CITY OF DARLINGTON, SOUTH CAROLINA

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

YEAR ENDED JUNE 30, 2024

WITH

INDEPENDENT AUDITORS' REPORT

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AND OTHER FINANCIAL INFORMATION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
Of City Council
City of Darlington, South Carolina
400 Pearl Street
Darlington, South Carolina 29532

Report on the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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 and auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 of the effectiveness of the City'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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 related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Proportionate Share of the South Carolina Retirement Systems Net Pension Liabilities on page 43 and the Schedule of South Carolina Retirement Systems Contributions on page 44 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the *Government 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. Our opinion on the basic financial statements is not affected by the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Court Fines, Fees, Assessments and Surcharges and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 Schedule of Court Fines, Fees, Assessments and Surcharges and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control over financial reporting and compliance.

West Columbia, South Carolina
March 27, 2025

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2024

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
Assets			
Cash and cash equivalents	$ 3,241,748	$ 2,000,768	$ 5,242,516
Cash and cash equivalents - restricted	5,669,249	282,049	5,951,298
Accounts receivable, net	461,186	501,752	962,938
Property tax receivables, net	71,483	-	71,483
Internal balances	(157,449)	157,449	-
Due from other governments	276,889	965,851	1,242,740
Inventory of supplies at cost	-	30,171	30,171
Capital assets:			
Non-depreciable	2,227,303	1,941,812	4,169,115
Depreciable, net	2,493,519	13,222,532	15,716,051
Total assets	14,283,928	19,102,384	33,386,312
Deferred outflows of resources			
Deferred pension outflows	531,188	70,889	602,077
Total assets and deferred outflows of resources	14,815,116	19,173,273	33,988,389
Liabilities			
Accounts payable	252,266	1,070,350	1,322,616
Accrued payroll and related withholdings	79,784	10,556	90,340
Unearned revenue	1,129,745	27,655	1,157,400
Deposits payable	7,507	7,325	14,832
Accrued interest payable	82,444	52,404	134,848
Retainage payable	-	52,706	52,706
Long-term liabilities:			
Current portion	813,742	391,772	1,205,514
Noncurrent portion	4,390,474	2,952,870	7,343,344
Net pension liability	5,671,606	1,050,202	6,721,808
Total liabilities	12,427,568	5,615,840	18,043,408
Deferred inflows of resources			
Deferred pension inflows	603,048	93,620	696,668
Total liabilities and deferred inflows of resources	13,030,616	5,709,460	18,740,076
Net position			
Net investment in capital assets	2,429,926	11,834,986	14,264,912
Restricted	4,438,800	282,049	4,720,849
Unrestricted - unfunded pension obligation	(5,743,466)	(1,072,933)	(6,816,399)
Unrestricted - other	659,240	2,419,711	3,078,951
Total net position	$ 1,784,500	$ 13,463,813	$ 15,248,313

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Primary Government:							
General government	$ 2,673,346	$ 17,450	$ 1,516,724	$ -	$ (1,139,172)	$ -	$ (1,139,172)
Public safety	4,520,144	376,138	186,158	24,780	(3,933,068)	-	(3,933,068)
Streets and sanitation	2,207,921	1,776,779	-	-	(431,142)	-	(431,142)
Culture and recreation	661,934	56,255	-	1,640	(604,039)	-	(604,039)
Interest on long-term debt	154,799	-	-	-	(154,799)	-	(154,799)
Non-departmental	156,696	-	-	-	(156,696)	-	(156,696)
Total governmental activities	10,374,840	2,226,622	1,702,882	26,420	(6,418,916)	-	(6,418,916)
Business-type activities							
Water and sewer charges	3,315,273	3,281,219	-	2,389,095	-	2,355,041	2,355,041
Stormwater services	391,264	465,678	-	125,849	-	200,263	200,263
Total business-type activities	3,706,537	3,746,897	-	2,514,944	-	2,555,304	2,555,304
Total primary government	$ 14,081,377	$ 5,973,519	$ 1,702,882	$ 2,541,364	(6,418,916)	2,555,304	(3,863,612)
General revenues and transfers:							
General revenues:							
Property taxes					1,538,270	-	1,538,270
Payments in lieu of taxes					916,795	-	916,795
Local option sales tax					1,510,256	-	1,510,256
Hospitality taxes					533,850	-	533,850
Accommodations taxes					48,671	-	48,671
Utility franchise fees					814,934	-	814,934
Business license and building permit fees					1,575,191	-	1,575,191
State aid to subdivisions					151,280	-	151,280
Proceeds from of sale of capital assets					14,600	-	14,600
Loss on sale of capital assets					(35,784)	-	(35,784)
Miscellaneous					197,535	27,817	225,352
Unrestricted investment earnings					188,320	43,363	231,683
Transfers					2,111	(2,111)	-
Total general revenues and transfers					7,456,029	69,069	7,525,098
Change in net position					1,037,113	2,624,373	3,661,486
Net position, at beginning of year					747,387	10,839,440	11,586,827
Net position, end of year					$ 1,784,500	$ 13,463,813	$ 15,248,313

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2024

	General Fund	Capital Projects Fund	Hospitality Tax Special Revenue Fund	Victim's Assistance Special Revenue Fund	Municipal Court Fund	American Rescue Plan Act Fund	Public Facilities Special Revenue Fund	Total Governmental Funds
Assets								
Cash and cash equivalents	$ 2,895,579	$ -	$ 279,690	$ 5,066	$ 61,414	$ -	$ -	$ 3,241,749
Cash and cash equivalents - restricted	-	-	-	-	-	781,889	4,887,360	5,669,249
Accounts receivable	423,036	-	38,151	-	-	-	-	461,187
Property tax receivables, net	71,483	-	-	-	-	-	-	71,483
Due from other governments	276,889	-	-	-	-	-	-	276,889
Due from other funds	316,842	-	-	948	-	-	-	317,790
Total assets	3,983,829	-	317,841	6,014	61,414	781,889	4,887,360	10,038,347
Liabilities, Deferred Inflows and Fund Balances								
Liabilities								
Accounts payable	228,521	-	853	-	-	22,894	-	252,268
Accrued payroll and related withholdings	79,784	-	-	-	-	-	-	79,784
Unearned revenues	26,813	-	-	-	-	302,932	800,000	1,129,745
Due to other funds	948	-	-	3,239	14,989	456,063	-	475,239
Deposits payable	7,507	-	-	-	-	-	-	7,507
Total liabilities	343,573	-	853	3,239	14,989	781,889	800,000	1,944,543
Deferred Inflow of Resources								
Unavailable revenue - property taxes	29,915	-	-	-	-	-	-	29,915
Total deferred inflow of resources	29,915	-	-	-	-	-	-	29,915
Fund Balances								
Restricted	31,677	-	316,988	2,775	-	-	4,087,360	4,438,800
Unassigned	3,578,664	-	-	-	46,425	-	-	3,625,089
Total fund balances	3,610,341	-	316,988	2,775	46,425	-	4,087,360	8,063,889
Total liabilities and fund balances	$ 3,983,829	$ -	$ 317,841	$ 6,014	$ 61,414	$ 781,889	$ 4,887,360	$ 10,038,347

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

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

JUNE 30, 2024

Total fund balances - governmental funds		$ 8,063,889
Amounts reported for governmental activities in the Statement of Net Position are different due to the following:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.		
Capital assets, cost	$ 11,223,141	
Accumulated depreciation	(6,502,319)	
		4,720,822
Some of the City's taxes will be collected after year end, but are not available soon enough to pay for the current period expenditures, and therefore, are reported as deferred inflow in the funds.		29,915
Long-term liabilities are not due and payable in the current period and therefore are not reported in governmental funds.		
Compensated absences	(313,320)	
Financed purchases	(435,333)	
Notes payable	(164,666)	
Revenue bonds	(3,701,000)	
General obligation bonds	(589,897)	
Accrued interest	(82,444)	
		(5,286,660)
Net pension obligations are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds balance sheet.		(5,671,606)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the governmental funds.		
Deferred outflows of resources related to pensions	531,188	
Deferred inflows of resources related to pensions	(603,048)	
		(71,860)
Net position of governmental activities		$ 1,784,500

