



**TOWN OF CHAPIN,
SOUTH CAROLINA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2024

Mayor

Albert R. Koon

Town Administrator

Nicholle Burroughs

Town Council

Mike Clonts

Vicki Shealy

Gregg White

Leland Teal

Director of Finance and Administrative Support

Jackie Thompson

Prepared By:

Finance Department

TOWN OF CHAPIN, SOUTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024

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INTRODUCTORY SECTION



157 NW Columbia Avenue • P.O. Box 183 • Chapin, SC 29036

October 24, 2025

To the Honorable Mayor, Members of Town Council and Citizens of the Town of Chapin, South Carolina:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted accounting standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the Town of Chapin for the calendar year ended December 31, 2024.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations management of the Town has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because of the costs of internal controls should not outweigh their benefits the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by Mauldin & Jenkins Certified Public Accountants, LLC a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the calendar year ended December 31, 2024, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended December 31, 2024, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany these basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Town of Chapin's MD&A can be found immediately following the report of the independent auditors.

Profile of Government

The Town of Chapin was incorporated on December 24, 1889. The Town is located in Lexington County, South Carolina, 22 miles northwest of the capital city of Columbia and accessible by US Hwy 76 and Interstate 26 at exit 91. As of December 31, 2024, the Town occupied a land area of 2.7-square miles and serves a population of approximately 1,908 residents. The Town is empowered to levy a property tax on real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation.

The Town operates under the Mayor-Council form of government with the Mayor serving as the Chief Executive Officer for the Town. The Council serves as a policy-making and legislative body and is made up of four at-large

members plus the mayor. The Council is responsible for passing ordinances, adopting the budget, appointing committees, and hiring the Town Clerk, Town Attorney, Municipal Judge, and the Town Administrator as well as the appointment of the Director of Public Works and Utilities, Director of Finance and Director of Planning & Zoning, Police Chief and Ministerial Recorder. The four council members and mayor are elected to four-year staggered terms, with two council members elected every two years. In 2022 Council established the position of Town Administrator who will work under the supervision of the Mayor, be responsible to the Mayor and Council for the proper administration of all policies and ordinances of the town, for the discharge of all delegated administrative functions including being responsible for human resources, day-to-day supervision of town functions with authority to delegate and supervise all Town employees.

The Town provides a range of services to its citizens, including: public safety, zoning and code enforcement, court services, community and economic development, public works, and sewer infrastructure.

The annual budget serves as the foundation for the Town's financial planning and control. All departments of the Town of Chapin are required to submit requests for appropriations. These requests are used as a starting point for the development of a proposed budget. The Director of Finance presents the proposed budget to the Council for review prior to November. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget no later than December 31st, the close of the fiscal year. The appropriated budget is prepared by fund and department. Budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is maintained by the manager at the fund level and may be amended as necessary by the Mayor during the fiscal year. The Mayor is authorized to reallocate budgeted funds from line item to line item within the General Fund and Enterprise Fund. The Mayor is also authorized at the fund level to transfer appropriated funds between departments. Council is the only authorized governing body that may amend the budget. Budget-to-actual revenue and expense comparisons are provided in the report for each individual government fund for which an appropriated budget has been adopted. For the general fund, this comparison is presented as part of the required supplementary information for government funds.

The Purchasing Agent is responsible for approving purchases initiated by Department Directors, other than contracts subject to formal bid procedures, which have been specifically itemized in the current budget up to \$25,000.00 without further Council approval, and the Mayor (Purchasing Agent) and Director of Finance (Assistant Purchasing Agent) are authorized to approve budgeted purchases up to \$50,000.00. Any purchases over \$50,000.00 must be approved by Council, as well as, all requested non-budgeted purchases in any amount, except that the Purchasing Agent may pay incidental routine invoices from vendors and credit card companies up to \$5,000.00 whether budgeted or not.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town operates.

Local Economy

According to the Bureau of Census, median household income in Chapin is approximately \$77,917. Chapin's existing retail marketplace is \$181,824,697 (as extrapolated from 2023 retail business license returns.) National retailers in the Town include Publix, Food Lion, Advance Auto, Walgreens, McDonald's, Taco Bell, Hardees, Subway, Waffle House, Dominos, Anytime Fitness, Dollar General, Bojangles, Sonic, Marcos Pizza Jersey Mikes, O'Reilly Auto Parts, Zaxby's, Lowes Foods, Goodwill, and United Homes. The Town enjoys a vibrant collection of small local retailers, professional services firms, restaurants, medical practices, and service providers.

The Town is experiencing a fairly stable economic environment and is fortunate to have moved forward despite the impacts of the COVID-19 pandemic. The Town received \$812,979 from the Coronavirus State and Local Fiscal Recovery Funds and has elected to use the standard allowance for revenue loss and obligate the funds to general government services.

Long-term Financial Planning

In December 2019 Council approved a 2% Hospitality Tax which began February 1, 2020 to provide funding for the revitalization and beautification of incorporated areas of Town, improvements of Town of Chapin owned properties, and marketing and promotion of Town sponsored events. Council is planning to apply a portion of the Hospitality Tax toward pedestrian friendly facilities as well as enhanced lighting, traffic signals, and landscaping for the Chapin interchange and I -26 widening project.

Funding was secured through the State Clean Water Revolving Loan Fund for the 2.4 million gallon per day waste water treatment plant completed in 2020.

Major Initiatives

Planning –The Town of Chapin has spent a lot of time and effort in order to properly manage the growth of the future commercial and residential development. In December 2021 a new Comprehensive Plan was adopted. The Comprehensive Plan will serve as the foundation planning document for the Town, and will guide the management of growth and development as well as identifying long-range strategies for projects, programs, and policies. In addition, the Town engaged MRB Group in 2022 to develop a new Unified Zoning and Development Ordinance.

Tarpon Towers – The town entered into a land lease agreement with Tarpon Towers to lease real property at 157 NW Columbia Ave for the purpose of installing, constructing and maintaining one telecommunications monopole. The Tenant is leasing 4,000 square feet on the Town Hall property and will result in residual income for the Town. The rent will increase annually by 2.5% for a period of 5 years, which can be extended to a period of 26 years with notice and approval. For each sublease by additional telecommunications companies that collocate on the Tower the Town will receive an additional fee per month. In addition to providing the Town with valuable income the Tower will improve cellular service for our residences and the Town Hall property.

Road Improvement Projects – Construction has begun on the I-26 Widening Project from mile marker 85 to mile marker 101 funded by SCDOT and the Federal Highway Administration. The project will include improvements to the Chapin interchange at S-48 (Columbia Ave) or Exit 91 as well as widening of I-26. Construction is also set to begin in the next few years on the S-48 (Columbia Ave) Corridor Improvement Project to provide traffic congestion relief from the I-26 and S-48 interchange to the S-48/S-51 (Amicks Ferry Road)/US 76 (Chapin Road) intersection located in down town Chapin. The improvements will include roadway widening, new location roadway, pedestrian and bicycle facilities, intersection and overall safety improvements.

Business Development – The Town of Chapin continues to experience growth in its commercial and retail development. Boykin Hills, the first residential development in fifteen years, is well underway with 198 homes sites under construction. New retail businesses include Teague's Market and Floor Boys, LLC,. Several additional businesses opened to include Palmetto Cosmetic Surgery and Aesthetics, Miller & Miller Group, McCutchen McLean, LLC, Chapin Hormone and Wellness, Inc., Gallup Design Build, Chapin Pediatric Dentistry, LLC and Finest Taekwondo and Fitness Center. We welcomed two new restaurants Sweet Izzy's and Bakon, and S&S Destination reopened under new ownership.

Water and Sewer Infrastructure – The Town continues to invest in water and wastewater infrastructure as the development of commercial and residential properties increases in the service area. The Town's service area serves Lexington County north of Lake Murray. The water and sewer system has approximately 122.18 miles of sewer lines and 31.69 miles of water lines and serves approximately 3600 sewer customers and 1300 water customers.

Technology Park – Lexington County has developed a 200+ acre Class A Business Park adjacent to the Town. There is more than 150 acres of planned residential mixed-use development next to the park that is within Town limits, which will increase property tax and business license revenue as those developments come online.

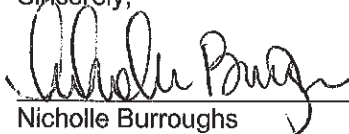
Awards and Acknowledgments

In July 2023 the Town of Chapin received the Municipal Association of South Carolina Municipal Achievement Award in recognition of its superior performance and innovative program leading to an improved quality of life for its residents. Started in 1987, the program provides local government officials and employees the opportunity to receive deserved recognition for superior and innovative efforts in local government. The program also provides a forum for sharing the best public service ideas in South Carolina.

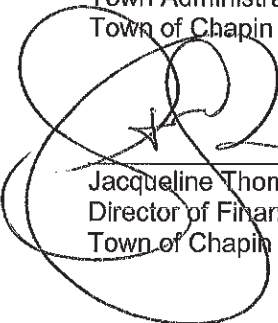
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Chapin, South Carolina for its annual comprehensive financial report for the fiscal year ended December 31, 2023. This was the sixth consecutive year that the Town of Chapin has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

In closing, the Town continues to make significant strides in its financial reporting and planning for the future of the community. We appreciate the effort of our employees who contributed to this report.

Sincerely,



Nicholle Burroughs
Town Administrator
Town of Chapin



Jacqueline Thompson
Director of Finance
Town of Chapin



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

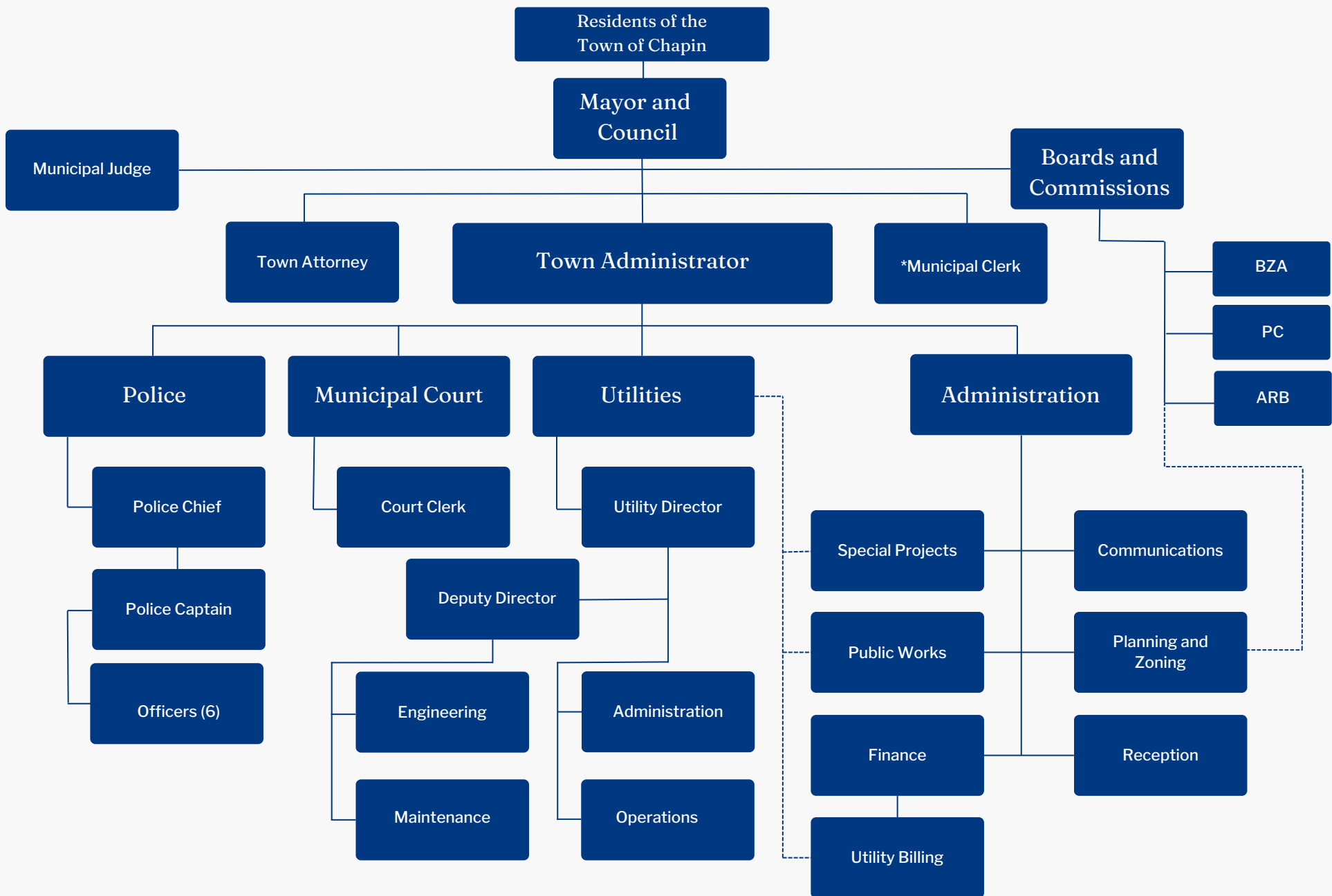
**Town of Chapin
South Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morill

Executive Director/CEO



*Municipal Clerk is accountable to the Mayor and Council, however administratively reports to the Town Administrator.

TOWN OF CHAPIN, SOUTH CAROLINA

PRINCIPAL OFFICIALS

DECEMBER 31, 2024

ELECTED

Mayor..... Albert R. Koon
Mayor Pro Tem..... Greg White
Councilwoman..... Vicki Shealy
Councilman..... Leland Teal
Councilman..... Mike Clonts

APPOINTED

Finance Director..... Jackie Thompson
Town Clerk..... Shannon Bowers
Police Chief..... Thomas Griffin
Town Administrator..... Nicholle Burroughs
Utilities Director..... Rick Bryan
Planning and Zoning Manager Reid Radtke

FINANCIAL SECTION



Independent Auditor's Report

**Honorable Mayor and Members
of the Town Council
Town of Chapin, South Carolina**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the **Town of Chapin, South Carolina** (the "Town"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 8 through 11), the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund (Page 64), the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Hospitality Tax Fund (page 65), the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - ARPA Fund (page 66), the Schedule of Proportionate Share of the Net Pension Liability – South Carolina Retirement System (page 67), the Schedule of Proportionate Share of the Net Pension Liability – South Carolina Police Officers Retirement System (page 67), the Schedule of Contributions – South Carolina Retirement System (pages 68 and 69) and the Schedule of Contributions – South Carolina Police Officers Retirement System (pages 68 and 69) 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with managements responses to our inquiries, the basic financial statements, and other knowledge we obtained during the 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 use with sufficient evidence to express an opinion of provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Town's basic financial statements. The Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) is presented for the purpose of additional analysis as required by the State of South Carolina 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.


Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

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



Columbia, South Carolina
October 24, 2025

**TOWN OF CHAPIN, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

As management of the Town of Chapin, South Carolina (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2024. The intent of this discussion and analysis is to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activities, (c) identify changes in the Town's financial position, and (d) identify significant deviations from the approved general fund budget and highlight significant issues in the individual funds. We encourage readers to consider the information presented here in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

- The Town's reporting period is January 1 to December 31.
- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent calendar year by \$36,385,264 (net position). Of this amount, \$24,636,749 represents the investment in capital assets and \$3,665,554 is considered restricted. The remaining \$8,082,961 (unrestricted) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$1,358,675.
- At the close of the current calendar year, the Town's governmental funds reported an ending fund balance of \$3,931,148, an increase of \$1,216,769.

Overview of the Financial Statements

This discussion and analysis provides an introduction to the Town of Chapin's basic financial statements, which include the following parts: (1) *government-wide financial statements*, (2) *fund financial statements*, and (3) *notes to the financial statements*. This annual report also contains certain *required supplementary information* and *other supplementary information* to aid in understanding the operations of the Town.

Government-wide Financial Statements

The government-wide statements present a long-term view of the Town's finances *as a whole*, using accrual-basis accounting - the same accounting basis that most businesses use.

There are two government-wide financial statements:

Statement of Net Position: This statement presents information on *all* of the Town's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in the Town's net position may serve as a useful indicator of whether its financial position is improving or deteriorating. However, the statement of net position does not tell the whole story. To assess the Town's overall financial health, other factors need to be considered such as the Town's economy and the condition of its *capital assets* such as its buildings and infrastructure (water and sewer lines).

Statement of Activities: This statement presents information showing how the Town's overall net position changed during the year. The Town reports a change in its net position as soon as an underlying event occurs that causes a change. The statement of activities accounts for all current-year revenues and expenses, regardless of when the Town received or paid cash. Although governments compile the statement of activities using accounting methods similar to businesses, the format of this statement is quite different from the format of a business's profit and loss statement. The statement of activities helps to show how much it costs for the Town to provide various services. It also indicates the extent to which each

**TOWN OF CHAPIN, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

government function covers its own costs through user fees, charges, or grants. The *net revenues (expenses)* column on the far right of this statement shows how much a particular function relies on taxes and other general revenues as opposed to program revenues to support its programs.

For financial reporting purposes the government-wide statements present three different kinds of *activities*:

Governmental activities: Most of the Town's basic services are included here, such as general government, and administration of justice. Taxes (real and personal property taxes), charges for services and grants provide resources to support most of these services. The Town's General Fund, Hospitality Tax Fund and the ARPA Fund are the only governmental activities of the Town.

Business-type activities: These activities usually recover all, or a significant portion, of the costs of their services or goods by charging fees to customers. The Water and Sewer Utilities Fund is the only business-type activity of the Town.

Component units: Although component units are legally separate from the Town, the Town's elected officials are financially accountable for them. For the year ended December 31, 2024, the Town did not have any component units.

