TOWN OF FORT MILL,
SOUTH CAROLINA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

TOWN OF FORT MILL, SOUTH CAROLINA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

TABLE OF CONTENTS

	Page Number
INTRODUCTORY SECTION	
Principal Officials	i
FINANCIAL SECTION	
Independent Auditor's Report	1 - 4
Management's Discussion and Analysis	5 - 13
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Position - Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22 and 23
Notes to Financial Statements	24 - 70
Required Supplementary Information:	
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	71
ARPA Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	72
Schedule of Town's Proportionate Share of the Net Pension Liability	73
Schedule of Town Contributions	74 and 75
Other Supplementary Information:	
Schedule of Detailed Revenues, Expenditures, and Changes in Fund Balances – Final Budget (GAAP Basis) and Actual – General Fund	76 - 79
Combining Balance Sheet – Nonmajor Governmental Funds	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	81
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual – Gross Revenue Fund	82 - 84
Uniform Schedule of Court Fines, Assessments and Surcharges (Per ACT 96)	85 and 86

TABLE OF CONTENTS (CONTINUED)

Page Number

COMPLIANCE SECTION

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* ..... 87 and 88

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance ..... 89 - 91

Schedule of Expenditures of Federal Awards 92

Notes to the Schedule of Expenditures of Federal Awards 93

Schedule of Findings and Questioned Costs ..... 94 - 98

Schedule of Prior Year Findings 99

Management's Corrective Action Plan ..... 100 and 101

INTRODUCTORY SECTION

TOWN OF FORT MILL, SOUTH CAROLINA

PRINCIPAL OFFICIALS
YEAR ENDED SEPTEMBER 30, 2024

Established 1873

MAYOR

Guynn H. Savage

TOWN COUNCIL MEMBERS

Ward 1 – Allen Garrison
Ward 2 – Ronald Helms, Mayor Pro-Tem
Ward 3 – Ben Hudgins
Ward 4 – Chris Moody
At Large – Lisa Cook
At Large – Chris Wolfe

TOWN MANAGER

Cary Vargo

ASSISTANT TOWN MANAGER / CFO

Eric Davis

FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

Independent Auditor's Report

The Honorable Mayor and Members
of the Town Council
Fort Mill, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Town of Fort Mill, South Carolina** (the "Town"), as of and for the year ended September 30, 2024 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 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 Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 5 through 13), the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund (on pages 71), the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – ARPA Fund (on page 72), the Schedule of Town's Proportionate Share of the Net Pension Liability (on page 73), and the Schedule of Town Contributions (on pages 74 through 75) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Schedule of Detailed Revenues, Expenditures, and Changes in Fund Balances – General Fund – Final Budget (GAAP Basis) and Actual, the Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual – Gross Revenue Fund, the combining and individual nonmajor fund financial statements and schedules, the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96), as required by the State of South Carolina, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (collectively, the "supplementary information"), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2025, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Fort Mill, South Carolina's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Columbia, South Carolina
June 24, 2025

TOWN OF FORT MILL, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2024

As management of the Town of Fort Mill (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended September 30, 2024 ("FY 2024" or "2024") compared to the year ended September 30, 2023 ("FY 2023 or "2023"). The intent of this management's discussion and analysis (MD&A) is to look at the Town's financial performance as a whole. We would encourage readers to not only consider the information presented here but also the information provided in the financial statements and the notes to the financial statements to enhance their understanding of the Town's overall financial performance.

FINANCIAL HIGHLIGHTS

- In the Statement of Net Position, the Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent year by approximately $223,968,000. Of this amount, approximately $65,325,000 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by approximately $45,454,000 (an increase of approximately $39,217,000 from governmental activities and an increase of approximately $6,237,00 from business-type activities), as total revenues of approximately $90,857,000 exceeded total expenses of approximately $45,403,000.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of approximately $95,848,000, an increase of approximately $40,779,000 from the prior year amount. Of this total amount, 41%, or approximately $39,753,000, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was approximately $39,753,000, or 127% of total General Fund expenditures for 2024.
- The Town's total capital assets increased by approximately $26,703,000 (13%) during the current fiscal year to approximately $201,236,000, which was due to capital asset additions of approximately $33,806,000, offset by depreciation expense of approximately $7,053,000 and net disposals of approximately $66,800.
- The Town's long-term obligations increased by approximately $26,326,000 (36%) during the current fiscal year to approximately $99,679,000 due to the additional Revenue Purchase Bonds of approximately $30,000,000 for the acquisition of a new Town Hall, and accounting for lease and subscription payables.
- From 2017 to 2022, the Town was distributed too much heavy equipment rental surcharges by the South Carolina Department of Revenue. As a result, the Town reports a restricted fund balance of approximately $5,525,000 in the General Fund as of September 30, 2024. This was a decrease of approximately $1,381,000 from the prior year balance due to the Town paying back the overpayment in installments. Additional information can be found in Note 10 of the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Statements

The financial statements include two kinds of statements that present different views of the Town. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Town's assets and deferred outflows of resources ("deferred outflows") and liabilities and deferred inflows of resources ("deferred inflows"), with the differences between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as general government, judicial, public works, public safety, culture and recreation, and community development. Taxes, business licenses, permits, and intergovernmental revenues finance most of these activities. The business-type activities are water/sewer and stormwater services that the Town charges customers to provide. The government-wide financial statements can be found as listed in the table of contents of this report.

Fund Financial Statements

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

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

The Town maintains ten individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenue, expenditures, and changes in fund balances for the General Fund, the Capital Projects Fund, Installment Purchase Revenue Bonds Fund, and the ARPA Fund, as they are major funds. Data from the other non-major governmental funds is provided in the form of combining schedules elsewhere in this report. The governmental funds financial statements can be found as listed in the table of contents of this report.

Proprietary Funds – The Town maintains one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its Water/Sewer and Stormwater operations. The proprietary fund financial statements can be found as listed in the table of contents of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

Other Information – In addition to the financial statements and accompanying notes, this report also includes supplementary information. Regarding the Town's major funds, the Town adopts an annual budget for its General Fund and Gross Revenue Fund. The Town also adopted a budget for the ARPA Fund in FY 2024. A budgetary comparison schedule has been provided as required supplementary information for the General Fund to demonstrate compliance with its budget. A budgetary comparison schedule has also been provided as required supplementary information for the ARPA fund. Required pension schedules have been included which provide relevant information regarding the Town's participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. Required supplementary information can be found as listed in the table of contents. In addition, the Town has provided other budgetary and supplemental schedules for most of the remaining funds as listed in the table of contents of this report.

Figure A-1 - Major Features of the Town's Government-wide and Fund Financial Statements

		Fund Financial Statements	
	Government-wide Financial Statements	Governmental Funds	Proprietary Funds
Scope	Entire Town	The activities of the Town that are not proprietary.	Activities the Town operates similar to private businesses.
Required financial statements	▪ Statement of Net Position ▪ Statement of Activities	▪ Balance Sheet. ▪ Statement of Revenues, Expenditures, and Changes in Fund Balances.	▪ Statement of Net Position. ▪ Statement of Revenues, Expenses, and Changes in Fund Net Positions. ▪ Statement of Cash Flows.
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.
Type of Balance Sheet Information	All assets and deferred outflows and liabilities and deferred inflows, both financial and capital, and short-term and long-term.	Only assets and deferred outflows expected to be used and liabilities and deferred inflows that come due during the year or soon, thereafter; no capital assets or long-term liabilities included.	All assets and deferred outflows and liabilities and deferred inflows, both financial and capital, and short-term and long-term.
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

The Town's Net Position

	Governmental Activities 2024	Business-type Activities 2024	Total 2024	Governmental Activities 2023	Business-type Activities 2023	Total 2023
Current and other assets	$ 99,120,341	$ 48,709,686	$ 147,830,027	$ 61,790,982	$ 43,151,730	$ 104,942,712
Capital assets	102,783,845	98,453,699	201,237,544	75,385,150	99,149,211	174,534,361
Total assets	201,904,186	147,163,385	349,067,571	137,176,132	142,300,941	279,477,073
Deferred outflows of resources	3,479,591	357,884	3,837,475	1,762,785	234,340	1,997,125
Long-term liabilities	39,680,034	59,999,386	99,679,420	4,005,668	62,298,419	66,304,087
Net pension liability	18,866,361	3,502,850	22,369,211	17,771,770	3,412,727	21,184,497
Other liabilities	3,612,902	1,389,416	5,002,318	9,572,744	1,863,185	11,435,929
Total liabilities	62,159,297	64,891,652	127,050,949	31,350,182	67,574,331	98,924,513
Deferred inflows of resources	1,628,633	257,272	1,885,905	1,262,687	241,746	1,504,433
Net position:						
Net investment in capital assets	75,967,297	38,568,129	114,535,426	71,664,040	36,721,930	108,385,970
Restricted	42,139,647	1,968,096	44,107,743	17,014,805	6,025,807	23,040,612
Unrestricted	23,488,903	41,836,120	65,325,023	17,647,203	31,971,467	49,618,670
Total net position	$ 141,595,847	$ 82,372,345	$ 223,968,192	$ 106,326,048	$ 74,719,204	$ 181,045,252

The Town's total assets increased by approximately $69,590,000, or 25%, over the prior year. This increase was primarily due to an increase in capital assets of approximately $26,703,000 and an increase in current and other assets of approximately $42,887,000. Total liabilities at September 30, 2024 increased by approximately $28,126,000 from the prior year. This increase is primarily due to an increase in long-term obligations of approximately $33,375,000, and an increase in the net pension liability of approximately $1,185,000, and a decrease in other liabilities of approximately $6,434,000. The government's net position increased by approximately $42,923,000 during the current fiscal year as a result of current year revenues exceeding current year expenses. Please see discussion following the next table regarding this increase.

As noted earlier, net position, over time, may serve as a useful indicator of a government's financial position. The Town's assets and deferred outflows exceeded liabilities and deferred inflows by approximately $223,968,000 at the close of the most recent fiscal year. By far the largest portion of the Town's net position (approximately $114,535,000 or 51%) reflects its investment in capital assets (i.e., land, buildings, furniture and equipment, infrastructure, etc.) less any related outstanding debt (including capital leases and financed purchases) used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt (including capital leases and financed purchases) must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

An additional portion of the Town's net position (approximately $44,108,000 or 20%) represents resources that are subject to external restrictions on how they may be used. This net position is restricted primarily for tourism related costs, future debt service payments, and capital projects (impact fees). The remaining balance is unrestricted net position (approximately $65,325,000 or 29%) which may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation was true in the prior fiscal year as well.

The following table shows the changes in net position for 2024 compared to 2023.

The Town's Changes in Net Position

	Governmental Activities 2024	Business-type Activities 2024	Total 2024	Governmental Activities 2023	Business-type Activities 2023	Total 2023
Revenues:						
Program revenues:						
Charges for services	$ 7,748,265	$ 19,787,847	$ 27,536,112	$ 7,423,143	$ 18,953,657	$ 26,376,800
Operating grants and contributions	4,027,439	-	4,027,439	503,481	-	503,481
Capital grants and contributions	25,279,161	-	25,279,161	12,831,419	3,212,922	16,044,341
General revenues:						
Property taxes	17,678,844	-	17,678,844	14,399,618	-	14,399,618
Hospitality & Accommodations Taxes	2,519,784	-	2,519,784	2,740,601	-	2,740,601
Business licenses	5,902,725	-	5,902,725	5,335,052	-	5,335,052
Unrestricted intergovernmental	971,506	397,818	1,369,324	1,023,719	-	1,023,719
Unrestricted investment income	3,004,267	2,407,583	5,411,850	117,319	238,551	355,870
Miscellaneous	1,123,941	7,651	1,131,592	417,502	34,181	451,683
Total revenues	68,255,932	22,600,899	90,856,831	44,791,854	22,439,311	67,231,165
Expenses:						
General government	6,577,617	-	6,577,617	5,606,114	-	5,606,114
Judicial	233,003	-	233,003	198,094	-	198,094
Public works	4,518,297	-	4,518,297	5,201,684	-	5,201,684
Public safety	15,193,255	-	15,193,255	12,983,564	-	12,983,564
Culture and recreation	2,243,170	-	2,243,170	1,962,543	-	1,962,543
Community development	816,228	-	816,228	598,321	-	598,321
Interest on long-term debt	1,163,814	-	1,163,814	85,877	-	85,877
Water/Sewer	-	13,620,880	13,620,880	-	14,206,065	14,206,065
Stormwater	-	1,036,600	1,036,600	-	900,718	900,718
Total expenses	30,745,384	14,657,480	45,402,864	26,636,197	15,106,783	41,742,980
Increase in net position before transfers	37,510,548	7,943,419	45,453,967	18,155,657	7,332,528	25,488,185
Transfers	1,706,084	(1,706,084)	-	1,485,563	(1,485,563)	-
Change in net position	39,216,632	6,237,335	45,453,967	19,641,220	5,846,965	25,488,185
Net position, as previously reported	106,326,048	74,719,204	181,045,252	86,684,828	68,872,239	155,557,067
Restatement for correction of errors	(3,946,833)	1,415,806	(2,531,027)	-	-	-
Net position, as adjusted	102,379,215	76,135,010	178,514,225	86,684,828	68,872,239	155,557,067
Net position, ending	$ 141,595,847	$ 82,372,345	$ 223,968,192	$ 106,326,048	$ 74,719,204	$ 181,045,252

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities: Revenues and transfers in exceeded expenses by approximately $39,217,000 in 2024 for its governmental activities. Revenues and transfers in increased over the prior year by approximately $23,685,000 to approximately $69,962,000 primarily due to increases in operating grants and contributions of approximately $3,524,000, capital grants and contributions of approximately $12,448,000, property taxes of approximately $3,279,000, investment income of approximately $2,887,000, miscellaneous income of approximately $706,000, and transfer in of approximately $221,000. Expenses increased by approximately $4,109,000 from the prior year to approximately $30,745,000, primarily due to higher general government expenses of approximately $972,000, higher public safety expenses of approximately $2,210,000, higher culture and recreation expenses of approximately $281,000, higher community development expenses of approximately $218,000, and higher interest on long-term debt of approximately $1,078,000.

Business-type Activities: Revenues exceeded expenses and transfers out by approximately $6,237,000 for 2024 for its business-type activities. Revenues increased by approximately $162,000 from the prior year to approximately $22,601,000 primarily due to increases in charges for water, sewer and stormwater services of approximately $834,000 increase in investment income of approximately $2,169,000, and a decrease in capital grants and contributions of approximately $3,213,000. Expenses and transfers out decreased by approximately $229,000 to approximately $16,364,000 primarily due to lower interest on debt, depreciation expense, and water purchases.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balance of approximately $95,848,000, an increase of approximately $40,780,000 from the prior year amount. Approximately 41% of this total amount (approximately $39,753,000) constitutes unassigned fund balances, which is available for spending at the government's discretion. The remainder of the fund balance is non-spendable related to prepaids, assigned for capital projects and community development, inventory, and department of revenue payments. The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the total fund balance was approximately $46,945,000. As a measure of the General Fund's liquidity, it may be useful to compare total unassigned fund balance to total General Fund expenditures. The total unassigned fund balance of the General Fund of approximately $39,753,000 represents approximately 127% of total General Fund expenditures for 2024. The net increase in the fund balance of the General Fund was approximately $12,996,000 during the current year. General Fund revenues increased over the prior year by approximately $5,240,000 to approximately $32,903,000 primarily due to increases in tax revenues of approximately $3,250,000 (increase in millage and assessed values), charges for service of approximately $351,000 (mostly garbage and athletics revenues), miscellaneous of approximately $681,000, and fines and fees of approximately $466,000. General Fund expenditures increased by approximately $7,313,000 from the prior year to $31,253,000 primarily due to higher public safety expenditures of approximately $2,992,000, public works expenditures of approximately $535,000, capital outlay expenditures of approximately $794,000, and general government expenditures of approximately $2,782,000. In addition, the total fund balances of the Capital Projects Fund, Installment Purchase revenue Bonds Fund, ARPA Fund, and non-major special revenue funds increased by approximately $27,783,000. Highlights for all of the remaining governmental funds were as follows:

- The Town incurred capital outlay expenditures in the Capital Projects Fund of approximately $839,000.
- The Town transferred approximately $8,959,000 of lost revenue previously recognized in the ARPA Fund to the General Fund for the premium pay and other expenditures related to the COVID pandemic.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (CONTINUED)

- The Town collected approximately $2,650,000 and $972,000 in accommodation/hospitality taxes and impact fees in 2024, respectively.
- The Town issued Installment Purchase Revenue Bonds of approximately $30,279,000. The Town had spent approximately $23,515,000 of that as of September 30,2024. These funds facilitated the acquisition and renovation of the former Springs Industries corporate headquarters in the downtown area and will serve as the Town's new Police Department and Town Hall.