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2024

	General Fund	Capital Projects Fund	Hospitality Tax Special Revenue Fund	Victim's Assistance Special Revenue Fund	Municipal Court Fund	American Rescue Plan Act Fund	Public Facilities Special Revenue Fund	Total Governmental Funds
Revenues								
Property and other taxes	$ 4,013,992	$ -	$ 533,851	$ -	$ -	$ -	$ -	$ 4,547,843
Licenses and permits	2,390,125	-	-	-	-	-	-	2,390,125
Intergovernmental	455,982	-	-	-	-	-	-	455,982
Charges for services	1,826,838	-	-	-	-	-	-	1,826,838
Grant revenue	332,363	-	-	-	-	1,210,780	-	1,543,143
Fines and forfeitures	104,465	-	-	9,328	143,800	-	-	257,593
Interest	49,758	-	53,140	5	54	85,131	232	188,320
Miscellaneous	197,535	-	-	-	-	-	-	197,535
Rental income	23,646	-	-	-	-	-	-	23,646
Total revenues	9,394,704	-	586,991	9,333	143,854	1,295,911	232	11,431,025
Expenditures								
Current:								
General government	74,157	-	-	-	-	914,486	112,872	1,101,515
Municipal court	198,782	-	-	-	145,878	-	-	344,660
Legal	51,117	-	-	-	-	-	-	51,117
Community promotions	17,138	-	29,458	-	-	-	-	46,596
Administration	561,383	-	-	-	-	-	-	561,383
Public buildings	167,253	-	-	-	-	-	-	167,253
Planning and grants	529,519	-	-	-	-	-	-	529,519
Police department	2,907,841	-	-	8,463	-	-	-	2,916,304
Fire department	1,114,428	-	-	-	-	-	-	1,114,428
Inspections	175,711	-	-	-	-	-	-	175,711
Street maintenance	979,514	-	-	-	-	-	-	979,514
Sanitation and trash	1,053,832	-	-	-	-	-	-	1,053,832
Garage	111,612	-	-	-	-	-	-	111,612
Recreation	428,573	-	-	-	-	-	-	428,573
Parks	44,485	-	-	-	-	-	-	44,485
Registrations	43,284	-	-	-	-	-	-	43,284
Non-departmental	145,171	-	-	-	-	-	-	145,171
Capital outlay	130,793	-	163,334	-	-	309,140	-	603,267
Debt service:								
Principal	349,824	-	123,000	-	-	-	-	472,824
Interest and fiscal charges	50,570	-	31,090	-	-	-	-	81,660
Total expenditures	9,134,987	-	346,882	8,463	145,878	1,223,626	112,872	10,972,708
Excess (deficit) of revenues over (under) expenditures	259,717	-	240,109	870	(2,024)	72,285	(112,640)	458,317
Other Financing Sources								
Proceeds from bond issuance	-	-	-	-	-	-	2,600,000	2,600,000
Proceeds from sale of capital assets	500	-	-	-	-	-	-	500
Transfers	74,397	(8,977)	(1,591,023)	-	-	(72,285)	1,600,000	2,112
Total other financing sources	74,897	(8,977)	(1,591,023)	-	-	(72,285)	4,200,000	2,602,612
Net change in fund balance	334,614	(8,977)	(1,350,914)	870	(2,024)	-	4,087,360	3,060,929
Fund balance, beginning of year	3,275,727	8,977	1,667,902	1,905	48,449	-	-	5,002,960
Fund balance, end of year	$ 3,610,341	$ -	$ 316,988	$ 2,775	$ 46,425	$ -	$ 4,087,360	$ 8,063,889

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2024

Net change in fund balance - total governmental funds		$ 3,060,929
Amounts reported for governmental activities in the Statement of Activities are different due to the following:		
Some property taxes will not be collected for several months after the City's fiscal year end. They are not considered "available" revenue and are deferred in the governmental funds. Grant revenue and tax revenues decreased by this amount.		15,256
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over the estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the period.		
Acquisition of capital assets	$ 603,267	
Depreciation	(391,105)	
Net change in capital assets		212,162
The net effect of various transactions involving capital assets (i.e., sales and donations) is a decrease in net assets.		
Proceeds from sale of capital assets	14,100	
Loss on disposition of capital assets	(35,783)	
		(21,683)
The issuance of long-term debt (e.g., bonds, leases, notes) 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. The net effect of these differences in the treatment of debt and related items is as follows:		
Proceeds from bond issuance	(2,600,000)	
Principal repayments	472,824	
		(2,127,176)
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:		
Accrued interest		(73,136)
Pension expense which is not "due and payable" at year end is not recorded as an expense in the governmental funds. However, all pension expense accrued at year end no matter when it may be due and payable is recorded in the government wide statements.		(36,138)
In the Statement of Activities, compensated absences are reported by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used.		6,899
Change in net position of governmental activities		$ 1,037,113

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenue				
Property and other taxes	$ 3,903,833	$ 3,903,833	$ 4,013,992	$ 110,159
Licenses and permits	1,943,600	1,943,600	2,390,125	446,525
Intergovernmental	349,100	349,100	455,982	106,882
Charges for services	1,865,522	1,865,522	1,826,838	(38,684)
Grant revenue	50,000	50,000	332,363	282,363
Fines and forfeitures	87,000	87,000	104,465	17,465
Interest	1,159	1,159	49,758	48,599
Miscellaneous	281,144	281,144	197,535	(83,609)
Rental income	29,800	29,800	23,646	(6,154)
Total revenue	8,511,158	8,511,158	9,394,704	883,546
Expenditures				
Current				
General government	72,527	72,527	74,157	(1,630)
Municipal court	196,114	196,114	198,782	(2,668)
Legal	50,000	50,000	51,117	(1,117)
Community promotions	18,300	18,300	17,138	1,162
Administration	591,809	591,809	561,383	30,426
Public buildings	272,918	272,918	167,253	105,665
Planning and grants	227,436	227,436	529,519	(302,083)
Police department	2,817,865	2,817,865	2,907,841	(89,976)
Fire department	1,197,243	1,197,243	1,114,428	82,815
Inspections	202,926	202,926	175,711	27,215
Street maintenance	1,167,371	1,167,371	979,514	187,857
Sanitation and trash	996,990	996,990	1,053,832	(56,842)
Garage	100,369	100,369	111,612	(11,243)
Recreation	416,690	416,690	428,573	(11,883)
Parks	17,500	17,500	44,485	(26,985)
Registrations	44,700	44,700	43,284	1,416
Non-departmental	110,400	110,400	145,171	(34,771)
Capital outlay	10,000	10,000	130,793	(120,793)
Debt service	-	-	400,394	(400,394)
Total expenditures	8,511,158	8,511,158	9,134,987	(623,829)
Excess of revenues over expenditures	-	-	259,717	259,717
Other financing sources				
Proceeds from sale of capital assets	-	-	500	500
Transfers	-	-	74,397	74,397
Total other financing sources	-	-	74,897	74,897
Net change in fund balance	$ -	$ -	334,614	$ 334,614
Fund balance, beginning of year			3,275,727	
Fund balance, end of year			$ 3,610,341	

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2024

	Water and Sewer Fund	Stormwater Fund	Total
Assets			
Current assets			
Cash and cash equivalents	$ 1,673,961	$ 326,807	$ 2,000,768
Cash and cash equivalents - restricted	282,049	-	282,049
Accounts receivable, net	421,743	80,009	501,752
Due from other governments	965,851	-	965,851
Due from other funds	456,783	226,864	683,647
Inventory of supplies at cost	30,171	-	30,171
Non-current assets			
Capital assets, not being depreciated	1,906,222	35,590	1,941,812
Capital assets, being depreciated, net	10,985,669	2,236,863	13,222,532
Total assets	16,722,449	2,906,133	19,628,582
Deferred outflows of resources			
Deferred pension outflows	70,889	-	70,889
Total assets and deferred outflows of resources	16,793,338	2,906,133	19,699,471
Liabilities			
Current liabilities			
Accounts payable	1,070,350	-	1,070,350
Deposits payable	7,325	-	7,325
Accrued payroll and benefits	10,556	-	10,556
Accrued interest payable	33,220	19,184	52,404
Accrued compensated absences	15,284	-	15,284
Unearned revenue	27,655	-	27,655
Retainage payable	52,706	-	52,706
Due to other funds	525,478	720	526,198
Current portion of long term debt	275,488	101,000	376,488
Non-current liabilities			
Net pension liability	1,050,202	-	1,050,202
Obligations under financed purchases	162,567	-	162,567
Notes payable	213,688	-	213,688
Revenue bonds payable	789,615	1,787,000	2,576,615
Total liabilities	4,234,134	1,907,904	6,142,038
Deferred inflows of resources			
Deferred pension inflows	93,620	-	93,620
Total liabilities and deferred inflows of resources	4,327,754	1,907,904	6,235,658
Net position			
Net investment in capital assets	11,450,533	384,453	11,834,986
Restricted - debt service	282,049	-	282,049
Unrestricted - unfunded pension obligation	(1,072,933)	-	(1,072,933)
Unrestricted - other	1,805,935	613,776	2,419,711
Total net position	$ 12,465,584	$ 998,229	$ 13,463,813