Fund Financial Statements

The fund financial statements provide detailed information about the Town's most significant funds - not the Town as a whole. Funds are accounting designations that the Town uses to track specific funding sources and spending for particular purposes. The Town of Chapin, like other governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements.

The Town reports two types of *funds*:

Governmental funds: The Town reports most of its basic services in its governmental fund. The governmental fund accounts for activities that the Town reports as *governmental activities* in its government-wide statements. This fund focuses on *short-term* inflows and outflows of expendable resources. The balances remaining at the end of the year help determine whether a fund has more or less financial resources available to spend in the near future. Because the governmental fund statements lack the additional long-term focus of the government-wide statements, a reconciliation that explains the relationship (or differences) between the two kinds of statements is provided. By comparing the two kinds of statements and examining the reconciliation, a better understanding of the long-term impact of the Town's near-term funding decisions is available.

Proprietary funds: Proprietary funds charge customers for the services they provide - whether they are provided to outside customers (*enterprise funds*) or other Town departments and other governments (*internal service funds*). Proprietary funds use the *accrual basis of accounting* like businesses use. The Town reports its enterprise fund as *business-type activities* in the government-wide statements.

Notes to the Financial Statements

Immediately following the financial statements are *notes* that provide additional and pertinent information to the financial statement amounts.

**TOWN OF CHAPIN, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Required Supplementary Information

This section addresses certain *required* reporting information that supplements the basic financial statements. Included in this section is a schedule of the Town's proportionate share of the net pension liability of the South Carolina Retirement System and a schedule of contributions to the South Carolina Retirement System.

Supplementary Information

Supplementary information presented but not required by accounting principles generally accepted in the United States of America includes the Schedule of Court Fines, Assessments and Surcharges. This schedule is presented to provide information requested by the South Carolina State Treasurer's Office.

Government-wide Financial Analysis

As noted earlier, net position serves as a useful indicator of a public government's financial position. The following table reflects the condensed governmental-wide statement of net position:

| TOWN OF CHAPIN, SOUTH CAROLINA NET POSITION | | | | | | |
|---|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Current and Other Assets | \$ 4,642,210 | \$ 3,532,979 | \$ 11,344,867 | \$ 11,865,477 | \$ 15,987,077 | \$ 15,398,456 |
| Capital Assets | 5,011,823 | 4,972,187 | 31,264,811 | 31,005,308 | 36,276,634 | 35,977,495 |
| Total Assets | <u>9,654,033</u> | <u>8,505,166</u> | <u>42,609,678</u> | <u>42,870,785</u> | <u>52,263,711</u> | <u>51,375,951</u> |
| Deferred Outflows of Resources | 231,107 | 243,282 | 293,064 | 312,283 | 524,171 | 555,565 |
| Long-term Liabilities Outstanding | 1,320,454 | 1,453,420 | 1,674,453 | 1,865,648 | 2,994,907 | 3,319,068 |
| Other Liabilities | 779,875 | 844,708 | 12,266,226 | 12,712,380 | 13,046,101 | 13,557,088 |
| Total Liabilities | <u>2,100,329</u> | <u>2,298,128</u> | <u>13,940,679</u> | <u>14,578,028</u> | <u>16,041,008</u> | <u>16,876,156</u> |
| Deferred Inflow of Resources | 190,110 | 12,599 | 171,500 | 16,172 | 361,610 | 28,771 |
| Net Position | | | | | | |
| Net Investment in | | | | | | |
| Capital Assets | 4,899,641 | 4,972,187 | 19,737,108 | 19,037,125 | 24,636,749 | 24,009,312 |
| Restricted | 3,665,554 | 2,713,721 | - | - | 3,665,554 | 2,713,721 |
| Unrestricted | (970,494) | (1,248,187) | 9,053,455 | 9,551,743 | 8,082,961 | 8,303,556 |
| Total Net Position | <u>\$ 7,594,701</u> | <u>\$ 6,437,721</u> | <u>\$ 28,790,563</u> | <u>\$ 28,588,868</u> | <u>\$ 36,385,264</u> | <u>\$ 35,026,589</u> |

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's combined net position at December 31, 2024, was \$36,385,264, an increase of \$1,358,675 or 3.88%, from our last calendar year end or twelve months ago. \$1,156,980 of the overall increase resulted from governmental activities largely due to an increase in charges for service of \$163,423, operating grants and contributions of \$107,308 and taxes of \$64,267 resulting from overall growth of the Town, coupled with increases in expenditures for general government of \$331,417, public safety of \$308,691, judicial of \$38,701, and public works of \$19,995. Business-type activities accounted for \$201,695 in increased net position largely due to increase in charges for service of \$297,438, and capital grants and contributions of \$808,094, coupled with an increase in expenditures for water and sewer of \$1,231,172.

**TOWN OF CHAPIN, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

The largest portion of the Town's net position of \$24,636,749, (67.7%) reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens of the town and surrounding community, consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are unlikely to be sold or leased to repay these liabilities.

The balance of the restricted net position, \$3,665,554 (10.1%) represents resources subject to external restrictions as to how they may be used.

The remaining balance of the unrestricted net position, \$8,082,961 (22.2%) may be used to meet the Town's ongoing obligations to citizens and creditors.

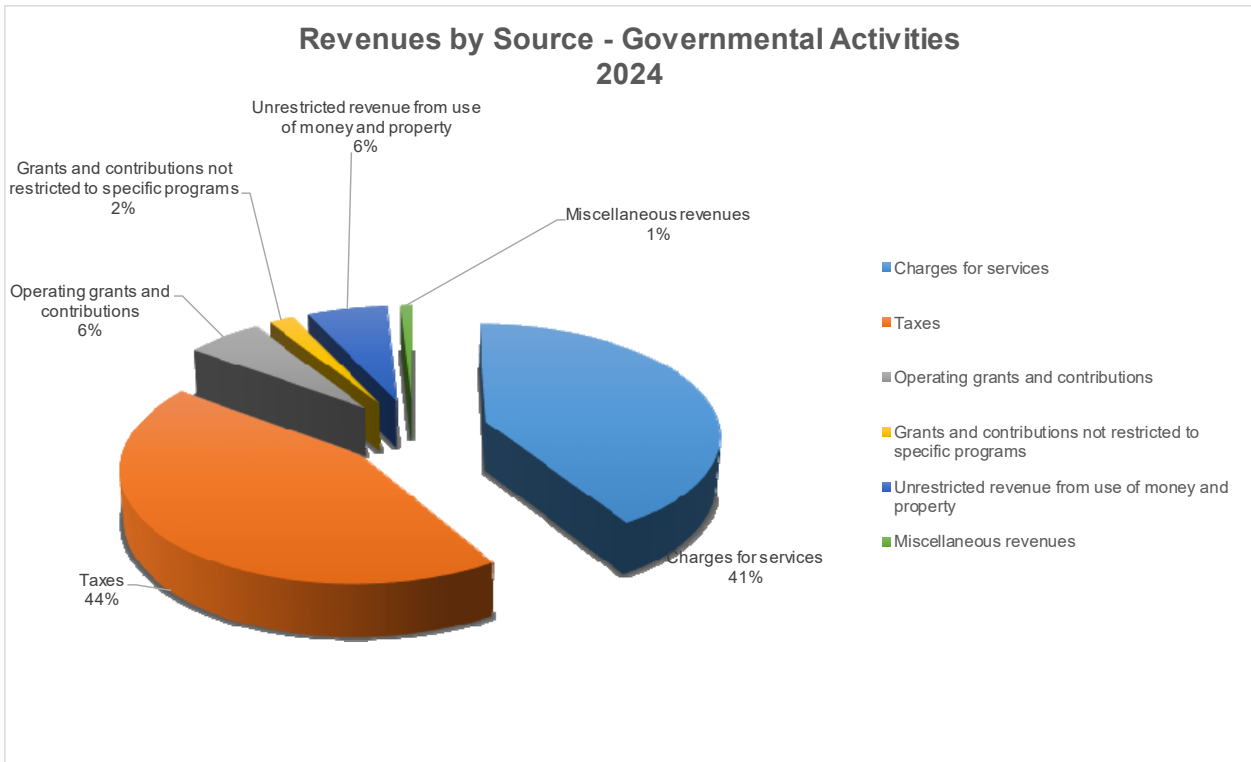
Changes in the Town's net position during the years ended December 31, 2024 and 2023 are shown below:

| TOWN OF CHAPIN, SOUTH CAROLINA CHANGES IN NET POSITION | | | | | | |
|--|----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Program Revenues | | | | | | |
| Charges for services | \$ 1,383,530 | \$ 1,220,107 | \$ 5,958,227 | \$ 5,660,789 | \$ 7,341,757 | \$ 6,880,896 |
| Operating grants and contributions | 200,943 | 93,635 | - | - | 200,943 | 93,635 |
| Capital grants and contributions | - | - | 1,913,464 | 1,105,370 | 1,913,464 | 1,105,370 |
| General Revenues | | | | | | |
| Taxes | 1,470,419 | 1,406,152 | - | - | 1,470,419 | 1,406,152 |
| Grants and contributions not restricted to specific programs | 66,488 | 76,406 | 555,917 | 239,254 | 622,405 | 315,660 |
| Unrestricted revenue from the use of money and property | 208,884 | 136,081 | 150,774 | 100,358 | 359,658 | 236,439 |
| Miscellaneous | 28,720 | 34,170 | 4,171 | 54,684 | 32,891 | 88,854 |
| Total Revenues | <u>3,358,984</u> | <u>2,966,551</u> | <u>8,582,553</u> | <u>7,160,455</u> | <u>11,941,537</u> | <u>10,127,006</u> |
| Expenses | | | | | | |
| General government | \$ 1,097,406 | \$ 765,989 | \$ - | \$ - | \$ 1,097,406 | \$ 765,989 |
| Public safety | 827,763 | 519,072 | - | - | 827,763 | 519,072 |
| Judicial | 157,559 | 118,858 | - | - | 157,559 | 118,858 |
| Public works | 162,712 | 142,717 | - | - | 162,712 | 142,717 |
| Community & economic development | 10,324 | 19,061 | - | - | 10,324 | 19,061 |
| Interest and fees | 2,640 | - | - | - | 2,640 | - |
| Water and sewer | - | - | 8,324,458 | 7,093,287 | 8,324,458 | 7,093,287 |
| | <u>2,258,404</u> | <u>1,565,697</u> | <u>8,324,458</u> | <u>7,093,287</u> | <u>10,582,862</u> | <u>8,658,984</u> |
| Increase (decrease) in net position before transfers | 1,100,580 | 1,400,854 | 258,095 | 67,168 | 1,358,675 | 1,468,022 |
| Transfers | 56,400 | 56,400 | (56,400) | (56,400) | - | - |
| Change in Net Position | 1,156,980 | 1,457,254 | 201,695 | 10,768 | 1,358,675 | 1,468,022 |
| Net Position - Beginning | 6,437,721 | 4,980,467 | 28,588,868 | 28,578,100 | 35,026,589 | 33,558,567 |
| Net Position - Ending | <u>\$ 7,594,701</u> | <u>\$ 6,437,721</u> | <u>\$ 28,790,563</u> | <u>\$ 28,588,868</u> | <u>\$ 36,385,264</u> | <u>\$ 35,026,589</u> |

**TOWN OF CHAPIN, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Governmental activities. Governmental activities increased the Town's net position by a net of \$1,156,980. Key elements of this increase are as follows:

- In 2024, the Town saw an increase in charges for service, taxes, and unrestricted revenue from the use of money and property of \$163,423, 64,267, and \$72,803, respectively.
- The Town also had \$200,943 of operating grants and contributions primarily from the ARPA Fund which was used for various equipment and construction projects.



Business-type activities. Business-type activities increased the Town's net position by \$201,695. The water and sewer activities account for the increase. Key elements of this increase are as follows:

- The Town saw increases in charges for service, capital grants and contributions, and unrestricted grants and contributions of \$297,438, \$808,094, and \$316,663, respectively.
- The Town also saw an increase in expenses of about 17%, however, the robust increases in earning offset this.

Financial Analysis of the Government's Funds

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

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

**TOWN OF CHAPIN, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

At the end of the current calendar year, the Town's governmental funds reported an ending fund balance of \$3,931,148, an increase of \$1,216,769. The General Fund accounted for a \$265,164 increase in fund balance primarily due to increase in tax revenue during the year. The Hospitality Tax Fund had an increase in fund balance of \$937,925 from decreased expenditures related to capital projects. The ARPA Fund had a decrease in fund balance of \$13,680 resulting from decreased interest revenue earned during the year.

General Fund Budgetary Highlights

For the calendar year 2024, Town Council again adopted a budget for the General Fund. The Town Council has the authority to amend the budget as required. There was one significant budgetary variance between the final budget and actual results for the General Fund. Actual licenses, permits, and franchise taxes revenue was approximately 15% higher than budgeted due to continued growth in the number of participating businesses in the Town. Overall Operating Expenses were 9% higher than budgeted as capital outlay and debt service expenses were greater than anticipated during the year.

Capital Assets and Debt Administration

Capital Assets. The Town's investment in capital assets as of December 31, 2024, amounts to \$36,276,634 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, vehicles and infrastructure and land improvements. Additional information on the Town's capital assets can be found in Note 6 of this report.

| TOWN OF CHAPIN, SOUTH CAROLINA CAPITAL ASSETS | | | | | | |
|---|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Land | \$ 1,035,209 | \$ 1,035,209 | \$ 573,825 | \$ 573,825 | \$ 1,609,034 | \$ 1,609,034 |
| Construction in progress | - | - | 1,046,998 | 1,004,427 | 1,046,998 | 1,004,427 |
| Building and improvements | 2,996,135 | 3,122,709 | 89,884 | 95,729 | 3,086,019 | 3,218,438 |
| Infrastructure and land improvements | 569,328 | 619,116 | 28,765,596 | 28,525,918 | 29,334,924 | 29,145,034 |
| Machinery and equipment | 80,241 | 65,947 | 702,265 | 651,341 | 782,506 | 717,288 |
| Vehicles | 199,764 | 129,206 | 86,243 | 154,068 | 286,007 | 283,274 |
| Subscription assets | 131,146 | - | - | - | 131,146 | - |
| Total | <u>\$ 5,011,823</u> | <u>\$ 4,972,187</u> | <u>\$ 31,264,811</u> | <u>\$ 31,005,308</u> | <u>\$ 36,276,634</u> | <u>\$ 35,977,495</u> |

Major capital asset events during the current year include the following:

- Edmunds software costing \$163,932 was capitalized as a SBITA under governmental activities.
- \$49,828 spent on a 2024 Ford F150 Police Responder and \$44,432 spent on a 2023 Ford F150 Police Responder were capitalized as Vehicles under government activities.
- \$1,913,464 of donated infrastructure was capitalized as Infrastructure under business activities. \$175,412 of machinery related to the water and sewer system was capitalized as Machinery and Equipment under business-type activities.
- Expenditures of \$48,079 related to the East Chapin Forcemain project have been added to CIP under business-type activities.

**TOWN OF CHAPIN, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Long-term Obligations

At the end of 2024, the Town had total-long term obligations outstanding of \$14,756,049 which includes \$2,994,907 in net pension liabilities. The Town's long-term debt decreased by \$583,048 which was due to a decrease in the Town's proportionate share of the SCRS and PORS Plan net pension liabilities of \$324,161 and by a reduction in the note payable for the Wastewater Treatment Plant Expansion in the amount of \$401,040 due to the principal payments, offset by an increase in subscription liability of \$112,182. Additional information on the Town's long-term debt can be found in Note 7 of this report.

State statutes limit the amount of general obligation debt a government entity may issue, without a referendum, to 8 percent of its total assessed valuation. The current debt limitation for the Town is \$1,303,636 of which zero is outstanding.

TOWN OF CHAPIN, SOUTH CAROLINA OUTSTANDING DEBT

| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Note payable | \$ - | \$ - | \$ 11,527,703 | \$ 11,928,743 | \$ 11,527,703 | \$ 11,928,743 |
| Subscription Liability | 112,182 | - | - | - | 112,182 | - |
| Compensated absences | 54,960 | 34,612 | 66,297 | 56,674 | 121,257 | 91,286 |
| Net pension liability | 1,320,454 | 1,453,420 | 1,674,453 | 1,865,648 | 2,994,907 | 3,319,068 |
| Total outstanding debt | <u>\$ 1,487,596</u> | <u>\$ 1,488,032</u> | <u>\$ 13,268,453</u> | <u>\$ 13,851,065</u> | <u>\$ 14,756,049</u> | <u>\$ 15,339,097</u> |

Economic Factors and Next Year's Budget

- For the calendar year 2025, the Town Council has approved an annual budget in the amount of \$2,105,768 for the General Fund, an increase of \$195,607 (10.2%) over the prior year.
- The Town's millage rate of 16.69 for tax year 2023 increased from 13.070 the prior year. The 2024 tax year millage rate for fiscal year ended 2025 will remain 16.69.

Requests for Information

This financial report is designed to provide a general overview of the Town of Chapin for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Town of Chapin, 157 NW Columbia Avenue, Chapin, South Carolina, 29036.

