leased Vehicles	199,905	52,281	-	252,186
Total Accumulated Depreciation	3,603,875	258,421	-	3,862,296
Total Capital Assets, Depreciable, Net	1,508,201	(112,013)	-	1,396,188
Governmental Activities Capital Assets, Net	\$ 1,828,105	(112,013)	(53,779)	\$ 1,662,313

Depreciation expense for governmental activities was charged to functions/programs as follows:

Functions/Programs	Expense
General Government	\$ 29,803
Police	69,354
Public Works	101,560
Recreation	57,704
Total - Governmental Activities	\$ 258,421

CITY OF LIBERTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

D. Capital Assets (Continued)

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities					
Capital Assets, Non-Depreciable:					
Land	\$ 6,414	-	-	-	\$ 6,414
Construction In Progress	32,380	-	-	(32,380)	-
Total Capital Assets, Non-Depreciable	38,794	-	-	(32,380)	6,414
Capital Assets, Depreciable:					
Vehicles, Furniture and Equipment	602,515	-	-	-	602,515
Water Infrastructure	2,762,464	1,844,192	-	-	4,606,656
Sewer Infrastructure	5,773,170	1,045,643	-	32,380	6,851,193
Total Capital Assets, Depreciable	9,138,149	2,889,835	-	32,380	12,060,364
Less: Accumulated Depreciation for:					
Vehicles, Furniture and Equipment	451,488	46,558	-	-	498,046
Water Infrastructure	1,057,063	122,856	-	-	1,179,919
Sewer Infrastructure	2,239,177	193,682	-	-	2,432,859
Total Accumulated Depreciation	3,747,728	363,096	-	-	4,110,824
Total Capital Assets, Depreciable, Net	5,390,421	2,526,739	-	32,380	7,949,540
Business-Type Activities Capital Assets, Net	\$ 5,429,215	2,526,739	-	-	\$ 7,955,954

Depreciation expense for business-type activities was charged to functions as follows:

Functions/Programs	Expense
Water	\$ 155,569
Sewer	207,527
Total - Business-Type Activities	\$ 363,096

E. Long-Term Obligations

The City may issue bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City and are subject to the 8% debt limit requirement if not issued under a bond referendum. Revenue bonds are obligations of the City that are secured by revenue from a specific source. Financed purchase and capital lease obligations of the City are collateralized by the property underlying the obligation and are payable from the general revenues of the City. The full faith, credit, and taxing powers of the City are only pledged for the payment of general obligation bonds and the interest thereon. All of the City's indebtedness is considered to be direct borrowing / direct placement.

CITY OF LIBERTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

E. Long-Term Obligations (Continued)

Details on the City’s outstanding debt obligations as of June 30, 2024 are as follows:

Balance at
June 30, 2024

General Obligation Bonds

\$400,000 General Obligation Bond (GOB – Series 2020) issued in October 2020, due in annual installments of \$64,000 to \$69,000 beginning June 2021 through June 2026, plus interest 1.73% due annually. The proceeds for this issue were used for vehicles in governmental activities (\$330,000) and utility projects in business-type activities (\$70,000). \$ 137,000

Revenue Bonds

\$500,000 Water & Sewer System Revenue Bonds, Series 2021A (Series 2021A Water and Sewer RB). Proceeds from the Bonds were used to fund the upgrades to the City’s lift station and for new water meters. Bonds are due in annual installments of \$26,903 to \$40,638 beginning June 2022 through June 2036, plus interest at 2.99% due annually. Revenues from the water & sewer system are pledged to repay this indebtedness. 416,854

\$500,000 Water & Sewer System Revenue Bonds, Series 2021B (Series 2021B Water and Sewer RB). Proceeds from the Bonds were used to fund the upgrades to the City’s lift station and for new water meters. Bonds are due in annual installments of \$26,903 to \$40,638 beginning June 2022 through June 2036, plus interest at 2.99% due annually. Revenues from the water & sewer system are pledged to repay this indebtedness. 416,854

