

**TOWN OF FORT MILL  
SOUTH CAROLINA  
FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2023**



TOWN OF FORT MILL, SOUTH CAROLINA

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YEAR ENDED SEPTEMBER 30, 2023

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**TOWN OF FORT MILL, SOUTH CAROLINA**

**PRINCIPAL OFFICIALS**

**YEAR ENDED SEPTEMBER 30, 2023**

Established

1873

MAYOR

Guynn H. Savage

TOWN COUNCIL MEMBERS

Ward 1 – Allen Garrison

Ward 2 – Ronald Helms, Mayor Pro-Tem

Ward 3 – Ben Hudgins

Ward 4 – Chris Moody

At Large – Lisa Cook

At Large – Chris Wolfe

INTERIM TOWN MANAGER

Chris Pettit

ASSISTANT TOWN MANAGER / CFO

Eric Davis





**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fort Mill, South Carolina (the "Town"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2023, 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 management's discussion and analysis, the budgetary comparison schedules, and the pension plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2024 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.

*Greene Finney Cauley, LLP*

Greene Finney Cauley, LLP  
Mauldin, South Carolina  
May 8, 2024

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# TOWN OF FORT MILL, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### YEAR ENDED SEPTEMBER 30, 2023

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As management of the Town of Fort Mill ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended September 30, 2023 ("FY 2023" or "2023") compared to the year ended September 30, 2022 ("FY 2022" or "2022"). The intent of this management's discussion and analysis ("MD&A") is to look at the Town's financial performance as a whole. We would encourage readers to not only consider the information presented here but also the information provided in the financial statements and the notes to the financial statements to enhance their understanding of the Town's overall financial performance.

### FINANCIAL HIGHLIGHTS

- In the Statement of Net Position, the Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent year by approximately \$181,045,000. Of this amount, approximately \$49,619,000 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by approximately \$25,488,000 (an increase of approximately \$19,641,000 from governmental activities and an increase of approximately \$5,847,000 from business-type activities), as total revenues of approximately \$67,231,000 exceeded total expenses of approximately \$41,743,000.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of approximately \$52,110,000, an increase of approximately \$2,783,000 from the prior year amount. Of this total amount, 47%, or approximately \$24,724,000, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was approximately \$25,143,000, or 105% of total General Fund expenditures for 2023.
- The Town's total capital assets increased by approximately \$16,678,000 (11%) during the current fiscal year to approximately \$174,534,000, which was due to capital asset additions of approximately \$22,680,000, offset by depreciation expense of approximately \$5,994,000 and net disposals of approximately \$8,000.
- The Town's long-term obligations decreased by approximately \$1,813,000 (3%) during the current fiscal year to approximately \$66,304,000 due to principal payments of approximately \$2,433,000 and a reduction in debt premiums of approximately \$92,000, offset by an increase to the Town's 2019A State Revolving Fund loan balance of approximately \$717,000 for capitalized interest.
- From 2017 to 2022, the Town was distributed too much heavy equipment rental surcharges by the South Carolina Department of Revenue. As a result, the Town reports a liability of approximately \$6,906,000 in the General Fund as of September 30, 2023. This was a decrease of approximately \$3,170,000 from the prior year balance due to the Town paying back the overpayment in installments. Additional information can be found in Note IV.C of the financial statements.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Financial Statements

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

# TOWN OF FORT MILL, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2023

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### OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Government-Wide Financial Statements

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

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

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

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

#### Fund Financial Statements

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

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

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

TOWN OF FORT MILL, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

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

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

**Other Information** – In addition to the financial statements and accompanying notes, this report also includes supplementary information. Regarding the Town’s major funds, the Town adopts an annual budget for its General Fund, Capital Projects Fund, and Gross Revenue Fund. The Town also adopted a budget for the ARPA Fund in FY 2023. A budgetary comparison schedule has been provided as required supplementary information for the General Fund to demonstrate compliance with its budget. A budgetary comparison schedule has also been provided as required supplementary information for the ARPA fund. Required pension schedules have been included which provide relevant information regarding the Town’s participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. Required supplementary information can be found as listed in the table of contents. In addition, the Town has provided other budgetary and supplemental schedules for most of the remaining funds as listed in the table of contents of this report.

Figure A-1 - Major Features of the Town’s Government-Wide and Fund Financial Statements			
	Fund Financial Statements		
	Government-Wide Financial Statements	Governmental Funds	Proprietary Funds
Scope	Entire Town	The activities of the Town that are not proprietary.	Activities the Town operates similar to private businesses.
Required financial statements	<ul style="list-style-type: none"> <li>▪ Statement of Net Position.</li> <li>▪ Statement of Activities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Balance Sheet.</li> <li>▪ Statement of Revenues, Expenditures, and Changes in Fund Balances.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Statement of Net Position.</li> <li>▪ Statement of Revenues, Expenses, and Changes in Fund Net Positions.</li> <li>▪ Statement of Cash Flows.</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.
Type of Balance Sheet Information	All assets and deferred outflows and liabilities and deferred inflows, both financial and capital, and short-term and long-term.	Only assets and deferred outflows expected to be used and liabilities and deferred inflows that come due during the year or soon, thereafter; no capital assets or long-term liabilities included.	All assets and deferred outflows and liabilities and deferred inflows, both financial and capital, and short-term and long-term.
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.

**TOWN OF FORT MILL, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED SEPTEMBER 30, 2023**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Town's net position as of September 30, 2023 and 2022:

	<b>Town's Net Position</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Assets</b>						
Current and Other Assets	\$ 61,790,982	61,942,194	43,151,730	38,825,117	104,942,712	\$ 100,767,311
Capital Assets	75,385,150	58,797,348	99,149,211	99,058,766	174,534,361	157,856,114
<b>Total Assets</b>	<b>137,176,132</b>	<b>120,739,542</b>	<b>142,300,941</b>	<b>137,883,883</b>	<b>279,477,073</b>	<b>258,623,425</b>
Deferred Outflows of Resources	1,762,785	2,258,786	234,340	415,326	1,997,125	2,674,112
<b>Liabilities</b>						
Long-Term Liabilities	4,005,668	4,578,102	62,298,419	63,539,355	66,304,087	68,117,457
Net Pension Liability	17,771,770	18,529,242	3,412,727	3,924,290	21,184,497	22,453,532
Other Liabilities	9,572,744	12,497,423	1,863,185	1,880,326	11,435,929	14,377,749
<b>Total Liabilities</b>	<b>31,350,182</b>	<b>35,604,767</b>	<b>67,574,331</b>	<b>69,343,971</b>	<b>98,924,513</b>	<b>104,948,738</b>
Deferred Inflows of Resources	1,262,687	708,733	241,746	82,999	1,504,433	791,732
<b>Net Position</b>						
Net Investment in Capital Assets	71,664,040	54,077,934	36,721,930	36,755,107	108,385,970	90,833,041
Restricted	17,014,805	16,847,064	6,025,807	5,721,125	23,040,612	22,568,189
Unrestricted	17,647,203	15,759,830	31,971,467	26,396,007	49,618,670	42,155,837
<b>Total Net Position</b>	<b>\$106,326,048</b>	<b>86,684,828</b>	<b>74,719,204</b>	<b>68,872,239</b>	<b>181,045,252</b>	<b>\$ 155,557,067</b>

The Town's total assets increased by approximately \$20,854,000, or 8%, over the prior year. This increase was primarily due to an increase in capital assets of approximately \$16,678,000 and an increase in current and other assets of approximately \$4,176,000. Total liabilities at September 30, 2023 decreased by approximately \$6,024,000 from the prior year. This decrease is primarily due to a decrease in long-term obligations of approximately \$1,813,000, a decrease in the net pension liability of approximately \$1,269,000, and a decrease in other liabilities of approximately \$2,942,000. The changes in deferred outflows and inflows were primarily due to differences between expected and actual liability/investment, changes in assumptions, and changes in the percentage of the Town's share of the net pension liability in the State retirement plans.

The government's net position increased by approximately \$25,488,000 during the current fiscal year as a result of current year revenues exceeding current year expenses. Please see discussion following the next table regarding this increase.

As noted earlier, net position, over time, may serve as a useful indicator of a government's financial position. The Town's assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$181,045,000 at the close of the most recent fiscal year. By far the largest portion of the Town's net position (approximately \$108,386,000 or 60%) reflects its investment in capital assets (i.e., land, buildings, furniture and equipment, infrastructure, etc.) less any related outstanding debt (including capital leases and financed purchases) used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt (including capital leases and financed purchases) must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**TOWN OF FORT MILL, SOUTH CAROLINA**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**YEAR ENDED SEPTEMBER 30, 2023**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

An additional portion of the Town’s net position (approximately \$23,041,000 or 13%) represents resources that are subject to external restrictions on how they may be used. This net position is restricted primarily for tourism related costs, future debt service payments, and capital projects (impact fees). The remaining balance is unrestricted net position (approximately \$49,619,000 or 27%) which may be used to meet the government’s ongoing obligations to citizens and creditors.

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

The following table shows the changes in net position for 2023 compared to 2022.

	<b>Town's Changes in Net Position</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Revenues:						
Program Revenues:						
Charges for Services	\$ 7,423,143	6,827,484	18,953,657	16,477,527	26,376,800	\$ 23,305,011
Operating Grants and Contributions	503,481	10,736,567	-	-	503,481	10,736,567
Capital Grants and Contributions	12,831,419	12,911,555	3,212,922	3,168,065	16,044,341	16,079,620
General Revenues:						
Property Taxes	14,399,618	12,794,512	-	-	14,399,618	12,794,512
Hospitality & Accommodations Taxes	2,740,601	2,384,313	-	-	2,740,601	2,384,313
Business Licenses	5,335,052	5,551,379	-	-	5,335,052	5,551,379
Intergovernmental Revenue	1,023,719	838,527	-	-	1,023,719	838,527
Other Revenue	534,821	836,878	272,732	89,770	807,553	926,648
<b>Total Revenues</b>	<b>44,791,854</b>	<b>52,881,215</b>	<b>22,439,311</b>	<b>19,735,362</b>	<b>67,231,165</b>	<b>72,616,577</b>
Expenses:						
General Government	5,606,114	4,610,957	-	-	5,606,114	4,610,957
Judicial	198,094	247,460	-	-	198,094	247,460
Public Works	5,201,684	4,510,071	-	-	5,201,684	4,510,071
Public Safety	12,983,564	11,960,456	-	-	12,983,564	11,960,456
Culture and Recreation	1,962,543	1,550,024	-	-	1,962,543	1,550,024
Community Development	598,321	301,172	-	-	598,321	301,172
Interest and Fiscal Charges	85,877	98,778	-	-	85,877	98,778
Water/Sewer	-	-	14,206,065	11,597,576	14,206,065	11,597,576
Stormwater	-	-	900,718	821,083	900,718	821,083
<b>Total Expenses</b>	<b>26,636,197</b>	<b>23,278,918</b>	<b>15,106,783</b>	<b>12,418,659</b>	<b>41,742,980</b>	<b>35,697,577</b>
Change in Net Position Before Transfers	18,155,657	29,602,297	7,332,528	7,316,703	25,488,185	36,919,000
Transfers In (Out)	1,485,563	902,870	(1,485,563)	(902,870)	-	-
<b>Change in Net Position</b>	<b>19,641,220</b>	<b>30,505,167</b>	<b>5,846,965</b>	<b>6,413,833</b>	<b>25,488,185</b>	<b>36,919,000</b>
Net Position, Beginning of Year	86,684,828	56,179,661	68,872,239	62,458,406	155,557,067	118,638,067
<b>Net Position, End of Year</b>	<b>\$ 106,326,048</b>	<b>86,684,828</b>	<b>74,719,204</b>	<b>68,872,239</b>	<b>181,045,252</b>	<b>\$ 155,557,067</b>

## TOWN OF FORT MILL, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2023

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**Governmental Activities:** Revenues and transfers in exceeded expenses by approximately \$19,641,000 in 2023 for its governmental activities. Revenues and transfers in decreased over the prior year by approximately \$7,507,000 to approximately \$46,277,000 primarily due to decreases in operating grants and contributions of approximately \$10,233,000 (decrease in Coronavirus State and Local Fiscal Recovery Funds program revenue), offset by increases in property taxes of approximately \$1,605,000 (increase in millage and assessed values) and charges for services of approximately \$596,000. Expenses increased by approximately \$3,357,000 from the prior year to approximately \$26,636,000, primarily due to higher general government expenses of approximately \$995,000, higher public safety expenses of approximately \$1,023,000, and higher public works expenses of approximately \$692,000. These expense increases were due primarily to higher salaries and benefits and depreciation expense.

**Business-Type Activities:** Revenues exceeded expenses and transfers out by approximately \$5,847,000 for 2023 for its business-type activities. Revenues increased by approximately \$2,688,000 from the prior year to approximately \$22,439,000 primarily due to increases in charges for services of approximately \$2,476,000 (higher water, sewer, and stormwater revenues). Expenses and transfers out increased by approximately \$3,287,000 to approximately \$16,592,000 primarily due to higher interest on debt, depreciation expense, and water purchases.

#### FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balance of approximately \$52,110,000, an increase of approximately \$2,783,000 from the prior year amount. Approximately 47% of this total amount (approximately \$24,724,000) constitutes unassigned fund balances, which is available for spending at the government's discretion. The remainder of the fund balance is non-spendable related to prepaids, assigned for capital projects and community development, or restricted for either tourism related costs, parks and recreation, narcotics, firefighters 1%, or capital projects.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the total fund balance was approximately \$26,962,000. As a measure of the General Fund's liquidity, it may be useful to compare total unassigned fund balance to total General Fund expenditures. The total unassigned fund balance of the General Fund of approximately \$25,143,000 represents approximately 105% of total General Fund expenditures for 2023. The net increase in the fund balance of the General Fund was approximately \$6,895,000 during the current year. General Fund revenues increased over the prior year by approximately \$2,217,000 to approximately \$27,663,000 primarily due to increases in tax revenues of approximately \$1,607,000 (increase in millage and assessed values) and charges for service of approximately \$310,000 (mostly garbage and athletics revenues). General Fund expenditures increased by approximately \$1,908,000 from the prior year to \$23,940,000 primarily due to higher public safety expenditures of approximately \$914,000 and general government expenditures of approximately \$781,000.