TOWN OF CHAPIN, SOUTH CAROLINA

STATEMENT OF NET POSITION DECEMBER 31, 2024

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|---------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 5,532,553 | \$ 7,337,404 | \$ 12,869,957 |
| Restricted cash | 411,949 | 1,400,530 | 1,812,479 |
| Receivables, net of allowance | | | |
| Taxes | 266,337 | - | 266,337 |
| Accounts | 2,022 | 362,684 | 364,706 |
| Lease receivable | 56,534 | - | 56,534 |
| Due from county treasurer | 67,547 | - | 67,547 |
| Due from other governments | 11,470 | - | 11,470 |
| Internal balances | (1,740,186) | 1,740,186 | - |
| Inventories | - | 504,063 | 504,063 |
| Prepaid items | 33,984 | - | 33,984 |
| Capital assets: | | | |
| Non-depreciable | 1,035,209 | 1,620,823 | 2,656,032 |
| Depreciable, net of accumulated depreciation | 3,976,614 | 29,643,988 | 33,620,602 |
| Total assets | 9,654,033 | 42,609,678 | 52,263,711 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension | 231,107 | 293,064 | 524,171 |
| Total deferred outflows of resources | 231,107 | 293,064 | 524,171 |
| LIABILITIES | | | |
| Accounts payable | 34,875 | 516,379 | 551,254 |
| Accrued salaries and related liabilities | 162,507 | 36,551 | 199,058 |
| Customer deposits | - | 64,539 | 64,539 |
| Unearned revenue | 415,351 | - | 415,351 |
| Accrued interest payable | - | 54,757 | 54,757 |
| Noncurrent liabilities | | | |
| Due within one year | 42,700 | 434,582 | 477,282 |
| Due in more than one year | 124,442 | 11,159,418 | 11,283,860 |
| Net pension liability - due in more than one year | 1,320,454 | 1,674,453 | 2,994,907 |
| Total liabilities | 2,100,329 | 13,940,679 | 16,041,008 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Lease | 54,867 | - | 54,867 |
| Pension | 135,243 | 171,500 | 306,743 |
| Total deferred inflows of resources | 190,110 | 171,500 | 361,610 |
| NET POSITION | | | |
| Net investment in capital assets | 4,899,641 | 19,737,108 | 24,636,749 |
| Restricted for: | | | |
| Public safety | 61,905 | - | 61,905 |
| General government programs | 31,096 | - | 31,096 |
| Community and economic development | 3,572,553 | - | 3,572,553 |
| Unrestricted | (970,494) | 9,053,455 | 8,082,961 |
| Total net position | \$ 7,594,701 | \$ 28,790,563 | \$ 36,385,264 |

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

TOWN OF CHAPIN, SOUTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2024

| Functions/Programs | Expenses | Program Revenues | | |
|------------------------------------|---------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| General government | \$ 1,097,406 | \$ 1,324,212 | \$ 200,943 | \$ - |
| Public safety | 827,763 | 41,783 | - | - |
| Judicial | 157,559 | - | - | - |
| Public works | 162,712 | 17,535 | - | - |
| Community and economic development | 10,324 | - | - | - |
| Interest and fees | 2,640 | - | - | - |
| Total governmental activities | 2,258,404 | 1,383,530 | 200,943 | - |
| Business-type activities: | | | | |
| Water and sewer utilities | 8,324,458 | 5,958,227 | - | 1,913,464 |
| Total business-type activities | 8,324,458 | 5,958,227 | - | 1,913,464 |
| Total primary government | \$ 10,582,862 | \$ 7,341,757 | \$ 200,943 | \$ 1,913,464 |

General revenues:

- Taxes
 - Property, including fee in lieu of taxes
 - Accommodations
 - Franchise
 - Hospitality
- Grants and contributions not restricted to specific programs
- Unrestricted revenue from use of money and property
- Miscellaneous revenues
- Transfers
 - Total general revenues and transfers
 - Change in net position
- Net position, beginning of year
- Net position, end of year

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

**Net (Expenses) Revenues and
Changes in Net Position**

| Governmental Activities | Business-type Activities | Total |
|------------------------------------|-------------------------------------|----------------------|
| \$ 427,749 | \$ - | \$ 427,749 |
| (785,980) | - | (785,980) |
| (157,559) | - | (157,559) |
| (145,177) | - | (145,177) |
| (10,324) | - | (10,324) |
| (2,640) | - | (2,640) |
| <u>(673,931)</u> | <u>-</u> | <u>(673,931)</u> |
| - | <u>(452,767)</u> | <u>(452,767)</u> |
| - | <u>(452,767)</u> | <u>(452,767)</u> |
| <u>(673,931)</u> | <u>(452,767)</u> | <u>(1,126,698)</u> |
| 349,092 | - | 349,092 |
| 2,378 | - | 2,378 |
| 288,537 | - | 288,537 |
| 830,412 | - | 830,412 |
| 66,488 | 555,917 | 622,405 |
| 208,884 | 150,774 | 359,658 |
| 28,720 | 4,171 | 32,891 |
| 56,400 | (56,400) | - |
| <u>1,830,911</u> | <u>654,462</u> | <u>2,485,373</u> |
| 1,156,980 | 201,695 | 1,358,675 |
| 6,437,721 | 28,588,868 | 35,026,589 |
| <u>\$ 7,594,701</u> | <u>\$ 28,790,563</u> | <u>\$ 36,385,264</u> |

TOWN OF CHAPIN, SOUTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

| | General Fund | Hospitality Tax Fund | ARPA Fund | Total Governmental Funds |
|---|----------------------------|---------------------------------|--------------------------|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,041,140 | \$ 3,491,413 | \$ - | \$ 5,532,553 |
| Receivables, net of allowance | | | | |
| Taxes | 185,197 | 81,140 | - | 266,337 |
| Accounts | 2,022 | - | - | 2,022 |
| Lease Receivable | 56,534 | - | - | 56,534 |
| Due from county treasurer | 67,547 | - | - | 67,547 |
| Due from other governments | 11,470 | - | - | 11,470 |
| Due from other funds | - | - | 34,498 | 34,498 |
| Prepaid items | 33,984 | - | - | 33,984 |
| Restricted cash | - | - | 411,949 | 411,949 |
| | <u>2,397,894</u> | <u>3,572,553</u> | <u>446,447</u> | <u>6,416,894</u> |
| Total assets | <u>2,397,894</u> | <u>3,572,553</u> | <u>446,447</u> | <u>6,416,894</u> |
| LIABILITIES | | | | |
| Accounts payable | 34,875 | - | - | 34,875 |
| Accrued salaries and related liabilities | 162,507 | - | - | 162,507 |
| Unearned revenue | - | - | 415,351 | 415,351 |
| Due to other funds | 34,498 | - | - | 34,498 |
| Advances from other fund | 1,740,186 | - | - | 1,740,186 |
| | <u>1,972,066</u> | <u>-</u> | <u>415,351</u> | <u>2,387,417</u> |
| Total liabilities | <u>1,972,066</u> | <u>-</u> | <u>415,351</u> | <u>2,387,417</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - property taxes | 43,462 | - | - | 43,462 |
| Deferred inflows - lease receipts | 54,867 | - | - | 54,867 |
| | <u>98,329</u> | <u>-</u> | <u>-</u> | <u>98,329</u> |
| Total deferred inflows of resources | <u>98,329</u> | <u>-</u> | <u>-</u> | <u>98,329</u> |
| FUND BALANCE | | | | |
| Nonspendable | | | | |
| Prepaid items | 33,984 | - | - | 33,984 |
| Restricted for: | | | | |
| Public safety | 61,905 | - | - | 61,905 |
| General government programs | - | - | 31,096 | 31,096 |
| Community and economic development | - | 3,572,553 | - | 3,572,553 |
| Unassigned | 231,610 | - | - | 231,610 |
| | <u>327,499</u> | <u>3,572,553</u> | <u>31,096</u> | <u>3,931,148</u> |
| Total fund balance | <u>327,499</u> | <u>3,572,553</u> | <u>31,096</u> | <u>3,931,148</u> |
| Total liabilities, deferred inflows of resources, and fund balance | <u>\$ 2,397,894</u> | <u>\$ 3,572,553</u> | <u>\$ 446,447</u> | <u>\$ 6,416,894</u> |

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

TOWN OF CHAPIN, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2024

| | | | |
|---|----|--------------------|-------------------------|
| Total governmental fund balances | | \$ | 3,931,148 |
| Amounts reported for governmental activities in the Statement of Net Position are different because of the following: | | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the government funds: | | | |
| Cost of assets | \$ | 7,730,582 | |
| Accumulated depreciation/amortization | | <u>(2,718,759)</u> | |
| | | | 5,011,823 |
| Other long term assets are not available to pay for current period expenditures and, therefore, are not reported or are unavailable in the funds. | | | |
| | | | 43,462 |
| Deferred outflows of resources related to the recording of the net pension liability are recognized as expense over time and, therefore, are not reported in the funds. | | | |
| | | | 231,107 |
| Deferred inflows of resources related to the recording of the net pension liability do not consume current financial resources and are, therefore, not reported in the funds. | | | |
| | | | (135,243) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | | | |
| Net pension liabilities | \$ | (1,320,454) | |
| Compensated absences payable | | (54,960) | |
| Subscription liability | | <u>(112,182)</u> | |
| | | | <u>(1,487,596)</u> |
| Net position of governmental activities | \$ | | <u><u>7,594,701</u></u> |

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

TOWN OF CHAPIN, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2024

| | General Fund | Hospitality Tax Fund | ARPA Fund | Total Governmental Funds |
|---|-----------------|-------------------------|--------------|--------------------------------|
| Revenues: | | | | |
| Property taxes | \$ 314,134 | \$ - | \$ - | \$ 314,134 |
| Other taxes | - | 830,412 | - | 830,412 |
| Licenses, permits, and franchise taxes | 1,630,284 | - | - | 1,630,284 |
| Fines and forfeitures | 41,783 | - | - | 41,783 |
| Intergovernmental revenues | 68,866 | - | 200,943 | 269,809 |
| Miscellaneous | 106,088 | 117,837 | 13,679 | 237,604 |
| Total revenues | 2,161,155 | 948,249 | 214,622 | 3,324,026 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 734,735 | - | 200,942 | 935,677 |
| Public safety | 896,912 | - | - | 896,912 |
| Judicial | 155,816 | - | - | 155,816 |
| Public works | 110,538 | - | - | 110,538 |
| Community and economic development | - | 10,324 | - | 10,324 |
| Capital outlay | 163,932 | - | - | 163,932 |
| Debt Service: | | | | |
| Principal retirement | 26,750 | - | - | 26,750 |
| Interest | 2,640 | - | - | 2,640 |
| Total expenditures | 2,091,323 | 10,324 | 200,942 | 2,302,589 |
| Excess of revenues over expenditures | 69,832 | 937,925 | 13,680 | 1,021,437 |
| Other financing sources: | | | | |
| Transfers in | 56,400 | - | - | 56,400 |
| Issuance of subscription liabilities | 138,932 | - | - | 138,932 |
| Total other financing sources | 195,332 | - | - | 195,332 |
| Net change in fund balances | 265,164 | 937,925 | 13,680 | 1,216,769 |
| Fund balance, beginning of year | 62,335 | 2,634,628 | 17,416 | 2,714,379 |
| Fund balance, end of year | \$ 327,499 | \$ 3,572,553 | \$ 31,096 | \$ 3,931,148 |

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

TOWN OF CHAPIN, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2024

| | | |
|--|------------------|-------------------------|
| Net change in fund balances - total governmental funds | \$ | 1,216,769 |
| <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.</p> | | |
| Capital outlay | \$ 285,553 | |
| Depreciation expense | <u>(245,917)</u> | 39,636 |
| <p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p> | | |
| | | 34,958 |
| <p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental activities. The net effect of these differences in the treatment of long-term debt and related items are as follows:</p> | | |
| Issuance of subscription payable | \$ (138,932) | |
| Repayment of subscription payable | <u>26,750</u> | (112,182) |
| <p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p> | | |
| Compensated absences | \$ (20,348) | |
| Net pension liability, net of related deferred outflows and inflows of resources | <u>(1,853)</u> | <u>(22,201)</u> |
| Change in net position of governmental activities | \$ | <u><u>1,156,980</u></u> |

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

TOWN OF CHAPIN, SOUTH CAROLINA

STATEMENT OF NET POSITION PROPRIETARY FUND TYPE - ENTERPRISE FUND DECEMBER 31, 2024

| | Enterprise Fund |
|---|---------------------------------|
| | Water and Sewer Utility Fund |
| ASSETS | |
| CURRENT ASSETS | |
| Cash and cash equivalents | \$ 7,337,404 |
| Accounts receivable, net of allowance | 362,684 |
| Inventories | 504,063 |
| Restricted cash | 1,400,530 |
| Total current assets | 9,604,681 |
| NONCURRENT ASSETS | |
| Advance to other fund | 1,740,186 |
| Capital assets: | |
| Non-depreciable | 1,620,823 |
| Depreciable, net of accumulated depreciation | 29,643,988 |
| Total noncurrent assets | 33,004,997 |
| Total assets | 42,609,678 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pension | 293,064 |
| Total deferred outflows of resources | 293,064 |
| LIABILITIES | |
| CURRENT LIABILITIES | |
| Payable from unrestricted assets: | |
| Accounts payable | 516,379 |
| Accrued expenses | 36,551 |
| Accrued interest payable | 54,757 |
| Compensated absences payable | 25,868 |
| Payable from restricted assets: | |
| Customer deposits payable | 64,539 |
| Current portion of notes payable from direct borrowings | 408,714 |
| Total current liabilities | 1,106,808 |
| LONG-TERM LIABILITIES | |
| Net pension liability | 1,674,453 |
| Noncurrent portion of compensated absences payable | 40,429 |
| Long-term portion of notes payable from direct borrowings | 11,118,989 |
| Total long-term liabilities | 12,833,871 |
| Total liabilities | 13,940,679 |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension | 171,500 |
| Total deferred inflows of resources | 171,500 |
| NET POSITION | |
| Net investment in capital assets | 19,737,108 |
| Unrestricted | 9,053,455 |
| Total net position | \$ 28,790,563 |

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

TOWN OF CHAPIN, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Enterprise Fund |
|---|---|
| | Water and Sewer Utility Fund |
| OPERATING REVENUE | |
| Charges for services and sales | \$ 5,384,389 |
| Connection fees | 573,838 |
| Intergovernmental | 555,917 |
| Miscellaneous | 4,171 |
| Total operating revenues | 6,518,315 |
| OPERATING EXPENSES | |
| Salaries and related expenses | 1,509,084 |
| Cost of goods sold | 895,687 |
| Administrative | 323,844 |
| Contractual services | 208,487 |
| Materials and supplies | 2,450,597 |
| Repairs and maintenance | 470,918 |
| Depreciation | 1,871,944 |
| Utilities | 372,002 |
| Total operating expenses | 8,102,563 |
| Operating loss | (1,584,248) |
| NON-OPERATING REVENUES (EXPENSES) | |
| Interest income | 150,774 |
| Interest expense | (221,895) |
| Total non-operating expenses, net | (71,121) |
| Loss before capital contributions and transfers | (1,655,369) |
| CAPITAL CONTRIBUTIONS | 1,913,464 |
| TRANSFERS | |
| Transfers out | (56,400) |
| Net change in net position | 201,695 |
| Net position, beginning of year | 28,588,868 |
| Net position, end of year | \$ 28,790,563 |

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

TOWN OF CHAPIN, SOUTH CAROLINA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Enterprise Fund |
|---|---|
| | Water and Sewer Utility Fund |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from customers and users | \$ 6,540,926 |
| Cash paid to suppliers | (4,692,390) |
| Cash paid to employees | (1,499,621) |
| Net cash provided by operating activities | 348,915 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Transfers to other funds | (56,400) |
| Internal activity-payments from other funds | 63,818 |
| Net cash provided by noncapital financing activities | 7,418 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Principal paid on notes payable | (401,040) |
| Payment of interest expense | (223,801) |
| Acquisition and construction of capital assets | (257,422) |
| Net cash used in capital and related financing activities | (882,263) |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest earned on investments | 150,774 |
| Net cash provided by investing activities | 150,774 |
| Net decrease in cash and cash equivalents | (375,156) |
| Cash and cash equivalents, beginning of year | 9,113,090 |
| Cash and cash equivalents, end of year | \$ 8,737,934 |
| Per Statement of Net Position | |
| Cash and cash equivalents | \$ 7,337,404 |
| Cash and cash equivalents - restricted | 1,400,530 |
| | \$ 8,737,934 |

(Continued)

TOWN OF CHAPIN, SOUTH CAROLINA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Enterprise Fund |
|--|---|
| | Water and Sewer Utility Fund |
| RECONCILIATION OF OPERATING LOSS | |
| TO NET CASH PROVIDED BY OPERATING ACTIVITIES | |
| Operating loss | \$ (1,584,248) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | |
| Depreciation | 1,871,944 |
| Provision for allowance for uncollectible | |
| (Increase) decrease in: | |
| Accounts receivables | 22,611 |
| Inventory | 59,025 |
| Deferred outflows of resources | 19,219 |
| Increase (decrease) in: | |
| Accounts and claims payable | (42,039) |
| Accrued expenses and compensated absences payable | 26,111 |
| Customer deposits | 12,159 |
| Net pension liability | (191,195) |
| Deferred inflows of resources | 155,328 |
| Net cash provided by operating activities | \$ 348,915 |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | |
| Contributed capital assets | \$ 1,913,464 |
| Net noncash investing, capital, and financing activities | \$ 1,913,464 |

TOWN OF CHAPIN, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Chapin, South Carolina was founded by Martin Chapin in 1889 and originally incorporated in 1950 under the laws of the State of South Carolina. The Town adopted the Council form of government pursuant to the Home Rule Statute, Act No. 283 of 1995. The Town operates under the Mayor Council form of government with the Mayor and four council members comprising the governing body. As authorized by its Code of Ordinances, the Town provides public safety (police), municipal court, public works (streets), water and sewer utilities, zoning administration, community development, licensing and regulation and general administrative services to its constituents.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. As required by GAAP, the financial statements must present the Town’s financial information with any of 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 Town both appoints a voting majority of the entity’s governing body, and either 1) the Town 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 Town. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the Town and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the Town.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

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

B. Government-wide and Fund Financial Statements

Government-wide Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's enterprise fund functions and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable, when applicable.