Financed Purchases

The City has entered into a financed purchase with local bank to finance the acquisition of a vehicle for its public works. The amount financed was \$145,000. The interest rate on this agreement is 2.20%, with annual payments (including interest) of \$22,577. This agreement matures in 2028. 85,551

The City has entered into a financed purchase with local bank to finance the acquisition of a vehicle for its public works. The amount financed was \$106,578. The interest rate on this agreement is 2.01%, with annual payments (including interest) of \$11,872. This agreement matures in 2032. 86,925

The City has entered into a lease purchase with local bank to finance the acquisition of a vehicle for its public works. The amount financed was \$109,234. The interest rate on this agreement is 1.30%, with annual payments (including interest) of \$22,706. This agreement matures in 2027. \$ 66,385

CITY OF LIBERTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

E. Long-Term Obligations (Continued)

Leases

The City has entered into an agreement with a company to lease three vehicles in the year ended June 30, 2020, which is being accounted for as a lease. The total cost of the vehicles was approximately \$103,000, with the City paying approximately \$15,000 up front and financing approximately \$88,000, with monthly payments of approximately \$1,600 for 60 months, which includes interest ranging from 2.91% to 4.14%. If the City is late making its required payments, the interest rate will be 18%. In the event the lease term for any vehicle ends prior to the last day of the scheduled term, the lessor will recalculate all fees due in accordance with the Rule of 78's. In addition to specified maintenance and insurance to be maintained on each vehicle through the lease term, the City will have to pay approximately \$3,000 per vehicle at the end of the lease term if they want to keep the vehicle. \$ 14,248

The City has entered into an agreement with a company to lease a vehicle in the year ended June 30, 2022, which is being accounted for as a lease. The total cost of the vehicle was approximately \$42,000, with the City paying approximately \$25,000 up front and financing approximately \$17,000, with monthly payments of approximately \$400 for 60 months, which includes interest of 5.40%. If the City is late making its required payments, the interest rate will be 18%. In the event the lease term for any vehicle ends prior to the last day of the scheduled term, the lessor will recalculate all fees due in accordance with the Rule of 78's. In addition to specified maintenance and insurance to be maintained on each vehicle through the lease term, the City will have to pay approximately \$2,000 for this vehicle at the end of the lease term if they want to keep the vehicle. \$ 10,441

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no City or Town shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such City or Town voting in favor of such further bonded debt. As of June 30, 2024, the City had \$137,000 of outstanding general obligation bonds subject to the 8% limit of approximately \$1,004,000 resulting in an unused legal debt margin of approximately \$867,000.

Resources from the General Fund have been used to liquidate the City's governmental activities long-term obligations. Resources from the Water and Sewer Fund have been used to liquidate the City's business-type activities long-term obligations.

CITY OF LIBERTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

E. Long-Term Obligations (Continued)

Presented below is a summary of changes in long-term obligations for the City for the year ended June 30, 2024:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Direct Borrowing/Placements:					
Financed Purchase - 2020	\$ 105,800	-	20,249	85,551	\$ 20,695
GOB - Series 2020	168,300	-	55,275	113,025	56,100
Financed Purchase - Backhoe	96,849	-	9,924	86,925	10,124
Financed Purchase - Roll Cart	87,948	-	21,563	66,385	21,843
Total Direct Borrowing/Placements	458,897	-	107,011	351,886	108,762
Leases:					
Lease - 2019	20,928	-	20,928	-	-
Lease - 2020	32,569	-	18,321	14,248	14,248
Lease - 2022	13,481	-	3,040	10,441	3,356
Total Leases:	66,978	-	42,289	24,689	17,604
Compensated Absences	59,522	41,715	29,552	71,685	35,591
Total Governmental Activities	\$ 585,397	41,715	178,852	448,260	\$ 161,957
Business-Type Activities:					
Direct Borrowing/Placements:					
GOB - Series 2020	\$ 35,700	-	11,725	23,975	\$ 11,900
Series 2021A Water & Sewer RB	445,390	-	28,536	416,854	29,389
Series 2021B Water & Sewer RB	445,390	-	28,536	416,854	29,389
Total Direct Borrowing/Placements	926,480	-	68,797	857,683	70,678
Compensated Absences	13,851	1,351	4,894	10,308	3,642
Total Business-Type Activities	\$ 940,331	1,351	73,691	867,991	\$ 74,320