In addition, the total fund balances of the Capital Projects Fund, ARPA Fund, and non-major special revenue funds decreased by approximately \$4,112,000. Highlights for all of the remaining governmental funds were as follows:

- The Town incurred capital outlay expenditures in the Capital Projects Fund of approximately \$5,517,000.
- The Town transferred approximately \$1,485,000 of lost revenue previously recognized in the ARPA Fund to the General Fund for the prepayment of a fire truck.
- The Town collected approximately \$2,749,000 and \$1,190,000 in accommodation/hospitality taxes and impact fees in 2023, respectively.

**TOWN OF FORT MILL, SOUTH CAROLINA**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**YEAR ENDED SEPTEMBER 30, 2023**

**FINANCIAL ANALYSIS OF THE TOWN’S FUNDS (CONTINUED)**

**Proprietary Funds:** The Town’s proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Net position of the Town’s Gross Revenue Fund (an enterprise fund) at the end of the fiscal year amounted to approximately \$72,882,000. Net position of the Town’s Stormwater Fund (an enterprise fund) at the end of the fiscal year amounted to approximately \$1,837,000. Factors concerning the operation of these funds have already been addressed in the discussion of the Town’s business-type activities.

**Budgetary Highlights**

The Town’s General Fund budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Town had no budget amendments during FY 2023. General Fund revenues were higher than budgeted expectations by approximately \$794,000 or 3% primarily due to higher than budgeted taxes by approximately \$530,000 and intergovernmental revenues by approximately \$161,000. General Fund expenditures were less than budgeted expectations by approximately \$4,479,000 or 16%, primarily due to all departments being under budget.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets:** The Town’s investment in capital assets for its governmental and business–type activities as of September 30, 2023, was approximately \$75,385,000 and \$99,149,000, respectively (net of accumulated depreciation). These capital assets include land, construction in progress, land improvements, infrastructure, buildings and improvements, equipment, vehicles, and right-to-use lease - land. The capital assets (net of accumulated depreciation) as of September 30, 2023 and 2022 were as follows:

**Town's Capital Assets**  
(Net of Depreciation)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Land	\$ 12,229,023	8,748,279	832,805	832,805	13,061,828	\$ 9,581,084
Construction in Progress	1,395,013	13,843,355	528,533	104,693	1,923,546	13,948,048
Land Improvements	1	604	-	-	1	604
Infrastructure	31,373,292	19,350,932	43,411,625	42,051,962	74,784,917	61,402,894
Buildings & Improvements	25,192,876	11,417,623	52,426,579	53,810,554	77,619,455	65,228,177
Equipment	1,439,826	1,709,963	1,576,532	1,748,445	3,016,358	3,458,408
Vehicles	2,942,596	2,902,265	373,137	510,307	3,315,733	3,412,572
Right-to-Use Lease - Land	812,523	824,327	-	-	812,523	824,327
<b>Total</b>	<b>\$ 75,385,150</b>	<b>58,797,348</b>	<b>99,149,211</b>	<b>99,058,766</b>	<b>174,534,361</b>	<b>\$ 157,856,114</b>

Major capital asset events during the current year include:

- Additional construction in progress of approximately \$2,284,000 (water/sewer system, parks, etc.).
- Construction in progress for buildings & improvements placed into service of approximately \$14,309,000.
- Purchase of vehicles for approximately \$765,000.
- Purchase of equipment for approximately \$194,000.
- Additions of infrastructure of approximately \$15,956,000, all of which was donated to the Town.
- Additions of land of approximately \$3,481,000.
- Depreciation expense of approximately \$5,994,000.

Additional information on the Town’s capital assets can be found in Notes I and III of the financial statements.

**TOWN OF FORT MILL, SOUTH CAROLINA**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**YEAR ENDED SEPTEMBER 30, 2023**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)**

**Long-Term Debt:** The Town’s long-term debt and lease obligations for its governmental and business-type activities as of September 30, 2023, were approximately \$3,556,000 and \$62,203,000, respectively. These long-term debt and lease obligations include general obligation bonds, revenue bonds, state revolving fund (“SRF”) loan, financed purchases, debt premiums, and leases. The long-term debt and lease obligations as of September 30, 2023 and 2022 were as follows:

**Town's Long-Term Debt and Lease Obligations**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
General Obligation Bonds	\$ 2,633,445	3,027,217	-	-	2,633,445	\$ 3,027,217
Revenue Bonds and SRF Loan	-	-	60,719,890	61,868,437	60,719,890	61,868,437
Financed Purchases	95,188	264,583	-	-	95,188	264,583
Debt Premiums	-	-	1,483,501	1,575,951	1,483,501	1,575,951
Lease Liability	827,329	831,785	-	-	827,329	831,785
Total	<u>\$ 3,555,962</u>	<u>4,123,585</u>	<u>62,203,391</u>	<u>63,444,388</u>	<u>65,759,353</u>	<u>\$ 67,567,973</u>

The Town’s long-term debt and lease obligations decreased by approximately \$1,809,000 during the current fiscal year due to principal payments of approximately \$2,433,000 and a reduction in debt premiums of approximately \$92,000, offset by an increase to the Town’s 2019A State Revolving Fund loan balance of approximately \$717,000 for capitalized interest.

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government’s boundaries. The Town’s statutory debt limit at September 30, 2023 was approximately \$14,719,000. The legal debt margin was approximately \$12,085,000.

Additional information regarding the Town’s long-term obligations can be found in Note III in the notes to the financial statements.

**ECONOMIC FACTORS**

The Town is located within the Charlotte Metropolitan Statistical Area (“MSA”) in the Southeastern region of the United States. The Town continues to be one of the fastest growing municipalities in the state, region, and nation. Construction activity in the Town continues to exceed pre-recession levels and saw no slow down due to the pandemic with permits being issued on over \$260 million worth of construction projects. Town officials expect to see this trend continue over the next reporting period and into the next decade.

The Town’s revenues and population will continue to increase. As of the latest US Census Bureau Population Estimates (July 1, 2022), the Town had an official Census population estimate of 30,940 residents. The Town’s population had increased just over 26% since the 2020 Census and 186.2% since the 2010 Census. The town’s population is projected to surpass 40,000 residents prior to the end of the decade. This growth rate is significantly higher than the growth rates of the state and nation.

The average education level for the Town residents age 25+ is higher than both the state and national average, with 96.7% of all residents possessing at least a high school diploma, and 55.5% with a bachelor’s degree or higher. The median household income of \$128,125 exceeds the state median by 101.4%. The median value of all owner-occupied homes was \$414,600 in 2022 and is projected to increase over the coming years.

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

**TOWN OF FORT MILL, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED SEPTEMBER 30, 2023**

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**ECONOMIC FACTORS (CONTINUED)**

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

Management is forecasting a strong fiscal year ended September 30, 2024 ("FY 2024") and does not project a downturn based on current and planned investment within the Town. As commercial development continues to follow the expansive residential growth, the Town is expected to develop a larger and more diverse tax base.

**NEXT YEAR'S BUDGETS AND RATES FOR THE TOWN**

The adopted General Fund budget for FY 2024 is approximately \$33,585,000. Property tax rates were increased 6.5 mills, rates associated with the Town's solid waste collections increased \$2 per month, and water and sewer rates increased 7.5%.

**REQUESTS FOR TOWN INFORMATION**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chief Financial Officer, 200 Tom Hall Street, Fort Mill, South Carolina, 29715.

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# **BASIC FINANCIAL STATEMENTS**

TOWN OF FORT MILL, SOUTH CAROLINA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 32,989,314	41,754,451	\$ 74,743,765
Cash and Cash Equivalents, Restricted	18,250,757	6,025,807	24,276,564
Receivables, Net:			
Property Taxes	309,092	-	309,092
Accounts	315,612	2,433,760	2,749,372
Other	789,398	178,056	967,454
Internal Balances	7,240,344	(7,240,344)	-
Due From:			
State Government	154,719	-	154,719
Prepaid Expenses	1,741,746	-	1,741,746
Capital Assets:			
Non-Depreciable	13,624,036	1,361,338	14,985,374
Depreciable, Net	61,761,114	97,787,873	159,548,987
<b>TOTAL ASSETS</b>	<b>137,176,132</b>	<b>142,300,941</b>	<b>279,477,073</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Charges	<b>1,762,785</b>	<b>234,340</b>	<b>1,997,125</b>
<b>LIABILITIES</b>			
Accounts Payable	1,457,761	894,121	2,351,882
Accrued Interest Payable	24,676	568,132	592,808
Accrued Salaries and Fringe Benefits	152,751	38,752	191,503
Customer Deposits	-	195,425	195,425
Other Accrued Expenses	17,939	1,005	18,944
Retainage Payable	93,495	-	93,495
Due to Other Governments	6,906,022	-	6,906,022
Unearned Revenues	920,100	165,750	1,085,850
Non-Current Liabilities:			
Long-Term Obligations - Due Within One Year	839,955	2,219,246	3,059,201
Long-Term Obligations - Due in More Than One Year	3,165,713	60,079,173	63,244,886
Net Pension Liability - Due in More Than One Year	17,771,770	3,412,727	21,184,497
<b>TOTAL LIABILITIES</b>	<b>31,350,182</b>	<b>67,574,331</b>	<b>98,924,513</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Credits	<b>1,262,687</b>	<b>241,746</b>	<b>1,504,433</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	71,664,040	36,721,930	108,385,970
Restricted For:			
Depreciation Reserve/Operations and Maintenance Reserve	-	3,870,129	3,870,129
Debt Service	-	2,155,678	2,155,678
Tourism Related Costs	11,059,244	-	11,059,244
Parks and Recreation	235,981	-	235,981
Firefighters' 1%	372,653	-	372,653
Narcotics	86,163	-	86,163
Capital Projects (Impact Fees)	5,260,764	-	5,260,764
Unrestricted	17,647,203	31,971,467	49,618,670
<b>TOTAL NET POSITION</b>	<b>\$ 106,326,048</b>	<b>74,719,204</b>	<b>\$ 181,045,252</b>

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

TOWN OF FORT MILL, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2023

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>PRIMARY GOVERNMENT</b>							
Governmental Activities:							
General Government	\$ 5,606,114	3,187,632	-	-	(2,418,482)		\$ (2,418,482)
Judicial	198,094	55,890	-	-	(142,204)		(142,204)
Public Works	5,201,684	2,215,281	-	12,831,419	9,845,016		9,845,016
Public Safety	12,983,564	896,860	236,780	-	(11,849,924)		(11,849,924)
Culture and Recreation	1,962,543	1,067,480	266,701	-	(628,362)		(628,362)
Community Development	598,321	-	-	-	(598,321)		(598,321)
Interest and Fiscal Charges	85,877	-	-	-	(85,877)		(85,877)
<b>Total Governmental Activities</b>	<b>26,636,197</b>	<b>7,423,143</b>	<b>503,481</b>	<b>12,831,419</b>	<b>(5,878,154)</b>		<b>(5,878,154)</b>
Business-Type Activities:							
Water/Sewer	14,206,065	17,904,123	-	3,212,922		6,910,980	6,910,980
Stormwater	900,718	1,049,534	-	-		148,816	148,816
<b>Total Business-Type Activities</b>	<b>15,106,783</b>	<b>18,953,657</b>	<b>-</b>	<b>3,212,922</b>		<b>7,059,796</b>	<b>7,059,796</b>
<b>TOTAL - PRIMARY GOVERNMENT</b>	<b>\$ 41,742,980</b>	<b>26,376,800</b>	<b>503,481</b>	<b>16,044,341</b>	<b>(5,878,154)</b>	<b>7,059,796</b>	<b>1,181,642</b>
General Revenues and Transfers:							
Taxes:							
Property Taxes Levied for General Purposes					14,399,618	-	14,399,618
Hospitality Taxes					2,095,206	-	2,095,206
Accommodations Taxes					645,395	-	645,395
Business Licenses					5,335,052	-	5,335,052
Intergovernmental Revenue					1,023,719	-	1,023,719
Investment Income					117,319	238,551	355,870
Miscellaneous					371,442	-	371,442
Gain on Sale of Capital Assets					29,585	22,769	52,354
Insurance Recoveries					16,475	11,412	27,887
Transfers In (Out)					1,485,563	(1,485,563)	-
<b>Total General Revenues and Transfers</b>					<b>25,519,374</b>	<b>(1,212,831)</b>	<b>24,306,543</b>
<b>CHANGES IN NET POSITION</b>					<b>19,641,220</b>	<b>5,846,965</b>	<b>25,488,185</b>
NET POSITION, Beginning of Year					86,684,828	68,872,239	155,557,067
<b>NET POSITION, End of Year</b>					<b>\$ 106,326,048</b>	<b>74,719,204</b>	<b>\$ 181,045,252</b>

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

TOWN OF FORT MILL, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	GENERAL FUND	CAPITAL PROJECTS FUND	ARPA FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 24,437,603	-	8,551,711	-	\$ 32,989,314
Cash and Cash Equivalents, Restricted	-	235,981	570,660	17,444,116	18,250,757
Receivables, Net:					
Property Taxes	309,092	-	-	-	309,092
Garbage	315,612	-	-	-	315,612
Other	471,191	15,391	-	302,816	789,398
Due From:					
Other Funds	7,967,649	-	-	3,831	7,971,480
State Government	154,719	-	-	-	154,719
Prepaid Expenses	1,741,746	-	-	-	1,741,746
<b>TOTAL ASSETS</b>	<b>\$ 35,397,612</b>	<b>251,372</b>	<b>9,122,371</b>	<b>17,750,763</b>	<b>\$ 62,522,118</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 876,349	71,653	-	509,759	\$ 1,457,761
Accrued Salaries and Fringe Benefits	152,751	-	-	-	152,751
Other Accrued Expenses	17,939	-	-	-	17,939
Retainage Payable	-	93,495	-	-	93,495
Due to Other Funds	-	268,956	-	462,180	731,136
Due to Other Governments	6,906,022	-	-	-	6,906,022
Unearned Revenues	349,440	-	570,660	-	920,100
<b>TOTAL LIABILITIES</b>	<b>8,302,501</b>	<b>434,104</b>	<b>570,660</b>	<b>971,939</b>	<b>10,279,204</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenues - Property Taxes	133,133	-	-	-	133,133
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>133,133</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133,133</b>
<b>FUND BALANCES</b>					
Nonspendable - Prepays	1,741,746	-	-	-	1,741,746
Restricted For:					
Tourism Related Costs	-	-	-	11,059,244	11,059,244
Parks and Recreation	-	235,981	-	-	235,981
Firefighters' 1%	-	-	-	372,653	372,653
Narcotics	-	-	-	86,163	86,163
Capital Projects (Impact Fees)	-	-	-	5,260,764	5,260,764
Assigned For:					
Capital Projects	-	-	8,551,711	-	8,551,711
Community Development	77,138	-	-	-	77,138
Unassigned	25,143,094	(418,713)	-	-	24,724,381
<b>TOTAL FUND BALANCES</b>	<b>26,961,978</b>	<b>(182,732)</b>	<b>8,551,711</b>	<b>16,778,824</b>	<b>52,109,781</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 35,397,612</b>	<b>251,372</b>	<b>9,122,371</b>	<b>17,750,763</b>	<b>\$ 62,522,118</b>