Proprietary Funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Net position of the Town's Water & Sewer Fund (an enterprise fund) at the end of the fiscal year amounted to approximately $80,421,000. Net position of the Town's Stormwater Fund (an enterprise fund) at the end of the fiscal year amounted to approximately $1,951,000. Factors concerning the operation of these funds have already been addressed in the discussion of the Town's business-type activities.

Budgetary Highlights

The Town's General Fund budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Town had a budget amendment of $450,000 during FY 2024 to increase Interest Income. General Fund revenues were higher than budgeted expectations by approximately $1,895,000 or 6% primarily due to higher than budgeted taxes by approximately $1,199,000, miscellaneous revenues by approximately $613,127, and interest income revenues by approximately $99,873. General Fund expenditures were less than budgeted expectations by approximately $4,740,000 or 13%, primarily due to most of the departments being under budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: The Town's investment in capital assets for its governmental and business–type activities as of September 30, 2024, was approximately $102,784,000 and $98,454,000, respectively (net of accumulated depreciation). These capital assets include land, construction in progress, land improvements, infrastructure, buildings and improvements, equipment, vehicles, and right-to-use assets. The capital assets (net of accumulated depreciation) as of September 30, 2024, were as follows:

The Town's Capital Assets (net of depreciation)

	Governmental Activities	Business-type Activities	Total
Land	$ 12,179,023	$ 832,805	$ 13,011,828
Construction in progress	24,323,020	419,279	24,742,299
Land improvements	1	-	1
Infrastructure	34,087,355	42,139,769	76,227,124
Building and building improvements	26,294,224	52,393,653	78,687,877
Equipment	1,856,123	1,484,303	3,340,426
Vehicles	2,946,156	1,037,252	3,983,408
Right-to-use lease assets	834,001	-	834,001
Right-to-use subscription assets	263,942	146,638	410,580
	$ 102,783,845	$ 98,453,699	$ 201,237,544

Major capital asset events during the current year include:

- Additional construction in progress of approximately $25,620,000 (new government buildings, water/sewer system, parks, etc.).
- Construction in progress for buildings & improvements placed into service of approximately $23,357,000.
- Purchase of vehicles for approximately $1,484,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

- Purchase of equipment for approximately $1,014,000.
- Additions of infrastructure of approximately $4,140,000, of which $1,689,000 was donated to the Town.
- Depreciation expense of approximately $7,053,000.

Additional information on the Town's capital assets can be found in Notes 1 and 6 of the financial statements.

Long-term Debt: The Town's long-term obligations for its governmental and business–type activities as of September 30, 2024, were approximately $39,105,000 and $59,886,000, respectively. These long-term obligations include general obligation bonds, revenue bonds, state revolving fund (SRF) loan, financed purchases, debt premiums, leases, subscriptions, and intergovernmental payables. The long-term obligations as of September 30, 2024 and 2023 were as follows:

The Town's Outstanding Debt and Other Long-term Obligations

	Governmental Activities		Businesss-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General Obligation bonds	$ 2,231,247	$ 2,633,445	$ -	$ -	$ 2,231,247	$ 2,633,445
Financed purchases	-	95,188	-	-	-	95,188
Revenue bonds and SRF Loan	-	-	59,761,163	62,203,391	59,761,163	62,203,391
Installment Purchase Revenue bonds	30,278,743	-	-	-	30,278,743	-
Intergovernmental Payable - DOR	5,524,818	6,906,022	-	-	5,524,818	6,906,022
Leases	846,699	827,329	-	-	846,699	827,329
Subscriptions	223,932	-	124,407	-	348,339	-
Total debt	$ 39,105,439	$ 10,461,984	$ 59,885,570	$ 62,203,391	$ 98,991,009	$ 72,665,375

The Town's long-term obligations increased by approximately $26,326,000 during the current fiscal year primarily due to installment purchase revenue bonds of approximately $30,279,000, offset by a decrease to the Town's general obligation bonds of approximately $402,000, a decrease to the 2019A State Revolving Fund of approximately $2,442,000, and a decrease to the DOR payable of approximately $1,381,000.

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The Town's statutory debt limit at September 30, 2024 was approximately $14,789,000. The legal debt margin was approximately $12,558,000. Additional information regarding the Town's long-term obligations can be found in Note VII in the notes to the financial statements.

ECONOMIC FACTORS

The Town is located within the Charlotte Metropolitan Statistical Area (MSA) in the Southeastern region of the United States. The Town continues to be one of the fastest growing municipalities in the state, region, and nation. Construction activity in the Town continues to be strong with permits being issued on over $137 million worth of construction projects. Town officials expect to see strong construction activity over the next reporting period and into the next decade.

ECONOMIC FACTORS (CONTINUED)

The Town's revenues and population will continue to increase. As of the latest US Census Bureau Population Estimates (July 1, 2024), the Town had an official Census population estimate of 36,244 residents. The Town's population had increased 47.8% since the 2020 Census and 235.3% since the 2010 Census. The town's population is projected to surpass 40,000 residents in the next few years. This growth rate is significantly higher than the growth rates of the state and nation.

The average education level for the Town residents age 25+ is higher than both the state and national average, with 97.6% of all residents possessing at least a high school diploma, and 58.1% with a bachelor's degree or higher. The median household income of $127,537 exceeds the state median by 90.9%. The median value of all owner-occupied homes was $457,000 in 2023 and is projected to increase over the coming years.

Economic development activities in the next reporting period are expected to be strong. Major commercial centers continue to see activity within the Town, including a continued revitalization of the historic downtown. One of the Town's newest commercial corridors, Fort Mill Parkway, continued to see new commercial development being permitted with additional inquiries sought frequently given its proximity to large residential centers as well as a proposed grocery anchored shopping center. Several additional commercial projects are in various stages of approvals within the Town. These projects will further expand the Town's commercial tax base.

The Town continues to operate efficiently and effectively with a seasoned professional management team, while maintaining and promoting a healthy pro-business environment. The Town will pursue strategic opportunities for annexation and economic development, which has the potential to further enhance the Town's tax base.

Management is forecasting a strong fiscal year ended September 30, 2025 ("FY 2025") and does not project a downturn based on current and planned investment within the Town. As commercial development continues to follow the expansive residential growth, the Town is expected to develop a larger and more diverse tax base.

NEXT YEAR'S BUDGETS AND RATES FOR THE TOWN

The adopted General Fund budget for FY 2025 is approximately $39,209,000. Property tax millage rates were unchanged, and water and sewer rates increased 4%.

REQUESTS FOR TOWN INFORMATION

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chief Financial Officer, 205 North White Street, Fort Mill, South Carolina, 29715.

TOWN OF FORT MILL, SOUTH CAROLINA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 44,092,776	$ 45,084,509	$ 89,177,285
Receivables, net of allowances:			
Taxes	353,013	-	353,013
Accounts	464,053	2,359,865	2,823,918
Other	744,489	81,751	826,240
Due from other governments	250,241	-	250,241
Internal balances	1,960,575	(1,960,575)	-
Inventories	94,687	1,123,003	1,217,690
Prepaid items	1,564,079	53,037	1,617,116
Restricted assets, cash and cash equivalents	49,596,428	1,968,096	51,564,524
Capital assets:			
Nondepreciable	36,502,043	1,252,084	37,754,127
Depreciable, net of accumulated depreciation and amortization	66,281,802	97,201,615	163,483,417
Total assets	201,904,186	147,163,385	349,067,571
DEFERRED OUTFLOWS OF RESOURCES			
Pension	3,479,591	357,884	3,837,475
Total deferred outflows of resources	3,479,591	357,884	3,837,475
LIABILITIES			
Accounts payable	2,128,945	578,453	2,707,398
Accrued interest	486,889	543,757	1,030,646
Accrued salaries and fringe benefits	532,682	71,726	604,408
Customer deposits	-	195,480	195,480
Other accrued expenses	107,205	-	107,205
Unearned revenue	357,181	-	357,181
Long-term liabilities:			
Due within one year	3,018,031	2,385,924	5,403,955
Due in more than one year	36,662,003	57,613,462	94,275,465
Net pension liability	18,866,361	3,502,850	22,369,211
Total liabilities	62,159,297	64,891,652	127,050,949
DEFERRED INFLOWS OF RESOURCES			
Pension	1,628,633	257,272	1,885,905
Total deferred inflows of resources	1,628,633	257,272	1,885,905
NET POSITION			
Net investment in capital assets	75,967,297	38,568,129	114,535,426
Restricted for:			
Tourism	11,830,455	-	11,830,455
Firefighters' 1%	211,581	-	211,581
Narcotics	84,676	-	84,676
Capital outlay	30,012,935	-	30,012,935
Debt service	-	1,968,096	1,968,096
Unrestricted	23,488,903	41,836,120	65,325,023
Total net position	$ 141,595,847	$ 82,372,345	$ 223,968,192

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

TOWN OF FORT MILL, SOUTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Primary government:							
Governmental activities:							
General government	$ 6,577,617	$ 3,026,558	$ -	$ -	$ (3,551,059)	$ -	$ (3,551,059)
Judicial	233,003	-	-	-	(233,003)	-	(233,003)
Public safety	15,193,255	1,087,707	4,027,439	-	(10,078,109)	-	(10,078,109)
Public works	4,518,297	2,513,397	-	279,161	(1,725,739)	-	(1,725,739)
Culture and recreation	2,243,170	1,120,603	-	-	(1,122,567)	-	(1,122,567)
Community development	816,228	-	-	25,000,000	24,183,772	-	24,183,772
Interest on long-term debt	1,163,814	-	-	-	(1,163,814)	-	(1,163,814)
Total governmental activities	30,745,384	7,748,265	4,027,439	25,279,161	6,309,481	-	6,309,481
Business-type activities:							
Gross revenue	13,620,880	18,698,545	-	-	-	5,077,665	5,077,665
Stormwater	1,036,600	1,089,302	-	-	-	52,702	52,702
Total business-type activities	14,657,480	19,787,847	-	-	-	5,130,367	5,130,367
Total primary government	$ 45,402,864	$ 27,536,112	$ 4,027,439	$ 25,279,161	6,309,481	5,130,367	11,439,848
		General revenues:					
		Property taxes			17,678,844	-	17,678,844
		Hospitality taxes			1,786,446	-	1,786,446
		Accommodations taxes			733,338	-	733,338
		Business licenses			5,902,725	-	5,902,725
		Grants and contributions not restricted to specific purposes			971,506	397,818	1,369,324
		Investment income			3,004,267	2,407,583	5,411,850
		Insurance recoveries			98,241	7,651	105,892
		Miscellaneous			1,025,700	-	1,025,700
		Transfers			1,706,084	(1,706,084)	-
		Total general revenues and transfers			32,907,151	1,106,968	34,014,119
		Change in net position			39,216,632	6,237,335	45,453,967
		Net position, beginning of year, as previously reported			106,326,048	74,719,204	181,045,252
		Adjustment for correction of error			(3,946,833)	1,415,806	(2,531,027)
		Net position, beginning of year, as adjusted			102,379,215	76,135,010	178,514,225
		Net position, end of year			$ 141,595,847	$ 82,372,345	$ 223,968,192

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

TOWN OF FORT MILL, SOUTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	General	Capital Projects Fund	Installment Purchase Revenue Bonds Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 27,568,559	$ -	$ -	$ -	$ 16,524,217	$ 44,092,776
Receivables, net of allowance						
Taxes	353,013	-	-	-	-	353,013
Garbage	464,053	-	-	-	-	464,053
Other	443,568	-	-	-	300,921	744,489
Due from other governments	164,923	-	-	-	85,318	250,241
Due from other funds	18,458,088	-	-	-	4,262,422	22,720,510
Prepaid items	1,564,079	-	-	-	-	1,564,079
Inventory	94,687	-	-	-	-	94,687
Restricted cash	8,350	42,737,882	6,850,196	-	-	49,596,428
Total assets	$ 49,119,320	$ 42,737,882	$ 6,850,196	$ -	$ 21,172,878	$ 119,880,276
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 1,323,143	$ 84,209	$ -	$ -	$ 721,593	$ 2,128,945
Accrued salaries and fringe benefits	532,682	-	-	-	-	532,682
Other accruals	107,205	-	-	-	-	107,205
Unearned revenue	65,682	291,499	-	-	-	357,181
Due to other funds	-	15,341,118	-	-	5,418,817	20,759,935
Total liabilities	2,028,712	15,716,826	-	-	6,140,410	23,885,948
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	146,062	-	-	-	-	146,062
Total deferred inflows of resources	146,062	-	-	-	-	146,062
FUND BALANCES						
Nonspendable:						
Prepaid items	1,564,079	-	-	-	-	1,564,079
Inventory	94,687	-	-	-	-	94,687
Restricted for:						
Department of Revenue - Heavy Equipment	5,524,818	-	-	-	-	5,524,818
Tourism	-	-	-	-	11,830,455	11,830,455
Firefighters' 1%	-	-	-	-	211,581	211,581
Narcotics	-	-	-	-	84,676	84,676
Capital outlay	-	27,021,056	6,850,196	-	2,905,756	36,777,008
Assigned to:						
Community development	8,350	-	-	-	-	8,350
Unassigned	39,752,612	-	-	-	-	39,752,612
Total fund balances	46,944,546	27,021,056	6,850,196	-	15,032,468	95,848,266
Total liabilities, deferred inflows of resources, and fund balances	$ 49,119,320	$ 42,737,882	$ 6,850,196	$ -	$ 21,172,878	$ 119,880,276

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

TOWN OF FORT MILL, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2024

Total fund balances - governmental funds			$	95,848,266
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:				
Capital assets (including right-to-use assets) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:				
Cost of assets	$	121,732,115		
Accumulated depreciation and amortization		(18,948,270)		
				102,783,845
Revenues in the Statement of Activities that do not provide current financial resources are reported as unavailable revenues in the funds.				146,062
Certain long-term liabilities are not due and payable in the current period and are, therefore, not reported in the funds:				
Net pension liability, net of deferred outflows of resources and deferred inflows of resources	$	(17,015,403)		
Bonds payable		(31,231,247)		
Unamortized premiums on bonds		(1,278,743)		
Leases payable		(846,699)		
Subscriptions payable		(223,932)		
Accrued interest payable		(486,889)		
Intergovernmental payable		(5,524,818)		
Compensated absences payable		(574,595)		
				(57,182,326)
Net position of governmental activities			$	141,595,847

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

TOWN OF FORT MILL, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	General	Capital Projects Fund	Installment Purchase Revenue Bonds Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	$ 17,665,915	$ -	$ -	$ -	$ -	$ 17,665,915
Other taxes	-	-	-	-	2,519,784	2,519,784
Fines, fees, licenses and permits	8,601,703	-	-	-	807,032	9,408,735
Intergovernmental	971,506	25,279,161	-	4,027,439	-	30,278,106
Charges for services	3,179,517	24,000	-	-	-	3,203,517
Investment income	557,873	1,658,434	86,123	406,876	294,961	3,004,267
Miscellaneous	1,926,127	-	-	-	138,311	2,064,438
Total revenues	32,902,641	26,961,595	86,123	4,434,315	3,760,088	68,144,762
Expenditures						
Current:						
General government	7,972,948	838,306	-	-	-	8,811,254
Judicial	226,071	-	-	-	8,406	234,477
Public safety	14,466,785	-	-	-	301,190	14,767,975
Public works	4,487,347	-	-	-	-	4,487,347
Community development	-	-	-	-	816,228	816,228
Culture and recreation	1,589,523	-	-	-	-	1,589,523
Capital outlay	2,115,639	838,536	22,900,000	-	1,931,870	27,786,045
Debt service:			-			
Principal	348,882	290,000	-	-	-	638,882
Interest	45,966	40,965	-	-	-	86,931
Bond issuance cost	-	-	614,670	-	-	614,670
Total expenditures	31,253,161	2,007,807	23,514,670	-	3,057,694	59,833,332
Excess (deficiency) of revenues over (under) expenditures	1,649,480	24,953,788	(23,428,547)	4,434,315	702,394	8,311,430
Other financing sources (uses):						
Issuance of bonds	-	-	29,000,000	-	-	29,000,000
Premium on bonds issued	-	-	1,278,743	-	-	1,278,743
Issuance of leases	33,836	-	-	-	-	33,836
Issuance of subscriptions	350,962	-	-	-	-	350,962
Insurance recoveries	98,241	-	-	-	-	98,241
Transfers in	10,863,421	2,250,000	-	-	-	13,113,421
Transfers out	-	-	-	(8,958,587)	(2,448,750)	(11,407,337)
Total other financing sources (uses), net	11,346,460	2,250,000	30,278,743	(8,958,587)	(2,448,750)	32,467,866
Net change in fund balances	12,995,940	27,203,788	6,850,196	(4,524,272)	(1,746,356)	40,779,296
Fund balances (deficits), beginning of year, as previously reported	26,961,978	(182,732)	-	8,551,711	16,778,824	52,109,781
Adjustment - correction of error	6,986,628	-	-	(4,027,439)	-	2,959,189
Fund balances (deficits), beginning of year, as adjusted	33,948,606	(182,732)	-	4,524,272	16,778,824	55,068,970
Fund balance, end of year	$ 46,944,546	$ 27,021,056	$ 6,850,196	$ -	$ 15,032,468	$ 95,848,266