Presented below is a summary of debt service requirements to maturity by year as of June 30, 2024:

Year Ended June 30,	Governmental Activities				Business-Type Activities			Total
	Direct Borrowing/Placements		Leases		Direct Borrowing/Placements			
	Principal	Interest	Principal	Interest	Principal	Interest		
2025	\$ 108,762	6,447	17,604	1,133	70,678	25,343	\$ 229,967	
2026	110,530	4,534	3,705	537	72,611	23,379	215,296	
2027	54,565	2,589	3,380	156	62,346	21,360	144,396	
2028	32,838	1,610	-	-	64,210	19,496	118,154	
2029	10,963	908	-	-	66,130	17,576	95,577	
2030 - 2034	34,228	1,385	-	-	361,516	57,014	454,143	
2034 - 2037	-	-	-	-	160,192	7,220	167,412	
Totals	\$ 351,886	17,473	24,689	1,826	857,683	171,388	\$ 1,424,945	

CITY OF LIBERTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. For all of these risks, the City is a member of the South Carolina Municipal Insurance Reserve Fund (“SCMIRF”), a public entity risk pool operating as a common risk management and insurance program for local governments for general risk. The City pays premiums to SCMIRF for this coverage. SCMIRF’s net position from its most recently issued audited financial statements at December 31, 2023 totaled approximately \$8,550,000. The City did not have any significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

The City has also joined together with other municipalities in the state to form the South Carolina Municipal Insurance Trust (“SCMIT”), a public entity risk pool operating as a common risk management and insurance program for workers’ compensation. The City pays premiums to SCMIT for this coverage. The Trust uses reinsurance agreements to reduce its exposure to large workers’ compensation losses. SCMIT’s net position from its most recently issued audited financial statements at December 31, 2023, totaled approximately \$43,867,000. The City did not have any significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

The City provides a health insurance program for its eligible employees. The City pays a monthly premium to the insurer for its health coverage (insured plan) with the insurer being responsible for claims. The City does not provide any health insurance or other postemployment benefits to its retirees.

B. State Retirement Plans

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

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

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

IV. OTHER INFORMATION (CONTINUED)

B. State Retirement Plans (Continued)

Plan Description

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

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

Plan Membership

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

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

Plan Benefits

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

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

IV. OTHER INFORMATION (CONTINUED)

B. State Retirement Plans (Continued)

Plan Benefits (Continued)

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

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

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

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, the SCRS and PORS (“Plans”) contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (“UAAL”) over a period that does not exceed the number of years scheduled in state statute. Effective July 1, 2017, employee rates were increased and capped at 9.00 percent for the SCRS and 9.75 percent for the PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both the SCRS and PORS until reaching 18.56 percent for the SCRS and 21.24 percent for the PORS. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA Board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

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

CITY OF LIBERTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

IV. OTHER INFORMATION (CONTINUED)

B. State Retirement Plans (Continued)

Plan Contributions (Continued)

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

	SCRS Rates	PORS Rates
	2024	2024
Employer Contribution Rate: ^		
Retirement*	18.41%	20.84%
Incidental Death Benefit	0.15%	0.20%
Accidental Death Contributions	0.00%	0.20%
	18.56%	21.24%
Employee Contribution Rate ^	9.00%	9.75%

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

The actual and required contributions to the SCRS and PORS were approximately \$132,000 and 147,000, respectively, for the year ended June 30, 2024 and include the nonemployer contributions noted below.

Nonemployer Contributions

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly (“State”) funded 1 percent of the SCRS and PORS contribution increases for the year ended June 30, 2024. The State’s budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund and the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended June 30, 2024 were approximately \$5,000 and \$10,000 for the SCRS and PORS, respectively. These contributions (on-behalf benefits) from the State were recognized as intergovernmental revenues and pension expenditures in the City’s governmental fund financial statements.