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2024

	Water and Sewer Fund	Stormwater Fund	Total
Operating revenue			
Service revenue	$ 3,281,219	$ 465,678	$ 3,746,897
Total operating revenue	3,281,219	465,678	3,746,897
Operating expenses			
Water distribution	1,384,032	-	1,384,032
Sewer maintenance and collection	818,609	-	818,609
Sewer treatment	428,363	-	428,363
Stormwater operations	-	27,260	27,260
Professional servcies	-	126,570	126,570
Depreciation expense	642,645	150,529	793,174
Total operating expenses	3,273,649	304,359	3,578,008
Operating income	7,570	161,319	168,889
Nonoperating revenue (expenses)			
Interest earnings	42,989	374	43,363
Miscellaneous income	27,817	-	27,817
Interest expense	(41,624)	(86,905)	(128,529)
Total nonoperating revenue (expense)	29,182	(86,531)	(57,349)
Income before capital contributions and transfers	36,752	74,788	111,540
Capital grants, contributions and transfers			
Capital grants	2,295,870	125,849	2,421,719
Capital contributions	93,225	-	93,225
Transfers	27,889	(30,000)	(2,111)
Total capital grants, contributions and transfers	2,416,984	95,849	2,512,833
Change in net position	2,453,736	170,637	2,624,373
Total net position, beginning	10,011,848	827,592	10,839,440
Total net position, ending	$ 12,465,584	$ 998,229	$ 13,463,813

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2024

	Water and Sewer Fund	Stormwater Fund	Total
Cash flows from operating activities			
Cash received from customers	$ 3,233,033	$ 452,541	$ 3,685,574
Cash paid to employees	(578,073)	-	(578,073)
Cash paid to suppliers	(1,770,840)	(324,529)	(2,095,369)
Net cash provided by operating activities	884,120	128,012	1,012,132
Cash flows from non-capital financing activities			
Other nonoperating revenues	27,817	-	27,817
Transfers	27,889	(30,000)	(2,111)
Net cash provided by (used in) noncapital financing activities	55,706	(30,000)	25,706
Cash flows from capital and related financing activities			
Capital grants and contributions	2,389,095	125,849	2,514,944
Purchase of capital assets	(2,796,959)	(720)	(2,797,679)
Principal paid on long-term debt	(268,998)	(97,000)	(365,998)
Interest paid on long-term debt	(38,935)	(84,362)	(123,297)
Net cash used in capital and related financing activities	(715,797)	(56,233)	(772,030)
Cash flows from investing activities			
Interest income	42,989	374	43,363
Net cash provided by investing activities	42,989	374	43,363
Net increase in cash and cash equivalents	267,018	42,153	309,171
Cash and cash equivalents, beginning	1,688,992	284,654	1,973,646
Cash and cash equivalents, ending	$ 1,956,010	$ 326,807	2,282,817
Reconciliation of Cash and Cash Equivalents to Statement of Net Position:			
Cash and cash equivalents	$ 1,673,961	$ 326,807	$ 2,000,768
Restricted cash and cash equivalents	282,049	-	282,049
Total cash and cash equivalents	$ 1,956,010	$ 326,807	$ 2,282,817

(CONTINUED)

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2024

-CONTINUED-

	Water and Sewer Fund	Stormwater Fund	Total
Reconciliation of operating income to net cash provided by operating activities			
Operating income	$ 7,570	$ 161,319	$ 168,889
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	642,645	150,529	793,174
Changes in assets and liabilities:			
(Increase) decrease in accounts receivables	(48,186)	(13,136)	(61,322)
(Increase) decrease in prepaid insurance	16,796	-	16,796
(Increase) decrease in due from other governments	(629,961)	-	(629,961)
(Increase) decrease in due from other funds	220,331	(171,420)	48,911
(Increase) decrease in deferred pension outflows	69,423	-	69,423
Increase (decrease) in due to other funds	48,296	720	49,016
Increase (decrease) in accounts payable	680,696	-	680,696
Increase (decrease) in accrued payroll and benefits	707	-	707
Increase (decrease) in retainage payable	(53,352)	-	(53,352)
Increase (decrease) in deposits payable	(145)	-	(145)
Increase (decrease) in unearned revenue	(11,949)	-	(11,949)
Increase (decrease) in accrued compensated absences	(2,355)	-	(2,355)
Increase (decrease) in deferred pension inflows	(4,046)	-	(4,046)
Increase (decrease) in net pension liability	(52,350)	-	(52,350)
Net cash provided by operating activities	$ 884,120	$ 128,012	$ 1,012,132

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF NET POSITION - FIDUCIARY FUND

JUNE 30, 2024

	Fireman's Fund
Assets	
Cash and cash equivalents	$ 42,848
Total assets	42,848
Net Position	
Funds held in trust for individuals, organizations, and other governments	42,848
Total net position	$ 42,848

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND

JUNE 30, 2024

	Fireman's Fund
Additions	
Brokers premium tax	$ 60,161
Interest	56
Total additions	60,217
Deductions	
Membership dues	3,467
Insurance	19,544
Supplies	6,839
Other expenses	15,405
Total deductions	45,255
Change in net position	14,962
Net position, beginning of year	27,886
Net position, end of year	$ 42,848

1. Summary of Significant Accounting Policies

Reporting Entity

The City of Darlington, South Carolina (the "City") was founded in 1835 and chartered by the South Carolina General Assembly the same year. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police, fire, and code enforcement), parks and recreation, streets and sanitation, planning and development, water and sewer, and general administrative services.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. As required by GAAP, the financial statements of the City must present the City's financial information along with its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability which is presumed to exist if the City both appoints a voting majority of the entity's governing body, and either (1) the City is able to impose its will on the entity or, (2) there is a potential for the entity to provide specific financial benefits to or impose specific financial burdens on the City.

Blended component units, although legally separate entities, are in substance part of the government's operations, and data from these units are combined with the data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the entity-wide financial statements to emphasize they are legally separate from the City. Based on this criteria, the City has one blended component unit.

Basis of Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities report information about all activities of the primary government. The government-wide financial statements also include the activity of the Public Facilities Corporation, a blended component unit. These statements distinguish between the City's *governmental* and *business-type activities.* Taxes and other non-exchange transactions primarily finance the governmental activities whereas fees charged to external parties' finance, in whole or in part, the business-type activities. All of the City's governmental funds are reported in the government-wide financial statements as governmental activities and all of its enterprise funds are reported as business-type activities. (See the *Fund Financial Statements* subsection which follows for more information about fund types.)

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1. Summary of Significant Accounting Policies (continued)

Statement of Activities

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include fees, fines, and charges paid by the recipients of goods, services, or privileges offered by the programs. The City classifies as *general revenues* all revenues that are not program revenues, including all taxes and business license fees.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its governmental funds and proprietary fund. The City presents separate statements for each fund category-governmental and proprietary.

Operating and Non-Operating Revenues and Expenses in Proprietary Fund Financial Statements

Enterprise funds distinguish *operating* revenues and expenses from *non-operating* revenues and expenses. Operating revenues and expenses generally are limited to items resulting from the provision of services and goods in connection with the fund's principal ongoing operations. The City generally classifies revenues and expenses as operating only if the related cash flows appear in the operating section on the statement of cash flows. Accordingly, grants are reportable as operating revenues only if they are essentially the same as contracts for services (i.e., exchange transactions) and they finance programs that the proprietary fund would not otherwise undertake (i.e., the activity of the grant is inherently part of the operations of the grantor). Conversely, the City classifies non-exchange transactions as non-operating. This includes all grant revenues except those reportable as operating revenue as described above and those restricted by the grantor for use exclusively for capital purposes. The City reports as operating most expenses it pays from operating revenues but usually reports interest expense as non-operating.