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

TOWN OF FORT MILL, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

Net change in fund balances - total governmental funds.			$	40,779,296
Amounts reported for governmental activities in the Statement of Activities are different because:				
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization expense in the current period.				
Capital outlay	$	30,805,646		
Lease and subscription asset remeasurements		13,754		
Depreciation and amortization expense		(3,370,705)		27,448,695
The net effect of various miscellaneous transactions (i.e., sales and donations) involving capital assets.				(50,000)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.				12,929
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.				
Issuance of bonds, net of premium on bonds	$	######		
Issuance of leases payable		(33,836)		
Issuance of subscription payable		(350,962)		
Principal repayments		638,882		(30,024,659)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The net changes are as follows:				
Compensated absences	$	(124,889)		
Accrued interest		(462,213)		
Intergovernmental payable		1,381,204		
Net pension liability, net of related deferred inflows and outflows of resources		256,269		1,050,371
Change in net position of governmental activities			$	39,216,632

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

TOWN OF FORT MILL, SOUTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2024

	Gross Revenue Fund	Nonmajor Enterprise Fund Stormwater	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 40,558,897	$ 4,525,612	$ 45,084,509
Receivables, net			
Accounts	2,279,951	79,914	2,359,865
Other	81,751	-	81,751
Due from other funds	309,700	-	309,700
Prepaid items	33,148	19,889	53,037
Inventory	1,062,532	60,471	1,123,003
Restricted cash	1,968,096	-	1,968,096
Total current assets	46,294,075	4,685,886	50,979,961
NONCURRENT ASSETS			
Capital assets:			
Nondepreciable	1,252,084	-	1,252,084
Depreciable, net of accumulated depreciation and amortization	96,818,112	383,503	97,201,615
Total noncurrent assets	98,070,196	383,503	98,453,699
Total assets	144,364,271	5,069,389	149,433,660
DEFERRED OUTFLOWS OF RESOURCES			
Pension	278,275	79,609	357,884
Total deferred outflows of resources	278,275	79,609	357,884
LIABILITIES			
CURRENT LIABILITIES			
Payable from current assets:			
Accounts payable	560,938	17,515	578,453
Accrued interest	543,757	-	543,757
Accrued salaries and fringe benefits	57,270	14,456	71,726
Due to other funds	-	2,270,275	2,270,275
Customer deposits	195,480	-	195,480
Compensated absences - current portion	72,999	12,362	85,361
Subscriptions payable - current portion	56,043	14,011	70,054
State revolving loan payable - current portion	1,016,509	-	1,016,509
Revenue bonds payable - current portion	1,214,000	-	1,214,000
Total current liabilities	3,716,996	2,328,619	6,045,615
NONCURRENT LIABILITIES			
Compensated absences, net of current portion	24,334	4,121	28,455
Subscriptions payable, net of current portion	43,483	10,870	54,353
State revolving loan payable, net of current portion	31,363,134	-	31,363,134
Revenue bonds payable, net of current portion	26,167,520	-	26,167,520
Net pension liability	2,706,871	795,979	3,502,850
Total noncurrent liabilities	60,305,342	810,970	61,116,312
Total liabilities	64,022,338	3,139,589	67,161,927
DEFERRED INFLOWS OF RESOURCES			
Pension	198,944	58,328	257,272
Total deferred outflows of resources	198,944	58,328	257,272
NET POSITION			
Net investment in capital assets	38,209,507	358,622	38,568,129
Restricted for debt service	1,968,096	-	1,968,096
Unrestricted	40,243,661	1,592,459	41,836,120
Total net position	$ 80,421,264	$ 1,951,081	$ 82,372,345

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

TOWN OF FORT MILL, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Gross Revenue Fund	Nonmajor Enterprise Fund Stormwater	Total
OPERATING REVENUES			
Water revenue and penalties	$ 7,242,767	$ -	$ 7,242,767
Sewer revenues	7,275,909	-	7,275,909
Riverview water sales	429,252	-	429,252
Tega Cay water sales	1,191,703	-	1,191,703
Water taps	1,643,099	-	1,643,099
Sewer taps	750,000	-	750,000
Stormwater revenues	-	1,070,969	1,070,969
Other revenues	165,815	18,333	184,148
Total operating revenues	18,698,545	1,089,302	19,787,847
OPERATING EXPENSES			
Water	6,185,107	-	6,185,107
Sewer	2,159,109	-	2,159,109
Personnel expenses	-	654,925	654,925
Contractual expenses	-	152,380	152,380
Materials and supplies	-	66,762	66,762
Other operating expenses	99,444	93,702	193,146
Depreciation and amortization	3,613,400	68,831	3,682,231
Total operating expenses	12,057,060	1,036,600	13,093,660
Operating income	6,641,485	52,702	6,694,187
NONOPERATING REVENUES (EXPENSES)			
Grants	397,818	-	397,818
Insurance recoveries from casualty	7,651	-	7,651
Investment income	2,407,583	-	2,407,583
Interest expense	(1,563,820)	-	(1,563,820)
Total nonoperating revenues, net	1,249,232	-	1,249,232
Income before transfers	7,890,717	52,702	7,943,419
TRANSFERS			
Transfers out	(1,706,084)	-	(1,706,084)
Total transfers	(1,706,084)	-	(1,706,084)
Change in net position	6,184,633	52,702	6,237,335
NET POSITION, beginning of year, as previously reported	72,882,198	1,837,006	74,719,204
Adjustment for correction of error	1,354,433	61,373	1,415,806
NET POSITION, beginning of year, as adjusted	74,236,631	1,898,379	76,135,010
NET POSITION, end of year	$ 80,421,264	$ 1,951,081	$ 82,372,345

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

TOWN OF FORT MILL, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Gross Revenue Fund	Nonmajor Enterprise Fund Stormwater	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 18,873,243	$ 1,084,804	$ 19,958,047
Payments to suppliers	(6,405,390)	(338,080)	(6,743,470)
Payments to employees	(2,229,030)	(647,664)	(2,876,694)
Internal activity-payments (to) from other funds	(5,915,282)	635,513	(5,279,769)
Net cash provided by operating activities	4,323,541	734,573	5,058,114
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers out	(1,706,084)	-	(1,706,084)
Intergovernmental revenue	397,818	-	397,818
Insurance recoveries	7,651	-	7,651
Net cash used in noncapital and related financing activities	(1,300,615)	-	(1,300,615)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisitions of capital assets	(2,785,200)	-	(2,785,200)
Acquisitions of capital assets through subscription remeasurements	(5,232)	(1,308)	(6,540)
Principal payments on subscriptions payable	(56,458)	(14,114)	(70,572)
Principal payments on state revolving loans payable	(991,247)	-	(991,247)
Principal payments on bonds payable	(1,156,000)	-	(1,156,000)
Interest paid	(1,883,176)	-	(1,883,176)
Net cash used in capital and related financing activities	(6,877,313)	(15,422)	(6,892,735)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	2,407,583	-	2,407,583
Net cash provided by investing activities	2,407,583	-	2,407,583
Change in cash and cash equivalents	(1,446,804)	719,151	(727,653)
Cash and cash equivalents:			
Beginning of year	43,973,797	3,806,461	47,780,258
End of year	$ 42,526,993	$ 4,525,612	$ 47,052,605
Classified as:			
Cash and cash equivalents	$ 40,558,897	$ 4,525,612	$ 45,084,509
Restricted cash	1,968,096	-	1,968,096
	$ 42,526,993	$ 4,525,612	$ 47,052,605

(Continued)

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

TOWN OF FORT MILL, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Gross Revenue Fund	Nonmajor Enterprise Fund Stormwater	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACITIVITIES:			
Operating income	$ 6,641,485	$ 52,702	$ 6,694,187
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	3,613,400	68,831	3,682,231
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	174,698	(4,498)	170,200
Increase in due from other funds	(309,700)	-	(309,700)
Increase in prepaid expenses	(33,148)	(19,889)	(53,037)
Decrease in inventory	126,151	902	127,053
Increase in deferred outflows of resources-pension	(97,277)	(26,267)	(123,544)
Decrease in accounts payable	(309,419)	(6,249)	(315,668)
Decrease in accrued expenses	(1,005)	-	(1,005)
Increase in accrued salaries	26,545	6,429	32,974
Increase in customer deposits	55	-	55
Increase (decrease) in due to other funds	(5,605,582)	635,513	(4,970,069)
Increase in deferred inflows of resources-pension	12,225	3,301	15,526
Increase in net pension liability	70,962	19,161	90,123
Increase in compensated absences	14,151	4,637	18,788
Net cash provided by operating activities	$ 4,323,541	$ 734,573	$ 5,058,114
NONCASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of subscription assets	$ 155,983	$ 38,996	$ 194,979
Initiation of subscription liabilities	(155,983)	(38,996)	(194,979)
	$ -	$ -	$ -

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Fort Mill, South Carolina (the "Town") was initially incorporated on February 12, 1873, under the general law for government of municipalities of the State of South Carolina. The original charter was surrendered on October 11, 1907, and the Town accepted incorporation under the provisions of Article II, Chapter XLIX, Code of 1902 and amendments thereto. The Town operates under the Council-Manager form of government pursuant to the Home Rule Statute, Act No. 283 of 1975. The Council is composed of a Mayor and six Council members. The Mayor and two Council members are elected at-large, and four Council members are elected on a single member ward basis. The Council appoints a Town Manager who serves as the chief executive officer of the Town and is responsible to the Council for proper administration of all affairs of the Town. The Town provides the following services: general government (administrative services, elections, community planning and development), judicial (municipal court), public safety (police, fire, and communications), public works (building inspection, parking and municipal buildings, sanitation, and streets), housing and development (community development) and culture and recreation (parks, gardens, cemeteries, and recreation). In addition, the Town provides water/sewer and stormwater services through its enterprise funds (business-type activities).

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Town of Fort Mill (the primary government) which includes all fund types of the Town. Component units may be presented by two different methods. Blended component units, although legally separate entities, are, in substance, part of the Town's operations. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the Town. Based on the criteria above, the Town reports no discretely presented component units and one blended component unit.

Blended Component Unit

Fort Mill Public Facilities Corporation

The Fort Mill Public Facilities Corporation (the "Corporation") is a blended component unit of the Town. The Corporation is administered by a three-member Board of Directors (the "Board"). The Town Manager shall serve as one director for so long as such individual holds the position of town manager. The remaining two directors are appointed by the Town Manager for a five-year fixed term and are made up of community leaders (who are not Town officials). The Corporation is a nonprofit public benefit corporation that was created in 2024 to perform the functions of, and to carry out the public purposes of the Town.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide Financial Statements

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 the related cash flows. Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, includes property taxes, grants and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue 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 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 statements and the statements for governmental funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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, claims and judgments, long-term intergovernmental payables, leases, and subscriptions, are recorded only when payment is due. Property taxes, intergovernmental revenues, franchise fees, licenses, permits, 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. General capital asset acquisitions are reported as expenditure in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Generally, when both restricted and unrestricted resources are available for use, it is the Town’s practice to use restricted resources first, then unrestricted resources as they are needed.

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 maintained is consistent with legal and managerial requirements. The following fund types are used by the Town.

Governmental Fund types are those through which most governmental functions of the Town are financed. The Town's expendable financial resources and related assets and liabilities (except for those accounted for in the Proprietary Funds) are accounted for through governmental funds. Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

The Town's major and non-major governmental funds are as follows:

The **General Fund,** a major fund and a budgeted fund, is the general operating fund of the Town and accounts for all revenues and expenditures of the Town, except those required to be accounted for in another fund. All general tax revenues and other receipts that (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 **Capital Projects Fund**, a major fund, is used to account for and report financial resources that are restricted, committed, or assigned for expenditures of capital outlay related to the acquisition or construction of major capital facilities (other than those financed by the Proprietary Funds). These funds are also used to carry on specified ongoing major improvement projects or major equipment acquisitions usually spanning more than one fiscal year.

The **Installment Purchase Revenue Bonds Fund**, a major fund, is used to account for and report financial resources that are restricted, committed, or assigned for expenditures of capital outlay related to the acquisition or construction of major capital facilities related to the Fort Mill Public Facilities Corporation.

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

The **ARPA Fund,** a major fund and a budgeted fund, is used to account for and report the financial resources received and disbursed related to the Town's American Rescue Plan Act (ARPA) funding.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

The Town has the following non-major special revenue funds: Narcotics Fund, Local Accommodations Tax Fund, Fire Impact Fees Fund, Municipal Facilities Impact Fees Fund, Parks and Recreation Impact Fees Fund, Hospitality Tax Fund, and Firefighters' 1% Fund. Some of these funds are budgeted and any remaining fund balance is generally restricted for the purpose of the specific revenue source.

Proprietary Fund Types are accounted for based on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds distinguish operating revenues and expenses from nonoperating 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 user fees. Operating expenses for enterprise funds include the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The Town has two enterprise funds; it does not have any internal service funds.

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

The Town has two Enterprise Funds:

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

The **Stormwater Fund**, a non-major fund, is used to account for the Town's stormwater drainage operations.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Revenue – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlement and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: delinquent taxes, sales tax, grants, interest, fees and charges for services.

Unavailable Revenue

Unavailable revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of year-end, but which were levied to finance fiscal year 2024 operations, have been recorded as unavailable revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unavailable revenue.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Cash and Investments

For purposes of financial statement presentation, the Town considers all highly liquid investments with a maturity of three months or less when purchased to be cash. Cash includes certain amounts in certificates of deposit and money market funds and are stated at cost which approximates fair value.

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

(a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.

(b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Investments (Continued)

(d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.

(e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.

(f) Repurchase agreements when collateralized by securities as set forth in this section.

(g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

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

The Town currently or in the past year has used the following investments:

- US securities are generally treasury notes, treasury bonds, treasury bills, and related securities which are debt obligations of the U.S. government (lending money to the federal government for a specified period of time). These debt obligations are backed by the "full faith and credit" of the government, and thus by its ability to raise tax revenues and print currency, U.S. Treasury securities are considered the safest of all investments.
- Overnight repurchase agreements which are collateralized by U.S. securities or by securities issued from public government-sponsored organizations.

Certain cash, cash equivalents, and investments of the Town may be legally restricted from time to time. The major type of restrictions was (a) those imposed by the revenue source (i.e., accommodation tax, hospitality tax, impact fees, etc.) and (b) bond indenture requirements (i.e., debt service, depreciation reserve, etc.)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

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

H. Interfund Receivables and Payables and Transfers

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

I. Inventories and Prepaid Items

Inventories and prepaid items are accounted for using the consumption method (expensed when consumed).

L. Capital Assets

General capital assets are those assets not specifically related to activities reported in the Proprietary Funds. These assets 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 Proprietary Funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective fund financial statements.

All capital assets, which includes land and land improvements, building and improvements, equipment, vehicles, infrastructure assets (e.g., roads, bridges and similar items), and right-to-use lease and subscription assets, are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are valued at estimated acquisition value (as estimated by the Town) at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend capital assets' lives are not capitalized. The Town maintains a minimum capitalization threshold of $5,000 and $7,500 for capital assets and right-to-use lease and subscription assets, respectively.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets (Continued)

All reported capital assets except land and site preparation are depreciated or amortized. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation and amortization is computed using the straight-line method over the following useful lives:

Asset	Governmental Activities/ Business-type Activities
Land improvements	10 - 50 years
Infrastructure	10 - 50 years
Buildings and improvements	10 - 50 years
Equipment	5 - 10 years
Vehicles	5 - 20 years
Right-to-use land	71 years
Right-to-use equipment	2 - 4 years
Right-to-use subscriptions	2 - 4 years

M. Compensated Absences

The Town's vacation policy allows permitted employees to accumulate leave between 10 and 25 days annually, depending upon length of service. Upon termination or retirement, accumulated vacation up to a maximum of 30 days based on hourly rates of pay earned at the time of termination will be paid to the employee, as well as accumulated compensatory time. The Town does not have a policy limiting the amount of compensatory time an employee can accumulate and be paid out.