Actuarial Assumptions and Methods

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

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

CITY OF LIBERTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

IV. OTHER INFORMATION (CONTINUED)

B. State Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

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

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

* Includes inflation at 2.25%.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2023 (measurement date) for the SCRS and PORS.

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

* Includes inflation at 2.25%.

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

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

Long-Term Expected Rate of Return

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

CITY OF LIBERTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

IV. OTHER INFORMATION (CONTINUED)

B. State Retirement Plans (Continued)

Long-Term Expected Rate of Return (Continued)

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2023 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

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

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

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

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

The TPL is calculated by the Systems' actuary, and each Plans' fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plans' funding requirements.

At June 30, 2024, the City reported liabilities of approximately \$1,429,000 and \$1,077,000 for its proportionate share of the NPL for the SCRS and PORS, respectively. The NPL were measured as of June 30, 2023, and the TPL for the Plans used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2022 that was projected forward to the measurement date. The City's proportion of the NPL were based on a projection of the City's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined.

CITY OF LIBERTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

IV. OTHER INFORMATION (CONTINUED)

B. State Retirement Plans (Continued)

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

At the June 30, 2023 measurement date, the City's SCRS proportion was 0.005910 percent, which was a decrease of 0.000327 from its proportion measured as of June 30, 2022. At the June 30, 2023 measurement date, the City's PORS proportion was 0.03538 percent, which was a decrease of 0.00106 from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City recognized pension expense of approximately \$121,000 and \$136,000 for the SCRS and PORS, respectively. At June 30, 2024, the City reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 24,809	\$ 3,963
Change in Assumptions	21,893	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,956
Changes in Proportion and Differences Between the Employer's		
Contributions and Proportionate Share of Contributions	-	70,031
Employer Contributions Subsequent to the Measurement Date	131,157	-
Total SCRS	<u>177,859</u>	<u>75,950</u>
PORS		
Differences Between Expected and Actual Experience	50,686	13,278
Change in Assumptions	23,441	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,849
Changes in Proportion and Differences Between the Employer's		
Contributions and Proportionate Share of Contributions	23,682	5,837
Employer Contributions Subsequent to the Measurement Date	132,342	-
Total PORS	<u>230,151</u>	<u>20,964</u>
Total SCRS and PORS	<u>\$ 408,010</u>	<u>\$ 96,914</u>

Approximately \$132,000 and \$147,000 that were reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the NPL in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2025	\$ (4,340)	35,117	\$ 30,777
2026	(51,979)	(15,625)	(67,604)
2027	27,910	58,481	86,391
2028	(839)	(1,128)	(1,967)
Total	<u>\$ (29,248)</u>	<u>76,845</u>	<u>\$ 47,597</u>

CITY OF LIBERTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

IV. OTHER INFORMATION (CONTINUED)

B. State Retirement Plans (Continued)

The discount rate used to measure the TPL was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the sensitivity of the City’s proportionate share of the NPL of the Plans to changes in the discount rate, calculated using the discount rate of 7.00 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.00 percent) or 1% point higher (8.00 percent) than the current rate:

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City’s proportionate share of the net pension liability of the SCRS	\$ 1,846,319	1,428,934	\$ 1,082,018
City's proportionate share of the net pension liability of the PORS	1,519,320	1,077,033	714,747
Total	<u>\$ 3,365,639</u>	<u>2,505,967</u>	<u>\$ 1,796,765</u>

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for the SCRS and PORS. The ACFR is publicly available through the PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

Payable to Plans

The City reported a payable of approximately \$30,000 to the PEBA as of June 30, 2024, representing required employer and employee contributions for the month of June 2024 for the SCRS and PORS. This amount is included in Accrued Salaries and Fringe Benefits on the financial statements and was paid in July 2024.