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

Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and proprietary funds. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds. The Town reports no nonmajor funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

Major Funds

The Town reports the following major governmental funds:

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

The *Hospitality Tax Fund* accounts for the revenues collected as a percentage of sales for restaurants in the Town used for the improvement of tourism related services and facilities.

The *ARPA Fund* accounts for the receipt of the Coronavirus State and Local Fiscal Recovery Fund (SLFRF) allocation from the State of South Carolina as appropriated by the American Rescue Plan Act of 2021 as well as to account for the disbursement of funds as allowed under the U.S. Department of Treasury's Final Rule.

The Town reports the following major proprietary fund:

The *Water and Sewer Utility Fund* accounts for the operations and maintenance of the water and sewer distribution system owned by the Town.

Nonmajor Funds

The Town reports no nonmajor funds.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds, when applicable) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise fund) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements and proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Revenue from grants, entitlements and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. State-levied locally shared taxes are recognized as revenue in the year appropriated by the state.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are considered to be measurable if the amount is known or reasonably estimable at year-end. The following revenue sources are deemed both measurable and available if collected within 60 days of year-end: delinquent property taxes, investment earnings, fines and forfeitures, state-levied locally shared taxes, insurance taxes, certain charges for services, and grant revenues for which all eligibility requirements imposed by the provider have been met. Permits, vehicle and some franchise taxes, licenses, and miscellaneous revenues, although they may be available within 60 days of year-end are considered to be measurable only when cash is received by the Town.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental fund. Proceeds of general long-term debt are reported as other financing sources.

D. Cash and Cash Equivalents

The Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and investments in the South Carolina Local Government Investment Pool (LGIP) to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) that are not purchased from the LGIP are reported as investments. Certain assets on the Statement of Net Position are reported as restricted because their use is limited by various agreements.

E. Investments

State statutes authorize the Town to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its political subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposits collateralized, repurchase agreements secured by the foregoing obligations, and the LGIP. The LGIP is an investment mechanism authorized by the South Carolina State Legislature and is not registered with the SEC as an investment company. There is no regulatory oversight of the pool. The pool's primary objective is to acquire maximum returns on investments by pooling available funds with funds from other political subdivisions. The total fair value of the investment pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1. Investments in the pool are stated at fair value which approximates cost. The remaining investments (if any) of the Town are reported at fair value.

F. Receivables, Payables and Advances

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund receivables/payables, i.e., the current portion of interfund loans, or advances to/from other funds, i.e., the noncurrent portion of interfund loans. All other outstanding balances between funds are reported as due to/from other funds.

Advances between funds are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables, Payables and Advances (Continued)

All trade and accounts receivable are reported net of an allowance for the uncollectible amounts.

G. Inventories and Prepaid Items

Inventories of the Enterprise Fund are recorded at cost determined by the first-in, first-out method. Inventory items consist of supplies used to install and maintain water and sewer systems. Such inventories are recorded as expenses as they are used (consumed).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The costs of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

H. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and right-to-use subscription assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets and infrastructure are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Assets with individual values under \$5,000 are considered capital assets if purchased in bulk and acquired by issuance of financed purchases payable. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation.

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

All reported capital assets except land and construction in progress are depreciated/amortized. Useful lives for infrastructure are estimated based on the Town's historical records of necessary improvements and replacements. Depreciation/amortization is provided using the straight-line method over the following estimated useful lives:

| Asset | Years |
|----------------------------------|---------|
| Buildings and improvements | 10 - 50 |
| Land improvements | 10 - 30 |
| Machinery and equipment | 5 - 15 |
| Vehicles | 5 |
| Right-to-use subscription assets | 5 |

I. Deferred Outflows/Inflows of Resources

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. Four items relating to the Town's Retirement Plans qualify for reporting in this category and are combined in the Statement of Net Position under the heading "Pension". The first item, experience losses, results from periodic studies by the actuary of the retirement plan, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. The second item results from changes in the proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions. These changes are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in future years. The third item, changes in the actuarial assumptions, adjust the net pension liabilities are amortized into pension expense over the expected remaining service lives of plan members. Additionally, any contributions made by the Town to the pension plan before year-end but subsequent to the measurement date of the Town's net pension liability are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability during the year ended December 31, 2025.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows/Inflows of Resources (Continued)

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has five items that qualify for reporting in this category. The first item, *unavailable revenue*, arises only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The second item, experience gains relating to the Town's retirement plan qualified for reporting in this category. Experience gains result from periodic studies by the actuary of the retirement plan, which adjust the net pension liability for actual experience for certain trend information that was previously assumed. These gains are recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining lives of the plan members. The third item results from changes in the proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions. The fourth item results from differences between projected investment return on pension investments and actual return on those investments, is deferred and amortized against pension expense over a five-year period, resulting in recognition as a deferred inflow of resources. The last item arises from deferred inflows related to lease receipts and are amortized over the life of the lease receivable.

J. Pensions

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Net Position and Fund Balance

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance - Generally, fund balance represents the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

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

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

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

Assigned - Fund balances are reported as assigned when amounts are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. Intent can be expressed by Town Council or by an official or body to which Town Council delegates the authority. The Town Council has not delegated such authority as of December 31, 2024.

Unassigned - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The Town reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town’s policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the Town's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. Compensated Absences

The Town records compensated absences in accordance with GASB 101. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental fund only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

N. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. The portion applicable to the Proprietary Fund is also recorded in the Proprietary Fund financial statements. All current payables and accrued liabilities from the governmental fund are reported in the governmental fund financial statements.

In the government-wide financial statements for the primary government, long-term debt, and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount and deferred advance refunding amounts, if applicable.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Proprietary Fund Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. The Town's business-type activities accounted for in the proprietary fund are chiefly water sales and services. Operating expenses for proprietary 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 non-operating revenues and expenses.

P. Leases

The Town is a party in certain noncancellable leases of real property. The Town recognizes a lease receivable and deferred inflow of resources for deferred lease receipts in accordance with these transactions. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date, plus certain initial direct costs. Subsequently, the deferred inflow of resources is amortized into lease revenue on a straight-line basis over the lease term. Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected payments to present value, (2) lease term, and (3) lease payments: The Town uses its incremental borrowing rate as the discount rate. When the interest rate charged by the vendor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments that the Town is reasonably certain to exercise. The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the subscription liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Subscription-Based Information Technology Arrangements

The Town is a party in certain noncancellable Subscription-Based Information Technology Arrangements (SBITAs). The Town recognizes a subscription liability and subscription asset in the government-wide financial statements. The Town recognizes subscription liabilities with an initial individual value of \$5,000 or more. At the commencement of a SBITA, the Town initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to SBITAs include how the Town determines (1) the discount rate it uses to discount the expected payments to present value, (2) agreement term, and (3) payments: The Town uses its incremental borrowing rate as the discount rate. When the interest rate charged by the vendor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for subscriptions. The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option prices that the Town is reasonably certain to exercise. The Town monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. Subscription assets are reported with other capital assets.

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NOTES TO FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

1. Budgets are adopted on a GAAP basis. During the spring, the Town’s Administration, with other department input, develops a preliminary budget model for operational and capital expenditures, and develops revenue projections as a proposed means of financing the proposed expenditures.
2. Upon receipt of the budget estimates, the Town Council holds a first reading of the budget ordinance. Information about the budget ordinance is then published. The ordinance sets the limit at the fund level, for which expenditures may not exceed appropriations. After two readings of the budget, the Town Council legally adopts the budget through the passage of the ordinance.
3. Budget accountability rests primarily with the operating departments of the Town. In accomplishing the programs and objectives for which the budget was authorized, department directors are responsible for ensuring that their respective expenditures do not exceed the prescribed funding levels.
4. The Mayor has the authority to transfer funds across departments and functions. Such transfers are entered on the Town’s records. All unused expenditure appropriations lapse at year-end. However, Town Council must approve any revisions that alter the total expenditures of any fund.
5. Budgeted amounts are as originally adopted, or as amended by Town Council.

The General Fund reported expenditures over appropriations for the following functions as of December 31, 2024, these excess expenditures are summarized as follows:

| Fund | Function | Excess Expenditures |
|--------------|----------------------|------------------------|
| General Fund | Police | \$ 19,146 |
| General Fund | Capital Outlay | 163,932 |
| General Fund | Principal Retirement | 26,750 |
| General Fund | Interest | 2,640 |

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS

Total cash and cash equivalents as of December 31, 2024, are summarized as follows:

| | |
|---|----------------------|
| Statement of Net Position: | |
| Cash | \$ 12,869,957 |
| Restricted cash | 1,812,479 |
| Total cash | <u>\$ 14,682,436</u> |
| | |
| Cash deposited with financial institutions | \$ 13,698,847 |
| South Carolina Local Government Investment Pool | 983,589 |
| | <u>\$ 14,682,436</u> |

At December 31, 2024, the Town's cash included local government pools, which is managed by the State of South Carolina. The fair value of its position in the pool is the same as the value of the pool shares.

Certain cash and cash equivalents of the Town are legally restricted for specified purposes. The major types of restrictions at December 31, 2024, were those imposed by the revenue source and as stipulated in certain bond and loan offering documents.

Under State law, the Town is authorized to hold funds in deposit accounts with banking institutions and invest funds in the following items: obligations of the United States and agencies thereof, obligations of the State of South Carolina or any of its political units, banks and savings and loan associations to the extent insured by an agency of the federal government, and/or certificates of deposit where the certificates are federally insured or collaterally secured by collateral of the types in the previously mentioned items.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a policy for custodial credit risk. However, South Carolina state statutes provide that banks accepting deposits of funds from local government units must furnish an indemnity bond or pledge as collateral obligations of the United States, South Carolina and political subdivisions of South Carolina, the Federal National Mortgage Association, the Federal Home Loan Bank, the Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation. As of December 31, 2024, the Town's bank balance of \$13,896,691 was fully insured or collateralized by government investments held by the pledging financial institution's trust department or agent in the Town's name.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Investments

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's investment policy for credit risk states that the risk shall be mitigated by investing in safe institutions but does not have strict guidelines regarding credit ratings. The Town follows the investment policy statutes of the State of South Carolina related to credit risk for investments, which is as follows:

1. Obligations of the United States and agencies thereof;
2. General obligations of the State of South Carolina or any of its political units;
3. Savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation;
4. Certificates of Deposit and repurchase agreements collateralized by securities of the type described in 1) and 2) above, held by a third-party as escrow agent or custodian, of a fair value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest; and
5. No-load open and closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company, savings and loan association, or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investment policy is designed to operate within existing statutes (which are identified for all funds and fund types) of the State of South Carolina. As of December 31, 2024, none of the Town's investment balances were exposed to custodial credit risk.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Investments (Continued)

As of December 31, 2024, the Town has the following investments:

| Investment Type | Fair Value | Investment Maturities (in years) Less than 1 |
|---|---------------|---|
| South Carolina Local Government Investment Pool | \$ 983,589 | \$ 983,589 |

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributable to the magnitude of the Town’s investment in a single issuer. The Town places no limit on the amount the Town may invest in any one issuer.

In addition, South Carolina state statutes authorize the Town to invest in the LGIP. The LGIP is not rated and is an investment trust fund created by state legislation, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The LGIP is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services.

As of December 31, 2024, the Town reported investments of \$983,589 in the LGIP. Due to the nature of these investments, as described above, they do not meet the criteria for reporting in the fair value hierarchy.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES

Receivables as of December 31, 2024, including the applicable allowances for uncollectible accounts, are as follows:

| | General Fund | Hospitality Tax Fund | Water and Sewer Utility Fund |
|--------------------------------------|-----------------|----------------------------|------------------------------------|
| Receivables: | | | |
| Taxes | \$ 221,455 | \$ 81,140 | \$ - |
| Accounts | 2,022 | - | 459,981 |
| Intergovernmental | 79,017 | - | - |
| Leases | 56,534 | - | - |
| | 359,028 | 81,140 | 459,981 |
| Gross receivables | | | |
| Less allowance for uncollectibles | | | |
| Taxes | (36,258) | - | - |
| Accounts | - | - | (97,297) |
| Total allowance | (36,258) | - | (97,297) |
| Net receivables | \$ 322,770 | \$ 81,140 | \$ 362,684 |

The Town is the lessor in certain lease agreements with outside parties. Future maturities, as of December 31, 2024, of the lease receivables are presented below:

| Year ending December 31, | Leases Receivable | | |
|--------------------------|-------------------|----------|-----------|
| | Principal | Interest | Total |
| 2025 | \$ 13,443 | \$ 957 | \$ 14,400 |
| 2026 | 13,700 | 700 | 14,400 |
| 2027 | 13,963 | 437 | 14,400 |
| 2028 | 14,230 | 170 | 14,400 |
| 2029 | 1,198 | 2 | 1,200 |
| | \$ 56,534 | \$ 2,266 | \$ 58,800 |

Property Taxes. The Town has an agreement with Lexington County to maintain property tax rolls and to levy and collect property taxes. The taxes collected are remitted to the Town at the end of each month with the exception of December and January, for which remittance is made twice a month. The County charges per notice for collection. Taxes are levied on September 30, and payable on or before January 15, at which time a penalty is assessed on unpaid accounts. An additional penalty of 7% is assessed on February 1 and March 16. Liens attach to the property at the time the taxes are levied. Town property tax revenues are recognized when received with the exception of those that are received by the Town within sixty days of year-end, which are recognized as revenue as of December 31. An allowance is established for delinquent taxes to the extent their collection is improbable.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances largely result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Advances to/from other funds represent amounts not expected to be repaid within one year from the date of the financial statements.

The composition of interfund payables as of December 31, 2024, is as follows:

| | <u>Receivable Fund</u> | <u>Payable Fund</u> |
|----------------------|------------------------|---------------------|
| Governmental Fund | | |
| General Fund | \$ - | \$ 34,498 |
| Special Revenue Fund | | |
| ARPA Fund | 34,498 | - |
| | \$ 34,498 | \$ 34,498 |

The composition of interfund advances as of December 31, 2024, is as follows:

| | <u>Receivable Fund</u> | <u>Payable Fund</u> |
|------------------------------|------------------------|---------------------|
| Governmental Fund | | |
| General Fund | \$ - | \$ 1,740,186 |
| Enterprise Fund | | |
| Water and Sewer Utility Fund | 1,740,186 | - |
| | \$ 1,740,186 | \$ 1,740,186 |

As discussed in Note 2, the advance from the Water and Sewer Utilities Fund to the General Fund is the result of the costs of construction of the Town Hall in 2013. The Town anticipates that this advance will be eliminated in future years through General Fund revenues and/or a reduction in expenditures.

The composition of interfund transfers for the year ended December 31, 2024, is as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|------------------------------|---------------------|----------------------|
| Governmental Fund | | |
| General Fund | \$ 56,400 | \$ - |
| Enterprise Fund | | |
| Water and Sewer Utility Fund | - | 56,400 |
| Total Transfers | \$ 56,400 | \$ 56,400 |

The Town budgets revenues and expenditures conservatively, as such the budgeted expenditures outweighed the budgeted revenues, the transfer above was used to account for employee related costs in multiple departments.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended December 31, 2024, is as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|------------------|------------------|---------------------------|
| Governmental Activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 1,035,209 | \$ - | \$ - | \$ - | \$ 1,035,209 |
| Total | <u>1,035,209</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,035,209</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 4,555,482 | 3,350 | - | - | 4,558,832 |
| Land improvements | 1,374,718 | - | - | - | 1,374,718 |
| Machinery and equipment | 107,586 | 19,540 | - | - | 127,126 |
| Vehicles | 372,034 | 98,731 | - | - | 470,765 |
| Subscription assets | - | 163,932 | - | - | 163,932 |
| Total | <u>6,409,820</u> | <u>285,553</u> | <u>-</u> | <u>-</u> | <u>6,695,373</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (1,432,773) | (129,924) | - | - | (1,562,697) |
| Land improvements | (755,602) | (49,788) | - | - | (805,390) |
| Machinery and equipment | (41,639) | (5,246) | - | - | (46,885) |
| Vehicles | (242,828) | (28,173) | - | - | (271,001) |
| Subscription assets | - | (32,786) | - | - | (32,786) |
| Total | <u>(2,472,842)</u> | <u>(245,917)</u> | <u>-</u> | <u>-</u> | <u>(2,718,759)</u> |
| Total capital assets, being depreciated, net | <u>3,936,978</u> | <u>39,636</u> | <u>-</u> | <u>-</u> | <u>3,976,614</u> |
| Governmental activities capital assets, net | <u>\$ 4,972,187</u> | <u>\$ 39,636</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,011,823</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the business-type activities for the year ended December 31, 2024, is as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers/ Reclassifications</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|------------------|---|---------------------------|
| Business-type Activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 573,825 | \$ - | \$ - | \$ - | \$ 573,825 |
| Construction in progress | 1,004,427 | 42,571 | - | - | 1,046,998 |
| Total | <u>1,578,252</u> | <u>42,571</u> | <u>-</u> | <u>-</u> | <u>1,620,823</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 114,540 | - | - | - | 114,540 |
| Infrastructure and land improvements | 49,517,489 | 1,913,464 | - | - | 51,430,953 |
| Machinery and equipment | 1,256,069 | 175,412 | - | - | 1,431,481 |
| Vehicles | 592,431 | - | - | - | 592,431 |
| Total | <u>51,480,529</u> | <u>2,088,876</u> | <u>-</u> | <u>-</u> | <u>53,569,405</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (18,811) | (5,845) | - | - | (24,656) |
| Infrastructure and land improvements | (20,991,571) | (1,673,786) | - | - | (22,665,357) |
| Machinery and equipment | (604,728) | (124,488) | - | - | (729,216) |
| Vehicles | (438,363) | (67,825) | - | - | (506,188) |
| Total | <u>(22,053,473)</u> | <u>(1,871,944)</u> | <u>-</u> | <u>-</u> | <u>(23,925,417)</u> |
| Total capital assets, being depreciated, net | <u>29,427,056</u> | <u>216,932</u> | <u>-</u> | <u>-</u> | <u>29,643,988</u> |
| Business-type activities capital assets, net | <u>\$ 31,005,308</u> | <u>\$ 259,503</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 31,264,811</u> |

Included in current year additions are contributed water and sewer systems valued at \$1,913,464.

