CITY OF DARLINGTON, SOUTH CAROLINA

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

YEAR ENDED JUNE 30, 2025

WITH

INDEPENDENT AUDITORS' REPORT

CITY OF DARLINGTON, SOUTH CAROLINA

GOVERNMENT-WIDE FINANCIAL STATEMENTS
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, 2025, 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, 2025, 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 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
November 25, 2025

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2025

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
Assets			
Cash and cash equivalents	$ 4,353,362	$ 2,308,038	$ 6,661,400
Cash and cash equivalents - restricted	145,290	299,140	444,430
Accounts receivable, net	505,929	564,733	1,070,662
Property tax receivables, net	138,264	-	138,264
Due from other governments	274,477	460,348	734,825
Internal balances	366,040	(366,040)	-
Inventory of supplies at cost	-	30,171	30,171
Capital assets:			
Non-depreciable	1,807,934	2,772,126	4,580,060
Depreciable, net	3,110,080	14,054,633	17,164,713
Total assets	10,701,376	20,123,149	30,824,525
Deferred outflows of resources			
Deferred pension outflows	1,274,040	194,056	1,468,096
Total assets and deferred outflows of resources	11,975,416	20,317,205	32,292,621
Liabilities			
Accounts payable	157,755	472,026	629,781
Accrued payroll and related withholdings	180,366	27,957	208,323
Unearned revenue	27,111	21,128	48,239
Deposits payable	3,603	6,930	10,533
Accrued interest payable	91,864	45,346	137,210
Retainage payable	-	191,617	191,617
Long-term liabilities:			
Current portion	810,682	398,804	1,209,486
Noncurrent portion	3,899,998	2,572,003	6,472,001
Net pension liability	5,661,473	1,060,335	6,721,808
Total liabilities	10,832,852	4,796,146	15,628,998
Deferred inflows of resources			
Deferred pension inflows	602,145	94,523	696,668
Total liabilities and deferred inflows of resources	11,434,997	4,890,669	16,325,666
Net position			
Net investment in capital assets	527,685	13,873,258	14,400,943
Restricted	345,144	299,140	644,284
Unrestricted - unfunded pension obligation	(4,989,578)	(960,802)	(5,950,380)
Unrestricted - other	4,657,168	2,214,940	6,872,108
Total net position	$ 540,419	$ 15,426,536	$ 15,966,955

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

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	$ 6,998,526	$ 19,675	$ 532,932	$ 1,845,000	$ (4,600,919)	$ -	$ (4,600,919)
Public safety	4,176,834	430,620	254,686	22,970	(3,468,558)	-	(3,468,558)
Streets and sanitation	1,965,218	1,769,138	-	-	(196,080)	-	(196,080)
Culture and recreation	892,810	94,057	-	-	(798,753)	-	(798,753)
Interest on long-term debt	201,929	-	-	-	(201,929)	-	(201,929)
Non-departmental	77,099	-	-	-	(77,099)	-	(77,099)
Total governmental activities	14,312,416	2,313,490	787,618	1,867,970	(9,343,338)	-	(9,343,338)
Business-type activities							
Water and sewer charges	3,437,799	3,206,059	-	1,840,990	-	1,609,250	1,609,250
Stormwater services	234,333	502,015	-	-	-	267,682	267,682
Total business-type activities	3,672,132	3,708,074	-	1,840,990	-	1,876,932	1,876,932
Total primary government	$ 17,984,548	$ 6,021,564	$ 787,618	$ 3,708,960	(9,343,338)	1,876,932	(7,466,406)
General revenues and transfers:							
General revenues:							
Property taxes					2,199,498	-	2,199,498
Payments in lieu of taxes					991,909	-	991,909
Local option sales tax					1,453,275	-	1,453,275
Hospitality taxes					539,314	-	539,314
Accommodations taxes					28,500	-	28,500
Utility franchise fees					869,735	-	869,735
Business license and building permit fees					1,658,185	-	1,658,185
State aid to subdivisions					158,810	-	158,810
Loss on sale of capital assets					(3,050)	-	(3,050)
Miscellaneous					104,370	9,203	113,573
Unrestricted investment earnings					134,310	40,989	175,299
Transfers					(35,599)	35,599	-
Total general revenues and transfers					8,099,257	85,791	8,185,048
Change in net position					(1,244,081)	1,962,723	718,642
Net position, at beginning of year					1,784,500	13,463,813	15,248,313
Net position, end of year					$ 540,419	$ 15,426,536	$ 15,966,955