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

**TOWN OF FORT MILL, SOUTH CAROLINA**

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

**SEPTEMBER 30, 2023**

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<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ 52,109,781</b>
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:	
Property taxes in the Statement of Net Position will be collected in the future, but are not available soon enough to pay for the current period's expenditures and therefore are unavailable in the governmental funds.	133,133
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets was \$90,979,509, and the accumulated depreciation was \$15,594,359.	75,385,150
Accrued interest on bonds in governmental accounting was not due and payable in the current period and therefore has not been reported as a liability in the governmental funds.	(24,676)
The Town's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(17,271,672)
Long-term liabilities, including debt premiums, are not due or payable in the current period, and therefore are not reported as liabilities in the governmental funds. Governmental fund long-term liabilities at year-end consisted of the following:	
Long-Term Debt (including Leases)	(3,555,962)
Compensated Absences	(449,706)
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 106,326,048</b>

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

TOWN OF FORT MILL, SOUTH CAROLINA

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

YEAR ENDED SEPTEMBER 30, 2023

	GENERAL FUND	CAPITAL PROJECTS FUND	ARPA FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Taxes	\$ 14,415,446	-	-	2,740,601	\$ 17,156,047
Fines, Fees, Licenses and Permits	8,135,324	-	-	1,176,554	9,311,878
Charges for Service	2,828,956	29,500	-	-	2,858,456
Intergovernmental	1,023,719	-	-	-	1,023,719
Miscellaneous	1,245,056	-	-	217,729	1,462,785
Investment Earnings	14,176	45,267	36,194	21,682	117,319
<b>TOTAL REVENUES</b>	<b>27,662,677</b>	<b>74,767</b>	<b>36,194</b>	<b>4,156,566</b>	<b>31,930,204</b>
<b>EXPENDITURES</b>					
Current:					
General Government	5,191,095	195,302	-	-	5,386,397
Judicial	195,027	-	-	-	195,027
Public Works	3,952,254	-	-	-	3,952,254
Public Safety	11,474,545	-	-	101,637	11,576,182
Culture and Recreation	1,477,243	-	-	-	1,477,243
Community Development	-	-	-	598,321	598,321
Capital Outlay	1,322,064	5,517,485	-	-	6,839,549
Debt Service:					
Principal Retirement	282,623	285,000	-	-	567,623
Interest and Fiscal Charges	45,105	46,802	-	-	91,907
<b>TOTAL EXPENDITURES</b>	<b>23,939,956</b>	<b>6,044,589</b>	<b>-</b>	<b>699,958</b>	<b>30,684,503</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>3,722,721</b>	<b>(5,969,822)</b>	<b>36,194</b>	<b>3,456,608</b>	<b>1,245,701</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Capital Assets	35,527	-	-	-	35,527
Insurance Recoveries	16,475	-	-	-	16,475
Transfers In	3,120,087	3,139,888	-	-	6,259,975
Transfers Out	-	-	(1,484,524)	(3,289,888)	(4,774,412)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>3,172,089</b>	<b>3,139,888</b>	<b>(1,484,524)</b>	<b>(3,289,888)</b>	<b>1,537,565</b>
<b>CHANGES IN FUND BALANCES</b>	<b>6,894,810</b>	<b>(2,829,934)</b>	<b>(1,448,330)</b>	<b>166,720</b>	<b>2,783,266</b>
FUND BALANCES, Beginning of Year	20,067,168	2,647,202	10,000,041	16,612,104	49,326,515
<b>FUND BALANCES, End of Year</b>	<b>\$ 26,961,978</b>	<b>(182,732)</b>	<b>8,551,711</b>	<b>16,778,824</b>	<b>\$ 52,109,781</b>

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

TOWN OF FORT MILL, SOUTH CAROLINA

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

YEAR ENDED SEPTEMBER 30, 2023

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**TOTAL CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 2,783,266**

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

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the change in unavailable revenues for the year. (15,829)

Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 567,623

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the governmental funds when it is due and payable and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due and payable. This amount represents the change in accrued interest for the year. 6,030

Changes in the Town's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the State retirement plans for the current year are not reported in the governmental funds but are reported in the Statement of Activities. (292,483)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. 4,811

In the Statement of Activities, capital assets donated/contributed by outside parties are reported as revenues. Since such contributions result in neither the receipt nor the use of current financial resources, they are not reflected in the governmental funds. 12,831,419

Governmental funds report only proceeds received from the sale of capital assets, without any consideration for the net book value of the asset(s) that were sold. The Statement of Activities reports gains or losses based on the proceeds and the net book value of the asset(s) sold. (5,942)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets that are considered capital asset additions is allocated over their estimated useful lives as depreciation expense. This is the amount by which cash capital asset additions of \$6,243,456 exceeded depreciation expense of \$2,481,131 in the current period. 3,762,325

**TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 19,641,220**

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

TOWN OF FORT MILL, SOUTH CAROLINA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

SEPTEMBER 30, 2023

	<u>GROSS REVENUE FUND</u>	<u>NON-MAJOR STORMWATER FUND</u>	<u>TOTAL PROPRIETARY FUNDS</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 37,947,990	3,806,461	\$ 41,754,451
Cash and Cash Equivalents, Restricted	6,025,807	-	6,025,807
Receivables, Net:			
Accounts	2,433,760	-	2,433,760
Other	102,640	75,416	178,056
Total Current Assets	<u>46,510,197</u>	<u>3,881,877</u>	<u>50,392,074</u>
Non-Current Assets:			
Capital Assets:			
Non-Depreciable	1,361,338	-	1,361,338
Depreciable, Net	97,375,842	412,031	97,787,873
Total Non-Current Assets	<u>98,737,180</u>	<u>412,031</u>	<u>99,149,211</u>
<b>TOTAL ASSETS</b>	<b><u>145,247,377</u></b>	<b><u>4,293,908</u></b>	<b><u>149,541,285</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Charges	<u>180,998</u>	<u>53,342</u>	<u>234,340</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	870,357	23,764	894,121
Accrued Interest Payable	568,132	-	568,132
Accrued Salaries and Fringe Benefits	30,725	8,027	38,752
Other Accrued Expenses	1,005	-	1,005
Due to Other Funds	5,605,582	1,634,762	7,240,344
Customer Deposits	195,425	-	195,425
Unearned Revenues	165,750	-	165,750
Current Portion of Compensated Absences	63,000	9,000	72,000
Current Portion of Revenue Bonds	2,147,246	-	2,147,246
Total Current Liabilities	<u>9,647,222</u>	<u>1,675,553</u>	<u>11,322,775</u>
Non-Current Liabilities:			
Compensated Absences, Less Current Portion	20,182	2,846	23,028
Revenue Bonds, Less Current Portion	60,056,145	-	60,056,145
Net Pension Liability	2,635,909	776,818	3,412,727
Total Non-Current Liabilities	<u>62,712,236</u>	<u>779,664</u>	<u>63,491,900</u>
<b>TOTAL LIABILITIES</b>	<b><u>72,359,458</u></b>	<b><u>2,455,217</u></b>	<b><u>74,814,675</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Credits	<u>186,719</u>	<u>55,027</u>	<u>241,746</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	36,309,899	412,031	36,721,930
Restricted for Depreciation Reserve/Operations and Maintenance Reserve	3,870,129	-	3,870,129
Restricted for Debt Service	2,155,678	-	2,155,678
Unrestricted	30,546,492	1,424,975	31,971,467
<b>TOTAL NET POSITION</b>	<b><u>\$ 72,882,198</u></b>	<b><u>1,837,006</u></b>	<b><u>\$ 74,719,204</u></b>

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

TOWN OF FORT MILL, SOUTH CAROLINA

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

YEAR ENDED SEPTEMBER 30, 2023

	<b>GROSS REVENUE FUND</b>	<b>NON-MAJOR STORMWATER FUND</b>	<b>TOTAL PROPRIETARY FUNDS</b>
<b>OPERATING REVENUES</b>			
Water Revenue and Penalties	\$ 6,795,808	-	\$ 6,795,808
Sewer Revenues	6,375,110	-	6,375,110
Riverview Water Sales	425,750	-	425,750
Tega Cay Water Sales	1,169,576	-	1,169,576
Water Taps	2,045,402	-	2,045,402
Sewer Taps	945,075	-	945,075
Stormwater Revenues	-	1,038,202	1,038,202
Other Revenues	147,402	11,332	158,734
<b>TOTAL OPERATING REVENUES</b>	<b>17,904,123</b>	<b>1,049,534</b>	<b>18,953,657</b>
<b>OPERATING EXPENSES</b>			
Water	5,544,920	-	5,544,920
Sewer	2,495,198	-	2,495,198
Personnel Expenses	-	551,637	551,637
Contractual Expenses	-	37,617	37,617
Materials and Supplies	-	70,528	70,528
Other Operating Expenses	108,917	128,371	237,288
Depreciation	3,399,885	112,565	3,512,450
<b>TOTAL OPERATING EXPENSES</b>	<b>11,548,920</b>	<b>900,718</b>	<b>12,449,638</b>
<b>OPERATING INCOME</b>	<b>6,355,203</b>	<b>148,816</b>	<b>6,504,019</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Grants	102,182	-	102,182
Insurance Recoveries from Casualty	2,876	8,536	11,412
Investment Earnings	238,551	-	238,551
Interest Expense and Fiscal Charges	(2,657,145)	-	(2,657,145)
Gain (Loss) on Disposal of Capital Assets	22,769	-	22,769
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(2,290,767)</b>	<b>8,536</b>	<b>(2,282,231)</b>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>4,064,436</b>	<b>157,352</b>	<b>4,221,788</b>
Capital Contributions - Donated Infrastructure	3,110,740	-	3,110,740
Transfers Out	(1,485,563)	-	(1,485,563)
<b>CHANGES IN NET POSITION</b>	<b>5,689,613</b>	<b>157,352</b>	<b>5,846,965</b>
NET POSITION, Beginning of Year	67,192,585	1,679,654	68,872,239
<b>NET POSITION, End of Year</b>	<b>\$ 72,882,198</b>	<b>1,837,006</b>	<b>\$ 74,719,204</b>

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

TOWN OF FORT MILL, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2023

	GROSS REVENUE FUND	NON-MAJOR STORMWATER FUND	TOTAL PROPRIETARY FUNDS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Charges for Fees and Services	\$ 17,320,539	1,038,202	\$ 18,358,741
Receipts from Other Revenues	168,976	4,509	173,485
Payments for Personnel Services	(1,844,801)	(542,417)	(2,387,218)
Payments for Goods and Services	(6,353,392)	(225,236)	(6,578,628)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>9,291,322</u>	<u>275,058</u>	<u>9,566,380</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers From (To) Other Funds	2,993,345	535,462	3,528,807
Other Non-Operating Receipts (Payments)	2,876	8,536	11,412
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>2,996,221</u>	<u>543,998</u>	<u>3,540,219</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of Capital Assets	(737,367)	-	(737,367)
Proceeds Received from the Disposal of Capital Assets	25,367	-	25,367
Debt Principal Payments	(1,865,853)	-	(1,865,853)
Proceeds from Grants	102,182	-	102,182
Interest Paid on Debt	(1,942,104)	-	(1,942,104)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(4,417,775)</u>	<u>-</u>	<u>(4,417,775)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Income Received on Investments	238,551	-	238,551
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>238,551</u>	<u>-</u>	<u>238,551</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>8,108,319</b>	<b>819,056</b>	<b>8,927,375</b>
CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED), Beginning of Year	<u>35,865,478</u>	<u>2,987,405</u>	<u>38,852,883</u>
<b>CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED), End of Year</b>	<b><u>\$ 43,973,797</u></b>	<b><u>3,806,461</u></b>	<b><u>\$ 47,780,258</u></b>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 6,355,203	148,816	\$ 6,504,019
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation Expense	3,399,885	112,565	3,512,450
Change in Accounts Representing Operating Activities			
Receivables	(412,438)	(6,823)	(419,261)
Prepaid Expenses	4,397	1,256	5,653
Deferred Pension Charges	145,708	35,278	180,986
Accounts Payable	117,448	10,024	127,472
Accrued Salaries & Fringe Benefits	7,685	1,296	8,981
Accrued Expenses	1,005	-	1,005
Customer Deposits	(2,170)	-	(2,170)
Compensated Absences	4,202	(4,141)	61
Net Pension Liability	(451,033)	(60,530)	(511,563)
Deferred Pension Credits	121,430	37,317	158,747
Net Cash Provided by Operating Activities	<u>\$ 9,291,322</u>	<u>275,058</u>	<u>\$ 9,566,380</u>
Non-Cash Capital and Related Financing Activities:			
Donated Capital Assets	\$ 3,110,740	-	\$ 3,110,740
Amortization of Bond Premiums	92,450	-	92,450
Capitalized Interest on Bonds	(717,306)	-	(717,306)
Change in Acquisition of Capital Assets Not Yet Paid For	\$ (242,614)	-	\$ (242,614)

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

# TOWN OF FORT MILL, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED SEPTEMBER 30, 2023

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The Town of Fort Mill, South Carolina (the “Town”) was initially incorporated on February 12, 1873 under the general law for government of municipalities of the State of South Carolina. The original charter was surrendered on October 11, 1907 and the Town accepted incorporation under the provisions of Article II, Chapter XLIX, Code of 1902 and amendments thereto. The Town operates under the Council-Manager form of government pursuant to the Home Rule Statute, Act No. 283 of 1975. The Council is composed of a Mayor and six Council members. The Mayor and two Council members are elected at-large and four Council members are elected on a single member ward basis. The Council appoints a Town Manager who serves as the chief executive officer of the Town and is responsible to the Council for proper administration of all affairs of the Town.

#### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. The Reporting Entity

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

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.

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.

##### *Related Organizations*

###### Fort Mill Housing Authority

The Fort Mill Housing Authority (the “Authority”) is administered by a five member Board of Directors (the “Board”). Members of the Board which are appointed by the Mayor for a five year fixed term are made up of community leaders (who are not Town officials). The Town does not have the ability to impose its will on the Authority as its responsibility does not extend beyond the Mayor making these appointments. The Authority does not have a significant operational or financial relationship with the Town.

##### *Major Operations*

The Town’s major governmental operations include general government, judicial, public works, public safety (police and fire protection), culture and recreation, and community development. In addition, the Town provides water/sewer and stormwater services through its enterprise funds (business-type activities).

TOWN OF FORT MILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the Town (the “Primary Government”). The effect of interfund activity has been removed from these statements.

*Governmental activities*, which normally are supported by taxes, fees, and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on user fees and charges for support.

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

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

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

**Governmental fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, intergovernmental revenues, franchise fees, licenses, permits, and interest associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the government generally considers all revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

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

Generally when both restricted and unrestricted resources are available for use, it is the Town’s practice to use restricted resources first, then unrestricted resources as they are needed.

TOWN OF FORT MILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

The **Capital Projects Fund, a major fund** and a budgeted fund, is used to account for and report financial resources that are restricted, committed, or assigned for expenditures of capital outlay related to the acquisition or construction of major capital facilities (other than those financed by the Proprietary Funds). These funds are also used to carry on specified ongoing major improvement projects or major equipment acquisitions usually spanning more than one fiscal year.

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

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

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

**Proprietary Fund Types** are accounted for based on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are primarily charges for services and user fees. Operating expenses for enterprise funds include the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The Town has two enterprise funds; it does not have any internal service funds.

TOWN OF FORT MILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The Town has two Enterprise Funds:

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

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

*Change in Accounting Principle*

The Town adopted GASB Statement No. 96, “*Subscription-Based Information Technology Arrangements*” (“SBITAs”) for the year ended September 30, 2023 (“GASB #96” or “Statement”). The objective of GASB #96 is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. Under this Statement, a government should generally recognize a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The adoption of GASB #96 had no impact as the Town did not have any significant SBITAs.

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

1. *Cash, Cash Equivalents, and Investments*

**Cash and Cash Equivalents**

The Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased to be cash equivalents.

**Investments**

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

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

TOWN OF FORT MILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash, Cash Equivalents, and Investments (Continued)

Investments (Continued)

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

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

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

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

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

2. Receivables and Payables

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

TOWN OF FORT MILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. *Receivables and Payables (Continued)*

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

3. *Inventories and Prepaids*

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

4. *Capital Assets*

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

All capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are valued at estimated acquisition value (as estimated by the Town) at the date of donation. Because the Town was a phase III entity (governments with total annual revenue of less than \$10 million based on a government's total annual revenues in the first fiscal year ending after June 15, 1999) it was not required to report infrastructure retroactively by GASB Statement No. 34 “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*” (“GASB #34”). In accordance with GASB #34, the Town has recorded all infrastructure assets since implementing GASB #34 in fiscal year 2004. These assets are reported at cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend capital assets’ lives are not capitalized. The Town maintains a minimum capitalization threshold of \$5,000 for all capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Governmental Activities/ Business-Type Activities
Land Improvements	10-50 years
Infrastructure	10-50 years
Buildings and Improvements	10-50 years
Equipment	5-10 years
Vehicles	5-20 years
Right-to-Use Lease - Land	71 years

5. *Compensated Absences*

The Town’s vacation policy allows the accumulation of leave between 10 and 25 days annually, based upon length of service. Employees terminating or retiring are paid for accumulated vacation up to a maximum of 30 days based on their hourly rate of pay earned at the time of termination or retirement as well as accumulated compensatory time. The Town does not have a policy limiting the amount of compensatory time an employee can accumulate and be paid out.

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

TOWN OF FORT MILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. *Accrued Liabilities and Long-Term Obligations*

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

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

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

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

7. *Deferred Outflows/Inflows of Resources*

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

In addition to liabilities, the Statement of Net Position (government-wide and proprietary funds) and the Balance Sheet (governmental funds) will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town currently has two types of deferred inflows of resources: (1) The Town reports *unavailable revenue – property taxes* only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts become available. (2) The Town also reports *deferred pension credits* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System (“Plans”). These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

TOWN OF FORT MILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Fund Balance

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

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

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

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

**Assigned** – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. The Council is the only party that has the right to make assignments of fund balance for the Town at this time.

**Unassigned** – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

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

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

9. Net Position

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

TOWN OF FORT MILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

*10. Pensions*

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

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

*11. Fair Value*

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

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

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

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

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

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

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

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

TOWN OF FORT MILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**12. Encumbrances**

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

**13. Accounting Estimates**

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

**14. Comparative Data**

Comparative data (i.e. presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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

1. In early August, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings and Council meetings are conducted to inform and obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance by October 1. Any supplemental budgetary appropriations made are subject to the same procedures as the original budget ordinance.
4. The Town Manager is authorized to administer the budget and may transfer appropriated funds between accounts within and between each department without Town Council's prior approval provided the transfer does not alter the total appropriations for either fund. Town Council must approve any revisions that alter the total appropriations of a fund. Department heads are responsible for managing their respective budgets. Department heads are not allowed to make transfers of appropriated funds. The legal level of budgetary authority is at the fund level.
5. Legally adopted budgets for the Town's budgeted funds are employed as a management control device during the year. Expenditures/expenses may not legally exceed appropriations on the fund level.
6. The budgets for the governmental funds are legally adopted on a basis consistent with GAAP. The proprietary fund (Gross Revenue Fund) is legally adopted on the cash basis (which is not consistent with GAAP).
7. The budgets at the end of the year for these funds represent the budgets adopted and amended by the Town Council.

TOWN OF FORT MILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

- 8. Encumbrances lapse but are generally added to the budget adopted by Town Council for that year. It is Town policy to close out all encumbrances possible before year-end. The Town had no encumbrances at September 30, 2023.

B. Deficit Fund Balance

The Capital Projects Fund had a deficit fund balance of approximately \$183,000 at September 30, 2023. The Town expects to cover the deficit with future grant funds and transfers from other funds as necessary.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

*Deposits*

**Custodial Credit Risk for Deposits:** Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town’s deposits might not be recovered. The Town does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of September 30, 2023, approximately \$11,000 of the Town’s bank balances of approximately \$37,998,000 (which had a carrying value of approximately \$37,586,000) were exposed to custodial credit risk.

*Investments*

As of September 30, 2023, the Town had the following investments and maturities:

Investment Type	Fair Value Level (1)	Credit Rating ^	Fair Value	Weighted Average Maturity (Years)
US Treasury Bills	Level 1	*	\$ 429,488	< 1 Year
Overnight repurchase agreements	N/A	UR	61,004,920	< 1 Year
Total			<u>\$ 61,434,408</u>	

(1) See Note I.C.11 for details of the Town’s fair value hierarchy.

^ If available, credit ratings are for Standard & Poor’s, Moody’s Investors Service and Fitch Ratings.

\*US Treasury Bills are not considered to have credit risk. Credit ratings for these investments have not been disclosed.

N/A – Not Applicable

UR – Unrated

**Interest Rate Risk:** The Town does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

**Custodial Credit Risk for 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 does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of September 30, 2023, approximately \$61,005,000 of the Town’s investments were exposed to custodial credit risk because the securities were uninsured, unregistered and were being held by the counterparty’s agent but not in the Town’s name.

**Credit Risk for Investments:** Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

TOWN OF FORT MILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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

A. Deposits and Investments (Continued)

**Concentration of Credit Risk for Investments:** The Town places no limit on the amount the Town may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are exempt from concentration of credit risk disclosures. The Town has cash management overnight repurchase agreements which are collateralized by Freddie Mac and Fannie Mae securities which comprise approximately 99% of the Town's total investments.

Certain cash, cash equivalents, and investments of the Town are legally restricted for specified purposes. The major types of restrictions at September 30, 2023 were related to (a) debt agreements (\$6,026,000), (b) accommodation taxes (\$2,006,000), (c) hospitality taxes (\$9,529,000), (d) impact fees (\$5,447,000), and (e) other (\$1,268,000).

B. Receivables and Unavailable Revenues

*Property Taxes and Unavailable Revenues*

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

January 16-February 1	3% of tax
February 2-March 16	10% of tax
March 17 and thereafter	15 % of tax plus collection costs

Motor vehicle taxes are levied on the first day of the month in which the motor vehicle license expires and is due by the end of the month. Property taxes are billed and collected by York County. Property tax revenue is recognized when collected by the County Treasurer's Office. Assessed values for real estate are established annually by the York County Tax Assessor at 4% of market value for legal residence and 6% of market value for rental and other real property. For the year ended September 30, 2023, millage was set at 79.2 mills (75.2 mills in prior year) to cover general Town services and uses. The Town's assessed value of real and personal property was approximately \$184.0 million for the tax year 2022.

Based on information provided by the York County Treasurer's Office, the Town has recorded uncollected property taxes at September 30, 2023 of approximately \$309,000 (net of allowance for uncollectible portion of approximately \$6,000) for the General Fund. Delinquent property taxes of approximately \$176,000 have been recognized as revenue at September 30, 2023 because it was collected within 60 days of year end. The remaining delinquent property tax receivable of approximately \$133,000 has been recorded as unavailable revenue (component of deferred inflows of resources) on the governmental fund financial statements because it was not collected within 60 days of year end.

*Other Receivables*

The Town has receivables primarily related to its garbage services and water/sewer operations of approximately \$316,000 (net of allowance for uncollectible portion of approximately \$3,000) and \$2,434,000 (net of allowance for uncollectible portion of approximately \$41,000), respectively. The services that generate the garbage and water/sewer receivables are provided and billed each month and are considered due as of September 30, 2023 (garbage service receivables are considered available as they are expected to be collected within 60 days of year-end). The Town also has other receivables of approximately \$1,122,000 primarily related to intergovernmental revenues, franchise fees, accommodation taxes, and hospitality taxes.

TOWN OF FORT MILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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

C. Interfund Receivables, Payables, and Transfers

*Interfund Receivables and Payables*

The interfund balances at September 30, 2023, consisted of the following net individual fund receivables and payables (all of which are expected to be paid within one year except for instances in which a fund is holding cash for another fund):

Fund	Receivables	Payables
<b><u>Major Funds:</u></b>		
General Fund	\$ 7,967,649	\$ -
Capital Projects Fund	-	268,956
Gross Revenue Fund	-	5,605,582
<b><u>Other Non-Major Funds:</u></b>		
Narcotics Fund	-	9,661
Local Accommodations Tax Fund	-	31,022
Fire Impact Fees Fund	760	-
Municipal Facilities Impact Fees Fund	-	190,430
Parks and Recreation Impact Fees Fund	3,071	-
Hospitality Tax Fund	-	231,067
Stormwater Fund	-	1,634,762
Totals	<u>\$ 7,971,480</u>	<u>\$ 7,971,480</u>

The interfund receivables and payables are primarily the result of the General Fund collecting the revenues and financing operating and capital expenditures/expenses for the other funds.

*Interfund Transfers*

Interfund transfers for the year ended September 30, 2023, consisted of the following:

Fund	Transfers In	Transfers Out
<b><u>Major Funds:</u></b>		
General Fund	\$ 3,120,087	\$ -
Capital Projects Fund	3,139,888	-
ARPA Fund	-	1,484,524
Gross Revenue Fund	-	1,485,563
<b><u>Other Non-Major Funds:</u></b>		
Local Accommodations Tax Fund	-	750,000
Municipal Facilities Impact Fees	-	189,888
Parks and Recreation Impact Fees Fund	-	2,200,000
Hospitality Tax Fund	-	150,000
Totals	<u>\$ 6,259,975</u>	<u>\$ 6,259,975</u>

During the course of normal operations and in order to support the numerous functions and projects of the Town, transactions between funds may occur. The Town transferred approximately \$1,486,000 from the Gross Revenue Fund to the General fund to cover indirect costs incurred in the General Fund related to the Gross Revenue Fund. The Town used approximately \$1,485,000 of its lost revenue from ARPA funding for prepayment of a fire truck which resulted in the transfer of approximately \$1,485,000 from the ARPA Fund to the General Fund. The Town used approximately \$2,200,000 of its parks and recreation impact fees and \$750,000 of its accommodations taxes to support park upgrades which resulted in transfers from these funds to the Capital Projects fund.