Depreciation expense was charged to functions/programs of the primary government as follows:

| Governmental activities | |
|--|-------------------|
| General government | \$ 160,166 |
| Public safety | 36,937 |
| Public works | 48,814 |
| Total depreciation expense - governmental activities | <u>\$ 245,917</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

The Town has the following forms of long-term indebtedness:

Notes Payable from Direct Borrowings – The Town has one note that is funded by the Water and Sewer Utilities Fund. The Water and Sewer Utilities Fund note is a State Revolving Fund loan for the Wastewater Treatment Plant Upgrade. The project was completed in fiscal year 2021.

Compensated Absences Payable – These obligations represent accumulated annual leave and compensatory time benefits which were not funded by the current or prior years’ revenue resources. These obligations are primarily funded by the General Fund for the Town’s governmental activities and by the Water and Sewer Utilities Fund for the Town’s business-type activities.

Net Pension Liability – This obligation represents the Town’s allocated portion of their long-term obligation for pension benefits. This obligation is funded by the General Fund for the Town’s governmental activities and by the Water and Sewer Utilities Fund for the Town’s business-type activities.

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2024, is as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|---------------------------------|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| Governmental Activities | | | | | |
| Compensated absences | \$ 34,612 | \$ 35,789 | \$ (15,441) | \$ 54,960 | \$ 15,441 |
| Net pension liability | 1,453,420 | - | (132,966) | 1,320,454 | - |
| Subscription liability | - | 138,932 | (26,750) | 112,182 | 27,259 |
| Total long-term liabilities | <u>\$ 1,488,032</u> | <u>\$ 174,721</u> | <u>\$ (175,157)</u> | <u>\$ 1,487,596</u> | <u>\$ 42,700</u> |
| Business-type Activities | | | | | |
| Notes from direct borrowings | \$ 11,928,743 | \$ - | \$ (401,040) | \$ 11,527,703 | \$ 408,714 |
| Compensated absences | 56,674 | 35,491 | (25,868) | 66,297 | 25,868 |
| Net pension liability | 1,865,648 | - | (191,195) | 1,674,453 | - |
| Total long-term liabilities | <u>\$ 13,851,065</u> | <u>\$ 35,491</u> | <u>\$ (618,103)</u> | <u>\$ 13,268,453</u> | <u>\$ 434,582</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Notes Payable from Direct Borrowings

In 2017, the Town Council approved a state revolving fund loan agreement in the amount of \$13,550,846 for the expansion and upgrade of the Wastewater Treatment Plant. The note is payable with quarterly payments of \$156,210 through July 2039 and then \$130,760 through July 2049 at an interest rate of 2.4%.

In 2024, the Town Council approved a state revolving fund loan agreement in the amount of \$4,646,241 to fund the East Chapin 16-inch Force Main Project. No funds have been drawn down as of December 31, 2024.

Debt service requirements for the notes payable are as follows:

| <u>Year ending December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|----------------------|---------------------|----------------------|
| 2025 | \$ 408,714 | \$ 216,126 | \$ 624,840 |
| 2026 | 416,535 | 208,305 | 624,840 |
| 2027 | 424,506 | 200,334 | 624,840 |
| 2028 | 432,629 | 192,211 | 624,840 |
| 2029 | 440,908 | 183,932 | 624,840 |
| 2030 - 2034 | 2,334,373 | 789,827 | 3,124,200 |
| 2035 - 2039 | 2,535,190 | 563,561 | 3,098,751 |
| 2040 - 2044 | 2,193,420 | 421,774 | 2,615,194 |
| 2045 - 2049 | 2,341,428 | 143,006 | 2,484,434 |
| Total | <u>\$ 11,527,703</u> | <u>\$ 2,919,076</u> | <u>\$ 14,446,779</u> |

Subscriptions Payable

The Town has entered into a noncancelable agreement for a right-to-use subscription asset. The incremental borrowing rate is 1.90%. As of December 31, 2024, the Town has \$112,182 outstanding in subscriptions payable. The Town recorded an initial liability and asset in the amount of \$138,932 and \$163,932, respectively. As of December 31, 2024, the asset has accumulated amortization of \$32,786. The annual requirements to amortize all subscriptions payable as of December 31, 2024, including interest payments, are as follows:

| <u>Governmental Activities</u> | | | |
|--------------------------------|-------------------|-----------------|-------------------|
| <u>Fiscal Year</u> | | | |
| <u>Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2025 | \$ 27,259 | \$ 2,131 | \$ 29,390 |
| 2026 | 27,776 | 1,614 | 29,390 |
| 2027 | 28,304 | 1,086 | 29,390 |
| 2028 | 28,843 | 548 | 29,391 |
| | <u>\$ 112,182</u> | <u>\$ 5,379</u> | <u>\$ 117,561</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 8. OTHER INFORMATION

Commitments and Contingent Liabilities

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, could become a liability of the general fund or other applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Contingencies

The Town is contingently liable with respect to various legal proceedings which normally occur in the course of governmental operations. It is the opinion of Town management, based on the advice of legal counsel on pending litigation, that the ultimate disposition of these claims not covered by insurance will not have a material adverse effect on the financial condition of the Town.

Claims Payable

In February of 2024, the Town settled a reimbursement claim dating back to October of 2021. As a result, management of the Town recorded a claims payable liability in the amount of \$425,000 as of December 31, 2023. The claims payable liability of \$425,000 was paid off as of December 31, 2024.

| | <u>Beginning Balance</u> | <u>Claims Incurred</u> | <u>Claims Paid</u> | <u>Ending Balance</u> | <u>Due within One Year</u> |
|------|------------------------------|----------------------------|------------------------|---------------------------|--------------------------------|
| 2024 | \$ 425,000 | \$ - | \$ (425,000) | \$ - | \$ - |
| 2023 | - | 425,000 | - | 425,000 | 425,000 |

Construction Commitments

At December 31, 2024, the Town had the following construction commitments:

| | |
|--|-----------|
| East Chapin Sewer Force Main | \$26,135 |
| Lagoon Abandonment and EQ Basin Reconstruction | \$844,135 |

NOTES TO FINANCIAL STATEMENTS

NOTE 8. OTHER INFORMATION (CONTINUED)

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. For all of these risks, the Town is a member of the State of South Carolina Insurance Reserve Fund. The Town pays an annual premium to the State Insurance Reserve Fund for its general insurance coverage. The State Insurance Reserve Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims. The Town has not significantly reduced insurance coverages from the previous year and settled claims in excess of insurance coverage for the last three years were immaterial. For each of the insurance programs and public entity risk pools in which they participate, the Town has effectively transferred all risk with no liability for unfunded claims.

Economic Dependency

Dominion Energy, an American power and energy company, (the "Company") provides a major source of revenues for the Town's governmental activities. During the year ended December 31, 2024, the Company paid its franchise fee to the Town which amounted to approximately 7.6% of the revenues of the Town's governmental activities.

NOTE 9. DEFINED BENEFIT PENSION PLAN

Overview

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Overview (Continued)

The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds.

The ACFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR of the state.

Plan Descriptions

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Membership

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

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

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

Benefits

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits (Continued)

South Carolina Retirement System – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least 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.

South Carolina Police Officers Retirement System – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty. The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The Board shall increase the employer contribution rates as necessary to meet the amortization period set in statute. Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year, if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded. For the year ended December 31, 2024, the Town contributed \$269,020 to the SCRS plan and \$100,565 to the PORS plan.

Required employee contribution rates for the year ended December 31, 2024, are as follows:

South Carolina Retirement System

- 9.00% of earnable compensation from January 1st through June 30th
- 9.00% of earnable compensation from July 1st through December 31st

South Carolina Police Officers Retirement System

- 9.75% of earnable compensation from January 1st through June 30th
- 9.75% of earnable compensation from July 1st through December 31st

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions (Continued)

Required employer contribution rates for the year ended December 31, 2024, are as follows:

South Carolina Retirement System

- 18.56% of earnable compensation from January 1st through June 30th
- 18.56% of earnable compensation from July 1st through December 31st
- Employer incidental death benefit: 0.15% of earnable compensation

South Carolina Police Officers Retirement System

- 21.24% of earnable compensation from January 1st through June 30th
- 21.24% of earnable compensation from July 1st through December 31st
- Employer incidental death benefit: 0.20% of earnable compensation

Net Pension Liability

The June 30, 2024 (the measurement date) total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2023, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board, which utilized membership data as of July 1, 2023. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2024, using generally accepted actuarial principles.

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67, less that system's fiduciary net position. As of December 31, 2024, (measurement date of June 30, 2024), the net pension liability amounts for the Town's proportionate share of the collective net pension liabilities associated with the SCRS and PORS plans are as follows:

| System | Total Pension Liability | Plan Fiduciary Net Position | Employer's Net Pension Liability | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | Town's Proportionate Share of the Collective Net Pension Liability |
|---------------|--------------------------------|------------------------------------|---|---|---|
| SCRS | \$ 6,065,792 | \$ 3,747,865 | \$ 2,317,927 | 61.8% | 0.009884% |
| PORS | \$ 2,296,949 | \$ 1,619,969 | \$ 676,980 | 70.5% | 0.022568% |

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions and Methods

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

The following table provides a summary of the actuarial assumptions and methods used in the June 30, 2024 valuations for SCRS and PORS.

| | SCRS | PORS |
|----------------------------|------------------------------------|--------------------------------------|
| Actuarial cost method | Entry Age Normal | Entry Age Normal |
| Actuarial assumptions: | | |
| Investment rate of return | 7.00% | 7.00% |
| Projected salary increases | 3.0% to 11% (varies by service) | 3.5% to 10.5% (varies by service) |
| Includes inflation at | 2.25% | 2.25% |
| Benefit adjustments | lesser of 1% or \$500 | lesser of 1% or \$500 |

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions and Methods (Continued)

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 20-year capital market assumptions. The actuarial long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2023 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of the return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

| Allocation/Exposure | Policy Target | Expected Arithmetic Real Rate of Return | Long-term Expected Portfolio Real Rate of Return |
|----------------------------|----------------------|--|---|
| Public Equity | 46.0% | 6.23% | 2.86% |
| Bonds | 26.0% | 2.60% | 0.68% |
| Private Equity | 9.0% | 9.60% | 0.86% |
| Private Debt | 7.0% | 6.90% | 0.48% |
| Real Assets | 12.0% | | |
| Real Estate | 9.0% | 4.30% | 0.39% |
| Infrastructure | 3.0% | 7.30% | 0.22% |
| | 100.0% | | |
| | | Total expected real return | 5.49% |
| | | Inflation for actuarial purposes | 2.25% |
| | | Total expected nominal return | 7.74% |

Discount Rate

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate (Continued)

The following table presents the sensitivity of the net pension liability to changes in the discount rate.

| Sensitivity of the Net Pension Liability to Changes in the Discount Rate | | | |
|---|-----------------------------|---|-----------------------------|
| | 1% Decrease (6%) | Current Discount Rate (7%) | 1% Increase (8%) |
| SCRS | \$ 3,003,772 | \$ 2,317,927 | \$ 1,686,319 |
| PORS | \$ 980,814 | \$ 676,980 | \$ 428,124 |

Pension Expense

For the year ended December 31, 2024, the Town recognized its proportionate share of collective pension expense of \$223,727 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of \$49,361 for a total of \$273,088 for the SCRS plan. Additionally, for the year ended December 31, 2024, the Town recognized its proportionate share of collective pension expense of \$85,925 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of (\$4,225) for a total of \$81,700 for the PORS plan. Total pension expense for the Town was \$354,788 as of December 31, 2024.

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NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At December 31, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS pension plans, respectively, from the following sources:

| SCRS | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| | <u> </u> | <u> </u> |
| Differences between expected and actual experience | \$ 76,175 | \$ 2,877 |
| Changes of assumptions | 40,865 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 89,310 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 133,026 | 144,318 |
| Employer contributions subsequent to the measurement date | <u>134,815</u> | <u>-</u> |
| Total | <u><u>\$ 384,881</u></u> | <u><u>\$ 236,505</u></u> |

| PORS | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| | <u> </u> | <u> </u> |
| Differences between expected and actual experience | \$ 63,577 | \$ 3,881 |
| Changes of assumptions | 14,739 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 37,954 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 7,649 | 28,403 |
| Employer contributions subsequent to the measurement date | <u>53,325</u> | <u>-</u> |
| Total | <u><u>\$ 139,290</u></u> | <u><u>\$ 70,238</u></u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
(Continued)*

Town contributions subsequent to the measurement date of \$134,815 and \$53,324 for the SCRS plan and the PORS plan, respectively, are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ended December 31</u> | <u>SCRS</u> | <u>PORS</u> |
|-------------------------------|-------------|-------------|
| 2025 | \$ (960) | \$ (6,413) |
| 2026 | 74,585 | 33,996 |
| 2027 | (36,610) | (1,821) |
| 2028 | (23,454) | (10,035) |

Pension Plan Fiduciary Net Position

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

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CHAPIN, SOUTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GAAP BASIS FOR THE YEAR ENDED DECEMBER 31, 2024

| | Budget | | Actual | Variance with Final Budget |
|--|------------|------------|------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Property taxes | \$ 289,400 | \$ 289,400 | \$ 314,134 | \$ 24,734 |
| Licenses, permits, and franchise taxes | 1,390,020 | 1,390,020 | 1,630,284 | 240,264 |
| Fines and forfeitures | 41,500 | 41,500 | 41,783 | 283 |
| Intergovernmental revenues | 49,016 | 49,016 | 68,866 | 19,850 |
| Miscellaneous | 83,825 | 83,825 | 106,088 | 22,263 |
| Total revenues | 1,853,761 | 1,853,761 | 2,161,155 | 307,394 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government: | | | | |
| Administrative | 676,635 | 676,635 | 673,582 | 3,053 |
| Mayor and council | 74,526 | 74,526 | 61,153 | 13,373 |
| Public safety: | | | | |
| Police | 877,766 | 877,766 | 896,912 | (19,146) |
| Judicial: | | | | |
| Municipal court | 158,090 | 158,090 | 155,816 | 2,274 |
| Public works | 123,144 | 123,144 | 110,538 | 12,606 |
| Capital outlay | - | - | 163,932 | (163,932) |
| Debt service: | | | | |
| Principal retirement | - | - | 26,750 | (26,750) |
| Interest | - | - | 2,640 | (2,640) |
| Total expenditures | 1,910,161 | 1,910,161 | 2,091,323 | (181,162) |
| Excess (deficiency) of revenues over (under) expenditures | (56,400) | (56,400) | 69,832 | 126,232 |
| Other financing sources: | | | | |
| Transfers in | 56,400 | 56,400 | 56,400 | - |
| Issuance of subscription liabilities | - | - | 138,932 | 138,932 |
| Total other financing sources | 56,400 | 56,400 | 195,332 | 138,932 |
| Net change in fund balances | - | - | 265,164 | 265,164 |
| Fund balance, beginning of year | 62,335 | 62,335 | 62,335 | - |
| Fund balance, end of year | \$ 62,335 | \$ 62,335 | \$ 327,499 | \$ 265,164 |

TOWN OF CHAPIN, SOUTH CAROLINA

HOSPITALITY TAX FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GAAP BASIS FOR THE YEAR ENDED DECEMBER 31, 2024

| | Budget | | Actual | Variance with Final Budget |
|--|--------------|--------------|--------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Other taxes | \$ 850,000 | \$ 850,000 | \$ 830,412 | \$ (19,588) |
| Miscellaneous | 55,000 | 55,000 | 117,837 | 62,837 |
| Total revenues | 905,000 | 905,000 | 948,249 | 43,249 |
| Expenditures: | | | | |
| Current: | | | | |
| Community and economic development | 905,000 | 905,000 | 10,324 | 894,676 |
| Total expenditures | 905,000 | 905,000 | 10,324 | 894,676 |
| Net change in fund balances | - | - | 937,925 | 937,925 |
| Fund balance, beginning of year | 2,634,628 | 2,634,628 | 2,634,628 | - |
| Fund balance, end of year | \$ 2,634,628 | \$ 2,634,628 | \$ 3,572,553 | \$ 937,925 |

TOWN OF CHAPIN, SOUTH CAROLINA

ARPA FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------|------------------|------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental revenues | \$ 585,710 | \$ 585,710 | \$ 200,943 | \$ (384,767) |
| Miscellaneous | 15,000 | 15,000 | 13,679 | (1,321) |
| Total revenues | <u>600,710</u> | <u>600,710</u> | <u>214,622</u> | <u>(386,088)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Administrative | 600,710 | 600,710 | 200,942 | 399,768 |
| Total expenditures | <u>600,710</u> | <u>600,710</u> | <u>200,942</u> | <u>399,768</u> |
| Net change in fund balances | <u>-</u> | <u>-</u> | <u>13,680</u> | <u>13,680</u> |
| Fund balance, beginning of year | <u>17,416</u> | <u>17,416</u> | <u>17,416</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 17,416</u> | <u>\$ 17,416</u> | <u>\$ 31,096</u> | <u>\$ 13,680</u> |