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2025

	General 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	$ 4,100,011	$ 167,073	$ 7,360	$ 78,919	$ -	$ -	$ 4,353,363
Cash and cash equivalents - restricted	-	-	-	-	145,285	5	145,290
Accounts receivable	463,441	42,488	-	-	-	-	505,929
Property tax receivables, net	138,264	-	-	-	-	-	138,264
Due from other governments	274,477	-	-	-	-	-	274,477
Due from other funds	377,980	-	538	-	-	-	378,518
Total assets	5,354,173	209,561	7,898	78,919	145,285	5	5,795,841
Liabilities, Deferred Inflows and Fund Balances							
Liabilities							
Accounts payable	112,190	45,566	-	-	-	-	157,756
Accrued payroll and related withholdings	180,366	-	-	-	-	-	180,366
Unearned revenues	27,111	-	-	-	-	-	27,111
Due to other funds	538	-	3,716	8,224	-	-	12,478
Deposits payable	3,603	-	-	-	-	-	3,603
Total liabilities	323,808	45,566	3,716	8,224	-	-	381,314
Deferred Inflow of Resources							
Unavailable revenue - property taxes	48,080	-	-	-	-	-	48,080
Total deferred inflow of resources	48,080	-	-	-	-	-	48,080
Fund Balances							
Restricted	31,677	163,995	4,182	-	145,285	5	345,144
Unassigned	4,950,608	-	-	70,695	-	-	5,021,303
Total fund balances	4,982,285	163,995	4,182	70,695	145,285	5	5,366,447
Total liabilities and fund balances	$ 5,354,173	$ 209,561	$ 7,898	$ 78,919	$ 145,285	$ 5	$ 5,795,841

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

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

JUNE 30, 2025

Total fund balances - governmental funds		$ 5,366,447
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	$ 11,523,506	
Accumulated depreciation	(6,605,492)	
		4,918,014
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.		48,080
Long-term liabilities are not due and payable in the current period and therefore are not reported in governmental funds.		
Compensated absences	(320,351)	
Financed purchases	(381,885)	
Notes payable	(96,775)	
Revenue bonds	(3,495,000)	
General obligation bonds	(416,669)	
Accrued interest	(91,864)	
		(4,802,544)
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.		(5,661,473)
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	1,274,040	
Deferred inflows of resources related to pensions	(602,145)	
		671,895
Net position of governmental activities		$ 540,419

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2025

	General 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	$ 4,673,183	$ 539,314	$ -	$ -	$ -	$ -	$ 5,212,497
Licenses and permits	2,527,920	-	-	-	-	-	2,527,920
Intergovernmental	725,393	-	-	-	-	1,000,000.00	1,725,393
Charges for services	1,856,793	-	-	-	-	-	1,856,793
Grant revenue	22,970	-	-	-	302,932	800,000	1,125,902
Fines and forfeitures	124,994	-	10,309	213,420	-	-	348,723
Interest	57,358	4,045	6	71	19,624	53,207	134,311
Miscellaneous	151,920	-	-	-	-	-	151,920
Rental income	23,527	-	-	-	-	-	23,527
Total revenues	10,164,058	543,359	10,315	213,491	322,556	1,853,207	13,106,986
Expenditures							
Current:							
General government	89,944	-	-	-	10,910	5,940,566	6,041,420
Municipal court	195,932	-	-	189,221	-	-	385,153
Legal	35,811	-	-	-	-	-	35,811
Community promotions	182,936	130,996	-	-	-	-	313,932
Administration	551,815	-	-	-	-	-	551,815
Public buildings	164,995	-	-	-	-	-	164,995
Planning and grants	75,911	-	-	-	-	-	75,911
Police department	2,903,537	-	8,908	-	-	-	2,912,445
Fire department	1,198,254	-	-	-	-	-	1,198,254
Inspections	184,025	-	-	-	-	-	184,025
Street maintenance	930,584	-	-	-	-	-	930,584
Sanitation and trash	1,028,735	-	-	-	-	-	1,028,735
Garage	100,363	-	-	-	-	-	100,363
Recreation	408,437	-	-	-	-	-	408,437
Parks	34,377	-	-	-	-	-	34,377
Registrations	63,630	-	-	-	-	-	63,630
Non-departmental	65,574	-	-	-	-	-	65,574
Capital outlay	583,277	-	-	-	11,965	-	595,242
Debt service:							
Principal	309,269	126,000	-	-	-	80,000.00	515,269
Interest and fiscal charges	24,085	27,965	-	-	-	140,459.00	192,509
Total expenditures	9,131,491	284,961	8,908	189,221	22,875	6,161,025	15,798,481
Excess (deficit) of revenues over (under) expenditures	1,032,567	258,398	1,407	24,270	299,681	(4,307,818)	(2,691,495)
Other Financing Sources							
Proceeds from debt issuance	14,702	-	-	-	-	-	14,702
Proceeds from sale of capital assets	14,950	-	-	-	-	-	14,950
Transfers	309,725	(411,391)	-	-	(154,396)	220,463	(35,599)
Total other financing sources	339,377	(411,391)	-	-	(154,396)	220,463	(5,947)
Net change in fund balance	1,371,944	(152,993)	1,407	24,270	145,285	(4,087,355)	(2,697,442)
Fund balance, beginning of year	3,610,341	316,988	2,775	46,425	-	4,087,360	8,063,889
Fund balance, end of year	$ 4,982,285	$ 163,995	$ 4,182	$ 70,695	$ 145,285	$ 5	$ 5,366,447