**TOWN OF FORT MILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2023**

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

**D. Capital Assets**

Capital asset activity for the Town’s governmental activities for the year ended September 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets, Non-Depreciable:					
Land	\$ 8,748,279	3,480,744	-	-	\$ 12,229,023
Construction in Progress	13,843,355	1,860,353	-	(14,308,695)	1,395,013
<b>Total Capital Assets, Non-Depreciable</b>	<b>22,591,634</b>	<b>5,341,097</b>	<b>-</b>	<b>(14,308,695)</b>	<b>13,624,036</b>
Capital Assets, Depreciable:					
Land Improvements	273,285	-	-	-	273,285
Infrastructure	21,145,513	12,831,419	-	-	33,976,932
Building and Improvements	14,819,069	-	-	14,308,695	29,127,764
Equipment	4,803,822	161,224	43,878	-	4,921,168
Vehicles	7,976,970	741,135	497,912	-	8,220,193
Right-to-Use Lease - Land	836,131	-	-	-	836,131
<b>Total Capital Assets, Depreciable</b>	<b>49,854,790</b>	<b>13,733,778</b>	<b>541,790</b>	<b>14,308,695</b>	<b>77,355,473</b>
Less: Accumulated Depreciation for:					
Land Improvements	272,681	603	-	-	273,284
Infrastructure	1,794,581	809,059	-	-	2,603,640
Building and Improvements	3,401,446	533,442	-	-	3,934,888
Equipment	3,093,859	425,419	37,936	-	3,481,342
Vehicles	5,074,705	700,804	497,912	-	5,277,597
Right-to-Use Lease - Land	11,804	11,804	-	-	23,608
<b>Total Accumulated Depreciation</b>	<b>13,649,076</b>	<b>2,481,131</b>	<b>535,848</b>	<b>-</b>	<b>15,594,359</b>
<b>Total Capital Assets, Depreciable, Net</b>	<b>36,205,714</b>	<b>11,252,647</b>	<b>5,942</b>	<b>14,308,695</b>	<b>61,761,114</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 58,797,348</b>	<b>16,593,744</b>	<b>5,942</b>	<b>-</b>	<b>\$ 75,385,150</b>

Capital asset additions and depreciation expense for the Town’s governmental activities were charged/allocated to functions/programs for the year ended September 30, 2023 as follows:

Functions/Programs	Capital Asset Additions	Depreciation Expense
General Government	\$ 3,656,138	\$ 246,198
Public Safety	615,224	796,278
Public Works	12,903,273	1,142,668
Culture and Recreation	1,900,240	295,987
<b>Totals - Governmental Activities</b>	<b>\$ 19,074,875</b>	<b>\$ 2,481,131</b>

**TOWN OF FORT MILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2023**

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

**D. Capital Assets (Continued)**

Capital asset activity for the Town’s business-type activities for the year ended September 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-Type Activities</b>					
Capital Assets, Non-Depreciable:					
Land	\$ 832,805	-	-	-	\$ 832,805
Construction in Progress	104,693	423,840	-	-	528,533
<b>Total Capital Assets, Non-Depreciable</b>	<b>937,498</b>	<b>423,840</b>	<b>-</b>	<b>-</b>	<b>1,361,338</b>
Capital Assets, Depreciable:					
Infrastructure	63,918,981	3,124,911	-	-	67,043,892
Building and Improvements	54,600,560	-	-	-	54,600,560
Equipment	3,155,026	32,341	24,000	-	3,163,367
Vehicles	1,487,427	24,401	82,675	-	1,429,153
<b>Total Capital Assets, Depreciable</b>	<b>123,161,994</b>	<b>3,181,653</b>	<b>106,675</b>	<b>-</b>	<b>126,236,972</b>
Less: Accumulated Depreciation for:					
Infrastructure	21,867,019	1,765,248	-	-	23,632,267
Building and Improvements	790,006	1,383,975	-	-	2,173,981
Equipment	1,406,581	204,254	24,000	-	1,586,835
Vehicles	977,120	158,973	80,077	-	1,056,016
<b>Total Accumulated Depreciation</b>	<b>25,040,726</b>	<b>3,512,450</b>	<b>104,077</b>	<b>-</b>	<b>28,449,099</b>
<b>Total Capital Assets, Depreciable, Net</b>	<b>98,121,268</b>	<b>(330,797)</b>	<b>2,598</b>	<b>-</b>	<b>97,787,873</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 99,058,766</b>	<b>93,043</b>	<b>2,598</b>	<b>-</b>	<b>\$ 99,149,211</b>

Capital asset additions and depreciation expense from the Town’s business-type activities were charged/allocated to functions/programs for the year ended September 30, 2023 as follows:

Function/Program	Capital Asset Additions	Depreciation Expense
Water/Sewer	\$ 3,605,493	\$ 3,399,885
Stormwater	-	112,565
<b>Totals</b>	<b>\$ 3,605,493</b>	<b>\$ 3,512,450</b>

The Town has several projects as of September 30, 2023, primarily consisting of ongoing costs for the tennis facility renovations and sewer lift station improvements. The Town had remaining commitments on construction contracts of approximately \$1,664,000 at September 30, 2023.

The Town’s governmental and business-type activities receive from time-to-time donated capital assets (generally street and water/sewer infrastructure) from subdivisions/projects that are given to the Town from various parties. In 2023, the Town received capital asset donations of approximately \$15,942,000.

TOWN OF FORT MILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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

E. Long-Term Obligations

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

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

Details on the Town’s governmental activities long-term debt and lease obligations for the year ended September 30, 2023 are as follows:

	Outstanding at Year End
<b>General Obligation Bonds</b>	
\$1,500,000 general obligation bonds (DBP) issued in March, 2012 (“Series 2012”), due in annual installments of \$127,017 beginning March 16, 2013 through March 16, 2027 which includes interest at 3.150%. The proceeds from this issue were used to defray the cost of designing and constructing two athletic fields and renovating an existing athletic field.	\$ 470,445
\$3,000,000 general obligation bonds (DBP) issued in December, 2019 (“Series 2019”), due in annual installments ranging from \$273,000 to \$328,000 beginning December 1, 2020 through December 1, 2029 which includes interest at 2.03%. The proceeds from this issue were used to defray the cost of designing and constructing recreational facilities.	2,163,000
Total Outstanding General Obligation Bonds	<u>\$ 2,633,445</u>
<b>Financed Purchase Obligations</b>	
\$850,000 financed purchase (DBP) was entered into in December 2013, with annual installments of \$97,673 beginning December 11, 2014 through December 11, 2023 which includes interest at 2.610%. The proceeds were primarily used to fund the acquisition of a fire pumper truck.	\$ 95,188
\$512,000 financed purchase (DBP) was entered into in July 2016, with annual installments of \$77,838 beginning July 20, 2017 through July 20, 2023 which includes interest at 1.580%. The proceeds were primarily used to fund the acquisition of equipment/vehicles.	-
Total Financed Purchase Obligations	<u>\$ 95,188</u>
<b>Lease Liability</b>	
In October 2006, the Town entered into a lease agreement for land used primarily as a parking lot. The lease term ends in August 2092. Monthly payments on the lease are \$2,100. To determine the lease liability the Town used an incremental borrowing rate of 2.50%.	\$ 827,329

**TOWN OF FORT MILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2023**

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

**E. Long-Term Obligations (Continued)**

Presented below is a summary of changes in long-term obligations for the year ended September 30, 2023, for the Town’s governmental activities:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds:					
GOB - Series 2012 - DBP	\$ 579,217	-	108,772	470,445	\$ 112,198
GOB - Series 2019 - DBP	2,448,000	-	285,000	2,163,000	290,000
<b>Total Bonds</b>	<u>3,027,217</u>	<u>-</u>	<u>393,772</u>	<u>2,633,445</u>	<u>402,198</u>
Financed Purchases:					
2013 Pumper Truck - DBP	187,955	-	92,767	95,188	95,188
2016 Equipment Purchase - DBP	76,628	-	76,628	-	-
<b>Total Financed Purchases</b>	<u>264,583</u>	<u>-</u>	<u>169,395</u>	<u>95,188</u>	<u>95,188</u>
Lease Liability - Land	831,785	-	4,456	827,329	4,569
Compensated Absences	454,517	455,444	460,255	449,706	338,000
<b>Total Governmental Activities</b>	<u>\$ 4,578,102</u>	<u>455,444</u>	<u>1,027,878</u>	<u>4,005,668</u>	<u>\$ 839,955</u>

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

TOWN OF FORT MILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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

E. Long-Term Obligations (Continued)

Details on the Town’s business-type activities long-term debt obligations for the year ended September 30, 2023 are as follows:

	Outstanding at Year End
<b><i>Revenue Bonds and State Revolving Fund Loans</i></b>	
\$6,152,000 waterworks and sewer system refunding revenue bonds (DBP) issued in January, 2011 (“2011 Refunding Bonds”), due in annual installments ranging from \$471,000 to \$555,000 beginning December 1, 2012 through December 1, 2023 and semi-annual interest payments at 3.550%. The proceeds from this issuance were used to advance refund the 1998, 2003A, and 2004 series bonds and to provide funding for further expansion and improvement of the water/sewer system.	\$ -
\$1,330,000 water and wastewater system revenue bonds (DBP) issued in April, 2013 (“2013A Revenue Bonds”), due in annual installments ranging from \$28,000 to \$120,000 beginning December 1, 2015 through December 1, 2027 and semi-annual interest payments at 1.900%. The proceeds from this issuance were used to finance certain improvements and extensions to the Town's water and wastewater system.	579,000
\$11,605,000 water and wastewater system improvement revenue bonds (PT) issued in August, 2015 (“2015 Revenue Bonds”), due in annual installments ranging from \$65,000 to \$885,000 beginning December 1, 2017 through December 1, 2040 and semi-annual interest payments ranging from 2.000% to 5.000%. The proceeds from this issuance were used to finance certain improvements to the Town's water and wastewater system.	10,675,000
\$35,280,000 South Carolina water pollution control revolving fund loan (DBP) approved in October 2018 (“2019A SRF”), due in quarterly installments ranging from \$229,000 to \$384,000 beginning October 1, 2021 through July 1, 2051 and quarterly interest payments ranging from 2.400% to 2.600%. The proceeds from this loan were used for the water pollution control plant expansion.	33,370,890
\$16,095,000 waterworks and sewer system improvement revenue bonds (PT) issued in April 2019 (“2019B Revenue Bonds”), due in annual installments ranging from \$720,000 to \$1,275,000 beginning December 1, 2023 through December 1, 2038 and semi-annual interest payments from 3.0% to 5.0%. The proceeds from this issuance were used to (i) finance a portion of the costs of certain improvements and additions to waterworks and sewer facilities and a meter upgrade project and (ii) to pay capitalized interest and issuance costs.	16,095,000
Total Revenue Bonds and State Revolving Fund Loans	<u>\$ 60,719,890</u>

TOWN OF FORT MILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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

E. Long-Term Obligations (Continued)

Presented below is a summary of changes in long-term obligations for the year ended September 30, 2023, for the Town’s business-type activities:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-Type Activities:</b>					
Debt:					
2011 Refunding Bonds - DBP	\$ 545,000	-	545,000	-	\$ -
2013A Revenue Bonds - DBP	688,000	-	109,000	579,000	111,000
2015 Revenue Bonds - PT	10,930,000	-	255,000	10,675,000	325,000
2019A SRF - DBP	33,610,437	717,306	956,853	33,370,890	991,246
2019B Revenue Bonds - PT	16,095,000	-	-	16,095,000	720,000
<b>Total Debt</b>	<u>61,868,437</u>	<u>717,306</u>	<u>1,865,853</u>	<u>60,719,890</u>	<u>2,147,246</u>
Debt Premiums	1,575,951	-	92,450	1,483,501	-
Compensated Absences	94,967	84,410	84,349	95,028	72,000
<b>Total Business-Type Activities</b>	<u>\$ 63,539,355</u>	<u>801,716</u>	<u>2,042,652</u>	<u>62,298,419</u>	<u>\$ 2,219,246</u>

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

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

In addition, the bond ordinance also contains various negative, affirmative, and administrative covenants as defined in the bond ordinance. Of particular importance is the requirement that the Town maintain a rate covenant (net earnings to annual principal and interest requirements for qualified debt for each fiscal year as defined) of 120%. The Town maintained a rate covenant exceeding 120% for the year ended September 30, 2023.

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no City or Town shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such City or Town voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was thirty five percent (35%). In 1976, the General Assembly reduced the general obligation debt limit without voter approval to eight percent (8%) of assessed valuation; whereas, with a referendum any amount can be floated. As of September 30, 2023, the Town had approximately \$2,633,000 of bonded debt subject to the 8% limit of approximately \$14,719,000 resulting in an unused legal debt margin of approximately \$12,085,000.

TOWN OF FORT MILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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

E. Long-Term Obligations (Continued)

Presented below is a summary of debt service requirements (including financed purchases and leases) to maturity by year for the Town’s governmental activities as of September 30, 2023:

Year Ended September 30,	Debt - DBP		Financed Purchases - DBP		Lease Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
<b><u>Governmental Activities</u></b>						
2024	\$ 402,198	55,784	95,188	2,484	4,569	\$ 20,631
2025	411,732	46,303	-	-	4,684	20,516
2026	422,378	36,577	-	-	4,803	20,397
2027	432,137	26,605	-	-	4,924	20,276
2028	315,000	16,393	-	-	5,049	20,151
2029-2033	650,000	13,256	-	-	27,225	98,775
2034-2038	-	-	-	-	30,846	95,154
2039-2043	-	-	-	-	34,949	91,051
2044-2048	-	-	-	-	39,597	86,403
2049-2053	-	-	-	-	44,864	81,136
2054-2058	-	-	-	-	50,831	75,169
2059-2063	-	-	-	-	57,591	68,409
2064-2068	-	-	-	-	65,251	60,749
2069-2073	-	-	-	-	73,930	52,070
2074-2078	-	-	-	-	83,762	42,238
2079-2083	-	-	-	-	94,903	31,097
2084-2088	-	-	-	-	107,525	18,475
2089-2092	-	-	-	-	92,026	4,574
Totals	<u>\$ 2,633,445</u>	<u>194,918</u>	<u>95,188</u>	<u>2,484</u>	<u>827,329</u>	<u>\$ 907,271</u>

Presented below is a summary of debt service requirements to maturity by year for the Town’s business-type activities as of September 30, 2023:

Year Ended September 30,	Debt - DBP		Debt - PT	
	Principal	Interest	Principal	Interest
<b><u>Business-Type Activities</u></b>				
2024	\$ 1,102,246	851,612	1,045,000	\$ 1,029,019
2025	1,130,510	824,211	1,100,000	975,394
2026	1,158,417	796,119	1,150,000	922,694
2027	1,186,983	767,330	1,210,000	870,019
2028	1,216,230	737,822	1,260,000	813,894
2029-2033	5,914,815	3,249,745	7,815,000	3,174,304
2034-2038	6,708,201	2,456,359	9,365,000	1,608,875
2039-2043	6,442,480	1,580,636	3,825,000	174,925
2044-2048	5,458,683	852,267	-	-
2049-2053	3,631,325	155,245	-	-
Totals	<u>\$ 33,949,890</u>	<u>12,271,346</u>	<u>26,770,000</u>	<u>\$ 9,569,124</u>

**TOWN OF FORT MILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2023**

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**IV. OTHER INFORMATION**

**A. Risk Management**

**Participation in Public Entity Risk Pools for Property and Casualty Insurance**

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The Town has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund (“SCMIRF”), which is a public entity risk pool currently operating as a common risk management and insurance program. The Town pays a bi-annual premium to SCMIRF for its general insurance. SCMIRF is self-sustaining through member premiums and reinsures through commercial companies. SCMIRF’s net position from its audited financial statements at December 31, 2022, totaled approximately \$6,715,000. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in the past three fiscal years.