Fund Accounting

Fund Accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives in accordance with limitations and restrictions imposed by sources outside the entity and in accordance with directives issued by the governing board.

1. Summary of Significant Accounting Policies (continued)

The City's funds are classified into three categories – governmental, proprietary, and fiduciary.

Governmental Funds

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund - The Capital Projects Fund accounts for all capital improvements, except those accounted for in Proprietary Funds, financed by the City's general obligation and revenue bond issues, certain federal grants, and other specific receipts.

Hospitality Tax Fund - The Hospitality Tax Fund accounts for the local 2% gross sales tax on prepared food and beverages sold in food and beverage establishments located in the City. Expenditures from this fund must be used to promote tourism.

Victim's Assistance Fund - The Victim's Assistance Fund accounts for funds collected under Section 14 of the South Carolina Code of Laws. The funds must be used for the purpose of providing services to victims of crimes.

Municipal Court Fund - The Municipal Court Fund accounts for funds collected and associated expenditures related to the City's court proceedings.

American Rescue Plan Act Fund - The American Rescue Plan Act Fund accounts for funds received from the American Rescue Plan Act allocation in response to the public health emergency related to COVID-19 and associated expenditures.

Public Facilities Special Revenue Fund – The Public Facilities Fund accounts for the activities of the Public Facilities Corporation, a blended component unit.

Proprietary Funds

Enterprise 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 cost (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 revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

1. Summary of Significant Accounting Policies (continued)

Fiduciary Funds

Agency Funds – Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds consist of the Firemen's Fund. The Firemen's Fund is used to account for monies received from a specific source and can only be used to pay for non-budgeted, non-capital expenditures at the discretion of the Fire department head.

Accrual Basis

The City uses the accrual basis of accounting in reporting its government-wide financial statements, as well as its proprietary fund financial statements. Under the accrual basis, the City generally records revenues when earned and reasonably measurable and records expenses when a liability is incurred, regardless of the timing of related cash flows. Significant non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include taxes, grants, and donations. The City recognizes grants, donations and similar items as revenue as soon as it meets all eligibility requirements.

Modified Accrual Basis

The City uses the modified accrual basis of accounting to report its governmental funds. Under the modified accrual basis, revenues, net of estimated uncollectible amounts, are recognized in the fiscal year when they become susceptible to accrual-that is, as soon as they become both measurable and available to finance current operations or to liquidate liabilities existing at fiscal year-end. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Principal revenue sources considered susceptible to accrual include taxes, grants, charges for goods and services, and interest earnings.

Under the modified accrual basis, expenditures generally are recorded when a liability is incurred, as under accrual accounting. An exception, however, is that principal and interest on general long-term debt, claims and judgments, and compensated absences, are recognized as expenditures only to the extent they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. General capital asset acquisitions are reported as expenditures (rather than as assets) in governmental funds.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) applicable to its activities as prescribed by the Governmental Accounting Standards Board (GASB), the recognized standard-setting body for GAAP for all state governmental entities. Proprietary fund activities are reported using the accrual basis method of accounting. If measurable, revenue is recognized when earned and expenses when incurred.

Transfers of financial resources among funds are recognized in all affected funds in the period in which the related interfund receivables and payables arise.

1. Summary of Significant Accounting Policies (continued)

Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year-end.

Cash and Cash Equivalents

Cash includes amounts held in demand deposits. For the purpose of the statement of cash flows, the City considers all savings and short-term investments purchased with maturities of three months or less to be cash equivalents.

Investments

The City is authorized by state statutes to invest in obligations of the United States and agencies thereof, general obligations of the state of South Carolina or any of its political units, savings and loan associations to the extent insured by an agency of the federal government, certificates of deposit, repurchase agreements insured by the federal government or collaterally secured as provided by statutes, and no-load open-end or closed-end management type investment companies or investment trusts as described within the relevant statutes. The City may also invest in the South Carolina Pooled Investment Fund as provided by law.

The City has not adopted formal investment policies that supplement or limit those prescribed by state statutes, nor has the City specifically addresses deposits or credit risks to which it might be exposed if it invested in the allowed instruments. The City does not invest funds except in simple interest depository accounts and insured certificates of deposit.

Accounts Receivable

Property tax receivables are shown net of an allowance for uncollectible. The City establishes an allowance for all property taxes that did not arise from the latest tax levy year. For collection purposes, taxes receivable are written off at the end of 10 years in accordance with South Carolina law.

All other levies are recognized as revenue on the government-wide financial statements, while all those not collected within 60 days are recorded as deferred inflows on the governmental fund statements.

Enterprise fund receivables arise from billed and unbilled services. They are shown net of amounts estimated to be uncollectible. The allowance is estimated on the basis of the average receipts over the prior 12 months.

Loans receivable in the government funds consist of economic development loans that are generally not expected or scheduled to be collected in the subsequent year. City management has determined an allowance is not needed.

1. Summary of Significant Accounting Policies (continued)

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on their respective financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Inventory

Inventory in the water and sewer fund consists of parts and other supplies consumed in the maintenance of water and sewer lines and facilities. Inventories are recorded as an expenditure/expense when consumed rather than when purchased. Inventories are valued at cost, which approximate market, using the first-in, first-out method.

Capital Assets and Depreciation

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Assets purchased or acquired with an original cost of $5,000 or more or reported at historical cost or estimated historical cost based on replacement costs. Donated assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated assets received after June 15, 2015 are recorded at acquisition value. Additions, improvements, and other capital outlays that significantly extend the useful life of an assets are also capitalized.

Depreciation of exhaustible capital assets has been provided using the straight-line method over the estimated useful lives as follows:

Infrastructure	20-50 years
Buildings	15-40 years
Improvements	5-40 years
Equipment	3-15 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Compensated Absences

The City permits employees to accumulate earned but unused vacation, up to 30 days, and sick pay benefits, up to 180 days. Sick leave does not vest and is not a liability of the City when employees separate from service or retire. All accumulated vacation pay is accrued when incurred in the government wide and proprietary fund financial statements. A liability for those amounts is reported in governmental funds only if they have matured and are currently payable.

1. Summary of Significant Accounting Policies (continued)

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pension and pension expense, information about the South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS), and additions to/deductions from the SCRS and PORS fiduciary net position have been determined on the same basis as they are reported by SCRS and PORS. For this purpose, plan member contributions are recognized in the periods in which the contributions are due. The City's employer contributions are recognized when due and there is a legal requirement to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of SCRS and PORS.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently reports deferred outflows of resources in the amount of $602,077 as of June 30, 2024.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently reports deferred inflows of resources in the amount of $696,668 as of June 30, 2024.

Net Position/Fund Balances

Net position is classified and presented in three components in the government-wide financial statements:

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

1. Summary of Significant Accounting Policies (continued)

The City reports a portion of its net position or fund balance in its government-wide and fund financial statements as restricted net position - spendable. Net position or fund balance for governmental funds is reported as restricted when constraints placed on resource use are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulation of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payments of resources (from resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable requirement is one that an outside party (such as citizens, public interest groups, or the judiciary) can compel the government to honor. At June 30, 2024, $4,720,849 was reported as restricted net position.

Unrestricted net position - All other net position that do not meet the definition of "restricted," or "invested in capital assets."

Fund balance is reported as assigned if the fund balance is constrained by the government's intent to use the funds for a specific purpose. The City reports amounts as assigned if constrained through appropriations actions of the legislature. The removal of constraints for assigned funds occurs through the budgetary process. As of June 30, 2024, the City reported no assigned fund balances.

Fund balance is reported as restricted fund balance if the fund balance is restricted for use by an outside party. As of June 30, 2024, the City reported $4,438,800 as restricted fund balances.

Fund balance is reported as committed if amounts have been committed through the appropriations process. As of June 30, 2024, the City reported no committed fund balances.

Unassigned fund balance – All other fund balances that do not meet the definition of "restricted," "assigned," or "committed".

The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position or fund balances are available. Within the unrestricted fund balance, committed resources would be first applied, when available, followed by assigned resources before unassigned resources are used.