The Town reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. The entire compensated absence liability and expense is reported in the governmentwide financial statements. The portion applicable to the proprietary funds is also recorded in the Proprietary Fund financial statements. Governmental funds will only recognize compensated absences liability if they have matured, for example, as a result of employee resignations or terminations.

N. Leases

Lessee

The Town is a lessee for noncancellable leases of land and equipment. The Town recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The Town recognizes lease liabilities with an initial, individual value of $7,500 or more.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Leases (Continued)

Lessee (Continued)

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

O. Subscription-Based Information Technology Arrangements (SBITAs)

The Town has noncancellable SBITAs of various IT software. The Town recognizes a subscription liability and an intangible right-to-use subscription asset in the Proprietary Funds Balance Sheet and the government-wide financial statements. The Town recognizes subscription liabilities with an initial, individual value of $7,500 or more.

At the commencement of a SBITA, the Town initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability reduced by the principal portion of the SBITA payments made.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Subscription-Based Information Technology Arrangements (SBITAs) (Continued)

The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain implementation and conversion costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include how the Town determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments:

- The Town uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA. SBITA payments included in the measurement of the subscription liability are composed of fixed payments and purchase option prices that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term liabilities on the Statement of Net Position and the Proprietary Funds Balance Sheet.

P. Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the Proprietary Fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, non-current portion of financed purchases, compensated absences, contractually required pension contributions, special termination benefits and other miscellaneous long-term obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due and payable.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Long-term Obligations (Continued)

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts (if material) are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

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

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and the Balance Sheet reports a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Town currently has one type of deferred outflow of resources: The Town 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. 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 Governmental Funds Balance Sheet reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently has two (2) items that qualify for reporting in this category. The first item, *unavailable revenue- property taxes*, only in the Governmental Funds Balance Sheet. The governmental funds report unavailable revenue from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The second item, *deferred pension credits*, is recorded in the Statement of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System (“Plans”). These *deferred pension credits* are amortized in a systemic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Balance

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

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws and regulations of other governments.

Committed **–** Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council through the adoption of a resolution or passage of an ordinance. Only the Town Council may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. The Town Council is the only party that has the right to make assignments of fund balance for the Town at this time.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The Town currently has a fund balance policy which states that the Town should maintain a General Fund balance of approximately 25% to 30% of the current year's General Fund operating budget.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Net Position

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

T. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS) and additions to/deductions from SCRS' and PORS' fiduciary net position have been determined on the same basis as they are reported by SCRS and PORS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note 9 and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The Town recognizes a net pension liability for its participation in the Plans, which represents the Town's proportionate share of the total pension liability over the fiduciary net position of the Plans, measured as of June 30th of the Town's current fiscal year.

Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Fair Value

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

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

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Encumbrances

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

W. 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 at 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.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In early August, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings and Council meetings are conducted to inform and obtain taxpayer comments.

3. The budget is legally enacted through passage of an ordinance by October 1. Any supplemental budgetary appropriations made are subject to the same procedures as the original budget ordinance.

4. The Town Manager is authorized to administer the budget and may transfer appropriated funds between accounts within and between each department without Town Council's prior approval provided the transfer does not alter the total appropriations for either fund. Town Council must approve any revisions that alter the total appropriations of a fund. Department heads are responsible for managing their respective budgets. Department heads are not allowed to make transfers of appropriated funds. The legal level of budgetary authority is at the fund level.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

5. Legally adopted budgets for the Town's budgeted funds are employed as a management control device during the year. Expenditures/expenses may not legally exceed appropriations on the fund level.

6. The budgets for the governmental funds are legally adopted on a basis consistent with GAAP. The proprietary fund (Gross Revenue Fund) is legally adopted on the cash basis (which is not consistent with GAAP).

7. The budgets at the end of the year for these funds represent the budgets adopted and amended by the Town Council.

8. Encumbrances lapse but are generally added to the budget adopted by Town Council for that year. It is Town policy to close out all encumbrances possible before year-end. The Town had no encumbrances at September 30, 2024.

NOTE 3. CASH AND INVESTMENTS

Total cash and investments as of September 30, 2024, are summarized as follows:

Amounts as presented in the entity-wide Statement of Net Position:		
Cash and cash equivalents	$	89,177,285
Restricted cash and cash equivalents		51,564,524
Total	$	140,741,809
Cash and investments deposited with financial institutions	$	73,246,119
South Carolina Local Government Investment Pool		67,495,690
Total	$	140,741,809

At September 30, 2024, the Town's cash and investments included demand deposits with financial institutions and the local government pool. The local government pool is managed by the State of South Carolina. The fair value of its position in the pool is the same as the value of the pool shares.

Certain cash, cash equivalents, and investments of the Town are legally restricted for specified purposes. The major types of restrictions at September 30, 2024, were related to (a) debt agreements ($1,968,000), (b) accommodation taxes ($1,153,000), (c) hospitality taxes ($6,878,000), (d) impact fees ($8,323,000), and (e) other ($33,243,000).

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Under State law, the Town is authorized to hold funds in deposit accounts with banking institutions and invest funds in the following items: obligations of the United States and agencies thereof, obligations of the State of South Carolina or any of its political units, banks and savings and loan associations to the extent insured by an agency of the federal government, certificates of deposit collaterally secured, repurchase agreements secured by the foregoing obligations, and the South Carolina Local Government Investment Pool (LGIP). The LGIP is an investment mechanism authorized by the State of South Carolina State Legislature and is not registered with the SEC as an investment company. There is no regulatory oversight of the pool. The pool's primary objective is to acquire maximum returns on investments by pooling available funds with funds from other political subdivisions. The total fair value of the investment pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of $1. Investments in the pool are stated at fair value which approximates cost.

Custodial Credit Risk – Deposits and Investments: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of September 30, 2024, the carrying amount of the Town's deposits was $73,246,119 and the bank balance was $73,788,942. All of the Town's deposits were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust department in the Town's name.

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

Fair Value Measurements: The LGIP is an investment pool, which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the Town does not disclose investment in the LGIP within the fair value hierarchy.

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Credit Risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The Town's investment policy allows for investments in the LGIP. As of September 30, 2024, the underlying security ratings of the Town's investment in the LGIP may be obtained from the LGIP's complete financial statements. This investment pool does not have a credit quality rating assigned. These financial statements may be obtained by writing to the State Treasurer's Office, Local Government Investment Pool, Post Office Box 11778, Columbia, South Carolina 29211.

Concentration of Credit Risk: This is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town places no limit on the amount the Town may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are exempt from concentration of credit risk disclosures. The Town has cash management overnight repurchase agreements which are collateralized by Freddie Mac and Fannie Mae securities.

Interest Rate Risk: This is the risk that the fair value of securities in the portfolio will fail due to changes in the market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 4. RECEIVABLES

Receivables at September 30, 2024, for the Town's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Nonmajor Governmental Funds	Gross Revenue Fund	Nonmajor Enterprise Fund	Total
Receivables:					
Taxes	$ 359,118	$ -	$ -	$ -	$ 359,118
Accounts	464,053	-	2,321,187	79,914	2,865,154
Other	443,568	300,921	81,751	-	826,240
Due from other governments	164,923	85,318	-	-	250,241
Gross receivables	1,431,662	386,239	2,402,938	79,914	4,300,753
Less allowance for uncollectibles	(6,105)	-	(41,236)	-	(47,341)
Net total receivables	$ 1,425,557	$ 386,239	$ 2,361,702	$ 79,914	$ 4,253,412

NOTE 4. RECEIVABLES (CONTINUED)

Property Taxes and Unavailable Revenue

Real property taxes are levied on October 1 on the assess valuations of property located in York County as of the preceding January 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent January 15 of the following year, and property taxes attach as an enforceable lien if not paid by March 16 of the following year. Penalties are added to taxes depending on the date paid as follows:

January 16 through February 1	3% of tax
February 2 through March 16	10% of tax
March 17 through March 31	15% of tax plus collection cost

Motor vehicle taxes are levied on the first day of the month in which the motor vehicle license expires and is due by the end of the month. Property taxes are billed and collected by York County. Property tax revenue is recognized when collected by the County Treasurer's Office. Assessed values for real estate are established annually by the York County Tax Assessor at 4% of market value for legal residence and 6% of market value for rental and other real property. For the year ended September 30, 2024, millage was set at 85.7 mills (79.2 mills in prior year) to cover general Town services and uses. The Town's assessed value of real and personal property was approximately $184.9 million for the tax year 2023.

Based on information provided by the York County Treasurer's Office, the Town has recorded uncollected property taxes at September 30, 2024, of approximately $250,000 (net of allowance for uncollectible portion of approximately $6,100) for the General Fund. Delinquent property taxes of approximately $104,000 have been recognized as revenue at September 30, 2024, because it was collected within 60 days of year end. The remaining delinquent property tax receivable of approximately $146,000 has been recorded as unavailable revenue (component of deferred inflows of resources) on the governmental fund financial statements because it was not collected within 60 days of year end.

Other Receivables

The Town reports receivables related to its garbage services and water/sewer operations. The services that generate the garbage and water/sewer receivables are provided and billed each month and are considered due as of September 30, 2024, (garbage service receivables are considered available as they are expected to be collected within 60 days of year-end). The Town also has reports receivables related to intergovernmental revenues, franchise fees, accommodation taxes, and hospitality taxes.

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2024, is as follows:

Fund	Receivables	Payables
General Fund	$ 18,458,088	$ -
Capital Projects Fund	-	15,341,118
Nonmajor Governmental Funds	4,262,422	5,418,817
Gross Revenue Fund	309,700	-
Nonmajor Enterprise Fund	-	2,270,275
	$ 23,030,210	$ 23,030,210

All interfund balances resulted 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. All interfund balances are expected to be paid within one year except for instances in which a fund is holding cash for another fund.

The composition of interfund transfers for the year ended September 30, 2024, is as follows:

	Transfer from			
Transfer to	ARPA Fund	Gross Revenue Fund	Nonmajor Governmental Funds	Total
General Fund	$ 8,515,476	$ 1,706,084	$ 641,861	$ 10,863,421
Capital Projects Fund	443,111	-	1,806,889	2,250,000
Total	$ 8,958,587	$ 1,706,084	$ 2,448,750	$ 13,113,421

During the course of normal operations and in order to support the numerous functions and projects of the Town, transactions between funds may occur. The Town transferred approximately $1,706,000 from the Gross Revenue Fund to the General fund to cover indirect costs incurred in the General Fund related to the Gross Revenue Fund. The Town used approximately $8,959,000 of its lost revenue from ARPA funding which resulted in the transfer of approximately $8,515,000 and $443,000 from the ARPA Fund to the General Fund and Capital Projects Fund, respectively. The Town used approximately $2,250,000 of its parks and recreation, fire, and municipal facilities impact fees and $199,000 of its hospitality and accommodations taxes to support park upgrades which resulted in transfers from these funds to the General Fund and Capital Projects Fund.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended September 30, 2024, is as follows:

	Beginning Balance	Increases	Decreases	Transfers and Reclassifications	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 12,229,023	$ -	$ (50,000)	$ -	$ 12,179,023
Construction in progress	1,395,013	24,366,244	-	(1,438,237)	24,323,020
Total capital assets, not being depreciated	13,624,036	24,366,244	(50,000)	(1,438,237)	36,502,043
Capital assets, being depreciated/amortized:					
Land improvements	273,285	-	-	-	273,285
Infrastructure	33,976,932	3,603,000	-	-	37,579,932
Building and improvements	29,127,764	947,757	-	1,438,237	31,513,758
Equipment	4,921,168	817,874	-	-	5,739,042
Vehicles	8,220,193	685,973	(16,794)	-	8,889,372
Right-to-use lease land	836,131	13,155	-	-	849,286
Right-to-use lease equipment	-	22,669	-	-	22,669
Right-to-use subscriptions	-	362,728	-	-	362,728
Total capital assets, being depreciated/amortized	77,355,473	6,453,156	(16,794)	1,438,237	85,230,072
Less accumulated depreciation for:					
Land improvements	(273,284)	-	-	-	(273,284)
Infrastructure	(2,603,640)	(888,937)	-	-	(3,492,577)
Building and improvements	(3,934,888)	(1,284,646)	-	-	(5,219,534)
Equipment	(3,481,342)	(401,577)	-	-	(3,882,919)
Vehicles	(5,277,597)	(682,413)	16,794	-	(5,943,216)
Right-to-use lease land	(23,608)	(12,088)	-	-	(35,696)
Right-to-use lease equipment	-	(2,258)	-	-	(2,258)
Right-to-use subscriptions	-	(98,786)	-	-	(98,786)
Total accumulated depreciation/amortization	(15,594,359)	(3,370,705)	16,794	-	(18,948,270)
Total capital assets, being depreciated, net	61,761,114	3,082,451	-	1,438,237	66,281,802
Governmental activities capital assets, net	$ 75,385,150	$ 27,448,695	$ (50,000)	$ -	$ 102,783,845

NOTE 6. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the business-type activities for the year ended September 30, 2024, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated:					
Land	$ 832,805	$ -	$ -	$ -	$ 832,805
Construction in progress	528,533	1,254,177	-	(1,363,431)	419,279
Total capital assets, not being depreciated	1,361,338	1,254,177	-	(1,363,431)	1,252,084
Capital assets, being depreciated/amortized:					
Infrastructure	67,043,892	537,023	-	-	67,580,915
Buildings and improvements	54,600,560	-	-	1,363,431	55,963,991
Equipment	3,163,367	196,308	-	-	3,359,675
Vehicles	1,429,153	797,692	-	-	2,226,845
Right-to-use subscriptions	-	201,519	-	-	201,519
Total capital assets, being depreciated/amortized	126,236,972	1,732,542	-	1,363,431	129,332,945
Less accumulated depreciation for:					
Infrastructure	(23,632,267)	(1,808,879)	-	-	(25,441,146)
Buildings and improvements	(2,173,981)	(1,396,357)	-	-	(3,570,338)
Equipment	(1,586,835)	(288,537)	-	-	(1,875,372)
Vehicles	(1,056,016)	(133,577)	-	-	(1,189,593)
Right-to-use subscriptions	-	(54,881)	-	-	(54,881)
Total accumulated depreciation/amortization	(28,449,099)	(3,682,231)	-	-	(32,131,330)
Total capital assets, being depreciated, net	97,787,873	(1,949,689)	-	1,363,431	97,201,615
Business-type activities capital assets, net	$ 99,149,211	$ (695,512)	$ -	$ -	$ 98,453,699

NOTE 6. CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense was charged to the following functions for governmental activities for the Town as follows:

Governmental activities:		
General government	$	522,547
Public safety		814,552
Public works		1,025,107
Culture and recreation		1,008,499
Total depreciation/amortization expense - governmental activities	$	3,370,705

Depreciation expense was charged to programs for business-type activities for the Town as follows:

Business-type activities:		
Gross Revenue Fund	$	3,613,400
Stormwater Fund		68,831
Total depreciation/amortization expense - business-type activities	$	3,682,231

The Town had no commitments on construction contracts at September 30, 2024.

NOTE 7. LONG-TERM OBLIGATIONS

The Town issues bonds to provide for the acquisition and construction of major capital facilities. General Obligation Bonds (GOB) are direct obligations and pledge the full faith credit of the Town. Financed Purchase obligations are special obligations of the Town payable from the general revenues of the Town. Revenue Bonds are obligations of the Town that are secured by revenue from a specific source. The full faith, credit and taxing powers of the Town are not pledged for the payment of revenue bonds and financed purchase obligations nor the interest thereon. Each of the Town's outstanding debt and financed purchase obligations are either direct borrowings/placements (DBP) or publicly traded (PT). Obligations through DBP are generally secured/collateralized by the underlying assets and contain provisions that in an event of default (a) outstanding amounts can become immediately due if the Town is unable to make payment and (b) the lender could exercise its option to demand return of the financed asset.

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

The Town leases land and equipment and records a lease liability representing the Town's obligation to make lease payments arising from the leases. The lease liability at the commencement date is based on the present value of the expected lease payments over the lease term. Interest expense is recognized ratably over the lease term.

The Town has multiple software subscriptions and records a subscription liability representing the Town's obligation to make payments arising from the subscriptions. The subscription liability at the commencement date is based on the present value of the expected payments over the term. Interest expense is recognized ratably over the term.