C. Contingent Liabilities and Commitments

Litigation

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

Grants

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

CITY OF LIBERTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

IV. OTHER INFORMATION (CONTINUED)

C. Contingent Liabilities and Commitments (Continued)

Water and Wastewater Agreements

The City entered into an agreement with Pickens County Water Authority (the “Authority”) in 2006 to purchase water at a base rate of \$3,000 per month plus the cost of water that is purchased from the Greenville Water System. The City incurred a total of approximately \$248,000 for water purchase charges in the year ended June 30, 2024.

The City, along with the Town of Central, South Carolina, entered into a wastewater treatment agreement with Pickens County in 2005, whereas Pickens County will perform all wastewater treatment services for both the City and the Town of Central’s sewer customers. Each participant is required to pay its respective operations and maintenance charges and capital charges on a monthly basis throughout the life of the agreement. These charges are defined and established in the agreement. The agreement shall extend for as long as the system is capable of providing to the participants their reserved capacities, as defined in the agreement. The City incurred a total of approximately \$465,000 for these services and charges in the year ended June 30, 2024.

In September 2021, the City entered into an agreement in the amount of \$50,000 to become a member of the Pickens Regional Joint Water System (“PRJWS”). The City finds that becoming a member of the PRJWS and entering into an agreement to finance and develop a water treatment plant and related infrastructure is a means of obtaining the right to access a safe and abundant source of potable water capacity and is economically analogous to building a water treatment plant to provide the amount of potable water required by the City and its resident, and has the added benefit of obtaining local control over the source of water and will take advantage of economies of scale unavailable to the City acting alone.

D. Concentrations of Credit Risk

The Water and Sewer Fund grants credit to customers in Liberty, South Carolina. Accounts receivable are financial instruments that potentially subject the City to credit risk. The City generally only requires security deposits for its water and sewer customers who are renting their facilities. The City generally terminates services for accounts unpaid after 30 days for its water and sewer customers.

E. Tax Abatements

The City’s Tax Abatements

The City does not have any of its own significant tax abatement agreements.

Pickens County Tax Abatements

The City’s property tax revenues were reduced by approximately \$500 under agreements entered into by Pickens County.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LIBERTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE

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

YEAR ENDED JUNE 30, 2024

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH REVISED BUDGET
	ORIGINAL	REVISED		
REVENUES				
Taxes	\$ 963,909	963,909	1,006,500	\$ 42,591
Licenses and Permits	432,300	432,300	591,421	159,121
Franchise Fees	291,000	291,000	365,506	74,506
Fines and Forfeitures	100,000	100,000	81,847	(18,153)
Charges for Services	689,416	689,416	489,365	(200,051)
Shared Revenues	152,175	152,175	194,213	42,038
Miscellaneous	40,501	40,501	51,659	11,158
Grants	25,000	25,000	97,332	72,332
TOTAL REVENUES	2,694,301	2,694,301	2,877,843	183,542
EXPENDITURES				
Current:				
General Government	365,083	365,083	664,811	(299,728)
Police	1,474,924	1,474,924	1,201,373	273,551
Public Works	382,899	382,899	499,562	(116,663)
Recreation	338,333	338,333	461,186	(122,853)
Capital Outlay	-	-	60,894	(60,894)
Debt Service				
Principal	183,667	183,667	157,428	26,239
Interest and Other Charges	9,382	9,382	10,898	(1,516)
TOTAL EXPENDITURES	2,754,288	2,754,288	3,056,152	(301,864)
EXCESS OF REVENUES OVER EXPENDITURES	(59,987)	(59,987)	(178,309)	(118,322)
OTHER FINANCING SOURCES (USES)				
Transfers In	182,166	182,166	-	(182,166)
Transfers Out	(100,000)	(100,000)	-	100,000
TOTAL OTHER FINANCING SOURCES (USES)	82,166	82,166	-	(82,166)
CHANGES IN FUND BALANCE	22,179	22,179	(178,309)	(200,488)
FUND BALANCE, Beginning of Year	2,038,162	2,038,162	2,038,162	-
FUND BALANCE, End of Year	\$ 2,060,341	2,060,341	1,859,853	\$ (200,488)

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

Note: The City's actual expenditures exceeded the budget due to higher general government, public works, and recreation expenditures which were approved by the Council (but for which the budget was not amended).