1. Summary of Significant Accounting Policies (continued)

Revenues and Expenditures/Expenses

Program revenues – Amounts reported as program revenues include: 1) charges to customers and applicants for goods, services, or privileges provided by a given function or segment; and 2) operating and capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes – Property taxes on real and personal property, other than licenses motor vehicles, are levied on July 1 based on the assessed value of property lists on the previous January 1. Periodic revaluation of all real property is made in accordance with state statues. The last revaluation date was December 31, 2019. Property taxes are due January 15 after which time penalties accrue. At March 15, delinquent costs accrue, and uncollected taxes are assigned into execution for collection.

Sales taxes – By referendum, the City has adopted the provisions of state statues which allow the collection of a 1% sales tax on essentially all consumer goods sold at retail within the City. The state collects the revenue and distributes it monthly to the City. By ordinance, the City has decreed that all monies received will be used to reduce *ad valorem* taxes. Revenue received in excess of property tax reductions is recorded as a deferred inflow.

Proprietary funds operating and nonoperating revenues and expenses – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Proprietary fund operating revenue includes "exchange" and "exchange-like" transactions. Exchange transactions are those in which each party receives and gives up essentially equal values. In an exchange-like transaction, the values exchanged may not be equal or the direct benefits may not be exclusively for the parties to the transaction.

The City's Water and Sewer and Stormwater funds consider exchange transactions (fees for services) to be operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Nonoperating revenue includes grants, investment earnings, and other non-exchange transactions.

1. Summary of Significant Accounting Policies (continued)

Use of 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 that affect the amounts reported in the financial statements and accompanying notes. Estimates are used to determine depreciation expense, and the allowance for doubtful accounts among other accounts. Actual results could differ from those estimates.

2. Legal Compliance - Budgets

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

1. Formal budgetary integration is employed as a management control device during the year for the General Fund and the Combined Utilities Fund.

2. The combined statement of revenues, expenditures and changes in fund balance-budget and actual for the General Fund presents comparisons of the legally adopted budget with actual data on a GAAP basis.

3. Unused appropriations lapse at the end of the year.

4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

5. Expenditures should not exceed budgeted appropriations at the fund level.

Expenditures approved by Council shall automatically carry amendments to fund appropriations where necessary. Budget amounts reported are as originally adopted, or as amended by the City Council.

Actual revenues exceeded budgeted revenues by $883,546. Actual expenditures exceeded budgeted expenditures by $623,829.

3. Deposits & Investments

At June 30, 2024, the carrying amount of the City's unrestricted and restricted deposits totaled $11,193,814, and the bank balance was $11,694,736, of all amounts were properly covered by federal depository insurance, or were properly collateralized in accordance with State law.

4. Receivables

Receivables at June 30, 2024, consist of the following:

	Governmental Activities	Business-type Activities	Total
Accounts receivable:			
Government revenue	$ 276,889	$ 965,851	$ 1,242,740
Property taxes	115,224	-	115,224
Utility service billings	206,422	794,735	1,001,157
Other	254,764	-	254,764
Gross receivables	853,299	1,760,586	2,613,885
Less, allowance for uncollectibles	(43,741)	(292,983)	(336,724)
Net receivables	$ 809,558	$ 1,467,603	$ 2,277,161

5. Interfund Receivables and Payables

	Receivables	Payables	Net
General fund	$ 316,842	$ 948	$ 315,894
Victim's assistance fund	948	3,239	(2,291)
Municipal court fund	-	14,989	(14,989)
American Rescue Plan	-	456,063	(456,063)
Water and sewer fund	456,783	525,478	(68,695)
Stormwater fund	226,864	720	226,144
Total	$ 1,001,437	$ 1,001,437	$ -

6. Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

Governmental activities

	Beginning Balances	Increase	Decrease	Transfers	Ending Balances
Capital assets, not being depreciated					
Land and improvements	$ 928,782	$ 30,165	$ -	$ -	$ 958,947
Construction in progress	870,172	482,229	-	(84,045)	1,268,356
Total capital assets, not bing depreciated	1,798,954	512,394	-	(84,045)	2,227,303
Capital assets, being depreciated					
Infrastructure	1,121,465	-	-	-	1,121,465
Buildings and Improvements	3,727,467	77,373	-	84,045	3,888,885
Equipment	4,084,255	13,500	(112,267)	-	3,985,488
Total capital assets, being depreciated	8,933,187	90,873	(112,267)	84,045	8,995,838
Less: Accumulated depreciation for:					
Infrastructure	(838,968)	(54,997)	-	-	(893,965)
Buildings and Improvements	(2,310,024)	(118,336)	-	-	(2,428,360)
Equipment	(3,052,806)	(217,772)	90,584	-	(3,179,994)
Total accumulated depreciation	(6,201,798)	(391,105)	90,584	-	(6,502,319)
Total capital assets, being depreciated, net	2,731,389	(300,232)	(21,683)	84,045	2,493,519
Governmental activites capital assets, net	$ 4,530,343	$ 212,162	$ (21,683)	$ -	$ 4,720,822

6. Capital Assets (continued)

Business-type activities

	Beginning Balances	Increase	Decrease	Transfers	Ending Balances
Capital assets, not being depreciated					
Land and improvements	$ 227,769	$ -	$ -	$ -	$ 227,769
Construction in progress	3,161,608	2,586,677	-	(4,034,242)	1,714,043
Total capital assets, not bing depreciated	3,389,377	2,586,677	-	(4,034,242)	1,941,812
Capital assets, being depreciated					
Buildings and improvements	6,806,698	-	-	-	6,806,698
Water and sewer lines	16,133,053	160,000	-	4,034,242	20,327,295
Equipment	1,672,152	51,002	-	-	1,723,154
Total capital assets, being depreciated	24,611,903	211,002	-	4,034,242	28,857,147
Less: Accumulated depreciation for:					
Buildings and improvements	(5,351,859)	-	-	-	(5,351,859)
Water and sewer lines	(8,277,951)	(793,174)	-	-	(9,071,125)
Equipment	(1,211,631)	-	-	-	(1,211,631)
Total accumulated depreciation	(14,841,441)	(793,174)	-	-	(15,634,615)
Total capital assets, being depreciated, net	9,770,462	(582,172)	-	4,034,242	13,222,532
Governmental activites capital assets, net	$13,159,839	$ 2,004,505	$ -	$ -	$15,164,344

Depreciation expense was charged to each function as follows:

Governmental activities:	
General government	$ 117,320
Public safety	126,032
Public works	58,540
Culture and recreation	89,213
Total depreciation - governmental activities	$ 391,105
Business type activities:	
Water and sewer	$ 642,645
Stormwater	150,529
Total depreciation - business type activities	$ 793,174

7. Pension Plan

South Carolina Retirement System

The majority of employees of the City are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division of the South Carolina Public Employee Benefit Authority (PEBA), a public employee retirement system. Generally, all employees of covered employers are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws, as amended, or are eligible and elect to participate in the State Optional Retirement Program (ORP). The SCRS plan provides a life-time monthly retirement annuity benefits to members as well as disability, survivor options, annual benefit adjustments, death benefits, and incidental benefits to eligible employees and retired members.

The Retirement Division maintains six independent defined benefit plans and issues its own publicly available Annual Comprehensive Financial Report (ACFR) which includes financial statements and required supplementary information. A copy of the separately issued ACFR is publicly available through the Retirement Benefit's link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by writing to PEBA, 202 Arbor Lake Drive, Columbia, South Carolina 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, the retirement fund financial information is also included in the comprehensive annual financial report of the state.

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

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

7. Pension Plan (continued)

Effective July 1, 2017, employees participating in the SCRS were required to contribute 9.00% of all earnable compensation. The employer contribution rate for SCRS was 18.56%. Included in the total SCRS employer contribution rate is a base retirement contribution of 18.41% and 0.15% contribution rate for the incidental death program. The City's contributions for the years ended June 30, 2024, 2023 and 2022 are as follows:

	Employer Contribution Rate			Employer Contributions		
Year Ended		Incidental			Incidental	
June 30,	Base	Death	Total	Base	Death	Total
2024	18.41%	0.15%	18.56%	$ 393,005	$ 3,202	$ 396,207
2023	17.41%	0.15%	17.56%	$ 359,993	$ 3,102	$ 363,095
2022	16.41%	0.15%	16.56%	$ 308,166	$ 2,817	$ 310,983

Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple employer defined benefit public employee retirement system. Generally, all full-time employees whose principal duties are the preservation of public order, protect life and property, detect crimes in the state, or the protection or prevention and control of property destruction by fire are required to participate in and contribute to PORS as a condition of employment. This plan provides lifetime monthly annuity benefits as well as disability, survivor benefits and incidental benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

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

7. Pension Plan (continued)

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.