TOWN OF CHAPIN, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2024**

| South Carolina Retirement System | | | | | |
|---|---|--|---------------------------|---|--|
| Plan Year Ended June 30 | Town's proportion of the net pension liability | Town's proportionate share of the net pension liability | Town's covered payroll | Town's share of the net pension liability as a percentage of its covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
| 2024 | 0.009884% | \$ 2,317,927 | \$ 1,358,291 | 171% | 61.79% |
| 2023 | 0.010733% | 2,594,996 | 1,357,022 | 191% | 58.60% |
| 2022 | 0.009642% | 2,337,343 | 1,148,094 | 204% | 57.10% |
| 2021 | 0.009282% | 2,008,843 | 1,049,297 | 191% | 60.70% |
| 2020 | 0.009039% | 2,309,584 | 1,008,406 | 229% | 50.70% |
| 2019 | 0.009391% | 2,144,354 | 991,669 | 216% | 54.40% |
| 2018 | 0.008747% | 1,959,924 | 906,439 | 216% | 54.10% |
| 2017 | 0.008101% | 1,823,665 | 817,368 | 223% | 53.30% |
| 2016 | 0.006923% | 1,478,743 | 670,421 | 221% | 52.90% |
| 2015 | 0.004757% | 902,188 | 383,998 | 235% | 57.00% |

| South Carolina Police Officers Retirement System | | | | | |
|---|---|--|---------------------------|---|--|
| Plan Year Ended June 30 | Town's proportion of the net pension liability | Town's proportionate share of the net pension liability | Town's covered payroll | Town's share of the net pension liability as a percentage of its covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
| 2024 | 0.022568% | \$ 676,980 | \$ 445,141 | 152% | 70.53% |
| 2023 | 0.023786% | 724,072 | 416,754 | 174% | 67.80% |
| 2022 | 0.023969% | 718,835 | 379,338 | 189% | 66.40% |
| 2021 | 0.022798% | 586,563 | 342,806 | 171% | 70.40% |
| 2020 | 0.022542% | 747,534 | 340,527 | 220% | 58.80% |
| 2019 | 0.026023% | 745,812 | 377,451 | 198% | 62.70% |
| 2018 | 0.026097% | 739,499 | 361,228 | 205% | 61.70% |
| 2017 | 0.027210% | 745,380 | 366,400 | 203% | 60.90% |
| 2016 | 0.026900% | 580,117 | 291,756 | 199% | 60.40% |
| 2015 | 0.026900% | 586,219 | 276,159 | 212% | 64.60% |

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

TOWN OF CHAPIN, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2024**

South Carolina Retirement System

| Year Ended December 31 | Statutorily required contribution | Contributions relative to statutorily required contribution | Contribution deficiency (excess) | Town's covered payroll | Contributions as a percentage of covered payroll |
|------------------------------|---|---|--|---------------------------|--|
| 2024 | \$ 269,020 | \$ 269,020 | \$ - | \$ 1,449,459 | 18.56% |
| 2023 | 236,972 | 236,972 | - | 1,313,327 | 18.04% |
| 2022 | 205,283 | 205,283 | - | 1,198,634 | 17.13% |
| 2021 | 180,819 | 180,819 | - | 1,121,697 | 16.12% |
| 2020 | 165,573 | 165,573 | - | 1,064,096 | 15.56% |
| 2019 | 149,681 | 149,681 | - | 993,669 | 15.06% |
| 2018 | 130,643 | 130,643 | - | 926,696 | 14.10% |
| 2017 | 114,864 | 114,864 | - | 910,936 | 12.61% |
| 2016 | 84,466 | 84,466 | - | 746,327 | 11.32% |
| 2015 | 63,480 | 63,480 | - | 577,855 | 10.99% |

South Carolina Police Officers Retirement System

| Year Ended December 31 | Statutorily required contribution | Contributions relative to statutorily required contribution | Contribution deficiency (excess) | Town's covered payroll | Contributions as a percentage of covered payroll |
|------------------------------|---|---|--|---------------------------|--|
| 2024 | \$ 100,565 | \$ 100,565 | \$ - | \$ 473,476 | 21.24% |
| 2023 | 88,737 | 88,737 | - | 427,419 | 20.76% |
| 2022 | 75,039 | 75,039 | - | 378,992 | 19.80% |
| 2021 | 69,684 | 69,684 | - | 370,398 | 18.81% |
| 2020 | 64,749 | 64,749 | - | 354,982 | 18.24% |
| 2019 | 65,349 | 65,349 | - | 369,171 | 17.70% |
| 2018 | 61,938 | 61,938 | - | 370,392 | 16.72% |
| 2017 | 53,622 | 53,622 | - | 353,992 | 15.15% |
| 2016 | 48,772 | 48,772 | - | 348,524 | 13.99% |
| 2015 | 36,461 | 36,461 | - | 268,814 | 13.56% |

TOWN OF CHAPIN, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS FOR THE YEAR ENDED DECEMBER 31, 2024

The assumptions used the preparation of the previous schedules are as follows:

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

**OTHER SUPPLEMENTARY INFORMATION REQUIRED
BY THE STATE OF SOUTH CAROLINA**

**TOWN OF CHAPIN, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
FOR THE YEAR ENDED DECEMBER 31, 2024**

FOR THE STATE TREASURER'S OFFICE:

| COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT | <u>General Sessions</u> | <u>Magistrate Court</u> | <u>Municipal Court</u> | <u>Total</u> |
|--|------------------------------------|------------------------------------|-----------------------------------|---------------------|
| Court Fines and Assessments: | | | | |
| Court fines and assessments collected | N/A | N/A | \$ 45,229 | \$ 45,229 |
| Court fines and assessments remitted to State Treasurer | N/A | N/A | 27,677 | 27,677 |
| Total Court Fines and Assessments retained | <u>N/A</u> | <u>N/A</u> | 17,552 | 17,552 |
| Surcharges and Assessments retained for victim services: | | | | |
| Surcharges collected and retained | N/A | N/A | 1,133 | 1,133 |
| Assessments retained | N/A | N/A | 1,700 | 1,700 |
| Total Surcharges and Assessments retained for victim services | <u>N/A</u> | <u>N/A</u> | \$ 2,833 | \$ 2,833 |

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC):

| <u>VICTIM SERVICE FUNDS COLLECTED</u> | <u>Municipal</u> | <u>County</u> | <u>Total</u> |
|---|-------------------------|----------------------|---------------------|
| Carryforward from Previous Year – Beginning Balance | \$ 59,844 | N/A | \$ 59,844 |
| <u>Victim Service Revenue:</u> | | | |
| Victim Service Fines Retained by City/County Treasurer | - | N/A | - |
| Victim Service Assessments Retained by City/County Treasurer | 1,700 | N/A | 1,700 |
| Victim Service Surcharges Retained by City/County Treasurer | 1,133 | N/A | 1,133 |
| Interest Earned | 777 | N/A | 777 |
| Grant Funds Received | | | |
| Grant from: | - | N/A | - |
| General Funds Transferred to Victim Service Fund | - | N/A | - |
| Contribution Received from Victim Service Contracts: | | | |
| (1) Town of | - | N/A | - |
| (2) Town of | - | N/A | - |
| (3) City of | - | N/A | - |
| Total Funds Allocated to Victim Service Fund + Beginning Balance (A) | \$ 63,454 | N/A | \$ 63,454 |

**TOWN OF CHAPIN, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
FOR THE YEAR ENDED DECEMBER 31, 2024**

| <u>Expenditures for Victim Service Program:</u> | <u>Municipal</u> | <u>County</u> | <u>Total</u> |
|---|-------------------------|----------------------|---------------------|
| Salaries and Benefits | \$ - | N/A | \$ - |
| Operating Expenditures | 342 | N/A | 342 |
| Victim Service Contract(s): | | | |
| (1) Stacy Turner - Victim Advocate | 540 | N/A | 540 |
| Victim Service Donation(s): | | | |
| (1) Dickerson Children's Advocacy Center | 2,500 | N/A | 2,500 |
| Transferred to General Fund | - | N/A | - |
| Total Expenditures from Victim Service Fund/Program (B) | 3,382 | N/A | 3,382 |
| Total Victim Service Funds Retained by Municipal/County Treasurer (A-B) | 60,072 | N/A | 60,072 |
| Less: Prior Year Fund Deficit Repayment | - | N/A | - |
| Carryforward Funds – End of Year | \$ 60,072 | N/A | \$ 60,072 |

**TOWN OF CHAPIN, SOUTH CAROLINA
STATISTICAL SECTION**

FOR THE YEAR ENDED DECEMBER 31, 2024

This section of the Town of Chapin, South Carolina’s annual comprehensive financial report presents detailed trend and other information as a context for understanding what the information in the basic financial statements, notes to the basic financial statements, required supplementary information and other supplementary information says about the Town’s overall financial health.

| | |
|-------------------------------|----------------|
| | <u>Page</u> |
| Financial Trends | 72 - 76 |

These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.

| | |
|-------------------------------|----------------|
| Revenue Capacity | 77 - 81 |
|-------------------------------|----------------|

These schedules contain information to help the reader assess the Town’s most significant local revenue source, property tax.

| | |
|----------------------------|----------------|
| Debt Capacity | 82 - 85 |
|----------------------------|----------------|

These schedules present information to help the reader assess the affordability of the Town’s current levels of outstanding debt and the Town’s ability to issue additional debt in the future.

| | |
|---|------------------|
| Demographic and Economic Information | 86 and 87 |
|---|------------------|

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town’s financial activities take place.

| | |
|------------------------------------|----------------|
| Operating Information | 88 - 90 |
|------------------------------------|----------------|

These schedules contain service and infrastructure data to help the reader understand how the information in the Town’s financial report relates to the services the Town provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

**TOWN OF CHAPIN, SOUTH CAROLINA
NET POSITION BY COMPONENTS
LAST TEN CALENDAR YEARS**

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016* | 2015 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 4,899,641 | \$ 4,972,187 | \$ 5,098,774 | \$ 5,125,575 | \$ 5,184,868 | \$ 5,267,190 | \$ 5,318,892 | \$ 5,379,002 | \$ 4,390,105 | \$ 5,512,582 |
| Restricted | 3,665,554 | 2,713,721 | 1,793,931 | 1,232,629 | 569,978 | 66,668 | 67,713 | 69,875 | - | - |
| Unrestricted | (970,494) | (1,248,187) | (1,912,238) | (1,945,203) | (2,417,383) | (2,518,140) | (2,251,242) | (2,211,401) | (1,009,042) | (1,971,317) |
| Total governmental activities net position | <u>\$ 7,594,701</u> | <u>\$ 6,437,721</u> | <u>\$ 4,980,467</u> | <u>\$ 4,413,001</u> | <u>\$ 3,337,463</u> | <u>\$ 2,815,718</u> | <u>\$ 3,135,363</u> | <u>\$ 3,237,476</u> | <u>\$ 3,381,063</u> | <u>\$ 3,541,265</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 19,737,108 | \$ 19,037,125 | \$ 18,855,102 | \$ 19,150,090 | \$ 19,496,711 | \$ 18,432,494 | \$ 16,654,743 | \$ 14,963,725 | \$ 10,898,167 | \$ 11,546,285 |
| Restricted | - | - | - | - | - | - | - | - | - | 2,714,727 |
| Unrestricted | 9,053,455 | 9,551,743 | 9,722,998 | 9,719,503 | 8,973,164 | 9,186,711 | 8,027,862 | 8,175,697 | 7,405,155 | 2,714,527 |
| Total business-type activities net position | <u>\$ 28,790,563</u> | <u>\$ 28,588,868</u> | <u>\$ 28,578,100</u> | <u>\$ 28,869,593</u> | <u>\$ 28,469,875</u> | <u>\$ 27,619,205</u> | <u>\$ 24,682,605</u> | <u>\$ 23,139,422</u> | <u>\$ 18,303,322</u> | <u>\$ 16,975,539</u> |
| Primary Government | | | | | | | | | | |
| Net investment in capital assets | \$ 24,636,749 | \$ 24,009,312 | \$ 23,953,876 | \$ 24,275,665 | \$ 24,681,579 | \$ 23,699,684 | \$ 21,973,635 | \$ 20,342,727 | \$ 15,288,272 | \$ 17,058,867 |
| Restricted | 3,665,554 | 2,713,721 | 1,793,931 | 1,232,629 | 569,978 | 66,668 | 67,713 | 69,875 | - | 2,714,727 |
| Unrestricted | 8,082,961 | 8,303,556 | 7,810,760 | 7,774,300 | 6,555,781 | 6,668,571 | 5,776,620 | 5,964,296 | 6,396,113 | 743,210 |
| Total primary government net position | <u>\$ 36,385,264</u> | <u>\$ 35,026,589</u> | <u>\$ 33,558,567</u> | <u>\$ 33,282,594</u> | <u>\$ 31,807,338</u> | <u>\$ 30,434,923</u> | <u>\$ 27,817,968</u> | <u>\$ 26,376,898</u> | <u>\$ 21,684,385</u> | <u>\$ 20,516,804</u> |

* Net position of the Town's business-type activities has been restated to reflect the correction of an error in the December 31, 2016 report.

TOWN OF CHAPIN, SOUTH CAROLINA
 CHANGES IN NET POSITION
 LAST TEN CALENDAR YEARS

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016* | 2015 |
|--|-----------------------|---------------------|-----------------------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|-----------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 1,097,406 | \$ 765,989 | \$ 748,866 | \$ 642,973 | \$ 676,206 | \$ 796,162 | \$ 764,702 | \$ 839,683 | \$ 975,716 | \$ 702,816 |
| Public safety - police | 827,763 | 519,072 | 754,308 | 701,677 | 674,875 | 816,938 | 828,595 | 789,610 | 590,472 | 545,060 |
| Judicial | 157,559 | 118,858 | 135,386 | 115,479 | 139,894 | 174,202 | 177,112 | 179,035 | 151,069 | 145,316 |
| Public works | 162,712 | 142,717 | 158,322 | 147,258 | 155,020 | 145,296 | 147,425 | 130,776 | 59,153 | - |
| Community and economic development | 10,324 | 19,061 | 249,556 | 47,114 | 11,056 | - | - | - | - | - |
| Interest and fees | 2,640 | - | - | 1,524 | 4,944 | 8,548 | 12,028 | 23,671 | - | - |
| Total governmental activities expense | <u>2,258,404</u> | <u>1,565,697</u> | <u>2,046,438</u> | <u>1,656,025</u> | <u>1,661,995</u> | <u>1,941,146</u> | <u>1,929,862</u> | <u>1,962,775</u> | <u>1,776,410</u> | <u>1,393,192</u> |
| Business-type activities: | | | | | | | | | | |
| Water and sewer | <u>8,324,458</u> | <u>7,093,287</u> | <u>5,896,051</u> | <u>5,405,120</u> | <u>4,783,221</u> | <u>3,885,223</u> | <u>3,415,990</u> | <u>3,213,730</u> | <u>3,117,047</u> | <u>3,052,162</u> |
| Total primary government expenses | <u>10,582,862</u> | <u>8,658,984</u> | <u>7,942,489</u> | <u>7,061,145</u> | <u>6,445,216</u> | <u>5,826,369</u> | <u>5,345,852</u> | <u>5,176,505</u> | <u>4,893,457</u> | <u>4,445,354</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 1,324,212 | 1,180,963 | 1,006,484 | 1,269,837 | 1,004,006 | 923,695 | 1,112,370 | 1,182,252 | - | - |
| Public safety | 41,783 | 32,286 | 35,124 | 24,343 | 32,853 | 54,081 | 64,797 | 72,173 | 68,824 | 70,287 |
| Public works | 17,535 | 6,858 | 10,033 | 9,280 | 4,513 | 3,995 | 2,200 | 4,068 | - | - |
| Operating grants and contributions | 200,943 | 93,635 | 28,281 | 75,769 | - | - | - | 50,000 | - | - |
| Total governmental activities program revenue | <u>1,584,473</u> | <u>1,313,742</u> | <u>1,079,922</u> | <u>1,379,229</u> | <u>1,041,372</u> | <u>981,771</u> | <u>1,179,367</u> | <u>1,308,493</u> | <u>68,824</u> | <u>70,287</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water and sewer | 5,958,227 | 5,660,789 | 5,054,149 | 5,122,827 | 4,266,947 | 4,456,722 | 3,881,666 | 4,635,703 | 3,554,848 | 2,525,514 |
| Operating grants and contributions | - | - | - | - | - | - | - | - | 606,046 | 407,145 |
| Capital grants and contributions | 1,913,464 | 1,105,370 | 581,662 | 729,819 | 1,387,905 | 2,375,133 | 1,092,571 | 3,453,446 | - | - |
| Total business-type activities program revenue | <u>7,871,691</u> | <u>6,766,159</u> | <u>5,635,811</u> | <u>5,852,646</u> | <u>5,654,852</u> | <u>6,831,855</u> | <u>4,974,237</u> | <u>8,089,149</u> | <u>4,160,894</u> | <u>2,932,659</u> |
| Total primary government revenues | <u>9,456,164</u> | <u>8,079,901</u> | <u>6,715,733</u> | <u>7,231,875</u> | <u>6,696,224</u> | <u>7,813,626</u> | <u>6,153,604</u> | <u>9,397,642</u> | <u>4,229,718</u> | <u>3,002,946</u> |
| Net (expense) revenue | | | | | | | | | | |
| Governmental activities | (673,931) | (251,955) | (966,516) | (276,796) | (620,623) | (959,375) | (750,495) | (654,282) | (1,707,586) | (1,322,905) |
| Business-type activities | (452,767) | (327,128) | (260,240) | 447,526 | 871,631 | 2,946,632 | 1,558,247 | 4,875,419 | 1,043,847 | (119,503) |
| Total primary government net revenue (expense) | <u>\$ (1,126,698)</u> | <u>\$ (579,083)</u> | <u>\$ (1,226,756)</u> | <u>\$ 170,730</u> | <u>\$ 251,008</u> | <u>\$ 1,987,257</u> | <u>\$ 807,752</u> | <u>\$ 4,221,137</u> | <u>\$ (663,739)</u> | <u>\$ (1,442,408)</u> |