The Town has also joined together with other municipalities in the state to form the South Carolina Municipal Insurance Trust (“SCMIT”), a public entity risk pool operating as a common risk management and insurance program for worker’s compensation. The Town pays a quarterly premium to SCMIT. The Trust uses reinsurance agreements to reduce its exposure to large workers’ compensation losses. SCMIT’s net position from its audited financial statements at December 31, 2022, totaled approximately \$44,198,000. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in the past three fiscal years.

**Health Plan**

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

**B. Retirement Plans**

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

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

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

**TOWN OF FORT MILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2023**

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**IV. OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans (Continued)**

*Plan Descriptions*

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

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

*Plan Membership*

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

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

*Plan Benefits*

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

TOWN OF FORT MILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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IV. OTHER INFORMATION (CONTINUED)

**B. Retirement Plans (Continued)**

*Plan Benefits (Continued)*

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

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

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

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

*Plan Contributions*

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

TOWN OF FORT MILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

*Plan Contributions (Continued)*

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

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

	SCRS Rates	
	2023	
	10/1 - 6/30	7/1 - 9/30
Employer Rate: ^		
Retirement	17.41%	18.41%
Incidental Death Benefit	0.15%	0.15%
Accidental Death Contributions	0.00%	0.00%
	<u>17.56%</u>	<u>18.56%</u>
Employee Rate ^	<u>9.00%</u>	<u>9.00%</u>
	PORS Rates	
	2023	
	10/1 - 6/30	7/1 - 9/30
Employer Rate: ^		
Retirement	19.84%	20.84%
Incidental Death Benefit	0.20%	0.20%
Accidental Death Contributions	0.20%	0.20%
	<u>20.24%</u>	<u>21.24%</u>
Employee Rate ^	<u>9.75%</u>	<u>9.75%</u>

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

The actual and required contributions to the SCRS and PORS were approximately \$1,086,000 and \$1,196,000, respectively, for the year ended September 30, 2023 and include the nonemployer contributions noted below.

**TOWN OF FORT MILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2023**

**IV. OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans (Continued)**

*Nonemployer Contributions*

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly (“State”) funded 1 percent of the SCRS and PORS contribution increases for the year ended June 30, 2023. The State’s budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund and the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended September 30, 2023 were approximately \$31,000 and \$30,000 for the SCRS and PORS, respectively. These contributions (on-behalf benefits) from the State were recognized as intergovernmental revenues and pension expenditures in the Town’s governmental fund financial statements.

*Actuarial Assumptions and Methods*

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

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

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

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

\* Includes inflation at 2.25%.

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

TOWN OF FORT MILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

*Actuarial Assumptions and Methods (Continued)*

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

*Long-Term Expected Rate of Return*

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

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

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

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

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

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

TOWN OF FORT MILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

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

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

At September 30, 2023, the Town reported liabilities of approximately \$11,368,000 and \$9,817,000 for its proportionate share of the NPL for the SCRS and PORS, respectively. The NPL were measured as of June 30, 2023, and the TPL for the Plans used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2022 that was projected forward to the measurement date. The Town's proportion of the NPL were based on a projection of the Town's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2023 measurement date, the Town's SCRS proportion was 0.047017 percent, which was a decrease of 0.003684 from its proportion measured as of June 30, 2022. At the June 30, 2023 measurement date, the Town's PORS proportion was 0.322491 percent, which was a decrease of 0.016371 from its proportion measured as of June 30, 2022.

For the year ended September 30, 2023, the Town recognized pension expense of approximately \$1,228,000 and \$1,174,000 for the SCRS and PORS, respectively. At September 30, 2023, the Town reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS:		
Differences Between Expected and Actual Experience	\$ 197,361	\$ 31,524
Change in Assumptions	174,167	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	15,560
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	89,758	758,159
Employer Contributions Subsequent to the Measurement Date	319,282	-
Total SCRS	<u>780,568</u>	<u>805,243</u>
PORS:		
Differences Between Expected and Actual Experience	461,994	121,022
Change in Assumptions	213,657	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	16,848
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	199,690	561,320
Employer Contributions Subsequent to the Measurement Date	341,216	-
Total PORS	<u>1,216,557</u>	<u>699,190</u>
Total SCRS and PORS	<u>\$ 1,997,125</u>	<u>\$ 1,504,433</u>

**TOWN OF FORT MILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2023**

**IV. OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans (Continued)**

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

Approximately \$319,000 and \$341,000 that were reported as deferred outflows of resources related to the Town’s contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the NPL in the year ended September 30, 2024. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will be recognized in pension expense as follows:

Year Ended September 30,	SCRS	PORS	Total
2024	\$ (9,724)	216,081	\$ 206,357
2025	(503,090)	(408,344)	(911,434)
2026	175,525	378,685	554,210
2027	(6,668)	(10,271)	(16,939)
Total	<u>\$ (343,957)</u>	<u>176,151</u>	<u>\$ (167,806)</u>

*Discount Rate*

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

*Sensitivity Analysis*

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

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town’s proportionate share of the net pension liability of the SCRS	\$ 14,687,973	11,367,561	\$ 8,607,749
Town’s proportionate share of the net pension liability of the PORS	13,848,272	9,816,936	6,514,768
Total	<u>\$ 28,536,245</u>	<u>21,184,497</u>	<u>\$ 15,122,517</u>

TOWN OF FORT MILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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**IV. OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans (Continued)**

*Plans Fiduciary Net Position*

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

*Payable to Plans*

The Town reported a payable of approximately \$356,000 to the PEBA as of September 30, 2023, representing required employer and employee contributions for the month of September 2023 for the SCRS and PORS. This amount is included in Accounts Payable on the financial statements and was paid in October 2023.

**C. Contingent Liabilities and Commitments**

*Grants*

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

*Litigation*

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

*Heavy Equipment Rental Surcharge*

Since 2017, the Town has received funds from the South Carolina Department of Revenue ("DOR") related to a state mandated surcharge on heavy equipment rentals. The DOR has in the past collected the surcharge from the heavy equipment rental vendors in Fort Mill and then remitted it in quarterly payments to the Town. In 2021, the DOR changed its procedure, remitting the funds directly to York County ("County"). The County then distributes the funds to the Town. This change in procedure has uncovered a misallocation of past funds. After further investigation it was discovered that the Town was being remitted one heavy equipment rental vendors statewide surcharges that should have been remitted to other local governments across the state. The Town worked with legal counsel and DOR and determined that the Town owed DOR approximately \$8,818,000 for overpayments received. In September 2023, the Town agreed to a payment schedule with DOR. An initial payment of approximately \$1,912,000 was paid in September 2023 with five subsequent yearly payments of approximately \$1,381,000 due August 1 of 2024, 2025, 2026, 2027, and 2028. The Town also paid back approximately \$1,257,000 to York County in January 2023. The Town has recorded a liability in its General Fund for the amount owed of approximately \$6,906,000 as of September 30, 2023.

*Grant Awards*

In April 2023, the Town was awarded a grant from the South Carolina Infrastructure Investment Program of approximately \$6,620,000 from the SC Rural Infrastructure Authority. This grant requires a local match of approximately \$1,168,000.

In June 2023, the Town was allocated approximately \$25,000,000 from the state of South Carolina for a new operations center.

**TOWN OF FORT MILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2023**

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**IV. OTHER INFORMATION (CONTINUED)**

**D. Deferred Compensation Plan**

The Town offers its employees the option to participate in the South Carolina 401(k) Deferred Compensation Plan (“401(k) Plan”), a defined contribution plan. The 401(k) Plan is administered by the South Carolina Deferred Compensation Commission. All amounts of compensation contributed under the 401(k) Plan, all income, and rights attributable to such amounts remain the sole property of the participating employee. Current year payroll covered under the 401(k) Plan was approximately \$7,192,000 of the Town’s approximately \$12,289,000 total payroll (for all Town employees). Employees can contribute a minimum of \$10 of gross salary per paycheck, up to a maximum of \$22,500 per year. Contributions are not available to employees until termination of employment, retirement, death, or unforeseeable emergency, with the exceptions of education and purchase or improvement of a primary residence. There are no eligibility or vesting requirements. The Town contributes \$10 per pay period to each employee chosen to participate. Employer and employee contributions were approximately \$31,000 and \$1137,000, respectively, for the year ended September 30, 2023. There were no significant changes in plan provisions during the current year.

**E. Tax Abatements**

*Town’s Tax Abatements*

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

*York County Tax Abatements*

The Town’s property tax revenues were reduced by approximately \$990,000 under agreements entered into by York County.

**F. Subsequent Events**

In February 2024, the Town purchased property located on Tom Hall Street and Springs Street for approximately \$1,882,000.

In April 2024, the Town entered into an agreement for architecture and engineering services for the new operations center for approximately \$1,897,000.

In April 2024, the Town approved an ordinance authorizing the issuance of Fort Mill Public Facilities Corporation installment purchase revenue bonds, series 2024A and series 2024B, in the aggregate principal amount of not exceeding \$29,000,000 for the purchase and improvement of certain real property.

# **REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF FORT MILL, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE

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

YEAR ENDED SEPTEMBER 30, 2023

	GENERAL FUND			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$ 13,885,000	13,885,000	14,415,446	\$ 530,446
Fines, Fees, Licenses and Permits	8,201,200	8,201,200	8,135,324	(65,876)
Charges For Services	2,776,000	2,776,000	2,828,956	52,956
Intergovernmental	862,694	862,694	1,023,719	161,025
Miscellaneous	1,138,052	1,138,052	1,245,056	107,004
Investment Earnings	5,500	5,500	14,176	8,676
<b>TOTAL REVENUES</b>	<b>26,868,446</b>	<b>26,868,446</b>	<b>27,662,677</b>	<b>794,231</b>
<b>EXPENDITURES</b>				
Current:				
General Government	5,592,690	5,650,394	5,191,095	459,299
Judicial	275,239	275,239	195,027	80,212
Public Works	4,700,351	4,700,351	3,952,254	748,097
Public Safety	12,740,120	12,712,416	11,474,545	1,237,871
Culture and Recreation	1,531,973	1,501,973	1,477,243	24,730
Capital Outlay	3,250,735	3,250,735	1,322,064	1,928,671
Debt Service:				
Principal Retirement	282,622	282,622	282,623	(1)
Interest and Fiscal Charges	45,106	45,106	45,105	1
<b>TOTAL EXPENDITURES</b>	<b>28,418,836</b>	<b>28,418,836</b>	<b>23,939,956</b>	<b>4,478,880</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,550,390)</b>	<b>(1,550,390)</b>	<b>3,722,721</b>	<b>5,273,111</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	10,000	10,000	35,527	25,527
Insurance Recoveries	10,000	10,000	16,475	6,475
Transfers In	1,689,640	1,689,640	3,120,087	1,430,447
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,709,640</b>	<b>1,709,640</b>	<b>3,172,089</b>	<b>1,462,449</b>
<b>CHANGES IN FUND BALANCES</b>	<b>159,250</b>	<b>159,250</b>	<b>6,894,810</b>	<b>6,735,560</b>
FUND BALANCES, Beginning of Year	20,067,168	20,067,168	20,067,168	-
<b>FUND BALANCES, End of Year</b>	<b>\$ 20,226,418</b>	<b>20,226,418</b>	<b>26,961,978</b>	<b>\$ 6,735,560</b>

Note: The Town's original and final budget reflected excess fund balance of approximately \$159,000.

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

TOWN OF FORT MILL, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL - ARPA FUND

YEAR ENDED SEPTEMBER 30, 2023

	<b>ARPA FUND</b>			
	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Grants	\$ 11,093,955	11,093,955	-	\$ (11,093,955)
Investment Earnings	-	-	36,194	36,194
<b>TOTAL REVENUES</b>	<b>11,093,955</b>	<b>11,093,955</b>	<b>36,194</b>	<b>(11,057,761)</b>
<b>EXPENDITURES</b>				
TOTAL EXPENDITURES	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>11,093,955</b>	<b>11,093,955</b>	<b>36,194</b>	<b>(11,057,761)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(11,093,955)	(11,093,955)	(1,484,524)	9,609,431
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(11,093,955)</b>	<b>(11,093,955)</b>	<b>(1,484,524)</b>	<b>9,609,431</b>
<b>CHANGES IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>(1,448,330)</b>	<b>(1,448,330)</b>
FUND BALANCES, Beginning of Year	10,000,041	10,000,041	10,000,041	-
<b>FUND BALANCES, End of Year</b>	<b>\$ 10,000,041</b>	<b>10,000,041</b>	<b>8,551,711</b>	<b>\$ (1,448,330)</b>

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

**TOWN OF FORT MILL, SOUTH CAROLINA**  
**REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**SOUTH CAROLINA RETIREMENT SYSTEM**

**LAST TEN FISCAL YEARS**

	Year Ended September 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's Proportion of the Net Pension Liability	0.047017%	0.050701%	0.051907%	0.050255%	0.044675%	0.039328%	0.035588%	0.031794%	0.030520%	0.028883%
Town's Proportionate Share of the Net Pension Liability	\$ 11,367,561	12,291,135	11,233,398	12,841,112	10,201,105	8,812,054	8,011,431	6,791,150	5,788,265	\$ 4,972,695
Town's Covered Payroll	\$ 5,944,529	6,037,361	5,867,642	5,606,661	4,717,537	4,075,429	3,590,592	3,074,149	2,859,756	\$ 2,625,432
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	191.23%	203.58%	191.45%	229.03%	216.24%	216.22%	223.12%	220.91%	202.40%	189.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.65%	57.06%	60.75%	50.71%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the year presented.  
The discount rate was lowered from (a) 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and (b) 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

**TOWN OF FORT MILL, SOUTH CAROLINA**  
**REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES**  
**SCHEDULE OF CONTRIBUTIONS**  
**SOUTH CAROLINA RETIREMENT SYSTEM**

**LAST TEN FISCAL YEARS**

	Year Ended September 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$1,085,571	1,052,626	928,926	894,279	734,123	574,049	433,629	350,962	321,943	\$ 282,776
Contributions in Relation to the Contractually Required Contribution										
Contributions from the Town	1,054,165	1,021,220	897,520	862,873	702,717	542,643	433,629	350,962	321,943	282,776
Contributions from the State	31,406	31,406	31,406	31,406	31,406	31,406	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	\$ -
Town's Covered Payroll	\$6,084,102	6,260,987	5,882,744	5,747,293	4,959,544	4,162,656	3,600,233	3,134,263	2,941,829	\$2,647,317
Contributions as a Percentage of Covered Payroll	17.84%	16.81%	15.79%	15.56%	14.80%	13.79%	12.04%	11.20%	10.94%	10.68%