Effective July 1, 2017, employees participating in the PORS were required to contribute 9.75% of all earnable compensation. The employer contribution rate for PORS was 21.24%. Included in the total PORS employer contribution rate is a base retirement contribution of 20.84% and .20% for the incidental death program and .20% for the accidental death program.

The City's contributions for the years ended June 30, 2024, 2023 and 2022 are as follows:

Year Ended June 30,	Employer Contribution Rate			Employer Contributions		
	Base	Incidental Death	Total	Base	Incidental Death	Total
2024	20.84%	0.40%	21.24%	$ 421,902	$ 8,098	$ 430,000
2023	19.84%	0.40%	20.24%	$ 358,973	$ 7,238	$ 366,211
2022	18.84%	0.40%	19.24%	$ 333,554	$ 7,082	$ 340,636

The amounts paid by the City for pension, incidental death benefit program, and accidental death program contributions are reported as employer contribution expenditures within the applicable functional expenditure categories to which the related salaries are charged.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit, and employee/employer contributions for each retirement system. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019 for first use in the July 1, 2021 actuarial valuation. Employee and employer contribution rates to SCRS and PORS are actuarially determined.

At June 30, 2024, the City reported $3,642,935 and $3,078,873 for its proportionate share of the net pension liabilities of SCRS and PORS, respectively. The net pension liability as shown in this report is based on an actuarial valuation performed as of July 1, 2023. The total pension liability was rolled forward from the valuation date to the plan's fiscal year end, 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. The City's portion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the City's SCRS proportion was 0.015535% and its PORS proportion was 0.102636%.

7. Pension Plan (continued)

At June 30, 2024 the state reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

Deferred Outflows of Resources	**SCRS**	**PORS**
Differences between expected and actual experience	$ 119,720	$ 289,146
Assumption Changes	64,224	67,032
Differences between employer contributions and proportionate share	61,955	-
Total deferred outflows of resources	245,899	356,178
Deferred Inflows of Resources		
Differences between expected and actual experience	4,521	17,652
Net difference between projected and actual investment earnings	140,363	172,614
Differences between employer contributions and proportionate share	179,865	181,653
Total deferred inflows of resources	324,749	371,919
Net deferred outflows/(inflows)	$ (78,850)	$ (15,741)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended June 30,	**SCRS**	**PORS**	**Net**
2025	$ (106,990)	$ (136,441)	$ (243,431)
2026	101,966	146,216	248,182
2027	(36,966)	20,126	(16,840)
2028	(36,860)	(45,642)	(82,502)
	$ (78,850)	$ (15,741)	$ (94,591)

7. Pension Plan (continued)

The total pension liabilities in the June 30, 2024 actuarial valuation were determined using the following actuarial assumptions applied to all periods included in the measurement:

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate or Return[1]	7%	7%
Projected Salary Increases	3.0% to 11.0% (varies by service)[1]	3.5% to 10.5% (varies by service)[1]
Benefit Adjustments	Lesser of 1% or $500 annually	Lesser of 1% or $500 annually

[1] *Includes inflation at 2.25%*

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), 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. Assumption used in the determination of the June 30, 2024, SCRS and PORS valuations are as follows:

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

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 20-year capital market assumptions. The long-term expected rate of returns represented 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.

7. Pension Plan (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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 Estate	**12.0%**		
Real Estate	9.0%	4.30%	0.39%
Infrastructure	3.0%	7.30 %	0.22%
Total Expected Return	100%		5.49%
Inflation for Actuarial Purposes			2.25%
			7.74%

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

The following table represents the City's proportionate share of the net SCRS and PORS pension liabilities calculated using the discount rate of 7 percent, as well as what the City's respective net pension liabilities would be if it were calculated using a discount rate of 1.00 percent lower (6 percent) or 1.00 percent higher (8 percent) than the current rate.

Plan	1% Decrease 6%	Current Rate 7%	1% Increase 8%
SCRS	4,720,833	3,642,935	2,650,277
PORS	4,460,697	3,078,873	1,947,087

8. Long-Term Debt

Changes in long-term liabilities for the year ended June 30, 2024 are as follows:

	July 1, 2023	Additions	Reductions	June 30, 2024	Due Within One Year
Governmental activities:					
Notes payable	$ 231,709	$ -	$ (67,043)	$ 164,666	$ 67,852
Financed purchases	548,199	-	(112,866)	435,333	53,341
General obligation bonds	759,812	-	(169,915)	589,897	173,229
Revenue bond	1,224,000	2,600,000	(123,000)	3,701,000	206,000
Compensated absences	320,219	313,320	(320,219)	313,320	313,320
	3,083,939	2,913,320	(793,043)	5,204,216	813,742
Business-Type activities:					
Notes payable	230,787	-	(8,494)	222,293	8,605
Financed purchases	246,909	-	(41,504)	205,405	42,838
Revenue bonds	3,217,660	-	(316,000)	2,901,660	325,045
Compensated absences	17,639	15,284	(17,639)	15,284	15,284
	3,712,995	15,284	(383,637)	3,344,642	391,772
Total	$ 6,796,934	$ 2,928,604	$ (1,176,680)	$ 8,548,858	$ 1,205,514

Payments on all governmental activity debt are made from either the general fund or the hospitality tax fund. All proprietary fund debt payments are made from the water and sewer fund and the stormwater fund. Compensated absences are liquidated by the funds paying employee compensation which include the general fund, victim's assistance fund, and the water and sewer fund.

8. Long-Term Debt (continued)

Notes Payable

Notes payable outstanding at June 30, 2024:

	Collateral	Original Amount	Maturity Date	Interest Rate	Outstanding Amount
Governmental activities:					
SC Office of Regulatory Staff	LED Lighting	$ 275,420	9/1/2027	1.50%	$ 115,111
Pee Dee Electric	Playground Equipment	$ 41,163	1/31/2027	1.00%	15,651
Carolina Bank	Fire Truck	$ 135,000	7/15/2024	2.50%	33,904
					$ 164,666
Business-Type activities:					
SC Water Quality Revolving Fund Authority	Sewer Lines	$ 284,491	11/1/2046	1.30%	$ 222,293

Revenue Bonds

In 2020, the City issued Series 2020 Waterworks and Sewer System Improvement Revenue Bonds in the amount of $620,000 to finance repairs to the City's water and sewer system. The Series 2020 bond is secured with a lien on the revenue of the City's water and sewer operations.

In 2018, the City issued Series 2018 Stormwater Revenue Refunding Bonds in the amount of $2,417,000 to refinance Series 2017 Stormwater Revenue Bonds to finance the construction of certain stormwater infrastructure. The Series 2018 bond is secured with a lien on the revenue of the City's stormwater operations.

In 2017, the City issued Series 2017 Revenue Bonds in the amount of $1,900,000 to renovate and build recreation sites in the City. The Series 2017 bond is secured with a lien on the revenue of the City's Hospitality Tax Fund.

In 2016, the City issued Series 2015 Water and Sewer Revenue Bonds in the amount of $1,789,000 to refund the Series 2010 Water and Sewer Revenue Bonds that were issued to finance the construction of certain water and sewer service facilities. The Series 2015 bond is secured with a lien on the revenue of the City's water and sewer operations.

In 2023, the Public Facilities Corporation issued Series 2023 Revenue Bonds in the amount of $2,600,000 to build recreational facilities. The Series 2023 bond is secured with a lien on the revenue of the City's Hospital Tax Fund.

8. Long-Term Debt (continued)

Revenue bonds outstanding at June 30, 2024:

	Original Amount	Maturity Date	Interest Rate	Outstanding Amount
Governmental activities:				
Series 2017 - Hospitality Fee Revenue Bond	$ 1,900,000	6/15/2032	2.54%	$ 1,101,000
Series 2023 - Public Facilities Revenue Bond	$ 2,600,000	12/1/2043	5.67%	2,600,000
				$ 3,701,000
Business-Type activities:				
Series 2015 - Water and Sewer Revenue Bond	$ 1,789,000	12/1/2026	2.38%	$ 534,660
Series 2018 - Stormwater Refunding Revenue Bond	$ 2,417,000	5/1/2038	4.25%	1,888,000
Series 2020 - Waterworks and Sewer System Improvement Revenue Bond	$ 620,000	12/1/2032	1.92%	479,000
				$ 2,901,660

General Obligation Bonds

In 2020, the City issued Series 2020 General Obligation Bonds in the amount of $400,000 to finance the paving of streets and making associated improvements within the City. The Series 2020 bond is secured by the full faith and credit of the City.