CITY OF LIBERTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

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

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	Year Ended June 30,		2018	2017	2016	2015
					2020	2019				
City's Proportion of the Net Pension Liability	0.005910%	0.006237%	0.006333%	0.006404%	0.006229%	0.005502%	0.005526%	0.004710%	0.005582%	0.004752%
City's Proportionate Share of the Net Pension Liability	\$ 1,428,934	1,512,070	1,370,587	1,636,283	1,422,322	1,232,847	1,243,991	1,006,049	1,058,653	\$ 818,137
City's Covered Payroll	\$ 746,906	742,723	715,910	714,019	657,339	564,971	557,581	491,645	522,945	\$ 431,424
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	191.31%	203.58%	191.45%	229.17%	216.38%	218.21%	223.10%	204.63%	202.44%	189.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.65%	57.06%	60.75%	50.71%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%

Notes to Schedule:

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

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

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

CITY OF LIBERTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	Year Ended June 30,		2018	2017	2016	2015
					2020	2019				
Contractually Required Contribution	\$ 131,632	131,157	122,995	111,396	111,101	95,708	76,610	64,456	54,376	\$ 57,001
Contributions in Relation to the Contractually Required Contribution:										
Contributions from the City	126,979	126,504	118,342	106,743	106,448	91,055	71,957	64,456	54,376	57,001
Contributions from the State	4,653	4,653	4,653	4,653	4,653	4,653	4,653	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	\$ -
City's Covered Payroll	\$ 709,225	746,906	742,723	715,910	714,019	657,339	564,971	557,581	491,645	\$ 522,945
Contributions as a Percentage of Covered Payroll:	18.56%	17.56%	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%

Notes to Schedule:

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

CITY OF LIBERTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

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

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	Year Ended June 30,		2018	2017	2016	2015
					2020	2019				
City's Proportion of the Net Pension Liability	0.03538%	0.03432%	0.03439%	0.03495%	0.03383%	0.03491%	0.06753%	0.07665%	0.06603%	0.06284%
City's Proportionate Share of the Net Pension Liability	\$ 1,077,034	1,029,212	884,830	1,160,305	969,549	989,231	1,850,053	1,944,208	1,439,209	\$ 1,202,930
City's Covered Payroll	\$ 619,909	543,127	517,122	528,558	490,691	483,227	830,234	937,292	808,213	\$ 755,749
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	173.74%	189.50%	171.11%	219.52%	197.59%	204.71%	222.84%	207.43%	178.07%	159.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.79%	66.45%	70.37%	58.79%	62.69%	61.73%	60.94%	60.44%	64.57%	67.55%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year
The City implemented GASB #68/71 during the year ended June 30, 2015. Information before 2015 is not available
The discount rate was lowered from (a) 7.25% beginning with the year ended June 30, 2021 measurement date and (b) 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date

CITY OF LIBERTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF CONTRIBUTIONS
POLICE OFFICERS RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	Year Ended June 30,		2018	2017	2016	2015
					2020	2019				
Contractually Required Contributor	\$ 146,566	125,470	104,498	94,323	96,409	84,595	78,476	118,225	128,784	\$ 109,249
Contributions in Relation to the Contractually Required Contribution:										
Contributions from the City	136,520	115,424	94,452	84,277	86,363	74,549	68,430	118,225	128,784	109,249
Contributions from the State	10,046	10,046	10,046	10,046	10,046	10,046	10,046	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	\$ -
City's Covered Payroll	\$ 690,047	619,909	543,128	517,122	528,558	490,691	483,227	830,234	937,292	\$ 800,744
Contributions as a Percentage of Covered Payroll:	21.24%	20.24%	19.24%	18.24%	18.24%	17.24%	16.24%	14.24%	13.74%	13.64%

Notes to Schedule:

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

SUPPLEMENTARY INFORMATION

CITY OF LIBERTY, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL - GENERAL FUND**