**TOWN OF FORT MILL, SOUTH CAROLINA**  
**REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM**

**LAST TEN FISCAL YEARS**

	Year Ended September 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's Proportion of the Net Pension Liability	0.32249%	0.33886%	0.35431%	0.33085%	0.31707%	0.31033%	0.27281%	0.22559%	0.20109%	0.19145%
Town's Proportionate Share of the Net Pension Liability	\$ 9,816,936	10,162,397	9,116,124	10,971,693	9,086,918	8,793,446	7,473,933	5,722,084	4,382,727	\$ 3,665,229
Town's Covered Payroll	\$ 5,650,342	5,362,815	5,327,739	4,997,980	4,598,913	4,291,889	3,673,932	2,876,001	2,491,219	\$ 2,301,374
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	173.74%	189.50%	171.11%	219.52%	197.59%	204.89%	203.43%	198.96%	175.93%	159.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.79%	66.45%	70.37%	58.79%	62.69%	61.73%	60.94%	60.44%	64.57%	67.55%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the year presented. The discount rate was lowered from (a) 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and (b) 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

**TOWN OF FORT MILL, SOUTH CAROLINA**  
**REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES**  
**SCHEDULE OF CONTRIBUTIONS**  
**SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM**

**LAST TEN FISCAL YEARS**

	Year Ended September 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$1,195,557	1,084,730	997,158	921,633	819,268	722,424	552,991	421,206	342,355	\$ 305,395
Contributions in Relation to the Contractually Required Contribution										
Contributions from the Town	1,165,988	1,055,161	967,589	892,064	789,699	692,855	552,991	421,206	342,355	305,395
Contributions from the State	29,569	29,569	29,569	29,569	29,569	29,569	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	\$ -
Town's Covered Payroll	\$5,827,533	5,563,601	5,399,521	5,052,814	4,688,218	4,386,070	3,754,375	3,035,051	2,536,274	\$2,350,328
Contributions as a Percentage of Covered Payroll	20.52%	19.50%	18.47%	18.24%	17.48%	16.47%	14.73%	13.88%	13.50%	12.99%

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# **SUPPLEMENTARY INFORMATION**

TOWN OF FORT MILL, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER BUDGETARY SCHEDULE

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
FINAL BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2023

	FINAL BUDGET	ACTUAL	VARIANCE
<b>REVENUES</b>			
<b>Taxes:</b>			
Current Property Taxes	\$ 12,620,000	12,970,801	\$ 350,801
Current Vehicle Taxes	1,200,000	1,408,384	208,384
Prior Years, Including Penalties and Execution Fees	30,000	31,329	1,329
Housing Authority in Lieu of Taxes	35,000	4,932	(30,068)
<b>Total Taxes</b>	<b>13,885,000</b>	<b>14,415,446</b>	<b>530,446</b>
<b>Fines, Fees, Licenses, and Permits:</b>			
Business Licenses	5,500,000	5,335,052	(164,948)
Duke Power in Lieu of Taxes	475,000	483,912	8,912
York Electric in Lieu of Taxes	775,000	828,020	53,020
Fines and Penalties	48,000	55,890	7,890
Permits	1,403,200	1,432,450	29,250
<b>Total Fines, Fees, Licenses, and Permits</b>	<b>8,201,200</b>	<b>8,135,324</b>	<b>(65,876)</b>
<b>Charges for Services:</b>			
Garbage Revenue	2,268,000	2,166,531	(101,469)
Athletics Revenue	478,000	613,675	135,675
Grave Openings	30,000	48,750	18,750
<b>Total Charges for Services</b>	<b>2,776,000</b>	<b>2,828,956</b>	<b>52,956</b>
<b>Intergovernmental Revenues:</b>			
State Shared Revenue	629,675	644,363	14,688
State Accommodations Taxes	38,750	83,388	44,638
Manufacturer's Depreciation Reimbursement	900	813	(87)
Merchants Inventory Tax	15,469	15,469	-
Parks (York County Government)	177,900	279,686	101,786
<b>Total Intergovernmental Revenues</b>	<b>862,694</b>	<b>1,023,719</b>	<b>161,025</b>
<b>Miscellaneous:</b>			
School Resource Officers	677,442	576,234	(101,208)
York County Fire Protection	35,000	30,680	(4,320)
Spring Festival	125,000	266,701	141,701
Credit Card Convenience Fee	60,000	57,295	(2,705)
Other	240,610	314,146	73,536
<b>Total Miscellaneous</b>	<b>1,138,052</b>	<b>1,245,056</b>	<b>107,004</b>
<b>Investment Earnings:</b>			
Investment Earnings	5,500	14,176	8,676
<b>Total Investment Earnings</b>	<b>5,500</b>	<b>14,176</b>	<b>8,676</b>
<b>TOTAL REVENUES</b>	<b>\$ 26,868,446</b>	<b>27,662,677</b>	<b>\$ 794,231</b>

(Continued)

TOWN OF FORT MILL, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER BUDGETARY SCHEDULE

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
FINAL BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2023

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>EXPENDITURES</b>			
<b>General Government:</b>			
Town Council:			
Personnel Services	\$ 79,842	75,564	\$ 4,278
Operating Expenditures	896,736	352,379	544,357
Community Promotions	6,000	-	6,000
Miscellaneous	500	-	500
Total Town Council	<u>983,078</u>	<u>427,943</u>	<u>555,135</u>
Administration:			
Personnel Services	3,004,804	2,706,916	297,888
Operating Expenditures	1,662,512	2,056,236	(393,724)
Capital Outlay	245,000	97,751	147,249
Total Administration	<u>4,912,316</u>	<u>4,860,903</u>	<u>51,413</u>
<b>Total General Government</b>	<b><u>5,895,394</u></b>	<b><u>5,288,846</u></b>	<b><u>606,548</u></b>
<b>Judicial:</b>			
Municipal Court:			
Personnel Services	219,136	155,022	64,114
Operating Expenditures	56,103	40,005	16,098
Total Municipal Court	<u>275,239</u>	<u>195,027</u>	<u>80,212</u>
<b>Total Judicial</b>	<b><u>275,239</u></b>	<b><u>195,027</u></b>	<b><u>80,212</u></b>
<b>Public Works:</b>			
Administration:			
Personnel Services	206,371	146,690	59,681
Operating Expenditures	49,525	34,205	15,320
Total Administration	<u>255,896</u>	<u>180,895</u>	<u>75,001</u>
Sanitation:			
Personnel Services	305,128	211,308	93,820
Operating Expenditures	1,134,116	1,193,389	(59,273)
Total Sanitation	<u>\$ 1,439,244</u>	<u>1,404,697</u>	<u>\$ 34,547</u>

(Continued)

TOWN OF FORT MILL, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER BUDGETARY SCHEDULE

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
FINAL BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2023

	FINAL BUDGET	ACTUAL	VARIANCE
<b>Public Works (Continued):</b>			
Building and Grounds:			
Personnel Services	\$ 1,032,629	731,298	\$ 301,331
Operating Expenditures	285,059	195,816	89,243
Capital Outlay	109,000	89,559	19,441
Total Building and Grounds	<u>1,426,688</u>	<u>1,016,673</u>	<u>410,015</u>
Street Department:			
Personnel Services	591,515	577,597	13,918
Operating Expenditures	822,202	608,661	213,541
Capital Outlay	55,000	58,187	(3,187)
Total Street Department	<u>1,468,717</u>	<u>1,244,445</u>	<u>224,272</u>
Garage and Vehicle:			
Personnel Services	170,068	182,496	(12,428)
Operating Expenditures	103,738	70,794	32,944
Total Garage and Vehicle	<u>273,806</u>	<u>253,290</u>	<u>20,516</u>
<b>Total Public Works</b>	<b><u>4,864,351</u></b>	<b><u>4,100,000</u></b>	<b><u>764,351</u></b>
<b>Public Safety:</b>			
Police Department:			
Personnel Services	6,235,541	5,873,803	361,738
Operating Expenditures	1,867,166	1,407,143	460,023
Capital Outlay	1,110,735	975,003	135,732
Total Police Department	<u>9,213,442</u>	<u>8,255,949</u>	<u>957,493</u>
Fire Department:			
Personnel Services	3,768,318	3,537,628	230,690
Operating Expenditures	841,391	655,971	185,420
Capital Outlay	1,665,000	61,677	1,603,323
Total Fire Department	<u>6,274,709</u>	<u>4,255,276</u>	<u>2,019,433</u>
<b>Total Public Safety</b>	<b><u>15,488,151</u></b>	<b><u>12,511,225</u></b>	<b><u>2,976,926</u></b>
<b>Cultural and Recreation:</b>			
Recreation:			
Personnel Services	821,826	802,252	19,574
Operating Expenditures	680,147	674,991	5,156
Capital Outlay	66,000	39,887	26,113
<b>Total Cultural and Recreation</b>	<b><u>\$ 1,567,973</u></b>	<b><u>1,517,130</u></b>	<b><u>\$ 50,843</u></b>

(Continued)

TOWN OF FORT MILL, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER BUDGETARY SCHEDULE

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
FINAL BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2023

	FINAL BUDGET	ACTUAL	VARIANCE
<b>Debt Service:</b>			
Principal Retirement	\$ 282,622	282,623	\$ (1)
Interest and Fiscal Charges	45,106	45,105	1
<b>Total Debt Service</b>	<u>327,728</u>	<u>327,728</u>	<u>-</u>
 <b>TOTAL EXPENDITURES</b>	 <u><b>28,418,836</b></u>	 <u><b>23,939,956</b></u>	 <u><b>4,478,880</b></u>
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	 <u><b>(1,550,390)</b></u>	 <u><b>3,722,721</b></u>	 <u><b>5,273,111</b></u>
 <b>OTHER FINANCING SOURCES (USES)</b>			
Sale of Capital Assets	10,000	35,527	25,527
Insurance Recoveries	10,000	16,475	6,475
Transfers In	1,689,640	3,120,087	1,430,447
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,709,640</u>	<u>3,172,089</u>	<u>1,462,449</u>
 <b>CHANGES IN FUND BALANCES</b>	 <u><b>159,250</b></u>	 <u><b>6,894,810</b></u>	 <u><b>6,735,560</b></u>
 FUND BALANCES, Beginning of Year	 <u>20,067,168</u>	 <u>20,067,168</u>	 <u>-</u>
 <b>FUND BALANCES, End of Year</b>	 <u><b>\$ 20,226,418</b></u>	 <u><b>26,961,978</b></u>	 <u><b>\$ 6,735,560</b></u>

TOWN OF FORT MILL, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - COMBINING AND INDIVIDUAL FUND FINANCIAL SCHEDULES

COMBINING BALANCE SHEET - NON-MAJOR FUNDS

SEPTEMBER 30, 2023

	SPECIAL REVENUE FUNDS							TOAL NON-MAJOR FUNDS
	NARCOTICS FUND	LOCAL ACCOMM- ODATIONS TAX FUND	FIRE IMPACT FEES FUND	MUNICIPAL FACILITIES IMPACT FEES FUND	PARKS & RECREATION IMPACT FEES FUND	HOSPITALITY TAX FUND	FIREFIGHTERS' 1% FUND	
<b>ASSETS</b>								
Cash and Cash Equivalents, Restricted	\$ 88,906	2,006,368	976,492	1,259,894	3,210,440	9,529,363	372,653	\$ 17,444,116
Receivables, Net:								
Other	6,918	125,562	408	-	129	169,799	-	302,816
Due From:								
Other Funds	-	-	760	-	3,071	-	-	3,831
<b>TOTAL ASSETS</b>	<b>\$ 95,824</b>	<b>2,131,930</b>	<b>977,660</b>	<b>1,259,894</b>	<b>3,213,640</b>	<b>9,699,162</b>	<b>372,653</b>	<b>\$ 17,750,763</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts Payable	\$ -	489,509	-	-	-	20,250	-	\$ 509,759
Due to Other Funds	9,661	31,022	-	190,430	-	231,067	-	462,180
<b>TOTAL LIABILITIES</b>	<b>9,661</b>	<b>520,531</b>	<b>-</b>	<b>190,430</b>	<b>-</b>	<b>251,317</b>	<b>-</b>	<b>971,939</b>
<b>FUND BALANCES</b>								
Restricted for:								
Tourism Related Costs	-	1,611,399	-	-	-	9,447,845	-	11,059,244
Firefighters' 1%	-	-	-	-	-	-	372,653	372,653
Narcotics	86,163	-	-	-	-	-	-	86,163
Capital Projects (Impact Fees)	-	-	977,660	1,069,464	3,213,640	-	-	5,260,764
<b>TOTAL FUND BALANCES</b>	<b>86,163</b>	<b>1,611,399</b>	<b>977,660</b>	<b>1,069,464</b>	<b>3,213,640</b>	<b>9,447,845</b>	<b>372,653</b>	<b>16,778,824</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 95,824</b>	<b>2,131,930</b>	<b>977,660</b>	<b>1,259,894</b>	<b>3,213,640</b>	<b>9,699,162</b>	<b>372,653</b>	<b>\$ 17,750,763</b>

TOWN OF FORT MILL, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - COMBINING AND INDIVIDUAL FUND FINANCIAL SCHEDULES