Details on the Town's governmental activities general obligation bonds for the year ended September 30, 2024, are as follows:

General Obligation Bonds

$1,500,000 general obligation bonds (DBP) issued in March 2012 ("Series 2012"), due in annual installments of $127,017 beginning March 16, 2013, through March 16, 2027, which includes interest at 3.150%. The proceeds from this issue were used to defray the cost of designing and constructing two athletic fields and renovating an existing athletic field.	$ 358,247
$3,000,000 general obligation bonds (DBP) issued in December 2019 ("Series 2019"), due in annual installments ranging from $273,000 to $328,000 beginning December 1, 2020, through December 1, 2029, which includes interest at 2.03%. The proceeds from this issue were used to defray the cost of designing and constructing recreational facilities.	1,873,000
Total general obligation bonds	$ 2,231,247

The annual requirements for debt service on general obligation bonds outstanding for the Town's governmental activities at September 30, 2024, are summarized as follows:

	Principal	Interest	Total
Year ending September 30,			
2025	$ 411,732	$ 46,302	$ 458,034
2026	422,377	36,577	458,954
2027	432,138	26,605	458,743
2028	315,000	16,392	331,392
2029	322,000	9,927	331,927
2030	328,000	3,329	331,329
	$ 2,231,247	$ 139,132	$ 2,370,379

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Details on the Town's governmental activities revenue bonds for the year ended September 30, 2024, are as follows:

Installment Purchase Revenue Bonds

$18,855,000 installment purchase revenue bonds bonds issued in May 2024 ("Series 2024A"), due in annual installments ranging from $735,000 to $2,195,000, beginning August 1, 2034, through August 1, 2044, which includes interest ranging from 4.00 - 5.00%. The proceeds from this issue were used to (a) finance the acquisition of real property and the renovation and upfitting of the Project Facilities; and (b) pay the costs of issuance of the Series 2024 bonds.	$ 18,855,000
$10,145,000 installment purchase revenue bonds issued in May 2024 ("Series 2024B"), due in annual installments ranging from $645,000 to $1,310,000 beginning December 1, 2020, through December 1, 2029, which includes interest ranging from 5.03 - 5.37%. The proceeds from this issue were used to (a) finance the acquisition of real property and the renovation and upfitting of the Project Facilities; and (b) pay the costs of issuance of the Series 2024 bonds.	10,145,000
Total installment purchase revenue bonds	29,000,000
Unamortized premium on bonds	1,278,743
Total installment purchase revenue bonds, net of premiums on bonds	$ 30,278,743

The annual requirements for debt service on revenue bonds outstanding for the Town's governmental activities at September 30, 2024, are summarized as follows:

	Principal	Interest	Total
Year ending September 30,			
2025	$ 650,000	$ 1,628,099	$ 2,278,099
2026	925,000	1,357,294	2,282,294
2027	970,000	1,308,547	2,278,547
2028	1,020,000	1,258,592	2,278,592
2029	1,070,000	1,207,286	2,277,286
2030 - 2034	6,245,000	5,157,747	11,402,747
2035 - 2039	8,000,000	3,399,000	11,399,000
2040 - 2044	10,120,000	1,284,800	11,404,800
	$ 29,000,000	$ 16,601,365	$ 45,601,365

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Details on the Town's governmental activities leases for the year ended September 30, 2024, are as follows:

Leases payable

In October 2006, the Town entered into a lease agreement for land used primarily as a parking lot. The lease term ends in August 2092. Monthly payments on the lease are $2,100. To determine the lease liability the Town used an incremental borrowing rate of 2.50%.	$ 823,961
In April 2024, the Town entered into a lease agreement for equipment. The lease term ends in July 2027. Monthly payments on the lease are $307. To determine the lease liability the Town used an incremental borrowing rate of 0.901%.	10,227
In January 2016, the Town entered into a lease agreement for land used primarily as a parking lot. The lease term ends in April 2026. Annual payments on the lease are $5,000. To determine the lease liability the Town used an incremental borrowing rate of 1.225%.	5,928
In July 2023, the Town entered into a lease agreement for equipment. The lease term ends in July 2028. Monthly payments on the lease are $295. To determine the lease liability the Town used an incremental borrowing rate of 0.901%.	6,583
Total leases payable	$ 846,699

The annual requirements for debt service on leases outstanding for the Town's governmental activities at September 30, 2024, are summarized as follows:

	Principal	Interest	Total
Year ending September 30,			
2025	$ 18,053	$ 20,706	$ 38,759
2026	11,363	20,449	31,812
2027	7,741	20,284	28,025
2028	5,051	20,149	25,200
2029	5,179	20,021	25,200
2030 - 2034	27,923	98,077	126,000
2035 - 2039	31,631	94,369	126,000
2040 - 2044	35,830	90,170	126,000
2045 - 2049	40,588	85,412	126,000
2050 - 2054	45,977	80,023	126,000
2055 - 2059	52,081	73,919	126,000
2060 - 2064	58,997	67,003	126,000
2065 - 2069	66,830	59,170	126,000
2070 - 2074	75,703	50,297	126,000
2075 - 2079	85,755	40,245	126,000
2080 - 2084	97,141	28,859	126,000
2085 - 2089	110,039	15,961	126,000
2090 - 2092	70,817	2,683	73,500
	$ 846,699	$ 887,797	$ 1,734,496

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Details on the Town's governmental activities subscriptions for the year ended September 30, 2024, are as follows:

Subscriptions payable

In January 2024, the Town entered into a subscription agreement for the use of software. The subscription term ends in March 2026. Annual payments on the subscription are $122,618. To determine the subscription liability, the Town used an incremental borrowing rate of 3.238%. The Town split this subscription between governmental activities and business-type activities with 64% being allocated to governmental activities.	$ 150,299
In January 2024, the Town entered into a subscription agreement for the use of software. The subscription term ends in March 2026. Annual payments on the subscription are $27,750. To determine the subscription liability, the Town used an incremental borrowing rate of 3.238%. The Town split this subscription between governmental activities and business-type activities with 64% being allocated to governmental activities.	42,288
In January 2024, the Town entered into a subscription agreement for the use of software. The subscription term ends in March 2026. Annual payments on the subscription are $9,046. To determine the subscription liability, the Town used an incremental borrowing rate of 3.238%. The Town split this subscription between governmental activities and business-type activities with 64% being allocated to governmental activities.	5,539
In December 2022, the Town entered into a subscription agreement for the use of software. The subscription term ends in March 2025. Annual payments on the subscription are $41,446. To determine the subscription liability, the Town used an incremental borrowing rate of 3.238%. The Town split this subscription between governmental activities and business-type activities with 64% being allocated to governmental activities.	25,806
Total subscriptions payable	$ 223,932

The annual requirements for debt service on subscriptions outstanding for the Town's governmental activities at September 30, 2024, are summarized as follows:

	Principal	Interest	Total
Year ending September 30,			
2025	$ 126,096	$ 7,271	$ 133,367
2026	97,836	3,168	101,004
	$ 223,932	$ 10,439	$ 234,371

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

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

	Beginning Balance	Additions/ Remeasurements	Reductions	Ending Balance	Due within One Year
Governmental activities:					
General obligation bonds	$ 2,633,445	$ -	$ (402,198)	$ 2,231,247	$ 411,732
Revenue bonds	-	29,000,000	-	29,000,000	650,000
Deferred amounts:					
Unamortized premiums	-	1,278,743	-	1,278,743	-
Total bonds payable	2,633,445	30,278,743	(402,198)	32,509,990	1,061,732
Financed purchase obligations	95,188	-	(95,188)	-	-
Intergovernmental payable (Note 10)	6,906,022	-	(1,381,204)	5,524,818	1,381,204
Leases payable	827,329	33,836	(14,466)	846,699	18,053
Subscriptions payable	-	350,962	(127,030)	223,932	126,096
Compensated absences	449,706	529,499	(404,610)	574,595	430,946
Net pension liability	17,771,770	4,636,070	(3,541,479)	18,866,361	-
Governmental activities long-term liabilities	$ 28,683,460	$ 35,829,110	$ (5,966,175)	$ 58,546,395	$ 3,018,031

Resources from the General Fund and Capital Projects Fund have been used to liquidate the governmental activities bonds. Resources from the General Fund have been used to liquidate the governmental activities financed purchase, lease, subscription, and compensated absence liabilities.

Details on the Town's business-type activities state revolving fund loans for the year ended September 30, 2024, are as follows:

State Revolving Fund Loan

$35,280,000 South Carolina water pollution control revolving fund loan (DBP) approved in October 2018 ("2019A SRF"), due in quarterly installments ranging from $229,000 to $384,000 beginning October 1, 2021, through July 1, 2051, and quarterly interest payments ranging from 2.400% to 2.600%. The proceeds from this loan were used for the water pollution control plant expansion.	$ 32,379,643
Total state revolving fund loan	$ 32,379,643

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

The annual requirements for debt service on state revolving fund loans outstanding for the Town's business-type activities at September 30, 2024, are summarized as follows:

	Principal	Interest	Total
Year ending September 30,			
2025	$ 1,016,509	$ 841,665	$ 1,858,174
2026	1,042,416	841,665	1,884,081
2027	1,068,984	841,665	1,910,649
2028	1,096,230	841,665	1,937,895
2029	1,124,171	841,665	1,965,836
2030 - 2034	6,065,594	4,208,324	10,273,918
2035 - 2039	6,879,236	4,208,324	11,087,560
2040 - 2044	6,032,389	4,208,324	10,240,713
2045 - 2049	5,601,999	4,208,324	9,810,323
2050 - 2051	2,452,115	1,683,329	4,135,444
	$ 32,379,643	$ 22,724,950	$ 55,104,593

Details on the Town's business-type activities revenue bonds for the year ended September 30, 2024, are as follows:

Revenue Bonds

$1,330,000 water and wastewater system revenue bonds (DBP) issued in April 2013 ("2013A Revenue Bonds"), due in annual installments ranging from $28,000 to $120,000 beginning December 1, 2015, through December 1, 2027, and semi-annual interest payments at 1.900%. The proceeds from this issuance were used to finance certain improvements and extensions to the Town's water and wastewater system.	$ 468,000
$11,605,000 water and wastewater system improvement revenue bonds (PT) issued in August, 2015 ("2015 Revenue Bonds"), due in annual installments ranging from $65,000 to $885,000 beginning December 1, 2017, through December 1, 2040, and semi-annual interest payments ranging from 2.000% to 5.000%. The proceeds from this issuance were used to finance certain improvements to the Town's water and wastewater	10,350,000
$16,095,000 waterworks and sewer system improvement revenue bonds (PT) issued in April 2019 ("2019B Revenue Bonds"), due in annual installments ranging from $720,000 to $1,275,000 beginning December 1, 2023, through December 1, 2038, and semi-annual interest payments from 3.0% to 5.0%. The proceeds from this issuance were used to (i) finance a portion of the costs of certain improvements and additions to waterworks and sewer facilities and a meter upgrade project and (ii) to pay capitalized interest and issuance costs.	15,375,000
Total revenue bonds	26,193,000
Unamortized premium on bonds	1,188,520
Total revenue bonds, net of premiums on bonds	$ 27,381,520

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

The annual requirements for debt service on revenue bonds outstanding for the Town's business-type activities at September 30, 2024, are summarized as follows:

	Principal	Interest	Total
Year ending September 30,			
2025	$ 1,214,000	$ 983,203	$ 2,197,203
2026	1,266,000	928,318	2,194,318
2027	1,328,000	873,420	2,201,420
2028	1,380,000	815,034	2,195,034
2029	1,445,000	751,719	2,196,719
2030 - 2034	8,105,000	2,882,159	10,987,159
2035 - 2039	9,720,000	1,254,125	10,974,125
2040 - 2041	1,735,000	70,100	1,805,100
	$ 26,193,000	$ 8,558,078	$ 34,751,078

Details on the Town's business-type activities subscriptions payable for the year ended September 30, 2024, are as follows:

Subscriptions payable

In January 2024, the Town entered into a subscription agreement for the use of software. The subscription term ends in March 2026. Annual payments on the subscription are $122,618. To determine the subscription liability, the Town used an incremental borrowing rate of 3.238%. The Town split this subscription between governmental activities and business-type activities with 36% being allocated to business-type activities.	$ 83,499
In January 2024, the Town entered into a subscription agreement for the use of software. The subscription term ends in March 2026. Annual payments on the subscription are $27,750. To determine the subscription liability, the Town used an incremental borrowing rate of 3.238%. The Town split this subscription between governmental activities and business-type activities with 36% being allocated to business-type activities.	23,494
In January 2024, the Town entered into a subscription agreement for the use of software. The subscription term ends in March 2026. Annual payments on the subscription are $9,046. To determine the subscription liability, the Town used an incremental borrowing rate of 3.238%. The Town split this subscription between governmental activities and business-type activities with 36% being allocated to business-type activities.	3,077
In December 2022, the Town entered into a subscription agreement for the use of software. The subscription term ends in March 2025. Annual payments on the subscription are $41,446. To determine the subscription liability, the Town used an incremental borrowing rate of 3.238%. The Town split this subscription between governmental activities and business-type activities with 36% being allocated to business-type activities.	14,337
Total subscriptions payable	$ 124,407

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

The annual requirements for debt service on subscriptions outstanding for the Town's business-type activities at September 30, 2024, are summarized as follows:

	Principal	Interest	Total
Year ending September 30,			
2025	$ 70,054	$ 4,039	$ 74,093
2026	54,353	1,760	56,113
	$ 124,407	$ 5,799	$ 130,206

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

	Beginning Balance	Additions/ Remeasurements	Reductions	Ending Balance	Due within One Year
Business-type activities:					
Revenue bonds	$ 27,349,000	$ -	$ (1,156,000)	$ 26,193,000	$ 1,214,000
Add deferred amounts					
Unamortized premiums	1,483,501	-	(294,981)	1,188,520	-
Total bonds payable	28,832,501	-	(1,450,981)	27,381,520	1,214,000
State revolving loans	33,370,890	-	(991,247)	32,379,643	1,016,509
Subscriptions payable	-	194,979	(70,572)	124,407	70,054
Compensated absences	95,028	84,410	(65,622)	113,816	85,361
Net pension liability	3,412,727	308,588	(218,465)	3,502,850	-
Business-type activities long-term liabilities	$ 65,711,146	$ 587,977	$ (2,796,887)	$ 63,502,236	$ 2,385,924

Resources from the Gross Revenue Fund have been used to liquidate business-type activities debt. Resources from the Gross Revenue Fund and the Stormwater Fund have been used to liquidate business-type activities compensated absence, pension, and subscription liabilities.

Certain proceeds from the issuance of the Revenue Bonds as well as revenues generated by water/sewer operations are restricted by the bond ordinance for construction, payment of operating, and other expenses, or are set aside as reserves to ensure repayment of the bonds. Certain other assets are accumulated and restricted in accordance with the bond ordinance for the purposes of paying interest and principal payments and for the purpose of maintaining reserve funds at the required levels.

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

In addition, the bond ordinance also contains various negative, affirmative, and administrative covenants as defined in the bond ordinance. Of particular importance is the requirement that the Town maintain a rate covenant (net earnings to annual principal and interest requirements for qualified debt for each fiscal year as defined) of 120%. The Town maintained a rate covenant exceeding 120% for the year ended September 30, 2024.

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. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was thirty five percent (35%). In 1976, the General Assembly reduced the general obligation debt limit without voter approval to eight percent (8%) of assessed valuation, whereas, with a referendum any amount can be floated. As of September 30, 2024, the Town had approximately $2,231,000 of bonded debt subject to the 8% limit of approximately $14,789,000 resulting in an unused legal debt margin of approximately $12,558,000.

NOTE 8. RISK MANAGEMENT

Participation in Public Entity Risk Pools for Property and Casualty Insurance

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The Town has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund (SCMIRF), which is a public entity risk pool currently operating as a common risk management and insurance program. The Town pays a bi-annual premium to SCMIRF for its general insurance. SCMIRF is self-sustaining through member premiums and reinsures through commercial companies. SCMIRF's net position from its audited financial statements at December 31, 2023, totaled approximately $8,550,000. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in the past three fiscal years.

The Town 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 worker's compensation. The Town pays a quarterly premium to SCMIT. The Trust uses reinsurance agreements to reduce its exposure to large workers' compensation losses. SCMIT's net position from its audited financial statements at December 31, 2023, totaled approximately $43,867,000. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in the past three fiscal years.

NOTE 8. RISK MANAGEMENT (CONTINUED)

Health Plan

The Town maintains a fully insured health insurance program for Town employees. The Town pays a premium each month to the insurer and the insurance provider pays all covered claims.

NOTE 9. RETIREMENT PLANS

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

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

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

NOTE 9. RETIREMENT PLANS (CONTINUED)

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

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

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

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

South Carolina Police Officers Retirement System. 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; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least $2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

NOTE 9. RETIREMENT PLANS (CONTINUED)

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.