YEAR ENDED JUNE 30, 2024

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES			
Taxes:			
Property Taxes	\$ 512,909	434,527	\$ (78,382)
Local Option Sales Tax	451,000	571,973	120,973
Total Taxes	963,909	1,006,500	42,591
Licenses and Permits:			
Business Licenses	115,000	150,895	35,895
MASC Insurance Business Licenses	310,000	409,773	99,773
Building and Other Permits	7,300	30,753	23,453
Total Licenses and Permits	432,300	591,421	159,121
Charges for Services:			
Sanitation Fees	280,000	301,337	21,337
Recreation Department	57,800	14,600	(43,200)
School Resource Officer	179,850	160,650	(19,200)
Cell Tower Rent	11,616	12,778	1,162
Total Charges for Services	689,416	489,365	(200,051)
Franchise Fees:			
Electricity	215,000	239,158	24,158
Fort Hill Natural Gas	65,000	119,470	54,470
Northland	11,000	6,878	(4,122)
Total Franchise Fees	291,000	365,506	74,506
Fines and Forfeitures:			
Court Fines	100,000	81,847	(18,153)
Total Fines and Forfeitures	100,000	81,847	(18,153)
Shared Revenues:			
Homestead Exemption	53,000	55,464	2,464
Manufacturer's Tax Exemption	10,000	44,726	34,726
Aid to Subdivisions	79,475	83,862	4,387
Merchant Inventory	4,500	3,324	(1,176)
Housing Authority in Lieu of Taxes	5,200	6,837	1,637
Total Shared Revenues	152,175	194,213	42,038
Miscellaneous:			
Miscellaneous	40,501	51,659	11,158
Total Miscellaneous	40,501	51,659	11,158
Grants	25,000	97,332	72,332
TOTAL REVENUES	\$ 2,694,301	2,877,843	\$ 183,542

(Continued)

CITY OF LIBERTY, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2024

	REVISED BUDGET	ACTUAL	VARIANCE
EXPENDITURES			
General Government:			
Salaries	\$ 111,152	138,809	\$ (27,657)
Employee Benefits	44,531	76,757	(32,226)
Operating Expenditures	209,400	449,247	(239,847)
Capital Outlay	-	22,042	(22,042)
	<u>365,083</u>	<u>686,855</u>	<u>(321,772)</u>
Police:			
Salaries	870,306	704,976	165,330
Employee Benefits	313,068	269,505	43,563
Operating Expenditures	291,550	226,892	64,658
	<u>1,474,924</u>	<u>1,201,373</u>	<u>273,551</u>
Public Works:			
Salaries	76,575	111,161	(34,586)
Employee Benefits	98,829	46,395	52,434
Operating Expenditures	207,495	342,006	(134,511)
	<u>382,899</u>	<u>499,562</u>	<u>(116,663)</u>
Recreation:			
Salaries	159,520	155,108	4,412
Employee Benefits	39,863	69,610	(29,747)
Operating Expenditures	138,950	236,468	(97,518)
Capital Outlay	-	38,850	(38,850)
	<u>338,333</u>	<u>500,036</u>	<u>(161,703)</u>
Debt Service:			
Principal	183,667	157,428	26,239
Interest and Other Charges	9,382	10,898	(1,516)
	<u>193,049</u>	<u>168,326</u>	<u>24,723</u>
TOTAL EXPENDITURES	<u>2,754,288</u>	<u>3,056,152</u>	<u>(301,864)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(59,987)</u>	<u>(178,309)</u>	<u>(118,322)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	182,166	-	(182,166)
Transfers Out	(100,000)	-	100,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>82,166</u>	<u>-</u>	<u>(82,166)</u>
CHANGES IN FUND BALANCE	22,179	(178,309)	(200,488)
FUND BALANCE, Beginning of Year	<u>2,038,162</u>	<u>2,038,162</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ 2,060,341</u>	<u>1,859,853</u>	<u>\$ (200,488)</u>

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CITY OF LIBERTY, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2024