In 2017, the City issued Series 2016 General Obligation Bonds in the amount of $1,000,000 to finance the renovation of certain City owned buildings. The Series 2016 bond is secured by the full faith and credit of the City.

General obligation bonds outstanding at June 30, 2024:

	Original Amount	Maturity Date	Interest Rate	Outstanding Amount
Governmental activities:				
Series 2017 - Hospitality Fee Revenue Bond	$ 1,000,000	12/13/2026	2.18%	$ 355,116
Series 2020 - General Obligation Bond	$ 400,000	3/1/2028	1.49%	234,781
				$ 589,897

8. Long-Term Debt (continued)

Debt Service Requirements

Annual debt service requirements to maturity for the City's debt are as follows:

Governmental activities:

Year Ended June 30,	Notes payable		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2025	$ 67,852	$ 3,522	$ 173,229	$ 11,240
2026	34,441	1,398	176,609	7,859
2027	32,389	911	180,057	4,411
2028	29,484	441	60,002	894
2029	-	-	-	-
2030-2034	-	-	-	-
2035-2039	-	-	-	-
2040-2044	-	-	-	-
	$ 164,166	$ 6,272	$ 589,897	$ 24,404

Year Ended June 30,	Revenue Bonds		Total Governmental Activities	
	Principal	Interest	Principal	Interest
2024	$ 206,000	$ 168,424	$ 447,081	$ 183,186
2025	206,000	167,649	417,050	176,906
2026	214,000	160,007	426,446	165,329
2027	222,000	152,004	311,486	153,339
2029	230,000	143,674	230,000	143,674
2030-2034	978,000	583,922	978,000	583,922
2035-2039	711,000	390,153	711,000	390,153
2040-2044	934,000	164,714	934,000	164,714
	$ 3,701,000	$ 1,930,547	$ 4,455,063	$ 1,961,223

8. Long-Term Debt (continued)

Business-type activities:

Year Ended	Notes payable		Revenue Bonds		Total Business-Type Activities	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 8,605	$ 2,862	$ 325,045	$ 102,162	$ 333,650	$ 105,024
2026	8,718	2,750	334,188	92,767	342,906	95,517
2027	8,831	2,636	343,429	83,061	352,260	85,697
2028	8,947	2,521	167,000	73,065	175,947	75,586
2029	9,064	2,404	173,000	67,179	182,064	69,583
2030-2034	47,126	10,211	904,000	239,309	951,126	249,520
2035-2039	50,285	7,051	654,998	71,018	705,283	78,069
2040-2044	53,657	3,680	-	-	53,657	3,680
2045-2049	27,060	513	-	-	27,060	513
	$ 222,293	$ 34,628	$ 2,901,660	$ 728,561	$ 3,123,953	$ 763,189

Financed Purchases

The City enters into financed purchase agreements for machinery and equipment. The future minimum obligations under financed purchase agreements are as follows:

Year Ended	Governmental Activities		Business-Type Activities	
June 30,	Principal	Interest	Principal	Interest
2025	$ 53,341	$ 5,874	$ 42,838	$ 7,534
2026	73,282	14,486	38,592	6,071
2027	75,964	11,804	40,028	4,635
2028	78,745	9,024	41,517	3,146
2029	36,247	6,141	42,430	1,602
Thereafter	117,754	9,511	-	-
	$ 435,333	$ 56,840	$ 205,405	$ 22,988

Interest Expense

Total interest expense incurred on long-term liabilities during the year:

Governmental Activities	$ 82,853
Business-Type Activities	128,529
	$ 211,382

9. Net Investment in Capital Assets

Net investment in capital assets groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category. Bond proceeds on deposit, or not yet spent, increase this category. The capital assets and related debt are as follows:

	Governmental Activities	Business-Type Activities	Total
Net capital assets	$ 4,720,822	$ 15,164,344	$ 19,885,166
Less related debt	(4,890,896)	(3,329,358)	(8,220,254)
Plus bond proceeds on deposit	2,600,000	-	2,600,000
	$ 2,429,926	$ 11,834,986	$ 14,264,912

10. Tax Abatements

Darlington County, acting through its County Council, negotiates property tax abatement agreements on an individual basis under several programs in accordance with the provisions of Chapter 44 of Title 12, Code of Laws of South Carolina 1976, as amended. Local governments may enter into tax abatement agreements in accordance with South Carolina state law as follows:

Fee in lieu of tax for economic development properties – any industry or business whereby the industry or business would pay fees in lieu of taxes with respect to certain properties which constitute "economic development properties" through which powers the industrial development of the State of South Carolina will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate or remain in the State and thus utilize and employ the manpower, products, and resources of the State and benefit the general public welfare of the County by providing services, employment, recreation, or other public benefits not otherwise provided locally. At the time of termination, the sponsor shall pay to the County an additional fee equal to the difference between the total amount of property taxes that would have been paid by the sponsor had the project been taxable, taking into account exemptions from property taxes that would have been available to the sponsor, and the amount of fee payments actually made to the sponsor. The agreement for formation of the Fund provides that the Fund will be self sustaining through member premiums and will reinsure through commercial companies for each insured event sponsor had the project been taxable, taking into account exemptions from property taxes that would have been available to the sponsor, and the amount of fee payments actually made by the sponsor. Abatement agreements under the Economic Development Program equal a 100% reduction in property taxes during the exemption period as outlined in the agreement.

10. Tax Abatements (continued)

A fee in lieu of tax (FILOT) is to be paid within the following parameters: the sponsor shall pay to the County an annual fee payment in connection with the economic development property which has been placed in service, in an amount not less than that the property taxes that would be due on the economic development property if it were taxable but using (1) an assessment ratio of not less than 6%; (2) a millage rate this is either fixed for the life of the fee or is allowed to increase or decrease every fifth year in step with the average cumulative actual millage rate applicable to the project based upon the preceding five-year period; or (3) a fair market value for the economic development property.

Special Source Revenue and Infrastructure Tax Credits – In addition to the program defined in item one above, the County, in accordance with South Carolina state law, may issue special source and infrastructure tax credits to effectively reduce the assessed value of certain qualifying properties. Such credits are approved via the State of South Carolina Department of Revenue and the Oconee County Auditor provided that the project sponsor expands its operations to levels outlined in state law. Provisions for recapturing abated tax revenues are specific to each agreement.

For the fiscal year ended June 30, 2024, Darlington County abated property taxes totaling $15,046,586. The effective abatement for the General Government is $3,800,217, the School District is $9,680,134, and for all other municipalities and districts is $1,566,235, of which $916,795 is for the City of Darlington.

11. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage on each risk. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City.

12. Commitments and Contingencies

The City is occasionally party to civil lawsuits and legal actions. In the opinion of the City's outside legal counsel and management, the ultimate outcome of such legal matters is not expected to have a significant impact on the City's financial position.