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, 2025

Net change in fund balance - total governmental funds		$ (2,697,442)
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.		18,165
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	$ 595,242	
Depreciation	(380,050)	
Net change in capital assets		215,192
The net effect of various transactions involving capital assets (i.e., sales and donations) is a decrease in net assets.		
Loss on disposition of capital assets	(18,000)	
		(18,000)
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 debt issuance	(14,702)	
Principal repayments	515,269	
		500,567
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		(9,420)
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.		753,888
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.		(7,031)
Change in net position of governmental activities		$ (1,244,081)

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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenue				
Property and other taxes	$ 4,177,967	$ 4,177,967	$ 4,673,183	$ 495,216
Licenses and permits	2,082,900	2,082,900	2,527,920	445,020
Intergovernmental	426,879	426,879	725,393	298,514
Charges for services	1,760,000	1,760,000	1,856,793	96,793
Grant revenue	-	-	22,970	22,970
Fines and forfeitures	75,000	75,000	124,994	49,994
Interest	40,000	40,000	57,358	17,358
Miscellaneous	49,316	49,316	151,920	102,604
Rental income	23,800	23,800	23,527	(273)
Total revenue	8,635,862	8,635,862	10,164,058	1,528,196
Expenditures				
Current				
General government	71,449	71,449	89,944	(18,495)
Municipal court	223,296	223,296	195,932	27,364
Legal	50,000	50,000	35,811	14,189
Community promotions	198,582	198,582	182,936	15,646
Administration	540,459	540,459	551,815	(11,356)
Public buildings	152,966	152,966	164,995	(12,029)
Planning and grants	312,833	312,833	75,911	236,922
Police department	2,827,216	2,827,216	2,903,537	(76,321)
Fire department	1,112,264	1,112,264	1,198,254	(85,990)
Inspections	173,426	173,426	184,025	(10,599)
Street maintenance	912,251	912,251	930,584	(18,333)
Sanitation and trash	1,070,140	1,070,140	1,028,735	41,405
Garage	101,067	101,067	100,363	704
Recreation	411,381	411,381	408,437	2,944
Parks	22,500	22,500	34,377	(11,877)
Registrations	30,700	30,700	63,630	(32,930)
Non-departmental	65,250	65,250	65,574	(324)
Capital outlay	10,000	10,000	583,277	(573,277)
Debt service	350,082	350,082	333,354	16,728
Total expenditures	8,635,862	8,635,862	9,131,491	(495,629)
Excess of revenues over expenditures	-	-	1,032,567	1,032,567
Other financing sources				
Proceeds from debt issuance	-	-	14,702	14,702
Proceeds from sale of capital assets	-	-	14,950	14,950
Transfers	-	-	309,725	309,725
Total other financing sources	-	-	339,377	339,377
Net change in fund balance	$ -	$ -	1,371,944	$ 1,371,944
Fund balance, beginning of year			3,610,341	
Fund balance, end of year			$ 4,982,285	

