TOWN OF ELGIN
Elgin, South Carolina

FINANCIAL STATEMENTS and
REQUIRED SUPPLEMENTAL INFORMATION
For the Year Ended June 30, 2025

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CANTEY, TILLER, PIERCE & GREEN, LLP
Certified Public Accountants
1204 BROAD STREET • POST OFFICE BOX 862
CAMDEN, SOUTH CAROLINA 29021

RICHARD C. TILLER, CPA
JANET M. PIERCE, CPA
HENRY D. GREEN, III., CPA
LORI G. KORNEGAY

LAUREN R. BAKER, CPA
HEATHER ROBERTS
RICHARD "CHIP" GALLOWAY, JR
TRENT BARTELL

MEMBERS OF
AMERICAN INSTITUTE OF CPA'S

SOUTH CAROLINA ASSOCIATION OF CPA'S

PHONE (803) 432-1436
FAX (803) 432-5055

WEBSITE: WWW.CTP-CPA.COM

INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Elgin, South Carolina
Elgin, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, major funds and the aggregate remaining fund information of Town of Elgin, South Carolina as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major funds and the aggregate remaining fund information of Town of Elgin, South Carolina as of June 30, 2025, 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 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 Town of Elgin, South Carolina, 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.

Change in Accounting Principle

The Town adopted GASB Statement No. 101, Compensated Absences, which changed how the compensated absences liability is recognized and measured in the government-wide financial statements. Our opinion is not modified regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Town of Elgin, South Carolina'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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional 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 of Elgin, South Carolina'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 of Elgin, South Carolina'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the schedule of Town's contributions and the schedule of Town's proportionate share of the net pension liability be presented to supplement the basic financial statements. Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such 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.

Our opinion on the basic financial statements is not affected by this missing information. 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Uniform Schedule of Court Fines, Assessments and Surcharges are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, Uniform Schedule of Court Fines, Assessments and Surcharges are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2026, on our consideration of the Town of Elgin, South Carolina'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 of Elgin, South Carolina'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 Town of Elgin, South Carolina's internal control over financial reporting and compliance.

Cantey, Tiller, Pierce and Green, LLP
Cantey, Tiller, Pierce and Green, LLP
Camden, South Carolina

July 16, 2026

TOWN of ELGIN, SOUTH CAROLINA

STATEMENT of NET POSITION
June 30, 2025

	Primary Government	
ASSETS	Governmental	
CURRENT ASSETS	Activities	Total
Cash and Cash Equivalents	$ 2,618,511	$ 2,618,511
Account Receivable, Net	3,149	3,149
Intergovernmental Receivables	37,291	37,291
Prepaid Expenses	32,917	32,917
Total Current Assets	2,691,868	2,691,868
NON-CURRENT ASSETS		
Restricted Cash	62,442	62,442
CAPITAL ASSETS		
Land	557,068	557,068
Other Capital Assets, Net of		
Accumulated Depreciation	2,348,016	2,348,016
Total Capital Assets	2,905,084	2,905,084
Total Non Current Assets	2,967,526	2,967,526
Total Assets	5,659,394	5,659,394
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflow Related to Pension Liability	391,380	391,380
Total Deferred Outflow of Resources	391,380	391,380
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Other Liabilities	163,088	163,088
Total Current Liabilities	163,088	163,088
NON-CURRENT LIABILITIES		
Net Pension Liability	871,244	871,244
Compensated Absences, Non-current	11,439	11,439
Total Non-Current Liabilities	882,683	882,683
Total Liabilities	1,045,771	1,045,771
DEFERRED INFLOW OF RESOURCES		
Deferred Inflow Related to Pension Liability	117,675	117,675
Deferred Inflow-Victims' Assistance	21,904	21,904
Total Deferred Inflow of Resources	139,579	139,579
NET POSITION		
Net Investment in Capital Assets	2,905,084	2,905,084
Restricted	62,442	62,442
Unrestricted	1,897,898	1,897,898
Total Net Position	$ 4,865,424	$ 4,865,424

TOWN of ELGIN, SOUTH CAROLINA

STATEMENT of ACTIVITIES
For the Year Ended June 30, 2025

		Program Revenues			Net (Expense) Revenue & Changes in Net Position	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary Government:						
General Government	$ 626,011	$ 8,360	$ 411,724	$ -	$ (205,927)	$ (205,927)
Public Safety						
Police	1,218,994	193,473	107,908	-	(917,613)	(917,613)
Asset Forfeiture Program	34,295	-	-	-	(34,295)	(34,295)
Library	16,393	-	-	-	(16,393)	(16,393)
Total Governmental Activities	1,895,693	201,833	519,632	-	(1,174,228)	(1,174,228)
Total Primary Government	$ 1,895,693	$ 201,833	$ 519,632	$ -	(1,174,228)	(1,174,228)

	Primary Government	
General Revenues:		
Taxes:		
Licenses (Fees)	740,230	740,230
Intergovernmental Revenues	696,048	696,048
Unrestricted Investment Income	7,988	7,988
Miscellaneous	93,349	93,349
Total General Revenues	1,537,615	1,537,615
Change in Net Position	363,387	363,387
Net Position, Beginning of Year	4,522,971	4,522,971
Prior Period Adjustment, Note 8	(20,934)	(20,934)
Net Position, End of Year	$ 4,865,424	$ 4,865,424