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
NON-MAJOR FUNDS

YEAR ENDED SEPTEMBER 30, 2023

	SPECIAL REVENUE FUNDS							TOTAL NON-MAJOR FUNDS
	NARCOTICS FUND	LOCAL ACCOMM- ODATIONS TAX FUND	FIRE IMPACT FEES FUND	MUNICIPAL FACILITIES IMPACT FEES FUND	PARKS & RECREATION IMPACT FEES FUND	HOSPITALITY TAX FUND	FIREFIGHTERS' 1% FUND	
<b>REVENUES</b>								
Taxes	\$ -	645,395	-	-	-	2,095,206	-	\$ 2,740,601
Fines, Fees, Licenses and Permits	-	-	308,998	413,750	453,806	-	-	1,176,554
Miscellaneous	11,629	-	-	-	-	-	206,100	217,729
Investment Earnings	380	8,079	-	60	13,163	-	-	21,682
<b>TOTAL REVENUES</b>	<b>12,009</b>	<b>653,474</b>	<b>308,998</b>	<b>413,810</b>	<b>466,969</b>	<b>2,095,206</b>	<b>206,100</b>	<b>4,156,566</b>
<b>EXPENDITURES</b>								
Current:								
Public Safety	39,500	-	-	-	-	-	62,137	101,637
Community Development	-	598,321	-	-	-	-	-	598,321
<b>TOTAL EXPENDITURES</b>	<b>39,500</b>	<b>598,321</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,137</b>	<b>699,958</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(27,491)</b>	<b>55,153</b>	<b>308,998</b>	<b>413,810</b>	<b>466,969</b>	<b>2,095,206</b>	<b>143,963</b>	<b>3,456,608</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers Out	-	(750,000)	-	(189,888)	(2,200,000)	(150,000)	-	(3,289,888)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(750,000)</b>	<b>-</b>	<b>(189,888)</b>	<b>(2,200,000)</b>	<b>(150,000)</b>	<b>-</b>	<b>(3,289,888)</b>
<b>CHANGES IN FUND BALANCES</b>	<b>(27,491)</b>	<b>(694,847)</b>	<b>308,998</b>	<b>223,922</b>	<b>(1,733,031)</b>	<b>1,945,206</b>	<b>143,963</b>	<b>166,720</b>
FUND BALANCES, Beginning of Year	113,654	2,306,246	668,662	845,542	4,946,671	7,502,639	228,690	16,612,104
<b>FUND BALANCES, End of Year</b>	<b>\$ 86,163</b>	<b>1,611,399</b>	<b>977,660</b>	<b>1,069,464</b>	<b>3,213,640</b>	<b>9,447,845</b>	<b>372,653</b>	<b>\$ 16,778,824</b>

TOWN OF FORT MILL, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER SCHEDULES

SCHEDULE OF DETAILED REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITIONS  
FINAL BUDGET AND ACTUALS - GROSS REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2023

	GROSS REVENUE FUND				
	FINAL BUDGET (Budgetary Basis)	ACTUAL (Budgetary Basis)	GAAP Adjustments	ACTUAL (GAAP)	VARIANCE (Budgetary Basis)
<b>OPERATING REVENUES</b>					
Water Revenue and Penalties	\$ 6,369,290	6,795,808	-	6,795,808	\$ 426,518
Sewer Revenues	6,531,440	6,375,110	-	6,375,110	(156,330)
Riverview Water Sales	271,730	425,750	-	425,750	154,020
Tega Cay Water Sales	1,191,880	1,169,576	-	1,169,576	(22,304)
Water Taps	712,448	2,045,402	-	2,045,402	1,332,954
Sewer Taps	847,200	945,075	-	945,075	97,875
Other Revenues	45,302	147,402	-	147,402	102,100
<b>TOTAL OPERATING REVENUES</b>	<b>15,969,290</b>	<b>17,904,123</b>	<b>-</b>	<b>17,904,123</b>	<b>1,934,833</b>
<b>OPERATING EXPENSES</b>					
Water:					
Water Purchases	3,349,000	3,141,674	-	3,141,674	207,326
Salaries	1,011,492	761,830	-	761,830	249,662
Fringe Benefits	438,969	314,260	-	314,260	124,709
Pension Expense	-	-	(105,859)	(105,859)	-
Material and Supplies	258,820	251,803	-	251,803	7,017
Electricity	2,500	1,990	-	1,990	510
Permits	15,550	1,000	-	1,000	14,550
Water Meter Replacement	819,000	566,318	-	566,318	252,682
Equipment Repairs	25,000	16,706	-	16,706	8,294
Postage	55,500	66,649	-	66,649	(11,149)
Gas, Oil, and Grease	37,500	37,659	-	37,659	(159)
Street Maintenance	150,000	117,884	-	117,884	32,116
Miscellaneous	263,141	44,266	-	44,266	218,875
Auto Repairs	14,500	13,392	-	13,392	1,108
Uniforms	27,705	10,308	-	10,308	17,397
Water and Heat	1,300	652	-	652	648
Telephone	22,000	17,219	-	17,219	4,781
Travel/Training	24,700	7,439	-	7,439	17,261
Transportation	189,401	24,401	(24,401)	-	165,000
Membership/Dues	38,854	25,710	-	25,710	13,144
Advertising	4,000	1,046	-	1,046	2,954
Professional Services	239,500	119,699	-	119,699	119,801
Hydrant Repairs	30,000	5,509	-	5,509	24,491
Pre-Employment Expense	1,000	201	-	201	799
Contracted Services	205,000	41,633	-	41,633	163,367
Rentals	5,000	1,517	-	1,517	3,483
Building Maintenance	12,500	1,648	-	1,648	10,852
Service Contracts	81,545	82,767	-	82,767	(1,222)
Computer Expenses	20,000	-	-	-	20,000
Capital Outlay	25,000	21,641	(21,641)	-	3,359
	<b>\$ 7,368,477</b>	<b>5,696,821</b>	<b>(151,901)</b>	<b>5,544,920</b>	<b>\$ 1,671,656</b>

(Continued)

TOWN OF FORT MILL, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER SCHEDULES

SCHEDULE OF DETAILED REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITIONS  
FINAL BUDGET AND ACTUALS - GROSS REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2023

	GROSS REVENUE FUND				
	FINAL BUDGET (Budgetary Basis)	ACTUAL (Budgetary Basis)	GAAP Adjustments	ACTUAL (GAAP)	VARIANCE (Budgetary Basis)
<b>OPERATING EXPENSES (CONTINUED)</b>					
Sewer:					
Salaries	\$ 878,039	544,956	-	544,956	\$ 333,083
Fringe Benefits	381,482	235,642	-	235,642	145,840
Pension Expense	-	-	(78,036)	(78,036)	-
Electricity	305,000	375,888	-	375,888	(70,888)
Equipment Repairs	125,000	75,293	-	75,293	49,707
Material and Supplies	139,000	141,540	-	141,540	(2,540)
Electricity Lift Station	85,000	110,667	-	110,667	(25,667)
Alum	45,000	52,214	-	52,214	(7,214)
Professional Services	146,000	95,575	(48,142)	47,433	50,425
Contracted Services	187,000	38,784	-	38,784	148,216
Chemicals	50,000	27,582	-	27,582	22,418
Lab Supplies	20,000	7,434	-	7,434	12,566
Gas, Oil, and Grease	37,000	39,007	-	39,007	(2,007)
Service Contracts	33,140	20,060	-	20,060	13,080
Auto Repairs	15,000	11,744	-	11,744	3,256
Telephone	33,560	22,612	-	22,612	10,948
Uniforms	24,535	11,587	-	11,587	12,948
Travel/Training	20,500	8,228	-	8,228	12,272
Transportation	210,000	155,462	-	155,462	54,538
Miscellaneous	2,500	1,094	-	1,094	1,406
Water and Heat	9,100	4,676	-	4,676	4,424
Building/Grounds Maintenance	6,000	1,856	-	1,856	4,144
Lime	30,000	17,324	-	17,324	12,676
Membership/Dues	13,406	2,021	-	2,021	11,385
Landfill Fees	200,000	266,081	-	266,081	(66,081)
Rental	8,000	3,286	-	3,286	4,714
Permits	4,500	2,255	-	2,255	2,245
Pump Station Repairs	150,000	99,735	(14,171)	85,564	50,265
York County Sewer Processing	135,000	201,128	-	201,128	(66,128)
Machinery and Equipment	10,000	10,700	(10,700)	-	(700)
Capital Outlay	731,250	424,268	(375,698)	48,570	306,982
Pump Station Monitoring	24,000	13,246	-	13,246	10,754
	<u>4,059,012</u>	<u>3,021,945</u>	<u>(526,747)</u>	<u>2,495,198</u>	<u>1,037,067</u>
Other Operating Expenses	73,500	108,917	-	108,917	(35,417)
Depreciation	-	-	3,399,885	3,399,885	-
TOTAL OPERATING EXPENSES	<u>11,500,989</u>	<u>8,827,683</u>	<u>2,721,237</u>	<u>11,548,920</u>	<u>2,673,306</u>
<b>OPERATING INCOME (LOSS)</b>	<u>\$ 4,468,301</u>	<u>9,076,440</u>	<u>(2,721,237)</u>	<u>6,355,203</u>	<u>\$ 4,608,139</u>

(Continued)

TOWN OF FORT MILL, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER SCHEDULES

SCHEDULE OF DETAILED REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITIONS  
FINAL BUDGET AND ACTUALS - GROSS REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2023

	GROSS REVENUE FUND				
	FINAL BUDGET (Budgetary Basis)	ACTUAL (Budgetary Basis)	GAAP Adjustments	ACTUAL (GAAP)	VARIANCE (Budgetary Basis)
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Grants	\$ 500,000	102,182	-	102,182	\$ (397,818)
Insurance Recoveries from Casualty	5,000	2,876	-	2,876	(2,124)
Investment Earnings	20,000	238,551	-	238,551	218,551
Debt Service - Payments and Fiscal Charges	(3,817,696)	(4,522,998)	1,865,853	(2,657,145)	(705,302)
Gain (Loss) on Disposal of Capital Assets	-	25,367	(2,598)	22,769	25,367
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(3,292,696)</u>	<u>(4,154,022)</u>	<u>1,863,255</u>	<u>(2,290,767)</u>	<u>(861,326)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>1,175,605</b>	<b>4,922,418</b>	<b>(857,982)</b>	<b>4,064,436</b>	<b>3,746,813</b>
Capital Contributions - Donated Infrastructure	-	-	3,110,740	3,110,740	-
Transfers Out	(1,539,640)	(1,485,563)	-	(1,485,563)	54,077
<b>CHANGES IN NET POSITIONS</b>	<b>(364,035)</b>	<b>3,436,855</b>	<b>2,252,758</b>	<b>5,689,613</b>	<b>3,800,890</b>
NET POSITIONS, Beginning of Year	67,192,585	67,192,585	-	67,192,585	-
<b>NET POSITIONS, End of Year</b>	<b><u>\$ 66,828,550</u></b>	<b><u>70,629,440</u></b>	<b><u>2,252,758</u></b>	<b><u>72,882,198</u></b>	<b><u>\$ 3,800,890</u></b>

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

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

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

- Depreciation Expense	\$ (3,399,885)
- Capital Asset Additions Included in Budgetary Basis	494,753
- Donated Capital Assets (Infrastructure)	3,110,740
- Gain (Loss) on Disposal of Capital Assets	(2,598)
- Principal Payments on Debt	1,865,853
- Pension Expense - Net Change in NPL and Related Items	183,895
Total GAAP Adjustments	<u>\$ 2,252,758</u>

TOWN OF FORT MILL, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER SCHEDULE

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

YEAR ENDED SEPTEMBER 30, 2023

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
<b>Court Fines and Assessments:</b>				
Court fines and assessments collected			\$ 113,019	\$ 113,019
Court fines and assessments remitted to State Treasurer			(50,804)	(50,804)
<b>Total Court Fines and Assessments retained</b>			<b>62,215</b>	<b>62,215</b>
<b>Surcharges and Assessments retained for victim services:</b>				
Surcharges collected and retained			1,226	1,226
Assessments retained			5,277	5,277
<b>Total Surcharges and Assessments retained for victim services</b>			<b>\$ 6,503</b>	<b>\$ 6,503</b>

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	\$ -		\$ -
<b>Victim Service Revenue:</b>			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	5,277		5,277
Victim Service Surcharges Retained by City/County Treasurer	1,226		1,226
Interest Earned			
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund			
<b>Contribution Received from Victim Service Contracts:</b>			
(1) Town of			
(2) Town of			
(3) City of			
<b>Total Funds Allocated to Victim Service Fund + Beginning Balance (A)</b>	<b>6,503</b>		<b>6,503</b>
<b>Expenditures for Victim Service Program:</b>	<b>Municipal</b>	<b>County</b>	<b>Total</b>
Salaries and Benefits			
Operating Expenditures			
<b>Victim Service Contract(s):</b>			
(1) York County	6,503		6,503
(2) Entity's Name			
<b>Victim Service Donation(s):</b>			
(1) Domestic Violence Shelter:			
(2) Rape Crisis Center:			
(3) Other local direct crime victims service agency:			
Transferred to General Fund			
<b>Total Expenditures from Victim Service Fund/Program (B)</b>	<b>6,503</b>		<b>6,503</b>
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)			
Less: Prior Year Fund Deficit Repayment			
<b>Carryforward Funds – End of Year</b>	<b>\$ -</b>		<b>\$ -</b>

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# **COMPLIANCE SECTION**

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# Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

## 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*

### INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fort Mill, South Carolina (the "Town"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated May 8, 2024.

#### Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a material weakness.

#### Report on Compliance and Other Matters

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

### **Town's Response to the Finding**

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

### **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.

*Greene Finney Cauley, LLP*

Greene Finney Cauley, LLP  
Mauldin, South Carolina  
May 8, 2024

**TOWN OF FORT MILL, SOUTH CAROLINA**

**SCHEDULE OF FINDINGS AND RESPONSES**

**YEAR ENDED SEPTEMBER 30, 2023**

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**2023-001: PERFORMING BANK RECONCILIATIONS**

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

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

**Context, Cause and Effect:** The Town was impacted in FY 2020 and FY 2021 by the COVID-19 pandemic which played a part in the delays as staff were stretched in performance of their job duties as they were assisting with the job duties of others who were unavailable to work; as well as additional duties brought on by federal assistance programs. The Town was also working toward better understanding and utilization of the new financial software. In FY 2023 the Town was working toward getting caught up from these delays when it experienced turnover in the finance staff which resulted in further delays.

**Recommendation:** The Town needs to prioritize ensuring that formal bank reconciliations are being prepared and reviewed in a timely manner. Bank reconciliations should be completed within a few days of obtaining the bank statement at month end and should be reviewed by someone who was not involved in the reconciliation process. Both the preparer and reviewer should sign and date the reconciliation after each process is complete.

**Response:** The Town recognizes the importance of timely bank reconciliations and does not take this practice lightly. We have acquired a better working knowledge of our new financial system and are using its features to assist us with this process in a more structured way.