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2025

	Water and Sewer Fund	Stormwater Fund	Total
Assets			
Current assets			
Cash and cash equivalents	$ 1,616,438	$ 691,600	$ 2,308,038
Cash and cash equivalents - restricted	299,140	-	299,140
Accounts receivable, net	488,890	75,843	564,733
Due from other governments	460,348	-	460,348
Due from other funds	720	150,078	150,798
Inventory of supplies at cost	30,171	-	30,171
Non-current assets			
Capital assets, not being depreciated	2,736,536	35,590	2,772,126
Capital assets, being depreciated, net	11,968,299	2,086,334	14,054,633
Total assets	17,600,542	3,039,445	20,639,987
Deferred outflows of resources			
Deferred pension outflows	194,056	-	194,056
Total assets and deferred outflows of resources	17,794,598	3,039,445	20,834,043
Liabilities			
Current liabilities			
Accounts payable	472,026	-	472,026
Deposits payable	6,930	-	6,930
Accrued payroll and benefits	27,957	-	27,957
Accrued interest payable	29,532	15,814	45,346
Accrued compensated absences	17,306	-	17,306
Unearned revenue	21,128	-	21,128
Retainage payable	191,617	-	191,617
Due to other funds	516,118	720	516,838
Current portion of long term debt	275,498	106,000	381,498
Non-current liabilities			
Net pension liability	1,060,335	-	1,060,335
Obligations under financed purchases	124,606	-	124,606
Notes payable	204,968	-	204,968
Revenue bonds payable	561,429	1,681,000	2,242,429
Total liabilities	3,509,450	1,803,534	5,312,984
Deferred inflows of resources			
Deferred pension inflows	94,523	-	94,523
Total liabilities and deferred inflows of resources	3,603,973	1,803,534	5,407,507
Net position			
Net investment in capital assets	13,538,334	334,924	13,873,258
Restricted - debt service	299,140	-	299,140
Unrestricted - unfunded pension obligation	(960,802)	-	(960,802)
Unrestricted - other	1,313,953	900,987	2,214,940
Total net position	$ 14,190,625	$ 1,235,911	$ 15,426,536

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2025

	Water and Sewer Fund	Stormwater Fund	Total
Operating revenue			
Service revenue	$ 3,206,059	$ 502,015	$ 3,708,074
Total operating revenue	3,206,059	502,015	3,708,074
Operating expenses			
Water distribution	1,502,417	-	1,502,417
Sewer maintenance and collection	738,489	-	738,489
Sewer treatment	426,515	-	426,515
Stormwater operations	-	1,491	1,491
Professional servcies	-	5,443	5,443
Depreciation expense	741,608	150,529	892,137
Total operating expenses	3,409,029	157,463	3,566,492
Operating income (loss)	(202,970)	344,552	141,582
Nonoperating revenue (expenses)			
Interest earnings	40,989	-	40,989
Miscellaneous income	9,203	-	9,203
Interest expense	(28,770)	(76,870)	(105,640)
Total nonoperating revenue (expense)	21,422	(76,870)	(55,448)
Income before capital contributions and transfers	(181,548)	267,682	86,134
Capital grants, contributions and transfers			
Capital grants	1,748,978	-	1,748,978
Capital contributions	92,012	-	92,012
Transfers	65,599	(30,000)	35,599
Total capital grants, contributions and transfers	1,906,589	(30,000)	1,876,589
Change in net position	1,725,041	237,682	1,962,723
Total net position, beginning	12,465,584	998,229	13,463,813
Total net position, ending	$ 14,190,625	$ 1,235,911	$ 15,426,536

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2025

	Water and Sewer Fund	Stormwater Fund	Total
Cash flows from operating activities			
Cash received from customers	$ 3,138,909	$ 506,181	$ 3,645,090
Cash paid to employees	(587,324)	-	(587,324)
Cash paid to suppliers	(1,686,930)	69,852	(1,617,078)
Net cash provided by operating activities	864,655	576,033	1,440,688
Cash flows from non-capital financing activities			
Other nonoperating revenues	9,203	-	9,203
Transfers	65,599	(30,000)	35,599
Net cash provided by (used in) noncapital financing activities	74,802	(30,000)	44,802
Cash flows from capital and related financing activities			
Capital grants and contributions	1,840,990	-	1,840,990
Purchase of capital assets	(2,554,552)	-	(2,554,552)
Principal paid on long-term debt	(274,857)	(101,000)	(375,857)
Interest paid on long-term debt	(32,459)	(80,240)	(112,699)
Net cash used in capital and related financing activities	(1,020,878)	(181,240)	(1,202,118)
Cash flows from investing activities			
Interest income	40,989	-	40,989
Net cash provided by investing activities	40,989	-	40,989
Net increase (decrease) in cash and cash equivalents	(40,432)	364,793	324,361
Cash and cash equivalents, beginning	1,956,010	326,807	2,282,817
Cash and cash equivalents, ending	$ 1,915,578	$ 691,600	2,607,178
Reconciliation of Cash and Cash Equivalents to Statement of Net Position:			
Cash and cash equivalents	$ 1,616,438	$ 691,600	$ 2,308,038
Restricted cash and cash equivalents	299,140	-	299,140
Total cash and cash equivalents	$ 1,915,578	$ 691,600	$ 2,607,178