South Carolina Retirement System. 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 8 or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

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

South Carolina Police Officers Retirement System. 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.

NOTE 9. RETIREMENT PLANS (CONTINUED)

Contributions:

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

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

Required employee contribution rates for the year ended September 30, 2024, are as follows:

South Carolina Retirement System	
Employee Class Two	9.00% of earnable compensation
Employee Class Three	9.00% of earnable compensation
South Carolina Police Officers Retirement System	
Employee Class Two	9.75% of earnable compensation
Employee Class Three	9.75% of earnable compensation

NOTE 9. RETIREMENT PLANS (CONTINUED)

Contributions (Continued):

Required employer contribution rates for the year ended September 30, 2024, are summarized below:

South Carolina Retirement System

Employee Class Two	18.41% of earnable compensation from October 1st through September 30th
Employee Class Three	18.41% of earnable compensation from October 1st through September 30th
Employer incidental death benefit	0.15% of earnable compensation

South Carolina Police Officers Retirement System

Employee Class Two	20.84% of earnable compensation from October 1st through September 30th
Employee Class Three	20.84% of earnable compensation from October 1st through September 30th
Employer incidental death benefit	0.20% of earnable compensation
Employer accidental death program	0.20% of earnable compensation

Net Pension Liability:

The June 30, 2024, (the measurement date) total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS), and are based on the July 1, 2023 actuarial valuation. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2024, using generally accepted actuarial principles. There was no legislation enacted during the 2024 legislative session that had a material change in the benefit provisions for any of the systems. Information included in the following schedules is based on the certification provided by GRS. The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67, less that system's fiduciary net position.

As of September 30, 2024, (measurement date of June 30, 2024), the net pension liability amounts for SCRS and PORS plans are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Town's Proportionate Share of the Collective Net Pension Liability
SCRS	$ 61,369,806,968	$ 37,919,492,371	$ 23,450,314,597	61.8%	0.051582%
PORS	$ 10,177,904,231	$ 7,178,118,865	$ 2,999,785,366	70.5%	0.342461%

NOTE 9. RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions and Methods:

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The GASB Statement No. 67 valuation report prepared as of June 30, 2024, is based on the experience study report for the period ending June 30, 2019. A more recent experience report on the Systems was issued for the period ending June 30, 20223 and will be used for future valuations.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2023, valuations for 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)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or $500 annually	lesser of 1% or $500 annually

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

Former Job Class	Males	Females
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%

NOTE 9. RETIREMENT PLANS (CONTINUED)

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2024 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7 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%**	6.23%	2.86%
Bonds	**26.0%**	2.60%	0.68%
Private Equity	**9.0%**	9.60%	0.86%
Private Debt	**7.0%**	6.90%	0.48%
Real assets	**12.0%**		
Real estate	9.0%	4.30%	0.39%
Infrastructure	3.0%	7.30%	0.22%
	100%		
	Total expected real return		5.49%
	Inflation for actuarial purposes		2.25%
	Total expected nominal return		7.74%

Discount Rate:
The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the Systems' 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 total pension liability.

NOTE 9. RETIREMENT PLANS (CONTINUED)

Discount Rate (Continued):

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

Sensitivity of the Net Position Liability to Changes in the Discount Rate

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's portion - SCRS	$ 15,675,204	$ 12,096,120	$ 8,800,066
Town's portion - PORS	$ 14,883,741	$ 10,273,091	$ 6,496,729

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At September 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to the SCRS pension plan from the following sources:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 397,521	$ 15,012
Changes of assumptions	213,252	-
Net difference between projected and actual earnings on pension plan investments	-	466,067
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	775,082	449,678
Employer contributions subsequent to the measurement date	393,451	-
Total	$ 1,779,306	$ 930,757

NOTE 9. RETIREMENT PLANS (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:
At September 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to the PORS pension plan from the following sources:

PORS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 964,777	$ 58,897
Changes of assumptions	223,663	-
Net difference between projected and actual earnings on pension plan investments	-	575,950
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	440,231	320,301
Employer contributions subsequent to the measurement date	429,498	-
Total	$ 2,058,169	$ 955,148

Town contributions subsequent to the measurement date of $393,451 and $429,498 for the SCRS plan and the PORS plan, respectively, are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	SCRS	PORS
2025	$ (161,471)	$ (99,169)
2026	570,163	730,110
2027	168,802	194,864
2028	(122,396)	(152,282)

NOTE 9. RETIREMENT PLANS (CONTINUED)

Pension Expense:
For the year ended September 30, 2024, the Town recognized its proportionate share of collective pension expense of $1,167,520 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of $77,562 for a total of $1,245,082 for the SCRS plan. Additionally, for the year ended September 30, 2024, the Town recognized its proportionate share of collective pension expense of $1,303,947 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of $89,591 for a total of $1,393,538 for the PORS plan.

Pension Plan Fiduciary Net Position:
Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for SCRS and PORS. The ACFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, P.O. Box 11960, Columbia, SC 29211-1960.

NOTE 10. CONTINGENT LIABILITIES AND COMMITMENTS

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Litigation

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

NOTE 10. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

Heavy Equipment Rental Surcharge

Since 2017, the Town has received funds from the South Carolina Department of Revenue (DOR) related to a state mandated surcharge on heavy equipment rentals. The DOR has in the past collected the surcharge from the heavy equipment rental vendors in Fort Mill and then remitted it in quarterly payments to the Town. In 2021, the DOR changed its procedure, remitting the funds directly to York County ("County"). The County then distributes the funds to the Town. This change in procedure has uncovered a misallocation of past funds. After further investigation it was discovered that the Town was being remitted one heavy equipment rental vendor's statewide surcharges that should have been remitted to other local governments across the state. The Town worked with legal counsel and DOR and determined that the Town owed DOR approximately $8,818,000 for overpayments received. In September 2023, the Town agreed to a payment schedule with DOR. An initial payment of approximately $1,912,000 was paid in September 2023 with five subsequent yearly payments of approximately $1,381,000 due August 1 of 2024, 2025, 2026, 2027, and 2028. The Town also paid back approximately $1,257,000 to York County in January 2023. The Town has recorded a liability in its governmental activities Statement of Net Position for the amount owed of approximately $5,525,000, with a current portion of $1,381,000, as of September 30, 2024.

NOTE 11. DEFERRED COMPENSATION PLAN

The Town offers its employees the option to participate in the South Carolina 401(k) Deferred Compensation Plan (401(k) Plan), a defined contribution plan. The 401(k) Plan is administered by the South Carolina Deferred Compensation Commission. All amounts of compensation contributed under the 401(k) Plan, all income, and rights attributable to such amounts remain the sole property of the participating employee. Current year payroll covered under the 401(k) Plan was approximately $7,780,000 of the Town's approximately $14,561,000 total payroll (for all Town employees). Employees can contribute a minimum of $10 of gross salary per paycheck, up to a maximum of $23,000 per year. Contributions are not available to employees until termination of employment, retirement, death, or unforeseeable emergency, with the exceptions of education and purchase or improvement of a primary residence. There are no eligibility or vesting requirements. The Town contributes $10 per pay period to each employee chosen to participate. Employer and employee contributions were approximately $28,000 and $131,000, respectively, for the year ended September 30, 2024. There were no significant changes in plan provisions during the current year.

NOTE 12. TAX ABATEMENTS

Town's Tax Abatements

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

York County Tax Abatements

The Town's property tax revenues were reduced by approximately $1,137,000 under agreements entered into by York County.

NOTE 13. CORRECTION OF ERRORS IN PRIOR FINANCIAL REPORTING

The Town determined that restatements to certain October 1, 2023, beginning net position and fund balance accounts were required in order to correct certain errors in prior year reporting. The restatements are as follows.

1. Fund Balance of the General Fund

	General Fund
Fund balance, as previously reported	$ 26,961,978
Restatement for the correction of an error in prior year reporting	6,986,628
Fund balance, as restated, for the correction of an error	$ 33,948,606

2. Fund Balance of the ARPA Fund

	ARPA Fund
Fund balance, as previously reported	$ 8,551,711
Restatement for the correction of an error in prior year reporting	(4,027,439)
Fund balance, as restated, for the correction of an error	$ 4,524,272

3. Net Position at the entity-wide level of the Governmental Activities

	Governmental Activites
Net position, as previously reported	$ 106,326,048
Restatement for the correction of an error in prior year reporting	(3,946,833)
Net position, as restated, for the correction of an error	$ 102,379,215

Restatement 1: The Town did not properly report inventory in the General Fund in prior years. The Town also improperly reported a long-term liability in the General Fund in the prior year. As such, the Town determined restatements to (a) increase beginning fund balance of the General Fund in the amount of $80,606 was necessary in order to properly report the inventory balances and (b) increase beginning fund balance of the General Fund in the amount of $6,906,022 was necessary in order to properly report a long-term liability on the modified accrual basis of accounting.

Restatement 2: The Town improperly recognized revenues in prior years for funds received for the Coronavirus State and Local Fiscal Recovery Funds. These funds should have been recorded as unearned revenue and as such a restatement to decrease beginning fund balance of the ARPA fund in the amount of $4,027,439 was necessary in order to properly report unearned revenue.

NOTE 13. CORRECTION OF ERRORS IN PRIOR FINANCIAL REPORTING (CONTINUED)

Restatement 3: The errors related to inventory and revenue recognition noted in Restatements 1 and 2, respectively, also affected beginning net position of the Governmental Activities at the government-wide level. As such, the Town determined restatements to (a) increase beginning net Position of the Governmental Activities at the government-wide level in the amount of $80,606 (restatement 1 – inventory) and (b) decrease beginning net Position of the Governmental Activities at the government-wide level in the amount of $4,027,439 (restatement 2 – unearned revenue).

4. Net Position of the Gross Revenue Fund

	Gross Revenue Fund
Net position, as previously reported	$ 72,882,198
Restatement for the correction of an error in prior year reporting	1,354,433
Net position, as restated, for the correction of an error	$ 74,236,631

5. Net Position of the Stormwater Fund

	Stormwater Fund
Net position, as previously reported	$ 1,837,006
Restatement for the correction of an error in prior year reporting	61,373
Net position, as restated, for the correction of an error	$ 1,898,379

6. Net Position of the Business-type Activities

	Business-type Activites
Net position, as previously reported	$ 74,719,204
Restatement for the correction of an error in prior year reporting	1,415,806
Net position, as restated, for the correction of an error	$ 76,135,010

Restatement 4: The Town did not properly report inventory in the Gross Revenue Fund in prior years. The Town also received funds that were improperly reported as unearned revenues in the Gross Revenue Fund in prior years. As such, the Town determined restatements to increase beginning net position of the Gross Revenue, in the amount of $1,354,433, were necessary in order to properly report the inventory balances (increase of $1,188,683) and recognize revenues (increase of $165,750).

Restatement 5: The Town did not properly report inventory in the Stormwater Fund in prior years. As such, the Town determined a restatement to increase beginning net position of the Stormwater Fund, in the amount of $61,373, was necessary in order to properly report the inventory balances.

Restatement 6: The changes noted in restatements 4 and 5 amounted to a total restatement to beginning Net Position of the Business-type Activities in the amount of $1,415,806 from the previously disclosed errors noted immediately above.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF FORT MILL, SOUTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues:				
Property taxes	$ 16,467,000	$ 16,467,000	$ 17,665,915	$ 1,198,915
Fines, fees, licenses and permits	8,548,950	8,548,950	8,601,703	52,753
Charges for services	3,137,000	3,137,000	3,179,517	42,517
Intergovernmental	1,083,690	1,083,690	971,506	(112,184)
Miscellaneous	1,313,000	1,313,000	1,926,127	613,127
Investment income	8,000	458,000	557,873	99,873
Total revenues	30,557,640	31,007,640	32,902,641	1,895,001
Expenditures:				
Current:				
General government	7,864,258	7,875,221	7,972,948	(97,727)
Judicial	286,573	286,573	226,071	60,502
Public works	5,260,305	5,265,495	4,487,347	778,148
Public safety	14,816,928	16,504,962	14,466,785	2,038,177
Culture and recreation	1,689,023	1,689,023	1,589,523	99,500
Capital outlay	3,424,804	4,128,450	2,115,639	2,012,811
Debt Service:				
Principal	223,500	223,500	348,882	(125,382)
Interest	20,000	20,000	45,966	(25,966)
Total expenditures	33,585,391	35,993,224	31,253,161	4,740,063
Excess (deficiency) of revenues over (under) expenditures	(3,027,751)	(4,985,584)	1,649,480	6,635,064
Other financing sources:				
Issuance of leases	-	-	33,836	33,836
Issuance of subscriptions	-	-	350,962	350,962
Sale of capital assets	10,000	10,000	-	(10,000)
Insurance recoveries	10,000	10,000	98,241	88,241
Transfers in	3,007,751	3,007,751	10,863,421	7,855,670
Total other financing sources	3,027,751	3,027,751	11,346,460	8,318,709
Net change in fund balances	-	(1,957,833)	12,995,940	14,953,773
Fund balance, beginning of year, as adjusted	33,948,606	33,948,606	33,948,606	-
Fund balance, end of year	$ 33,948,606	$ 31,990,773	$ 46,944,546	$ 14,953,773

TOWN OF FORT MILL, SOUTH CAROLINA

ARPA FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues:				
Intergovernmental	$ -	$ -	$ 4,027,439	$ 4,027,439
Investment income	-	-	406,876	406,876
Total revenues	-	-	4,434,315	4,434,315
Other financing uses:				
Transfers out	(2,719,783)	(2,719,783)	(8,958,587)	(6,238,804)
Total other financing uses	(2,719,783)	(2,719,783)	(8,958,587)	(6,238,804)
Net change in fund balances	(2,719,783)	(2,719,783)	(4,524,272)	(1,804,489)
Fund balance, beginning of year, as adjusted	4,524,272	4,524,272	4,524,272	1,089,053
Fund balance, end of year	$ 1,804,489	$ 1,804,489	$ -	$ (715,436)

TOWN OF FORT MILL, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEARS ENDED JUNE 30,

South Carolina Retirement System

Plan Year Ended June 30,	Town's proportion of the net pension liability	Town's proportionate share of the net pension liability	Town's covered payroll	Town's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	0.051582%	$ 12,096,120	$ 7,088,252	170.7%	61.8%
2023	0.047017%	11,367,561	5,944,529	191.2%	58.6%
2022	0.050701%	12,291,135	6,037,361	203.6%	57.1%
2021	0.051907%	11,233,398	5,867,642	191.4%	60.7%
2020	0.050255%	12,841,112	5,606,661	229.0%	50.7%
2019	0.044675%	10,201,105	4,717,537	216.2%	54.4%
2018	0.039328%	8,812,054	4,075,429	216.2%	54.1%
2017	0.035588%	8,011,431	3,590,592	223.1%	53.3%
2016	0.031794%	6,791,150	3,074,149	220.9%	52.9%
2015	0.030520%	5,788,265	2,859,756	202.4%	57.0%

South Carolina Police Officers Retirement System

Plan Year Ended June 30,	Town's proportion of the net pension liability	Town's proportionate share of the net pension liability	Town's covered payroll	Town's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	0.34246%	$ 10,273,091	$ 6,754,961	152.1%	70.5%
2023	0.32249%	9,816,936	5,650,342	173.7%	67.8%
2022	0.33886%	10,162,397	5,362,815	189.5%	66.4%
2021	0.35431%	9,116,124	5,327,739	171.1%	70.4%
2020	0.33085%	10,971,693	4,997,980	219.5%	58.8%
2019	0.31707%	9,086,918	4,598,913	197.6%	62.7%
2018	0.31033%	8,793,446	4,291,889	204.9%	61.7%
2017	0.27281%	7,473,933	3,673,932	203.4%	60.9%
2016	0.22559%	5,722,084	2,876,001	199.0%	60.4%
2015	0.20109%	4,382,727	2,491,219	175.9%	64.6%

Notes to the Schedule of Town's Proportionate Share of the Net Pension Liability:

The assumptions used in the preparation of the above schedules are disclosed in Note 9 to the financial statements.