(continued)

**TOWN OF CHAPIN, SOUTH CAROLINA
CHANGES IN NET POSITION
LAST TEN CALENDAR YEARS**

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016* | 2015 |
|--|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| General Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | \$ 1,470,419 | \$ 1,406,152 | \$ 1,263,277 | \$ 1,176,253 | \$ 981,847 | \$ 484,007 | \$ 483,042 | \$ 377,153 | \$ 1,243,383 | \$ 1,130,135 |
| Grants and contributions not restricted | 66,488 | 76,406 | 111,600 | 44,104 | 34,259 | 33,852 | 32,635 | 40,063 | 201,829 | 146,505 |
| Gain on sale of assets | - | - | - | - | - | 5,935 | 9,010 | - | - | - |
| Revenue from use of money and property | 208,884 | 136,081 | 43,105 | 27,059 | 26,581 | 40,120 | 22,469 | 17,925 | 31,808 | 28,879 |
| Interest | - | - | - | - | - | - | - | - | 323 | 231 |
| Miscellaneous | 28,720 | 34,170 | 59,600 | 48,518 | 43,281 | 19,416 | 44,826 | 19,154 | 70,041 | 109,580 |
| Transfers | 56,400 | 56,400 | 56,400 | 56,400 | 56,400 | 56,400 | 56,400 | 56,400 | - | - |
| Total governmental activities general revenue | <u>1,830,911</u> | <u>1,709,209</u> | <u>1,533,982</u> | <u>1,352,334</u> | <u>1,142,368</u> | <u>639,730</u> | <u>648,382</u> | <u>510,695</u> | <u>1,547,384</u> | <u>1,415,330</u> |
| Business-type activities: | | | | | | | | | | |
| Revenue from use of money and property | 150,774 | 100,358 | 21,443 | 5,371 | 19,404 | 41,947 | 38,388 | 12,149 | 4,570 | 4,069 |
| Miscellaneous | 560,088 | 293,938 | 3,704 | 3,221 | 16,035 | 4,421 | 2,948 | 4,932 | - | - |
| Transfers | (56,400) | (56,400) | (56,400) | (56,400) | (56,400) | (56,400) | (56,400) | (56,400) | - | - |
| Total business-type activities general revenue | <u>654,462</u> | <u>337,896</u> | <u>(31,253)</u> | <u>(47,808)</u> | <u>(20,961)</u> | <u>(10,032)</u> | <u>(15,064)</u> | <u>(39,319)</u> | <u>4,570</u> | <u>4,069</u> |
| Total primary government | <u>2,485,373</u> | <u>2,047,105</u> | <u>1,502,729</u> | <u>1,304,526</u> | <u>1,121,407</u> | <u>629,698</u> | <u>633,318</u> | <u>471,376</u> | <u>1,551,954</u> | <u>1,419,399</u> |
| Changes in Net Position | | | | | | | | | | |
| Prior period adjustment | - | - | - | - | - | - | - | - | 279,366 | - |
| Cumulative change in accounting principle | - | - | - | - | - | - | - | - | - | - |
| Governmental activities | 1,156,980 | 1,457,254 | 1,282,027 | 1,075,538 | 521,745 | (319,645) | (102,113) | (143,587) | (160,202) | 92,425 |
| Business-type activities | 201,695 | 10,768 | (358,381) | 399,718 | 850,670 | 2,936,600 | 1,543,183 | 4,836,100 | 1,048,417 | (115,434) |
| Total primary government | <u>\$ 1,358,675</u> | <u>\$ 1,468,022</u> | <u>\$ 923,646</u> | <u>\$ 1,475,256</u> | <u>\$ 1,372,415</u> | <u>\$ 2,616,955</u> | <u>\$ 1,441,070</u> | <u>\$ 4,692,513</u> | <u>\$ 1,167,581</u> | <u>\$ (23,009)</u> |

* Net position of the Town's business-type activities has been restated to reflect the correction of an error in the December 31, 2016 report.

**TOWN OF CHAPIN, SOUTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN CALENDAR YEARS**

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016* | 2015 |
|-------------------------------------|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|-------------------|
| General Fund | | | | | | | | | | |
| Nondspendable | \$ 33,984 | \$ 59,799 | \$ 47,000 | \$ 31,145 | \$ 40,062 | \$ 46,973 | \$ 50,145 | \$ 58,315 | \$ - | \$ - |
| Restricted | 61,905 | 61,677 | 61,959 | 62,674 | 64,827 | 66,668 | 67,713 | 69,875 | - | - |
| Unassigned | 231,610 | (59,141) | (326,278) | (387,436) | (861,657) | (1,064,658) | (1,061,891) | (1,300,840) | (1,352,901) | 855,959 |
| Total General Fund | <u>327,499</u> | <u>62,335</u> | <u>(217,319)</u> | <u>(293,617)</u> | <u>(756,768)</u> | <u>(951,017)</u> | <u>(944,033)</u> | <u>(1,172,650)</u> | <u>(1,352,901)</u> | <u>855,959</u> |
| Other Governmental Funds | | | | | | | | | | |
| Nondspendable | - | - | - | - | - | - | - | - | - | - |
| Restricted | 3,603,649 | 2,652,044 | 1,731,972 | 1,169,955 | 505,151 | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - | - | - | - |
| Total Other Governmental Fund | <u>3,603,649</u> | <u>2,652,044</u> | <u>1,731,972</u> | <u>1,169,955</u> | <u>505,151</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total All Governmental Funds | <u>\$ 3,931,148</u> | <u>\$ 2,714,379</u> | <u>\$ 1,514,653</u> | <u>\$ 876,338</u> | <u>\$ (251,617)</u> | <u>\$ (951,017)</u> | <u>\$ (944,033)</u> | <u>\$ (1,172,650)</u> | <u>\$ (1,352,901)</u> | <u>\$ 855,959</u> |

* Fund balance of the Town's General Fund has been restated to reflect the correction of an error in the December 31, 2016 report.

**TOWN OF CHAPIN, SOUTH CAROLINA
CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN CALENDAR YEARS**

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016* | 2015 |
|--|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|-------------------|
| Revenues | | | | | | | | | | |
| Licenses | \$ 1,630,284 | \$ 1,458,859 | \$ 1,265,981 | \$ 1,520,431 | \$ 1,256,072 | \$ 1,169,173 | \$ 1,327,923 | \$ 1,313,198 | \$ 1,243,383 | \$ 1,130,135 |
| Property taxes | 314,134 | 277,640 | 233,690 | 240,436 | 175,627 | 212,752 | 220,093 | 195,599 | 201,829 | 146,505 |
| Other taxes | 830,412 | 853,236 | 804,204 | 710,523 | 515,803 | - | - | - | - | - |
| Fines | 41,783 | 32,286 | 35,124 | 24,343 | 32,853 | 54,081 | 64,797 | 72,173 | 68,824 | 70,287 |
| Intergovernmental revenues | 269,809 | 173,316 | 144,449 | 125,157 | 39,428 | 37,542 | 34,465 | 41,085 | 31,808 | 28,879 |
| Interest | - | - | - | - | - | - | - | - | - | 323 |
| Miscellaneous | 237,604 | 170,251 | 102,705 | 76,577 | 69,862 | 59,536 | 67,295 | 87,079 | 70,041 | 109,580 |
| Charges for services | - | - | - | - | - | 23,470 | 43,984 | 39,249 | - | - |
| Total revenues | 3,324,026 | 2,965,588 | 2,586,153 | 2,697,467 | 2,089,645 | 1,556,554 | 1,758,557 | 1,748,383 | 1,616,208 | 1,485,617 |
| Expenditures | | | | | | | | | | |
| General administration | 874,524 | 662,982 | 542,078 | 465,528 | 442,388 | 507,535 | 474,680 | 545,535 | 587,890 | 477,279 |
| Mayor and council | 61,153 | 72,371 | 70,047 | 50,774 | 54,642 | 62,401 | 59,792 | 62,470 | 59,344 | 40,476 |
| Public safety | 896,912 | 809,944 | 835,431 | 691,652 | 573,459 | 683,828 | 677,078 | 675,636 | 577,707 | 452,054 |
| Municipal court | 155,816 | 143,244 | 133,762 | 117,126 | 130,621 | 157,187 | 159,603 | 161,520 | 151,069 | 145,316 |
| Public works | 110,538 | 114,660 | 111,749 | 106,255 | 100,783 | 87,706 | 90,502 | 74,144 | 59,153 | - |
| Community and economic development | 10,324 | 19,061 | 249,556 | 47,114 | 11,056 | - | - | - | - | - |
| Capital outlay | 163,932 | - | 61,615 | 21,555 | - | - | - | - | 44,775 | 27,500 |
| Debt service: | | | | | | | | | | |
| Principal | 26,750 | - | - | 122,495 | 126,615 | 123,073 | 119,651 | 118,141 | 77,770 | 75,148 |
| Interest | 2,640 | - | - | 3,413 | 7,081 | 10,623 | 14,044 | 15,554 | 19,531 | 20,396 |
| Total expenditures | 2,302,589 | 1,822,262 | 2,004,238 | 1,625,912 | 1,446,645 | 1,632,353 | 1,595,350 | 1,653,000 | 1,577,239 | 1,238,169 |
| Excess (deficiency) of revenues over (under) expenditures | 1,021,437 | 1,143,326 | 581,915 | 1,071,555 | 643,000 | (75,799) | 163,207 | 95,383 | 38,969 | 247,448 |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | 56,400 | 56,400 | 56,400 | 56,400 | 56,400 | 56,400 | 56,400 | 56,400 | - | - |
| Proceeds from sale of capital assets | - | - | - | - | - | 12,415 | 9,010 | - | - | - |
| SBITA lease proceeds | 138,932 | - | - | - | - | - | - | 28,468 | - | - |
| Total other financing sources (uses) | 195,332 | 56,400 | 56,400 | 56,400 | 56,400 | 68,815 | 65,410 | 84,868 | - | - |
| Net change in fund balances | 1,216,769 | 1,199,726 | 638,315 | 1,127,955 | 699,400 | (6,984) | 228,617 | 180,251 | 38,969 | 247,448 |
| Fund balances, beginning | 2,714,379 | 1,514,653 | 876,338 | (251,617) | (951,017) | (944,033) | (1,172,650) | (1,352,901) | 863,387 | (1,661,098) |
| Prior period adjustments to noncurrent | - | - | - | - | - | - | - | - | (2,255,257) | - |
| Fund balances, ending | \$ 3,931,148 | \$ 2,714,379 | \$ 1,514,653 | \$ 876,338 | \$ (251,617) | \$ (951,017) | \$ (944,033) | \$ (1,172,650) | \$ (1,352,901) | \$ 855,969 |
| Debt service as a percentage of noncapital expenditures | 1.37% | 0.00% | 0.00% | 7.85% | 9.24% | 8.40% | 8.53% ** | 8.37% | 6.35% | 7.89% |

* Fund balance of the Town's General Fund has been restated to reflect the correction of an error in the December 31, 2016 report.

** Reflects \$27,933 being included in the "debt service as a percentage of noncapital expenditures" calculation for December 31, 2018.

**TOWN OF CHAPIN, SOUTH CAROLINA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN CALENDAR YEARS**

| <u>Calendar Year</u> | <u>Business Licenses Taxes</u> | <u>Franchise Taxes</u> | <u>Property Taxes</u> | <u>Total</u> |
|----------------------|--|----------------------------|---------------------------|--------------|
| 2024 | \$ 1,414,706 | \$ 288,537 | \$ 314,134 | \$ 2,017,377 |
| 2023 | 1,147,244 | 271,038 | 209,621 | 1,627,903 |
| 2022 | 1,015,335 | 249,646 | 233,690 | 1,498,671 |
| 2021 | 1,269,837 | 241,313 | 240,436 | 1,751,586 |
| 2020 | 1,004,006 | 247,554 | 212,771 | 1,464,331 |
| 2019 | 900,225 | 264,953 | 212,752 | 1,377,930 |
| 2018 | 1,068,385 | 257,338 | 220,093 | 1,545,816 |
| 2017 | 1,143,003 | 166,127 | 195,599 | 1,504,729 |
| 2016 | 1,119,830 | 152,497 | 154,132 | 1,426,459 |
| 2015 | 984,910 | 152,307 | 131,005 | 1,268,222 |

TOWN OF CHAPIN, SOUTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN CALENDAR YEARS

| <u>Calendar Year End</u> | <u>Tax Year</u> | <u>Real Property Assessed Value</u> | <u>Personal Property Assessed Value</u> | <u>Total Taxable Assessed Value</u> | <u>Tax Millage</u> | <u>Estimated Actual Taxable Value</u> | <u>Assessed Value as a Percentage of Actual Value</u> |
|--------------------------|-----------------|-------------------------------------|---|-------------------------------------|--------------------|---------------------------------------|---|
| 12/31/2024 | 2023 | \$ 12,645,460 | \$ 3,649,985 | \$ 16,295,445 | 16.690 | \$ 395,081,725 | 4.12% |
| 12/31/2023 | 2022 | 12,125,020 | 3,845,400 | 15,970,420 | 13.070 | 276,482,561 | 5.78% |
| 12/31/2022 | 2021 | 11,534,400 | 4,095,620 | 15,630,020 | 13.070 | 264,252,142 | 5.91% |
| 12/31/2021 | 2020 | 11,273,770 | 4,126,140 | 15,399,910 | 13.070 | 259,817,449 | 5.93% |
| 12/31/2020 | 2019 | 10,327,890 | 4,376,140 | 14,704,030 | 12.884 | 243,541,024 | 6.04% |
| 12/31/2019 | 2018 | 9,791,370 | 4,677,600 | 14,468,970 | 12.884 | 238,338,162 | 6.07% |
| 12/31/2018 | 2017 | 9,604,140 | 4,641,560 | 14,245,700 | 11.505 | 233,500,496 | 6.10% |
| 12/31/2017 | 2016 | 8,794,550 | 3,878,220 | 12,672,770 | 11.505 | 215,772,376 | 5.87% |
| 12/31/2016 | 2015 | 8,662,700 | 2,980,400 | 11,643,100 | 11.505 | 201,927,285 | 5.77% |
| 12/31/2015 | 2014 | 8,234,010 | 2,744,360 | 10,978,370 | 11.505 | 191,718,735 | 5.73% |

Note: The above data was provided by the Lexington County Tax Assessor and the Lexington County Auditor.

**TOWN OF CHAPIN, SOUTH CAROLINA
PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN CALENDAR YEARS**

| Tax Year | Town of Chapin | | | Overlapping Rates | | | | | | |
|----------|-------------------|----------------------|--------------------|----------------------|----------------------|-------------------|----------------------|----------------------|---------|----------------------------------|
| | Operating Millage | Debt Service Millage | Total Town Millage | County | | | School District | | | Total Direct & Overlapping Rates |
| | | | Operating Millage | Debt Service Millage | Total County Millage | Operating Millage | Debt Service Millage | Total School Millage | | |
| 2024 | 16.690 | 0.000 | 16.960 | 115.493 | 10.450 | 125.943 | 266.000 | 69.500 | 335.500 | 478.133 |
| 2023 | 16.690 | 0.000 | 16.960 | 115.493 | 10.450 | 125.943 | 266.000 | 69.500 | 335.500 | 478.133 |
| 2022 | 13.070 | 0.000 | 13.070 | 110.571 | 10.550 | 121.121 | 246.100 | 69.500 | 315.600 | 449.791 |
| 2021 | 13.070 | 0.000 | 13.070 | 110.571 | 10.550 | 121.121 | 246.100 | 69.500 | 315.600 | 449.791 |
| 2020 | 12.884 | 0.000 | 13.070 | 110.015 | 11.750 | 121.765 | 246.100 | 75.400 | 321.500 | 456.149 |
| 2019 | 12.884 | 0.000 | 12.884 | 112.255 | 12.050 | 124.305 | 256.900 | 75.400 | 332.300 | 469.489 |
| 2018 | 12.884 | 0.000 | 12.884 | 112.255 | 11.950 | 124.205 | 256.900 | 54.800 | 311.700 | 448.789 |
| 2017 | 11.505 | 0.000 | 11.505 | 110.084 | 11.650 | 121.734 | 256.900 | 54.800 | 311.700 | 444.939 |
| 2016 | 11.505 | 0.000 | 11.505 | 109.668 | 12.350 | 122.018 | 251.500 | 54.800 | 306.300 | 439.823 |
| 2015 | 11.505 | 0.000 | 11.505 | 109.136 | 12.350 | 121.486 | 251.500 | 52.500 | 304.000 | 436.991 |

**TOWN OF CHAPIN, SOUTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

| Taxpayer | 2024 | | | Taxpayer | 2015 | | |
|----------------------------------|------------------------|------|--|-------------------------------|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Dominion Energy South Carolina | \$ 1,287,380 | 1 | 8.06% | South Carolina Electric & Gas | \$ 764,530 | 1 | 7.13% |
| Chapin & Lex LLC | 916,160 | 2 | 5.74% | General Information Services | 385,350 | 2 | 3.59% |
| University Cottages LLC | 404,940 | 3 | 2.54% | Rayco Inc. | 364,530 | 3 | 3.40% |
| Soley Chapin Center LLC | 308,970 | 4 | 1.93% | Ellett Brothers Inc. | 300,170 | 4 | 2.80% |
| Gazillion Air LLC | 295,210 | 5 | 1.85% | Soley Chapin Center LLC | 268,670 | 5 | 2.50% |
| DGK LLC | 238,530 | 6 | 1.49% | Premark Packaging LLC | 210,710 | 6 | 1.96% |
| Chapin Orthopedic Properties LLC | 214,530 | 7 | 1.34% | S & W Land Co LLC | 181,110 | 7 | 1.69% |
| S&W Land Co LLC | 208,280 | 8 | 1.30% | Generations of Chapin Inc | 173,190 | 8 | 1.61% |
| PA Chapin LLC | 202,810 | 9 | 1.27% | Bellsouth Telecommunications | 160,430 | 9 | 1.50% |
| Generations of Chapin Inc | 190,980 | 10 | 1.20% | Chapin & Lex LLC | 153,250 | 10 | 1.43% |
| | <u>\$ 4,267,790</u> | | <u>26.72%</u> | | <u>\$ 2,961,940</u> | | <u>27.61%</u> |