(CONTINUED)

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2025

-CONTINUED-

	Water and Sewer Fund	Stormwater Fund	Total
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	$ (202,970)	$ 344,552	$ 141,582
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	741,608	150,529	892,137
Changes in assets and liabilities:			
(Increase) decrease in accounts receivables	(67,148)	4,166	(62,982)
(Increase) decrease in due from other governments	505,503	-	505,503
(Increase) decrease in due from other funds	456,063	76,786	532,849
(Increase) decrease in deferred pension outflows	(123,167)	-	(123,167)
Increase (decrease) in due to other funds	(9,358)	-	(9,358)
Increase (decrease) in accounts payable	(598,324)	-	(598,324)
Increase (decrease) in accrued payroll and benefits	17,401	-	17,401
Increase (decrease) in retainage payable	138,911	-	138,911
Increase (decrease) in deposits payable	(395)	-	(395)
Increase (decrease) in unearned revenue	(6,527)	-	(6,527)
Increase (decrease) in accrued compensated absences	2,022	-	2,022
Increase (decrease) in deferred pension inflows	903	-	903
Increase (decrease) in net pension liability	10,133	-	10,133
Net cash provided by operating activities	$ 864,655	$ 576,033	$ 1,440,688

See accompanying notes.

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF NET POSITION - FIDUCIARY FUND

JUNE 30, 2025

	Fireman's Fund
Assets	
Cash and cash equivalents	$ 56,366
Total assets	56,366
Net Position	
Funds held in trust for individuals, organizations, and other governments	56,366
Total net position	$ 56,366

CITY OF DARLINGTON, SOUTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND

JUNE 30, 2025

	Fireman's Fund
Additions	
Brokers premium tax	$ 66,412
Interest	71
Total additions	66,483
Deductions	
Membership dues	3,811
Insurance	28,035
Supplies	2,245
Other expenses	18,874
Total deductions	52,965
Change in net position	13,518
Net position, beginning of year	42,848
Net position, end of year	$ 56,366

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.

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.

1. Summary of Significant Accounting Policies (continued)

Compensated Absences

The City adheres to GASB Statement No. 101 for accounting and reporting of compensated absences. The City permits employees to accumulate earned but unused vacation, up to 30 days, and sick pay benefits, up to 180 days. 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. Upon implementation of GASB 101, the City evaluated the impact on prior-period financial statements and determined that the impact was immaterial. Therefore, no restatement is presented.

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 $1,468,096 as of June 30, 2025.

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, 2025.

1. Summary of Significant Accounting Policies (continued)

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.

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, 2025, $341,352 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, 2025, 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, 2025, the City reported $345,144 as restricted fund balances.

Fund balance is reported as committed if amounts have been committed through the appropriations process. As of June 30, 2025, 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".

1. Summary of Significant Accounting Policies (continued)

Net Position/Fund Balances (continued)

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.

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 $1,528,196. Actual expenditures exceeded budgeted expenditures by $495,629.

3. Deposits & Investments

At June 30, 2025, the carrying amount of the City's unrestricted and restricted deposits totaled $7,162,261, and the bank balance was $7,199,880, 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, 2025, consist of the following:

	Governmental Activities	Business-type Activities	Total
Accounts receivable:			
Government revenue	$ 274,477	$ 460,348	$ 734,825
Property taxes	175,847	-	175,847
Utility service billings	194,646	808,240	1,002,886
Other	311,283	6,936	318,219
Gross receivables	956,253	1,275,524	2,231,777
Less, allowance for uncollectibles	(37,583)	(250,443)	(288,026)
Net receivables	$ 918,670	$ 1,025,081	$ 1,943,751