TOWN OF FORT MILL, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOWN CONTRIBUTIONS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30,

South Carolina Retirement System

Fiscal Year Ended September 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Town's covered payroll	Contributions as a percentage of covered payroll
2024	$ 1,389,748	$ 1,389,748	$ -	$ 7,487,869	18.56%
2023	1,085,571	1,085,571	-	6,084,102	17.84%
2022	1,052,626	1,052,626	-	6,260,987	16.81%
2021	928,926	928,926	-	5,882,744	15.79%
2020	894,279	894,279	-	5,747,293	15.56%
2019	734,123	734,123	-	4,959,544	14.80%
2018	574,049	574,049	-	4,162,656	13.79%
2017	433,629	433,629	-	3,600,233	12.04%
2016	350,962	350,962	-	3,134,263	11.20%
2015	321,943	321,943	-	2,941,829	10.94%

South Carolina Police Officers Retirement System

Fiscal Year Ended September 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Town's covered payroll	Contributions as a percentage of covered payroll
2024	$ 1,523,036	$ 1,523,036	$ -	$ 7,170,603	21.24%
2023	1,195,557	1,195,557	-	5,827,533	20.52%
2022	1,084,730	1,084,730	-	5,563,601	19.50%
2021	997,158	997,158	-	5,399,521	18.47%
2020	921,633	921,633	-	5,052,814	18.24%
2019	819,268	819,268	-	4,688,218	17.48%
2018	722,424	722,424	-	4,386,070	16.47%
2017	552,991	552,991	-	3,754,375	14.73%
2016	421,206	421,206	-	3,035,051	13.88%
2015	342,355	342,355	-	2,536,274	13.50%

Notes to the Schedule of Town's Pension Contributions:

The assumptions used in the preparation of the above schedules are as follows:

System	SCRS	PORS
Calculation date	July 1, 2022	July 1, 2022
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	5-year Smoothed	5-year Smoothed
Amortization method	Level % of pay	Level % of pay
Amortization period	25 year maximum, closed period	25 year maximum, closed period
Investment return	7.00%	7.00%
Inflation	2.25%	2.25%
Salary increases	3.00% plus step-rate increases for members w ith less than 21 years of service.	3.50% plus step-rate increases for members w ith less than 21 years of service.
Mortality	2020 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale UMP from the year 2020. Male rates are multiplied by 97% for non-educators and 95% for educators. Female rates multiplied by 107% for non-educators and 94% for educators.	2020 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale UMP from the year 2020. Male rates are multiplied by 127% and females rates are multiplied by 107%.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF FORT MILL, SOUTH CAROLINA

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - FINAL BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Taxes:			
Current property taxes	$ 15,092,000	$ 15,836,624	$ 744,624
Current vehicle taxes	1,300,000	1,696,434	396,434
Prior years, including penalties and execution fees	30,000	81,547	51,547
Housing Authority in lieu of taxes	45,000	51,310	6,310
Total taxes	16,467,000	17,665,915	1,198,915
Fines, fees, licenses and permits:			
Business licenses	5,700,000	5,902,725	202,725
Duke Power in lieu of taxes	500,000	589,547	89,547
York Electric in lieu of taxes	900,000	885,228	(14,772)
Fines and penalties	48,750	102,085	53,335
Permits	1,400,200	1,122,118	(278,082)
Total fines, fees, licenses and permits	8,548,950	8,601,703	52,753
Charges for services:			
Garbage revenue	2,592,000	2,513,397	(78,603)
Athletics revenue	505,000	640,245	135,245
Grave openings	40,000	25,875	(14,125)
Total charges for services	3,137,000	3,179,517	42,517
Intergovernmental:			
State shared revenue	655,000	686,116	31,116
State accommodations taxes	48,750	45,827	(2,923)
Manufacturer's depreciation reimbursement	900	47	(853)
Merchant inventory tax	15,469	15,469	-
Parks (York County government)	203,571	224,047	20,476
Federal grant revenue	160,000	-	(160,000)
Total intergovernmental	1,083,690	971,506	(112,184)
Miscellaneous:			
School resource officers	750,000	749,923	(77)
York County fire protection	36,000	34,386	(1,614)
Spring festival	250,000	116,118	(133,882)
Credit card convenience fee	40,000	35,469	(4,531)
Other	237,000	990,231	753,231
Total miscellaneous	1,313,000	1,926,127	613,127
Interest and penalties	458,000	557,873	99,873
Total revenues	**$ 31,007,640**	**$ 32,902,641**	**$ 1,895,001**

(Continued)

TOWN OF FORT MILL, SOUTH CAROLINA

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - FINAL BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Final Budget	Actual	Variance with Final Budget
Expenditures:			
General government:			
Town council:			
Personnel services	$ 79,722	$ 70,472	$ 9,250
Operating	1,285,039	450,601	834,438
Capital outlay	1,168,759	590,073	578,686
Total town council	2,533,520	1,111,146	1,422,374
Administration:			
Personnel services	3,842,774	3,367,411	475,363
Operating	2,667,686	4,084,464	(1,416,778)
Capital outlay	202,000	190,132	11,868
Total administration	6,712,460	7,642,007	(929,547)
Total general government	9,245,980	8,753,153	492,827
Judicial:			
Municipal court:			
Personnel services	222,463	178,709	43,754
Operating	64,110	47,362	16,748
Total municipal court	286,573	226,071	60,502
Total judicial	286,573	226,071	60,502
Public works:			
Administration:			
Personnel services	165,705	164,842	863
Operating	53,061	45,048	8,013
Total administration	218,766	209,890	8,876
Sanitation:			
Personnel services	399,541	289,483	110,058
Operating	1,426,895	1,320,707	106,188
Capital outlay	933,490	-	933,490
Total sanitation	2,759,926	1,610,190	1,149,736

(Continued)

TOWN OF FORT MILL, SOUTH CAROLINA

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - FINAL BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Final Budget	Actual	Variance with Final Budget
Expenditures (Continued):			
Public works (Continued):			
Building and grounds:			
Personnel services	$ 821,071	$ 956,568	$ (135,497)
Operating	313,122	146,211	166,911
Capital outlay	66,882	49,367	17,515
Total building and grounds	1,201,075	1,152,146	48,929
Street department:			
Personnel services	736,812	682,505	54,307
Operating	999,210	596,752	402,458
Capital outlay	388,668	354,326	34,342
Total street department	2,124,690	1,633,583	491,107
Garage and vehicle			
Personnel services	258,211	255,741	2,470
Operating	91,867	29,490	62,377
Capital outlay	154,589	137,979	16,610
Total garage and vehicle	504,667	423,210	81,457
Total public works	6,809,124	5,029,019	1,780,105
Public safety:			
Police department:			
Personnel services	7,261,244	7,403,306	(142,062)
Operating	2,419,096	1,960,936	458,160
Capital outlay	1,112,675	744,180	368,495
Total police department	10,793,015	10,108,422	684,593
Fire department:			
Personnel services	4,437,558	4,331,196	106,362
Operating	2,387,064	771,347	1,615,717
Capital outlay	17,500	16,255	1,245
Total police department	6,842,122	5,118,798	1,723,324
Total public safety	17,635,137	15,227,220	2,407,917
Cultural and recreation:			
Recreation:			
Personnel services	922,288	900,269	22,019
Operating	766,735	689,254	77,481
Capital outlay	83,887	33,327	50,560
Total recreation	1,772,910	1,622,850	150,060
Total cultural and recreation	1,772,910	1,622,850	150,060

(Continued)

TOWN OF FORT MILL, SOUTH CAROLINA

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - FINAL BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Final Budget	Actual	Variance with Final Budget
Expenditures (Continued):			
Debt service:			
Principal	$ 223,500	$ 348,882	$ (125,382)
Interest	20,000	45,966	(25,966)
Total debt service	243,500	394,848	(151,348)
Total expenditures	35,993,224	31,253,161	4,740,063
Excess (deficiency) of revenues over (under) expenditures	(4,985,584)	1,649,480	(2,845,062)
Other financing sources (uses):			
Issuance of leases	-	33,836	(33,836)
Issuance of subscriptions	-	350,962	(350,962)
Sale of capital assets	10,000	-	10,000
Insurance recoveries	10,000	98,241	(88,241)
Transfers in	3,007,751	10,863,421	(7,855,670)
Total other financing sources	3,027,751	11,346,460	(8,318,709)
Net change in fund balances	(1,957,833)	12,995,940	(11,163,771)
Fund balances, beginning of year, as adjusted	33,948,606	33,948,606	-
Fund balances, end of year	$ 31,990,773	$ 46,944,546	$ -

TOWN OF FORT MILL, SOUTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	Special Revenue Funds							
ASSETS	**Narcotics Fund**	**Local Accommodations Tax Fund**	**Fire Impact Fees Fund**	**Municipal Facilities Impact Fees Fund**	**Parks and Recreation Impact Fees Fund**	**Hospitality Tax Fund**	**Firefighters' 1% Fund**	**Total Nonmajor Governmental Funds**
Cash and cash equivalents	$ 89,504	$ 1,152,504	$ 2,158,866	$ 1,712,970	$ 4,451,482	$ 6,877,727	$ 81,164	$ 16,524,217
Accounts receivables	4,833	-	-	-	-	165,671	130,417	300,921
Due from other governments	-	85,318	-	-	-	-	-	85,318
Due from other funds	-	953,850	-	-	-	3,308,572	-	4,262,422
Total assets	$ 94,337	$ 2,191,672	$ 2,158,866	$ 1,712,970	$ 4,451,482	$ 10,351,970	$ 211,581	$ 21,172,878
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	$ -	$ 672,917	$ -	$ 8,406	$ -	$ 40,270	$ -	$ 721,593
Due to other funds	9,661	-	1,178,292	1,686,357	2,544,507	-	-	5,418,817
Total liabilities	9,661	672,917	1,178,292	1,694,763	2,544,507	40,270	-	6,140,410
FUND BALANCES								
Restricted for:								
Tourism	-	1,518,755	-	-	-	10,311,700	-	11,830,455
Firefighters' 1%	-	-	-	-	-	-	211,581	211,581
Narcotics	84,676	-	-	-	-	-	-	84,676
Capital outlay	-	-	980,574	18,207	1,906,975	-	-	2,905,756
Total fund balances	84,676	1,518,755	980,574	18,207	1,906,975	10,311,700	211,581	15,032,468
Total liabilities and fund balances	$ 94,337	$ 2,191,672	$ 2,158,866	$ 1,712,970	$ 4,451,482	$ 10,351,970	$ 211,581	$ 21,172,878

TOWN OF FORT MILL, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Special Revenue Funds							
	Narcotics Fund	Local Accommodations Tax Fund	Fire Impact Fees Fund	Municipal Facilities Impact Fees Fund	Parks and Recreation Impact Fees Fund	Hospitality Tax Fund	Firefighters' 1% Fund	Total Nonmajor Governmental Funds
Revenues:								
Other taxes	$ -	$ 733,338	$ -	$ -	$ -	$ 1,786,446	$ -	$ 2,519,784
Fines, fees, licenses and permits	-	-	165,087	277,705	364,240	-	-	807,032
Investment income	320	30,592	37,827	47,595	79,095	99,532	-	294,961
Other revenues	7,893	-	-	-	-	-	130,418	138,311
Total revenues	8,213	763,930	202,914	325,300	443,335	1,885,978	130,418	3,760,088
Expenditures:								
Current								
Judicial	-	-	-	8,406	-	-	-	8,406
Public safety	9,700	-	-	-	-	-	291,490	301,190
Community development	-	807,824	-	-	-	8,404	-	816,228
Capital outlay	-	-	-	1,068,151	-	863,719	-	1,931,870
Total expenditures	9,700	807,824	-	1,076,557	-	872,123	291,490	3,057,694
Excess (deficiency) of revenues over (under) expenditures	(1,487)	(43,894)	202,914	(751,257)	443,335	1,013,855	(161,072)	702,394
Other financing uses:								
Transfers out	-	(48,750)	(200,000)	(300,000)	(1,750,000)	(150,000)	-	(2,448,750)
Total other financing uses	-	(48,750)	(200,000)	(300,000)	(1,750,000)	(150,000)	-	(2,448,750)
Net change in fund balances	(1,487)	(92,644)	2,914	(1,051,257)	(1,306,665)	863,855	(161,072)	(1,746,356)
Fund balances, beginning of year	86,163	1,611,399	977,660	1,069,464	3,213,640	9,447,845	372,653	16,778,824
Fund balances, end of year	$ 84,676	$ 1,518,755	$ 980,574	$ 18,207	$ 1,906,975	$ 10,311,700	$ 211,581	$ 15,032,468

TOWN OF FORT MILL, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL - GROSS REVENUE FUND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Budgetary Basis		GAAP Basis		Budgetary Variance with Final
	Final Budget	Actual	Adjustments	Actual	Budget
Operating Revenues:					
Water revenue and penalties	$ 6,943,060	$ 7,242,767	$ -	$ 7,242,767	$ 299,707
Sewer revenues	6,690,840	7,275,909	-	7,275,909	585,069
Riverview water sales	350,000	429,252	-	429,252	79,252
Tega Cay water sales	1,352,760	1,191,703	-	1,191,703	(161,057)
Water taps	578,864	1,643,099	-	1,643,099	1,064,235
Sewer taps	717,600	750,000	-	750,000	32,400
Other revenues	49,397	165,815	-	165,815	116,418
Total operating revenues	16,682,521	18,698,545	-	18,698,545	2,016,024
Operating Expenses:					
Water:					
Water purchases	3,717,390	3,816,075	-	3,816,075	(98,685)
Salaries	1,007,970	917,128	-	917,128	90,842
Fringe benefits	436,096	365,936	-	365,936	70,160
Pension expense	-	-	(7,186)	(7,186)	-
Material and supplies	260,100	409,972	-	409,972	(149,872)
Electricity	5,250	6,585	-	6,585	(1,335)
Permits	15,000	1,125	-	1,125	13,875
Water meter replacement	698,820	100,230	-	100,230	598,590
Equipment repairs	25,000	1,953	-	1,953	23,047
Postage	65,000	82,450	-	82,450	(17,450)
Gas, oil, and grease	37,500	37,621	-	37,621	(121)
Street maintenance	150,000	59,430	-	59,430	90,570
Miscellaneous	250,000	26,888	-	26,888	223,112
Auto repairs	27,000	10,792	-	10,792	16,208
Uniforms	23,903	11,807	-	11,807	12,096
Water and heat	4,930	507	-	507	4,423
Telephone	22,400	19,496	-	19,496	2,904
Travel/training	24,500	10,144	-	10,144	14,356
Membership/dues	37,475	42,575	-	42,575	(5,100)
Advertising	4,000	-	-	-	4,000
Professional services	1,029,982	89,744	(239,586)	(149,842)	940,238
Hydrant repairs	30,000	-	-	-	30,000
Pre-employment expense	1,000	2,001	-	2,001	(1,001)
Contracted services	334,988	225,435	-	225,435	109,553
Rentals	5,000	2,179	-	2,179	2,821
Building maintenance	112,500	5,822	-	5,822	106,678
Service contracts	78,230	119,917	-	119,917	(41,687)
Computer expenses	3,988	4,268	-	4,268	(280)
Capital outlay	1,673,234	237,141	(175,342)	61,799	1,436,093
Total water	10,081,256	6,607,221	(422,114)	6,185,107	3,474,035

(Continued)

TOWN OF FORT MILL, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL - GROSS REVENUE FUND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Budgetary Basis		GAAP Basis		Budgetary Variance with Final Budget
	Final Budget	Actual	Adjustments	Actual	
Operating Expenses (Continued):					
Sewer:					
Salaries	$ 914,116	$ 692,789	$ -	$ 692,789	$ 221,327
Fringe benefits	407,135	293,873	-	293,873	113,262
Pension expense	-	-	(6,904)	(6,904)	-
Electricity	377,750	322,326	-	322,326	55,424
Equipment repairs	146,517	121,744	-	121,744	24,773
Material and supplies	142,500	61,554	-	61,554	80,946
Electricity lift station	120,000	99,655	-	99,655	20,345
Alum	50,000	62,796	-	62,796	(12,796)
Professional services	326,750	65,873	(78,950)	(13,077)	260,877
Contracted services	212,000	44,489	-	44,489	167,511
Chemicals	50,000	37,874	-	37,874	12,126
Lab supplies	20,000	6,293	-	6,293	13,707
Gas, oil, and grease	39,000	38,735	-	38,735	265
Service contracts	94,740	58,388	-	58,388	36,352
Auto repairs	17,000	12,696	-	12,696	4,304
Telephone	28,401	24,317	-	24,317	4,084
Uniforms	23,498	11,506	-	11,506	11,992
Travel/training	21,500	9,986	-	9,986	11,514
Transportation	200,000	159,872	-	159,872	40,128
Miscellaneous	1,300	5,656	-	5,656	(4,356)
Water and heat	6,600	2,311	-	2,311	4,289
Building/grounds maintenance	6,000	1,938	-	1,938	4,062
Lime	35,000	13,262	-	13,262	21,738
Membership/dues	6,170	17,920	-	17,920	(11,750)
Landfill fees	320,000	239,244	-	239,244	80,756
Rental	10,951	2,787	-	2,787	8,164
Permits	4,500	2,292	-	2,292	2,208
Pump station repairs	192,280	146,262	-	146,262	46,018
York County sewer processing	175,000	209,055	-	209,055	(34,055)
Capital outlay	1,569,973	1,757,172	(2,291,322)	(534,150)	(187,199)
Pump station monitoring	25,000	13,620	-	13,620	11,380
Total sewer	5,543,681	4,536,285	(2,377,176)	2,159,109	1,007,396
Other operating expenses	120,000	99,444	-	99,444	20,556
Depreciation	-	-	3,613,400	3,613,400	-
Total operating expenses	15,744,937	11,242,950	814,110	12,057,060	4,501,987
Operating income (loss)	937,584	7,455,595	(814,110)	6,641,485	6,518,011

(Continued)

TOWN OF FORT MILL, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL - GROSS REVENUE FUND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Budgetary Basis		GAAP Basis		Budgetary Variance with Final
	Final Budget	Actual	Adjustments	Actual	Budget
Nonoperating Revenues (Expenses)					
Grants	$ 500,000	$ 397,818	$ -	$ 397,818	$ (102,182)
Insurance recoveries from casualty	5,000	7,651	-	7,651	2,651
Investment income	20,000	2,407,583	-	2,407,583	2,387,583
Debt service - payments and fiscal charges	-	(2,217,819)	2,217,819	-	(2,217,819)
Interest expense	(1,892,631)	(1,563,820)	-	(1,563,820)	328,811
Gain (loss) on disposal of capital assets	10,000	-	-	-	(10,000)
Total nonoperating revenues (expenses), net	(1,357,631)	(968,587)	2,217,819	1,249,232	389,044
Net income before transfers	(420,047)	6,487,008	1,403,709	7,890,717	6,907,055
Transfers out	(137,968)	(1,706,084)	-	(1,706,084)	(1,568,116)
Total transfers	(137,968)	(1,706,084)	-	(1,706,084)	(1,568,116)
Change in net position	(558,015)	4,780,924	1,403,709	6,184,633	5,338,939
NET POSITION, beginning of year, as adjusted	74,236,631	74,236,631	-	74,236,631	-
NET POSITION, end of year	$ 73,678,616	$ 79,017,555	$ 1,403,709	$ 80,421,264	$ 5,338,939

Note: The Town budgeted expected use of net position of approximately $364,000

Note: The above budgetary information has been prepared on the Town's budgetary basis (cash basis), which is not consistent with accounting principles generally accepted in the United States of America (GAAP).