Source: Lexington County Auditor's Office

**TOWN OF CHAPIN, SOUTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN CALENDAR YEARS**

| <u>Tax Year</u> | <u>Total Tax Levy</u> | <u>Collections within the Levy Year</u> | | <u>Collections in Subsequent Years</u> | <u>Total Collections to Date</u> | |
|-----------------|-----------------------|---|---------------------------|--|----------------------------------|---------------------------|
| | | <u>Amount</u> | <u>Percentage of Levy</u> | | <u>Amount</u> | <u>Percentage of Levy</u> |
| 2015 | \$ 127,335 | \$ 123,458 | 96.96% | \$ 3,616 | \$ 127,074 | 99.80% |
| 2016 | 135,117 | 131,321 | 97.19% | 3,796 | 135,117 | 100.00% |
| 2017 | 148,852 | 144,959 | 97.38% | 3,659 | 148,618 | 99.84% |
| 2018 | 164,533 | 157,867 | 95.95% | 6,666 | 164,533 | 100.00% |
| 2019 | 184,842 | 179,702 | 97.22% | 3,184 | 182,886 | 98.94% |
| 2020 | 191,339 | 183,653 | 95.98% | 2,368 | 186,021 | 97.22% |
| 2021 | 207,353 | 193,632 | 93.38% | 2,068 | 195,700 | 94.38% |
| 2022 | 205,414 | 198,185 | 96.48% | 5,062 | 203,247 | 98.95% |
| 2023 | 211,956 | 203,977 | 96.24% | 5,412 | 209,389 | 98.79% |
| 2024 | 276,384 | 249,256 | 90.18% | 3,488 | 252,744 | 91.45% |

Source: Lexington County Auditor's Office

**TOWN OF CHAPIN, SOUTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN CALENDAR YEARS**

| Tax Year | Governmental Activities | | | Business-type Activities | Total Primary Government | Percentage of Personal Income (1) | Per Capita (1) |
|----------|--------------------------|-------------------------|---------------|---------------------------|--------------------------|-----------------------------------|----------------|
| | General Obligation Bonds | SBITA Lease Obligations | Notes Payable | State Revolving Fund Loan | | | |
| 2015 | \$ 509,276 | \$ - | \$ - | \$ - | \$ 509,276 | 1.28% | \$ 328 |
| 2016 | 431,507 | - | 150,000 | - | 581,507 | 1.45% | 369 |
| 2017 | 347,754 | 21,226 | 122,854 | - | 491,834 | 1.08% | 307 |
| 2018 | 263,343 | 14,490 | 94,350 | 6,379,595 | 6,751,778 | 14.22% | 4,147 |
| 2019 | 177,269 | 7,420 | 64,422 | 12,829,853 | 13,078,964 | 25.55% | 8,009 |
| 2020 | 89,499 | - | 32,996 | 13,002,943 | 13,125,438 | 23.41% | 7,888 |
| 2021 | - | - | - | 12,708,374 | 12,708,374 | 23.62% | 6,903 |
| 2022 | - | - | - | 12,322,253 | 12,322,253 | 23.97% | 6,561 |
| 2023 | - | - | - | 11,928,743 | 11,928,743 | 22.30% | 6,252 |
| 2024 | - | 112,182 | - | 11,527,703 | 11,639,885 | 19.40% | 6,019 |

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) See the schedule of Demographic and Economic Statistics for personal income and population data.

**TOWN OF CHAPIN, SOUTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN CALENDAR YEARS**

| <u>Tax Year</u> | <u>General Obligation Bonds</u> | <u>Percentage of Estimated Actual Taxable Value of Property(1)</u> | <u>Per Capita (1)</u> |
|-----------------|-------------------------------------|--|-----------------------|
| 2015 | \$ 509,276 | 0.27% | \$ 328 |
| 2016 | 431,507 | 0.21% | 274 |
| 2017 | 347,754 | 0.16% | 217 |
| 2018 | 263,343 | 0.11% | 162 |
| 2019 | 177,269 | 0.07% | 109 |
| 2020 | 89,499 | 0.04% | 54 |
| 2021 | - | 0.00% | - |
| 2022 | - | 0.00% | - |
| 2023 | - | 0.00% | - |
| 2024 | - | 0.00% | - |

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property tax value data.

(2) See the schedule of Demographic and Economic Statistics for population data.

**TOWN OF CHAPIN, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
CURRENT YEAR**

| | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable (1)</u> | <u>Estimated Share of Overlapping Debt</u> |
|--------------------------------------|-----------------------------|--|--|
| Overlapping Debt: | | | |
| Lexington County | \$ 10,120,000 | 1.06% | \$ 107,272 |
| Lexington Richland School District 5 | \$ 144,424,000 | 5.64% | \$ 8,145,514 |
| Direct Debt: | | | |
| Town of Chapin Direct Debt | \$ - | 100.00% | \$ - |

Sources: Assessed value data used to estimate applicable percentages provided by Lexington County and Lexington Richland School District 5. Debt outstanding provided by Lexington County and Lexington Richland School District 5.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's or School District's taxable assessed value that is within the Town's boundaries and dividing it by the County's or School District's total taxable assessed value.

**TOWN OF CHAPIN, SOUTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN CALENDAR YEARS**

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Debt Limit | \$ 1,303,636 | \$ 1,277,619 | \$ 1,250,402 | \$ 1,231,993 | \$ 1,176,322 | \$ 1,157,518 | \$ 1,139,656 | \$ 1,013,822 | \$ 931,448 | \$ 878,270 |
| Total Net Debt Applicable to Limit | - | - | - | - | 89,499 | 177,269 | 263,343 | 347,754 | 431,507 | 509,276 |
| Legal Debt Margin | <u>\$ 1,303,636</u> | <u>\$ 1,277,619</u> | <u>\$ 1,250,402</u> | <u>\$ 1,231,993</u> | <u>\$ 1,086,823</u> | <u>\$ 980,249</u> | <u>\$ 876,313</u> | <u>\$ 666,068</u> | <u>\$ 499,941</u> | <u>\$ 368,994</u> |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 0.00% | 0.00% | 0.00% | 0.00% | 7.61% | 15.31% | 23.11% | 34.30% | 46.33% | 57.99% |

Legal Debt Margin Calculation for 2024

| | |
|---|---------------------|
| Assessed Value | \$ 16,295,445 |
| Debt Limit (8% of Total Assessed Value) | 1,303,636 |
| Debt Applicable to Limit: General Obligation Bonds | <u>-</u> |
| Legal Debt Margin | <u>\$ 1,303,636</u> |

Note: Under state law, the Town's outstanding general obligation debt shall not exceed eight percent (8%) of total assessed property value unless approved by a majority vote of qualified electors of the political subdivision voting in a referendum authorized by law.

**TOWN OF CHAPIN, SOUTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

| Calendar Year | Population (1) | Personal Income (2) (amounts expressed in thousands) | Per Capita Personal Income (2) | School Enrollment (3) | Unemployment Rate (4) |
|----------------------|-----------------------|---|---------------------------------------|------------------------------|------------------------------|
| 2015 | 1,554 | \$ 39,923 | \$ 25,691 | 396 | 5.0% |
| 2016 | 1,575 | 40,106 | 25,464 | 439 | 2.0% |
| 2017 | 1,604 | 45,331 | 28,261 | 422 | 2.5% |
| 2018 | 1,628 | 47,468 | 29,157 | 399 | 1.7% |
| 2019 | 1,633 | 51,199 | 31,353 | 429 | 8.1% |
| 2020 | 1,664 | 56,057 | 33,688 | 485 | 8.2% |
| 2021 | 1,841 | 53,017 | 28,798 | 371 | 8.5% |
| 2022 | 1,878 | 46,448 | 24,733 | 363 | 10.4% |
| 2023 | 1,908 | 53,493 | 28,036 | 376 | 9.3% |
| 2024 | 1,934 | 59,995 | 36,665 | 422 | 4.4% |

Data sources:

(1) City and Town Population Totals: 2020-2024 (Annual Estimates of the Resident Population for Incorporated Places in SC: April 1, 2020 to July 1, 2024)

(2) 2018-2022 American Community Survey 5-Year Estimates (Table S1101 - HOUSEHOLDS AND FAMILIES) and 2018-2022 American Community Survey 5-Year Estimates (Table S1901 - INCOME IN THE PAST 12 MONTHS (IN 2022 INFLATION-ADJUSTED DOLLARS))

(3) Statistical Atlas 2018-2022 American Community Survey 5-Year Estimates (Table S1401 - SCHOOL ENROLLMENT)

(4) 2024 Retrieved from SC Dept. of Employment and Workforce

**TOWN OF CHAPIN, SOUTH CAROLINA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

| <u>Employer</u> | <u>2024</u> | | | <u>2015</u> | | |
|--------------------------------------|------------------|-------------|--|------------------|-------------|--|
| | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total Town Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total Town Employment</u> |
| General Information Services | 198 | 1 | N/A | N/A | 1 | N/A |
| Lexington Richland School District 5 | 160 | 2 | N/A | N/A | 2 | N/A |
| Publix | 140 | 3 | N/A | N/A | 3 | N/A |
| Lowes Food | 75 | 4 | N/A | N/A | 4 | N/A |
| Palmetto Bone & Joint | 50 | 5 | N/A | N/A | 5 | N/A |
| Generations of Chapin, Inc. | 45 | 6 | N/A | N/A | 6 | N/A |
| McDonald's | 38 | 7 | N/A | N/A | 7 | N/A |
| Chapin Concrete Contractors | 32 | 8 | N/A | N/A | 8 | N/A |
| Chapin Family Practice | 30 | 9 | N/A | N/A | 9 | N/A |
| Zaxby's | 36 | 10 | N/A | N/A | 10 | N/A |
| | <u>804</u> | | <u>N/A</u> | <u>N/A</u> | | <u>N/A</u> |

Source: Finance Department

**TOWN OF CHAPIN, SOUTH CAROLINA
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN CALENDAR YEARS**

| Function: | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | | | | | | | | | | |
| Police | 8 | 8 | 7 | 6 | 6 | 6 | 7 | 7 | 7 | 6 |
| Community and Economic Development | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Communications | 1 | 1 | - | - | - | - | - | - | - | - |
| Town Administrator | 1 | 1 | 1 | - | - | - | - | - | - | - |
| Zoning | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Town Clerk | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | - |
| Finance | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 |
| Municipal Court | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Works | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | - | - |
| | <u>15</u> | <u>15</u> | <u>13</u> | <u>12</u> | <u>12</u> | <u>12</u> | <u>14</u> | <u>14</u> | <u>13</u> | <u>11</u> |

Source: Finance Department

**TOWN OF CHAPIN, SOUTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN CALENDAR YEARS**

| Function: | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police Department | | | | | | | | | | |
| Calls for Service | 2,917 | 3,607 | 3,550 | 2,706 | 3,442 | N/A | N/A | 3,738 | 3,378 | N/A |
| Offenses Reported | 539 | 732 | 646 | 450 | 550 | 592 | 590 | 420 | 358 | N/A |
| Arrests | 47 | 68 | 69 | 53 | 73 | 199 | 147 | 106 | 49 | N/A |
| Driving Under the Influence | 11 | 13 | 17 | 6 | 18 | 22 | 33 | 18 | 8 | N/A |
| Drugs | 41 | 55 | 52 | 20 | 24 | 34 | 51 | 48 | 19 | N/A |
| Assaults | 19 | 18 | 19 | 21 | 11 | 37 | 12 | 18 | 31 | N/A |
| Larceny | 44 | 32 | 32 | 40 | 45 | 93 | 98 | 57 | 74 | N/A |
| Arrest Warrants | 1 | 68 | 68 | 24 | 56 | 182 | 135 | 74 | N/A | N/A |
| Tickets | 414 | 496 | 347 | 205 | 328 | 497 | 744 | 1,030 | 917 | N/A |
| Municipal Court | | | | | | | | | | |
| Court Case Counts | 448 | 498 | 388 | 285 | 380 | 559 | 813 | 992 | 944 | 917 |
| Jury Trial Counts | - | - | - | - | - | 3 | 4 | 3 | 1 | 1 |
| General Government | | | | | | | | | | |
| Business Licenses Issued | 522 | 569 | 468 | 645 | 482 | 527 | 497 | 554 | 508 | N/A |
| Zoning Permits Issued | 124 | 72 | 33 | 35 | 24 | 28 | 16 | 33 | N/A | N/A |
| Sign Permits Issued | 22 | 17 | 8 | 29 | 9 | 27 | 16 | 28 | N/A | N/A |

N/A Information is not available. This schedule is a work in progress and will be updated the following year when information becomes available.

Source: Finance Department, Police Department, Court, Zoning

**TOWN OF CHAPIN, SOUTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN CALENDAR YEARS**

| Function: | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police Department | | | | | | | | | | |
| Police Vehicles | 10 | 11 | 11 | 8 | 8 | 8 | 8 | 9 | 7 | 6 |
| Utility and Public Works Department | | | | | | | | | | |
| Utility Trucks | 19 | 16 | 19 | 16 | 12 | 11 | 11 | 9 | 8 | N/A |
| Public Works Trucks | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | - | - |

N/A Information is not available. This schedule is a work in progress and will be updated the following year when information becomes available.

Source: Finance Department

COMPLIANCE SECTION



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the **Town of Chapin, South Carolina** (the "Town") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated October 24, 2025.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material a weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2024-002 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2024-001 to be a significant deficiency.

Report on Compliance and Other Matters

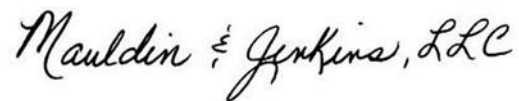
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Town of Chapin, South Carolina's Responses to the Findings

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

Purpose of this Report

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



Columbia, South Carolina
October 24, 2025

TOWN OF CHAPIN, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

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

Internal control over financial reporting:
Material weaknesses identified? Yes No

Significant deficiencies identified? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

There was not an audit of major federal award programs as of December 31, 2024, due to the total amount expended being less than \$750,000.

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2024-001. Segregation of Duties

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

Condition: Appropriate segregation of duties does not exist among recording and tracking capital asset acquisitions and depreciation as well as reconciling the various activity to the to the general ledger system. Several instances of overlapping duties were noted during interviews regarding internal control procedures.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures.

Effect: Failure to properly segregate duties among the various financial cycles in the funds possessed by the Town can lead to errors not detected or corrected during the normal course of business.

Cause: The lack of segregation of duties is due to the limited number of individuals available to perform all of the duties as well as the lack of a properly developed integrated work plan with appropriate controls.

Recommendation: The duties among the various financial cycles associated with the various funds of the Town should be segregated among employees to eliminate various overlapping duties.

TOWN OF CHAPIN, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION II

FINANCIAL STATEMENT FINDINGS AND RESPONSES – CONTINUED

2024-001. Segregation of Duties (Continued)

Views of Responsible Officials and Planned Corrective Action: The Town agrees with the finding. As of the Town's fiscal year 2025, the Town has implemented changes to strengthen internal controls and improve segregation of duties within the financial cycles.

2024-002. Financial Close and Reporting

Criteria: Internal controls should be in place to provide reasonable assurance that financial close and reporting procedures are adequately performed. Further, a fundamental principle in accounting and financial reporting is the notion of timely recognition and recording of financial and non-financial transactions and activities.

Condition: Certain accounting, reporting and reconciling procedures were not properly performed and reviewed during the Town's fiscal year which required a significant effort to close the Town's 2024 fiscal year. We noted deficiencies in completeness, accuracy, and cut off. Specifically, we noted a lack of accurate financial and non-financial information needed:

- to properly maintain general ledgers, subsidiary ledgers, reconciliations; and,
- to close-out and report activities, events and transactions on a periodic basis.

Context: We addressed this matter with Town officials, who worked diligently to determine the propriety of all respective details and reconciliations as of and for the year ended December 31, 2024.

Effect: The ultimate effect of the above condition includes a significantly delayed conclusion to the Town's 2024 fiscal year financial reporting process as well as the potential for errors and irregularities to occur and not be detected and corrected in a timely manner.

Cause: There was an overall lack of appropriate controls implemented at the Town during the Town's fiscal year. The Town did not properly account for activity or prepare and review all reconciliations typically required in an accounting system and internal control environment.

Recommendation: We recommend the Town consider a variety of options to address the above condition. In no particular order, the Town should review the respective staffing of the accounting function and determine if an adequate number of people are currently available to address the condition to ensure internal controls over the financial close and reporting processes are properly implemented and performed on a timely basis.

Views of Responsible Officials and Planned Corrective Action: We concur. The Town is in the process of reviewing their respective systems to evaluate and determine the most efficient and effective solution to ensure financial close and reporting processes are performed among the various funds possessed by Town.

TOWN OF CHAPIN, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.

SECTION IV SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2023

2023-001. Segregation of Duties

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

Condition: Appropriate segregation of duties does not exist among recording and tracking capital asset acquisitions and depreciation as well as reconciling the various activity to the to the general ledger system. Several instances of overlapping duties were noted during interviews regarding internal control procedures.

Status: Unresolved. See current year significant deficiency 2024-001.