5. Interfund Receivables and Payables

	Receivables	Payables	Net
General fund	$ 377,980	$ 538	$ 377,442
Victim's assistance fund	538	3,716	(3,178)
Municipal court fund	-	8,224	(8,224)
Water and sewer fund	720	516,118	(515,398)
Stormwater fund	150,078	720	149,358
Total	$ 529,316	$ 529,316	$ -

6. Capital Assets

Capital asset activity for the year ended June 30, 2025, was as follows:

Governmental activities

	Beginning Balances	Increase	Decrease	Transfers	Ending Balances
Capital assets, not being depreciated					
Land and improvements	$ 958,947	$ -	$ (18,000)	$ -	$ 940,947
Construction in progress	1,268,356	138,844	-	(540,213)	866,987
Total capital assets, not bing depreciated	2,227,303	138,844	(18,000)	(540,213)	1,807,934
Capital assets, being depreciated					
Infrastructure	1,121,465	-	-	(21,525)	1,099,940
Buildings and Improvements	3,888,885	83,048	-	477,713	4,449,646
Equipment	3,985,488	373,350	(276,877)	84,025	4,165,986
Total capital assets, being depreciated	8,995,838	456,398	(276,877)	540,213	9,715,572
Less: Accumulated depreciation for:					
Infrastructure	(893,965)	(29,997)	-	-	(923,962)
Buildings and Improvements	(2,428,360)	(119,820)	-	-	(2,548,180)
Equipment	(3,179,994)	(230,233)	276,877	-	(3,133,350)
Total accumulated depreciation	(6,502,319)	(380,050)	276,877	-	(6,605,492)
Total capital assets, being depreciated, net	2,493,519	76,348	-	540,213	3,110,080
Governmental activites capital assets, net	$ 4,720,822	$ 215,192	$ (18,000)	$ -	$ 4,918,014

6. Capital Assets (continued)

Business-type activities

	Beginning Balances	Increase	Decrease	Transfers	Ending Balances
Capital assets, not being depreciated					
Land and improvements	$ 227,769	$ 22,000	$ -	$ -	$ 249,769
Construction in progress	1,714,043	2,411,989		(1,603,675)	2,522,357
Total capital assets, not bing depreciated	1,941,812	2,433,989	-	(1,603,675)	2,772,126
Capital assets, being depreciated					
Buildings and improvements	6,806,698	-	-	-	6,806,698
Water and sewer lines	20,327,295	-	-	1,603,675	21,930,970
Equipment	1,723,154	120,563	(5,110)	-	1,838,607
Total capital assets, being depreciated	28,857,147	120,563	(5,110)	1,603,675	30,576,275
Less: Accumulated depreciation for:					
Buildings and improvements	(5,351,859)	(93,156)	-	-	(5,445,015)
Water and sewer lines	(9,071,125)	(664,338)	-	-	(9,735,463)
Equipment	(1,211,631)	(134,643)	5,110	-	(1,341,164)
Total accumulated depreciation	(15,634,615)	(892,137)	5,110	-	(16,521,642)
Total capital assets, being depreciated, net	13,222,532	(771,574)	-	1,603,675	14,054,633
Governmental activites capital assets, net	$ 15,164,344	$ 1,662,415	$ -	$ -	$ 16,826,759

Depreciation expense was charged to each function as follows:

Governmental activities:	
General government	$ 87,416
Public safety	140,938
Public works	54,869
Culture and recreation	96,827
Total depreciation - governmental activities	$ 380,050
Business type activities:	
Water and sewer	$ 741,608
Stormwater	150,529
Total depreciation - business type activities	$ 892,137

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, 2025, 2024 and 2023 are as follows:

	Employer Contribution Rate			Employer Contributions		
Year Ended		Incidental			Incidental	
June 30,	Base	Death	Total	Base	Death	Total
2025	18.41%	0.15%	18.56%	$ 417,209	$ 3,552	$ 420,761
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

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, 2025, 2024 and 2023 are as follows:

Year Ended June 30,	Employer Contribution Rate			Employer Contributions		
	Base	Incidental Death	Total	Base	Incidental Death	Total
2025	20.84%	0.40%	21.24%	$ 436,554	$ 8,704	$ 445,258
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

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, 2025, 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, 2025 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	-
Contributions made subsequent to the measurement date	420,761	445,258
Total deferred outflows of resources	666,660	801,436
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)	$ 341,911	$ 429,517

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, 2025 are as follows:

	July 1, 2024	Additions	Reductions	June 30, 2025	Due Within One Year
Governmental activities:					
Notes payable	$ 164,666	$ 14,702	$ (82,593)	$ 96,775	$ 34,440
Financed purchases	435,333	-	(53,448)	381,885	73,282
General obligation bonds	589,897	-	(173,228)	416,669	176,609
Revenue bond	3,701,000	-	(206,000)	3,495,000	206,000
Compensated absences	313,320	320,351	(313,320)	320,351	320,351
	5,204,216	335,053	(828,589)	4,710,680	810,682
Business-Type activities:					
Notes payable	$ 222,293	$ -	$ (8,607)	$ 213,686	$ 8,718
Financed purchases	205,405	-	(42,207)	163,198	38,592
Revenue bonds	2,901,660	-	(325,043)	2,576,617	334,188
Compensated absences	15,284	17,306	(15,284)	17,306	17,306
	3,344,642	17,306	(391,141)	2,970,807	398,804
Total	$ 8,548,858	$ 352,359	$ (1,219,730)	$ 7,681,487	$ 1,209,486

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, 2025:

	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%	$ 86,973
Pee Dee Electric	Playground Equipment	$ 14,701	3/1/2027	1.00%	9,802
					$ 96,775
Business-Type activities:					
SC Water Quality Revolving Fund Authority	Sewer Lines	$ 284,491	11/1/2046	1.30%	$ 213,686

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, 2025:

	Original Amount	Maturity Date	Interest Rate	Outstanding Amount
Governmental activities:				
Series 2017 - Hospitality Fee Revenue Bond	$ 1,900,000	6/15/2032	2.54%	$ 975,000
Series 2023 - Public Facilities Revenue Bond	$ 2,600,000	12/1/2043	5.67%	2,520,000
				$ 3,495,000
Business-Type activities:				
Series 2015 - Water and Sewer Revenue Bond	$ 1,789,000	12/1/2026	2.38%	$ 360,617
Series 2018 - Stormwater Refunding Revenue Bond	$ 2,417,000	5/1/2038	4.25%	1,787,000
Series 2020 - Waterworks and Sewer System Improvement Revenue Bond	$ 620,000	12/1/2032	1.92%	429,000
				$ 2,576,617

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, 2025:

	Original Amount	Maturity Date	Interest Rate	Outstanding Amount
Governmental activities:				
Series 2017 - Hospitality Fee Revenue Bond	$ 1,000,000	12/13/2026	2.18%	$ 239,287
Series 2020 - General Obligation Bond	$ 400,000	3/1/2028	1.49%	177,382
				$ 416,669

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
2026	$ 34,440	$ 1,403	$ 176,609	$ 7,859
2027	32,910	914	180,057	4,411
2028	29,425	441	60,003	894
2029	-	-	-	-
2030	-	-	-	-
2031-2035	-	-	-	-
2036-2040	-	-	-	-
2041-2045	-	-	-	-
	$ 96,775	$ 2,758	$ 416,669	$ 13,164

Year Ended June 30,	Revenue Bonds		Total Governmental Activities	
	Principal	Interest	Principal	Interest
2026	$ 206,000	$ 167,649	$ 417,049	$ 176,911
2027	214,000	160,007	426,967	165,332
2028	222,000	152,004	311,428	153,339
2029	230,000	143,674	230,000	143,674
2030	239,000	134,983	239,000	134,983
2031-2035	866,000	542,211	866,000	542,211
2036-2040	751,000	349,839	751,000	349,839
2041-2045	767,000	111,755	767,000	111,755
	$ 3,495,000	$ 1,762,122	$ 4,008,444	$ 1,778,044

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
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	9,182	2,285	179,000	61,062	188,182	63,347
2031-2035	47,741	9,595	879,000	206,085	926,741	215,680
2036-2040	50,942	6,394	501,000	43,180	551,942	49,574
2041-2045	54,358	2,979	-	-	54,358	2,979
2046-2050	15,903	201	-	-	15,903	201
	$ 213,686	$ 31,765	$ 2,576,617	$ 626,399	$ 2,790,303	$ 658,164

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
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	43,061	1,602
2030	37,694	4,694	-	-
Thereafter	79,953	4,817	-	-
	$ 381,885	$ 50,966	$ 163,198	$ 15,454