	HOSPITALITY TAX FUND	VICTIMS' ASSISTANCE FUND
ASSETS		
Restricted Cash and Cash Equivalents	\$ 273,763	14,482
Receivables	12,059	-
Due from Other Funds	-	8,719
Prepays	47,800	-
TOTAL ASSETS	\$ 333,622	23,201
LIABILITIES		
Accounts Payable	\$ 10,167	-
Due To Other Funds	42,794	-
TOTAL LIABILITIES	52,961	-
FUND BALANCES		
Nonspendable:		
Prepays	47,800	-
Restricted:		
Recreation and Tourism	232,861	-
Victims' Assistance	-	23,201
Local Law Enforcement	-	-
TOTAL FUND BALANCES	280,661	23,201
TOTAL LIABILITIES AND FUND BALANCES	\$ 333,622	23,201

DRUG SEIZURES FUND	POLICE DEPARTMENT DONATIONS FUND	RECREATION SCHOLARSHIPS FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
3,910	10,710	6,250	\$ 309,115
-	-	-	12,059
-	-	3,133	11,852
-	-	-	47,800
3,910	10,710	9,383	\$ 380,826
-	-	-	\$ 10,167
-	-	-	42,794
-	-	-	52,961
-	-	-	47,800
-	-	9,383	242,244
-	-	-	23,201
3,910	10,710	-	14,620
3,910	10,710	9,383	327,865
3,910	10,710	9,383	\$ 380,826

CITY OF LIBERTY, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION

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

YEAR ENDED JUNE 30, 2024

	HOSPITALITY TAX FUND	VICTIMS' ASSISTANCE FUND
REVENUES		
Hospitality Taxes	\$ 150,065	-
Fines and Forfeitures	-	9,564
Donations	-	-
TOTAL REVENUES	150,065	9,564
EXPENDITURES		
Current:		
General Government	51,922	-
Police	-	13,090
Recreation	57,339	-
TOTAL EXPENDITURES	109,261	13,090
CHANGES IN FUND BALANCES	40,804	(3,526)
FUND BALANCES, Beginning of Year	239,857	26,727
FUND BALANCES, End of Year	\$ 280,661	23,201

DRUG SEIZURES FUND	POLICE DEPARTMENT DONATIONS FUND	RECREATION SCHOLARSHIPS FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
-	-	-	\$ 150,065
-	-	-	9,564
-	3,208	7,655	10,863
-	3,208	7,655	170,492
-	-	-	51,922
-	-	-	13,090
-	-	-	57,339
-	-	-	122,351
-	3,208	7,655	48,141
3,910	7,502	1,728	279,724
3,910	10,710	9,383	\$ 327,865

CITY OF LIBERTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2024

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected			180,836	180,836
Court fines and assessments remitted to State Treasurer			(89,672)	(89,672)
Total Court Fines and Assessments retained			91,164	91,164
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			1,905	1,905
Assessments retained			7,659	7,659
Total Surcharges and Assessments retained for victim services			9,564	9,564

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	26,727		26,727
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	7,659		7,659
Victim Service Surcharges Retained by City/County Treasurer	1,905		1,905
Interest Earned			
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund			
Contribution Received from Victim Service Contracts:			
(1) Town of			
(2) Town of			
(3) City of			
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	36,291		36,291
Expenditures for Victim Service Program:	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	6,426		6,426
Operating Expenditures	6,664		6,664
Victim Service Contract(s):			
(1) Entity's Name			
(2) Entity's Name			
Victim Service Donation(s):			
(1) Domestic Violence Shelter:			
(2) Rape Crisis Center:			
(3) Other local direct crime victims service agency:			
Transferred to General Fund			
Total Expenditures from Victim Service Fund/Program (B)	13,090		13,090
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	23,201		23,201
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	23,201		23,201



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

To the City Council
City of Liberty, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Liberty, South Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Liberty, South Carolina's basic financial statements, and have issued our report thereon dated March 5, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Liberty, South Carolina's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Liberty, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Liberty, 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 City of Liberty, 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 on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Love Bailey & Associates, LLC

Love Bailey & Associates, LLC

Laurens, South Carolina

March 5, 2025