The actual budgetary basis results have been adjusted to reflect GAAP adjustments to tie to the financial statements as follows:

Depreciation expense	$ (3,613,400)
Capital asset additions included in budgetary basis	2,785,200
Principal payments on long-term debt	2,217,819
Pension expense - net change in NPL and related items	14,090
	$ 1,403,709

TOWN OF FORT MILL, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
FOR THE YEAR ENDED SEPTEMBER 30, 2024

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines, Surcharges and Assessments:				
Court fines, surcharges and assessments collected	N/A	N/A	$ 217,381	$ 217,381
Court fines, surcharges and assessments remitted to State Treasurer	N/A	N/A	100,313	100,313
Total Court Fines, Surcharges and Assessments retained	**N/A**	**N/A**	**$ 117,068**	**$ 117,068**
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	N/A	N/A	$ 10,340	$ 10,340
Assessments retained	N/A	N/A	748	748
Total Surcharges and Assessments retained for victim services	**N/A**	**N/A**	**$ 11,088**	**$ 11,088**

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	**$ -**	**N/A**	**$ -**
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer	-	N/A	-
Victim Service Assessments Retained by City/County Treasurer	748	N/A	748
Victim Service Surcharges Retained by City/County Treasurer	10,340	N/A	10,340
Interest Earned	-	N/A	-
Grant Funds Received			
Grant from:	-	N/A	-
General Funds Transferred to Victim Service Fund	-	N/A	-
Contribution Received from Victim Service Contracts:			
(1) Town of	-	N/A	-
(2) Town of	-	N/A	-
(3) City of	-	N/A	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	**$ 11,088**	**N/A**	**$ 11,088**

TOWN OF FORT MILL, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Expenditures for Victim Service Program:	**Municipal**	**County**	**Total**
Salaries and Benefits	$ -	N/A	$ -
Operating Expenditures	-	N/A	-
Victim Service Contract(s):			
(1) York County	11,088	N/A	11,088
(2) Entity's Name	-	N/A	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	-	N/A	-
(2) Rape Crisis Center:	-	N/A	-
(3) Other local direct crime victims service agency:	-	N/A	-
Transferred to General Fund	-	N/A	-
Total Expenditures from Victim Service Fund/Program (B)	**11,088**	**N/A**	**11,088**
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	-	N/A	-
Less: Prior Year Fund Deficit Repayment	-	N/A	-
Carryforward Deficit – End of Year	**$ -**	**N/A**	**$ -**

COMPLIANCE SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

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*

The Honorable Mayor and Members
of the Town Council
Fort Mill, South Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Town of Fort Mill, South Carolina** (the "Town") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 24, 2025.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, 2024-003, 2024-004 and 2024-005 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Town of Fort Mill, South Carolina's Response to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.

Mauldin & Jenkins, LLC

Columbia, South Carolina
June 24, 2025

MAULDIN & JENKINS
CPAs & ADVISORS

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

The Honorable Mayor and Members
of the Town Council
Fort Mill, South Carolina

Report on Compliance for Each Major Federal Program

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

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

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

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Columbia, South Carolina
June 24, 2025

TOWN OF FORT MILL, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

Federal Grantor/Pass-through Grantor/Program Title	Federal AL Number	Grant Identification Number	Total Expenditures	Passed through to Subrecipients
U.S. Department of the Treasury				
Direct award				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	$ 4,306,600	$ -
Total U.S. Department of the Treasury			4,306,600	-
Total Expenditures of Federal Awards			$ 4,306,600	$ -

TOWN OF FORT MILL, SOUTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Town of Fort Mill, South Carolina (the "Town"), and is presented on the modified accrual basis of accounting for governmental fund types and the accrual basis of accounting for the proprietary fund types. The Town reporting entity is described in Note 1 to the Town's basic financial statements.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. DE MINIMIS INDIRECT COST RATE

The Town chose not to use the ten percent de Minimis indirect cost rate for the year ended September 30, 2024.

NOTE 3. NONCASH AWARDS AND LOANS

There were no federal awards expended in the form of noncash assistance during the fiscal year. There were also no loans or loan guarantees outstanding at year end.

TOWN OF FORT MILL, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? __X__ Yes ____ No

Significant deficiency(ies) identified? _____ Yes __X__ None reported

Noncompliance material to financial statements noted? _____ Yes __X__ No

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ Yes __X__ No

Significant deficiencies identified? _____ Yes __X__ None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? _____ Yes __X__ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
21.027	**U.S. Department of the Treasury** COVID-19 State and Local Fiscal Recovery Program

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

Auditee qualified as low-risk auditee? _____ Yes __X__ No

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2024-001 Segregation of Duties

Criteria: Internal controls should be in place to provide reasonable assurance that an individual cannot misappropriate assets without such actions being detected during the normal course of business.

Condition: During the fiscal year ended September 30, 2024, there was not appropriate segregation of duties among the process of recording and approving manual journal entries. We noted several manual journal entries had no separate approval besides the staff posting the entries to the general ledger. The Town acknowledged having no formal policy in place for secondary review and approval of manual journal entries prior to their being posted to the Town's general ledger.

Context: Several instances of overlapping duties were noted during inquiries with management regarding internal control procedures, specifically with the process of posting manual journal entries.

Effect: Failure to properly segregate duties among the various financial cycles in the funds possessed by the Town can lead to misappropriation of assets that is not detected during the normal course of business.

Cause: The lack of segregation of duties is due to turnover among Town personnel in the finance/accounting function, the limited number of individuals available to perform all of the duties, as well as the lack of a properly developed integrated work plan with appropriate controls.

Recommendation: The duties among the various financial cycles associated with the various funds of the Town involving the process of posting manual journal entries should be segregated among employees to eliminate overlapping duties. Additionally, a formal review and approval process should be maintained for all manual journal entries posted to the general ledger.

Views of Responsible Officials and Planned Corrective Action: We concur. The Town is in the process of reviewing their respective systems to evaluate and determine the most efficient and effective solution to properly segregate duties among the financial cycles of the Town that involve the process of posting manual journal entries to the general ledger.

2024-002 Recognition of Revenues and Receivables

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Additionally, GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, states that recipients of "reimbursement-type" and "expenditure-driven" grant programs cannot qualify for resources without first incurring allowable costs under the provider's program which effects the timing of recognition of revenues. Cash provided in advance should be reported as unearned revenues by the recipient until allowable costs have been incurred.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2024-002 Recognition of Revenues and Receivables (Continued)

Condition: During prior fiscal years and throughout fiscal year 2024, the Town did not properly recognize certain receivables and/or revenues in accordance with GAAP. Consequently, the respective revenues and receivables of certain governmental-type funds were not properly stated and reflected as of and for the year ended September 30, 2024.

Additionally, the Town recognized revenues in the prior year for funds received for the Coronavirus State and Local Fiscal Recovery Funds, an "expenditure-driven grant," in which allowable costs had not been incurred. These funds should have been recorded as unearned revenue.

Context: We addressed the matter with the Town to determine the appropriate amounts to record as of and for the fiscal year ended September 30, 2024.

Effect: In order to properly report balances as of September 30, 2024, there were significant audit adjustments required with the total effect for each fund noted below:

Accounts Receivable

- General Fund - $102,590
- Capital Projects Fund - $380,960

Revenue

- General Fund - $40,829
- ARPA Fund - $4,027,439
- Capital Projects Fund $279,161

Additionally, the Town determined restatements were necessary to decrease fund balance of the ARPA Fund ($4,027,439) and net position of the Town's governmental activities ($4,027,439) and to increase net position of the Gross Revenue Fund ($165,750) and the Town's business-type activities ($165,750) in order to properly record unearned revenues as of October 1, 2023.

Cause: There was a lack of appropriate controls implemented at the Town during the fiscal year to ensure that accounts receivable and revenue balances were properly reconciled and recorded.

Recommendation: We recommend the Town review all relevant accounts throughout the fiscal year, and ensure all respective revenues and receivables are properly identified and stated at the end of each accounting period.

Views of Responsible Officials and Planned Corrective Action: Management agrees and has developed plans to address this issue. See Management's Corrective Action Plan.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2024-003 Management of Funds and Reconciliations to the General Ledger

Criteria: Internal controls and operating policies should be in place to ensure that all assets belonging to the Town are reconciled and recorded in the general ledger for financial reporting in a timely manner.

Condition: We noted certain reconciling items of the Town's pooled cash general ledger accounts were not reflected in the Town's general ledger "cash receipts" accounts as of September 30, 2024.

Context: We addressed this matter with the Town to determine the appropriate adjustments to ensure proper stating and reporting of cash accounts at September 30, 2024.

Effect: These reconciling items were not recorded in a timely manner in the general ledger resulting in adjustments and reclassifications. Adjustments to increase cash in the amount of $229,357 were required to properly state the reconciled balance of the pooled cash accounts at September 30, 2024.

Cause: The Town was delayed in efforts to reconcile, record, and review balances in a timely manner to ensure accurate figures were reflected in the general ledger for the fiscal 2024 audit time period. An organizational timing procedure for entries was not implemented at the Town during the fiscal year.

Recommendation: We recommend the Town implement the necessary controls and procedures to ensure that all accounts are reconciled in a timely manner, all accounts and the associated activities are properly reported, and all reconciling items are properly reflected in the general ledger.

Views of Responsible Officials and Planned Corrective Action: Management agrees and has developed plans to address this issue. See Management's Corrective Action Plan.

2024-004 Management of Inventory

Criteria: Generally accepted accounting principles require significant inventory items on hand be recorded as an asset regardless of whether the consumption method or purchases method of accounting for inventory is used.

Condition: The Town was noted to have had instances of significant inventory items on hand at both September 30, 2023 and 2024 resulting in a significant amount of inventory not being recorded on the Town's Governmental Fund Balance Sheet for the General Fund and government-wide and proprietary Statements of Net Position for its governmental and business-type activities as well as its Gross Revenue and Stormwater enterprise funds.

Context: We addressed this matter with Town officials, who worked diligently to be able to determine the amount of inventory on hand as of September 30, 2023 and 2024, in the General, Gross Revenue, and Stormwater funds.

Effect: Prior period adjustments to record inventory and increase net position of the Town's Gross Revenue ($1,188,683), Stormwater ($61,373), and General ($80,606) funds were required as of October 1, 2023.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2024-004 Management of Inventory (Continued)

Cause: Inventory on hand was not properly reconciled and recorded as an asset in the Town's Gross Revenue, Stormwater, and General funds as of September 30, 2023 and 2024.

Recommendation: We recommend that the Town implement the necessary controls related to inventory so as to ensure that inventory transactions are properly recorded in accordance with Town policies and procedures as well as generally accepted accounting principles.

Views of Responsible Officials and Planned Corrective Action: Management agrees and has developed plans to address this issue. See Management's Corrective Action Plan.

2024-005 Management of Long-term Obligations

Criteria: Generally accepted accounting principles require long-term obligations to be recorded in the accounting period in which they are incurred. Additionally, governmental accounting standards require liabilities reported in governmental-type funds and whose liquidation does not require current financial resources to be reported only at the government-wide level statement of net position.

Condition: The Town improperly recorded a long-term obligation for an intergovernmental payable in the General Fund as of September 30, 2023.

Context: We addressed these matters with Town officials who were able to determine the appropriate amounts to be recorded for the intergovernmental payable relative to governmental activities as of September 30, 2023 and 2024.

Effect: A prior period adjustment to increase fund balance and decrease "due from other governments" in the amount of $6,906,022 in the General Fund was required as of September 30, 2023.

Cause: The Town did not establish the necessary controls to ensure that intergovernmental payables were properly recognized in accordance with the measurement focus of the individual funds.

Recommendation: We recommend the Town implement controls and procedures to ensure that all long-term obligations of the Town are properly recorded in the appropriate accounting period and establish the necessary controls to ensure that long-term obligations are properly recognized in accordance with the measurement focus of the individual funds.

View of Responsible Officials and Planned Corrective Action: Management agrees and has developed plans to address this issue. See Management's Corrective Action Plan.

SECTION III
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV
PRIOR YEAR FINDINGS AND QUESTIONED COSTS

2023-001 Performing Bank Reconciliations

Criteria: The Town should have adequate internal controls in place to ensure that all bank reconciliations are being prepared and reviewed in a timely manner.

Condition: During the fiscal year 2023 audit, it was found that formal bank reconciliations (primarily operating accounts) had not been prepared timely. Timely completion of the formal bank reconciliations is an important and fundamental internal control that can help prevent accounting errors and fraud.

Status: Resolved.

MANAGEMENT CORRECTIVE ACTION PLAN

Section II – Financial Statement Findings

Finding:	**2024-001 – Segregation of Duties**
Name of contact person:	Debbie Kratochvil – Director of Finance
Corrective action:	The Town has reviewed the respective systems to evaluate and determine the most efficient and effective solution to properly segregate duties among the financial cycles of the Town involving the process of posting manual journal entries. We have implemented those changes and have updated the internal controls to reflect these changes.
Proposed completion date:	Fiscal Year 2025.
Finding:	**2024-002 – Recognition of Revenues and Receivables**
Name of contact person:	Debbie Kratochvil – Director of Finance
Corrective action:	The Town will implement and follow the proper procedures to ensure all revenue and receivable transactions are properly reported.
Proposed completion date:	Fiscal Year 2025.
Finding:	**2024-003 – Management of Funds and Reconciliations to the General Ledger**
Name of contact person:	Debbie Kratochvil – Director of Finance
Corrective action:	The Town will implement and follow the proper procedures to ensure all accounts are reconciled in a timely manner, properly reported, and properly reflected in the general ledger.
Proposed completion date:	Fiscal Year 2025.
Finding:	**2024-004 – Management of Inventory**
Name of contact person:	Debbie Kratochvil – Director of Finance
Corrective action:	The Town will implement and follow the proper procedures to ensure all inventories are properly reported.
Proposed completion date:	Fiscal Year 2025.

Finding:	**2024-005 – Management of Long-Term Obligations**
Name of contact person:	Debbie Kratochvil – Director of Finance
Corrective action:	The Town will implement and follow the proper procedures to ensure all long-term obligation are properly reported.
Proposed completion date:	Fiscal Year 2025

Respectfully submitted,

Debbie Kratochvil

Debbie Kratochvil
Finance Director