Interest Expense

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

Governmental Activities	$ 192,509
Business-Type Activities	105,640
	$ 298,149

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	$ 4,918,014	$ 16,826,759	$ 21,744,773
Less related debt	(4,390,329)	(2,953,501)	(7,343,830)
	$ 527,685	$ 13,873,258	$ 14,400,943

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, 2025, Darlington County abated property taxes totaling $13,483,498. The effective abatement for the General Government is $3,347,442, the School District is $8,564,692, and for all other municipalities and districts is $1,571,364, of which $1,325,105 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 November 25, 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*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
South Carolina Retirement System										
City's proportion of the net pension liability	0.0155%	0.0155%	0.0158%	0.0166%	0.0176%	0.0187%	0.0180%	0.0180%	0.0190%	0.0189%
City's proportionate share of the net pension liability	$ 3,642,935	$ 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
City's 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
City's proportionate share of the net pension liability as a percentage of its covered payroll	170.65%	176.18%	203.58%	191.45%	229.03%	215.96%	215.96%	219.01%	229.27%	217.42%
Plan fiduciary net position as a percentage of the total pension liability	61.80%	61.80%	57.10%	60.70%	50.70%	54.40%	54.10%	54.10%	52.91%	57.00%
South Carolina Police Officers Retirement System										
City's proportion of the net pension liability	0.1026%	0.1026%	0.1119%	0.1188%	0.1263%	0.1295%	0.1278%	0.1278%	0.1292%	0.1209%
City's proportionate share of the net pension liability	$ 3,078,873	$ 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
City's 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
City's proportionate share of the net pension liability as a percentage of its covered payroll	152.08%	170.17%	189.50%	171.11%	219.52%	197.59%	204.97%	219.71%	218.86%	191.07%
Plan fiduciary net position as a percentage of the total pension liability	70.50%	70.50%	66.40%	70.40%	58.80%	62.70%	61.73%	61.73%	60.44%	64.60%

* - The amounts presented for each fiscal year were determined as of July 1 of the year 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 *

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
South Carolina Retirement System										
Contractually required contributions	$ 417,209	$ 393,005	$ 359,993	$ 308,166	$ 289,571	$ 303,323	$ 285,150	$ 250,561	$ 210,139	$ 203,781
Contributions in relation to the contractually required contribution	(417,209)	(393,005)	(359,993)	(308,166)	(289,571)	(303,323)	(285,150)	(250,561)	(210,139)	(203,781)
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City covered payroll	$ 2,266,209	$ 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
Contributions as a percentage of covered payroll	18.41%	18.41%	17.41%	16.41%	15.41%	15.41%	14.41%	13.41%	11.41%	11.50%
South Carolina Police Officers Retirement System										
Contractually required contributions	$ 436,554	$ 421,902	$ 358,973	$ 333,554	$ 318,756	$ 340,345	$ 316,340	$ 279,754	$ 234,980	$ 226,392
Contributions in relation to the contractually required contribution	(436,554)	(421,902)	(358,973)	(333,554)	(318,756)	(340,345)	(316,340)	(279,754)	(234,980)	(226,392)
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City covered payroll	$ 2,094,789	$ 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
Contributions as a percentage of covered payroll	20.84%	20.84%	19.84%	18.84%	17.84%	17.84%	16.84%	15.84%	14.26%	15.11%

* - The amounts presented for each fiscal year were determined as of July 1 of the year 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, 2025

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED	General	Magistrate	Municipal	Total
Court Fines and Assessments:				
Court fines and assessments collected	-	-	189,221	189,221
Court fines and assessments remitted to State	-	-	92,637	92,637
Total Court Fines and Assessments retained	-	-	96,584	96,584
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	-	-	2,574	2,574
Assessments retained	-	-	7,735	7,735
Total Surcharges and Assessments retained for victim services	-	-	10,309	10,309

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	2,775	-	2,775
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer	-		-
Victim Service Assessments Retained by City/County Treasurer	7,735		7,735
Victim Service Surcharges Retained by City/County Treasurer	2,574		2,574
Interest Earned	6		6
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 Balance (A)	13,090	-	13,090
Expenditures for Victim Service Program:	**Municipal**	**County**	**Total**
Operating Expenditures	5,908	-	5,908
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)	8,908	-	8,908
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	4,182	-	4,182
Less: Prior Year Fund Deficit Repayment	-	-	-
Carryforward Funds – End of Year	4,182	-	4,182

See independent auditor's report on other financial information

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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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 25, 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
November 25, 2025