13. Subsequent events

Subsequent events were evaluated through March 27, 2025, which is the date the financial statements were available for issue. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DARLINGTON, SOUTH CAROLINA

SCHEDULE OF PROPORTIONATE SHARE OF THE SOUTH CAROLINA RETIREMENT SYSTEMS NET PENSION LIABILITIES

LAST TEN FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
South Carolina Retirement System										
City's proportion of the net pension liability	0.0155%	0.0158%	0.0166%	0.0176%	0.0187%	0.0180%	0.0180%	0.0190%	0.0189%	0.0182%
City's proportionate share of the net pension liability	$ 3,642,935	$ 3,823,151	$ 3,597,492	$ 4,508,173	$ 4,273,584	$ 4,035,213	$ 4,035,213	$ 4,064,139	$ 3,585,614	$ 3,127,411
City's covered payroll	$ 2,067,737	$ 1,877,916	$ 1,879,111	$ 1,968,349	$ 1,978,834	$ 1,868,464	$ 1,842,494	$ 1,772,638	$ 1,649,184	$ 1,658,801
City's proportionate share of the net pension liability as a percentage of its covered payroll	176.18%	203.58%	191.45%	229.03%	215.96%	215.96%	219.01%	229.27%	217.42%	188.53%
Plan fiduciary net position as a percentage of the total pension liability	61.80%	57.10%	60.70%	50.70%	54.40%	54.10%	54.10%	52.91%	57.00%	59.90%
South Carolina Police Officers Retirement System										
City's proportion of the net pension liability	0.1026%	0.1119%	0.1188%	0.1263%	0.1295%	0.1278%	0.1278%	0.1292%	0.1209%	0.1147%
City's proportionate share of the net pension liability	$ 3,078,873	$ 3,354,967	$ 3,057,238	$ 4,187,975	$ 3,711,708	$ 3,620,088	$ 3,620,088	$ 3,278,249	$ 2,635,185	$ 2,195,293
City's covered payroll	$ 1,809,340	$ 1,770,456	$ 1,786,749	$ 1,907,763	$ 1,878,503	$ 1,766,123	$ 1,647,695	$ 1,497,884	$ 1,379,200	$ 1,323,305
City's proportionate share of the net pension liability as a percentage of its covered payroll	170.17%	189.50%	171.11%	219.52%	197.59%	204.97%	219.71%	218.86%	191.07%	165.89%
Plan fiduciary net position as a percentage of the total pension liability	70.50%	66.40%	70.40%	58.80%	62.70%	61.73%	61.73%	60.44%	64.60%	64.60%

* - The amounts presented for each fiscal year were determined as of July 1 of four years prior, using membership data as of the day, projected forward to June 30 of the previous year.

CITY OF DARLINGTON, SOUTH CAROLINA

SCHEDULE OF SOUTH CAROLINA RETIREMENT SYSTEMS CONTRIBUTIONS

LAST TEN FISCAL YEARS *

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
South Carolina Retirement System											
Contractually required contributions	$ 393,005	$ 359,993	$ 308,166	$ 289,571	$ 303,323	$ 285,150	$ 250,561	$ 210,139	$ 203,781	$ 193,218	$ 178,112
Contributions in relation to the contractually required contribution	(393,005)	(359,993)	(308,166)	(289,571)	(303,323)	(285,150)	(250,561)	(210,139)	(203,781)	(193,218)	(178,112)
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City covered payroll	$ 2,134,737	$ 2,067,737	$ 1,877,916	$ 1,879,111	$ 1,968,349	$ 1,978,834	$ 1,868,464	$ 1,842,494	$ 1,772,638	$ 1,649,184	$ 1,658,801
Contributions as a percentage of covered payroll	18.41%	17.41%	16.41%	15.41%	15.41%	14.41%	13.41%	11.41%	11.50%	11.72%	10.74%
South Carolina Police Officers Retirement System											
Contractually required contributions	$ 421,902	$ 358,973	$ 333,554	$ 318,756	$ 340,345	$ 316,340	$ 279,754	$ 234,980	$ 226,392	$ 200,866	$ 177,089
Contributions in relation to the contractually required contribution	(421,902)	(358,973)	(333,554)	(318,756)	(340,345)	(316,340)	(279,754)	(234,980)	(226,392)	(200,866)	(177,089)
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City covered payroll	$ 2,024,482	$ 1,809,340	$ 1,770,456	$ 1,786,749	$ 1,907,763	$ 1,878,503	$ 1,766,123	$ 1,647,695	$ 1,497,884	$ 1,379,200	$ 1,323,305
Contributions as a percentage of covered payroll	20.84%	19.84%	18.84%	17.84%	17.84%	16.84%	15.84%	14.26%	15.11%	14.56%	13.38%

* - The amounts presented for each fiscal year were determined as of July 1 of four years prior, using membership data as of the day, projected forward to June 30 of the previous year.

OTHER FINANCIAL INFORMATION

CITY OF DARLINGTON, SOUTH CAROLINA

SCHEDULE OF COURT FINES, FEES, ASSESSMENTS, AND SURCHARGES

JUNE 30, 2024

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED	General	Magistrate	Municipal	Total
Court Fines and Assessments:				
Court fines and assessments collected	-	-	144,325	144,325
Court fines and assessments remitted to State	-	-	69,407	69,407
Total Court Fines and Assessments retained	-	-	74,918	74,918
Surcharges and Assessments retained for victim				
Surcharges collected and retained	-	-	3,275	3,275
Assessments retained	-	-	6,053	6,053
Total Surcharges and Assessments retained for	-	-	9,328	9,328

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	1,906	-	1,906
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer	-		-
Victim Service Assessments Retained by City/County Treasurer	6,053		6,053
Victim Service Surcharges Retained by City/County Treasurer	3,275		3,275
Interest Earned	5		5
Grant Funds Received	-		-
Grant from:			-
General Funds Transferred to Victim Service Fund	-		-
(1) Town of	-		-
(2) Town of	-		-
(3) City of	-		-
Total Funds Allocated to Victim Service Fund + Beginning	11,239	-	11,239
Expenditures for Victim Service Program:	**Municipal**	**County**	**Total**
Operating Expenditures	5,464	-	5,464
Victim Service Contract(s):			
(1) Entity's Name	-	-	-
(2) Entity's Name	-	-	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	-	-	-
(2) Rape Crisis Center:	-	-	-
(3) Other local direct crime victims service agency:	3,000	-	3,000
Transferred to General Fund	-	-	-
Total Expenditures from Victim Service Fund/Program (B)	8,464	-	8,464
Total Victim Service Funds Retained by Municipal/County Treasurer	2,775	-	2,775
Less: Prior Year Fund Deficit Repayment	-	-	-
Carryforward Funds – End of Year	2,775	-	2,775

See independent auditor's report on other financial information

CITY OF DARLINGTON, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Federal Expenditures June 30, 2024
Economic Development Cluster		
Department of Commerce		
Investments for Public Works and Economic Development Facilities	11.300	$ 287,469
Total Department of Commerce		287,469
Department of Housing and Urban Development Pass-through Programs From:		
South Carolina Department of Commerce		
Community Development Block Grants	14.228	597,000
Community Development Block Grants	14.228	1,640
Community Development Block Grants	14.228	479,693
Total Department of Housing and Urban Development		1,078,333
Department of the Treasury Pass-through Programs From:		
South Carolina Department of Administration		
COVID 19: Coronavirus State and Local Fiscal Recovery Funds	21.027	495,913
Total Department of the Treasury		495,913
Department of Homeland Security		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	100,601
Total Department of the Interior		100,601
Total Expenditures of Federal Awards		$ 1,962,316

CITY OF DARLINGTON, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2024

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City under programs of the federal government for the fiscal year ended June 30, 2024. The information in this schedule is presented in accordance with requirements of the *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Darlington, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Darlington.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles obtained in the *Uniform Guidance* and/or OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Indirect Costs

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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

To the Honorable Mayor and Members
Of City Council
City of Darlington
400 Pearl Street
Darlington, South Carolina 29532

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Darlington, (the "City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 27, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

West Columbia, South Carolina
March 27, 2025

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and Members
Of City Council
City of Darlington
400 Pearl Street
Darlington, South Carolina 29532

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Darlington's (the "City") 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 City's major federal programs for the year ended June 30, 2024. The City'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 City 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 June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audit 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 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 City 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 City'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 City'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 City'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 generally accepted auditing standards, *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 judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement 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 City'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 City'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 City'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 and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

West Columbia, South Carolina
March 27, 2025

CITY OF DARLINGTON, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2024

Summary of Auditors' Results:

1. The auditor's report expresses an unmodified opinion on the basic financial statements of City of Darlington.

2. No material weaknesses or significant deficiencies relating to the financial statements are reported in the 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*.

3. No instances of noncompliance material to the financial statements of City of Darlington were disclosed during the audit.

4. No material weaknesses or significant deficiencies relating to the audit of major federal awards are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.

5. The auditor's report on compliance for the major federal award programs for City of Darlington expresses an unmodified opinion.

6. No audit findings were reported relative to the major federal award programs for City of Darlington as depicted below in this schedule.

7. Major federal programs:

   Community Development Block Grants ALN #14.228

8. The threshold for distinguishing between Type A and Type B Programs was $750,000.

9. City of Darlington qualified as a low-risk auditee.

Financial Statement Findings:

None

Federal Awards Findings and Questioned Costs:

No findings or questioned costs.

Status of Prior Year Findings:

None were reported.