TOWN of ELGIN, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

ASSETS	General	Special Revenue	Total Governmental Funds
Cash	$ 2,618,511	$ -	$ 2,618,511
Receivables (Net)			
Taxes	3,149	-	3,149
Due from Other Governmental Units	37,291	-	37,291
Prepaid Expenses	32,917	-	32,917
Restricted Assets			
Cash and Investments	-	62,442	62,442
Total Assets	$ 2,691,868	$ 62,442	$ 2,754,310
LIABILITIES and FUND BALANCE			
LIABILITIES			
Accounts Payable and Other Liabilities	$ 163,088	$ -	$ 163,088
Total Liabilities	163,088	-	163,088
Deferred Inflows of Resources			
Reserve for Victims' Assistance	21,904	-	21,904
Total Deferred Inflows of Resources	21,904	-	21,904
FUND BALANCES			
Restricted	-	62,442	62,442
Unassigned	2,506,876	-	2,506,876
Total Fund Balances	2,506,876	62,442	2,569,318
Total Liabilities and Fund Balances	$ 2,691,868	$ 62,442	$ 2,754,310

TOWN of ELGIN, SOUTH CAROLINA

RECONCILIATION of the GOVERNMENTAL FUNDS BALANCE SHEET
to the STATEMENT of NET POSITION
June 30, 2025

Total Net Position reported for governmental activities in the statement of net position is different because:		
Total Fund Balance for Governmental Funds		$ 2,569,318
Capital assets of $4,150,325, net of accumulated depreciation of $1,245,241, are not financial resources and, therefore, are not reported in the governmental funds.		2,905,084
Deferred outflows and inflows related to the pension liability are applicable to future periods and, therefore, are not reported in the governmental funds:		
Deferred outflows-pension		391,380
Deferred inflows-pension		(117,675)
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated Absences	$ (11,439)	
Net Pension Liability	(871,244)	(882,683)
Total Net Position of Governmental Activities		$ 4,865,424

TOWN of ELGIN, SOUTH CAROLINA

COMBINED STATEMENT of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	General	Asset Forfeiture Program	Totals (Memorandum Only)
REVENUES			
Insurance Licenses	$ 595,888	$ -	$ 595,888
Fairfield Rebates	25,224	-	25,224
Business Licenses	66,191	-	66,191
Police Fines	178,567	-	178,567
Victim's Assistance Allocation	14,906	-	14,906
Local Option Revenue	653,848	-	653,848
State Shared Revenue	42,200	-	42,200
Merchants Inventory Tax	1,129	-	1,129
Accommodations Tax	1,908	-	1,908
Buildings Permits	9,026	-	9,026
Interest Income	7,988	-	7,988
Franchise Fees	15,577	-	15,577
Progress Energy	52,306	-	52,306
Lugoff Reimbursement	8,360	-	8,360
Brokers Tax	24,776	-	24,776
Telecommunications Tax	6,537	-	6,537
Miscellaneous	30,900	-	30,900
Alcohol License	3,000	-	3,000
TNC Tax	117	-	117
Crossing Guard Grant	107,908	-	107,908
Donations	2,270	-	2,270
Duke Energy	1,000	-	1,000
AED Grant	8,500	-	8,500
ARP Income	400,954	-	400,954
Total Revenues	2,259,080	-	2,259,080
EXPENDITURES			
General Government			
Administrative Salaries	103,701	-	103,701
Payroll Taxes	7,881	-	7,881
Retirement	58,690	-	58,690
Utilities	50,759	-	50,759
Office Supplies and Postage	5,586	-	5,586
Repairs and Maintenance	23,082	-	23,082
Advertising and Promotion	660	-	660
Garbage Pickup	65,000	-	65,000
Insurance	28,932	-	28,932
Accounting and Auditing Fees	43,961	-	43,961
Bank Charges	3,987	-	3,987
Inspection Fees	3,440	-	3,440
Membership Deus	6,040	-	6,040
Group Life	1,263	-	1,263
Miscellaneous	18,607	-	18,607
Judge Compensation	39,287	-	39,287
Research and Development	10,959	-	10,959
Legal and Professional	12,000	-	12,000
Stormwater Waste Management Fees	4,142	-	4,142
Technology	34,278	-	34,278
Military Salute	525	-	525
Potter Park	10,753	-	10,753
Benevolence	103	-	103
Seasonal Decorations	4,370	-	4,370
Community Center	2,255	-	2,255
United Way	5,000	-	5,000
Seizure	93	-	93
AED Grant	8,128	-	8,128
ARP Expense	1,733,467	-	1,733,467
	2,286,949	-	2,286,949

COMBINED STATEMENT of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
For the Year Ended June 30, 2025

EXPENDITURES (Continued)	General	Asset Forfeiture Program	Totals (Memorandum Only)
PUBLIC SAFETY			
Police Department			
Uniforms	6,769	-	6,769
Repairs and Maintenance	16,764	435	17,199
Gas and Oil	34,595	-	34,595
Telephone	2,100	-	2,100
Supplies and Materials	25,945	31,808	57,753
Insurance	113,355	-	113,355
Retirement and Group Life	121,370	-	121,370
Dues Vitim's Assistance	9,555	-	9,555
Miscellaneous	23,714	674	24,388
Office Supplies and Postage	2,321	-	2,321
Salaries	622,851	-	622,851
Victims' Assistance Salaries	14,820	-	14,820
Payroll Taxes	44,136	-	44,136
Court Fees	85,793	-	85,793
Education and Travel	1,547	1,378	2,925
Technology	58,035	-	58,035
Detention Fees	3,135	-	3,135
Total Public Safety	1,186,805	34,295	1,221,100
HEALTH AND WELFARE			
Library			
Utilities	7,678	-	7,678
Repairs and Maintenance	2,564	-	2,564
Total Library	10,242	-	10,242
Total Expenditures	3,483,996	34,295	3,518,291
Excess Over (Under) Expenditures and Other Financing Uses	(1,224,916)	(34,295)	(1,259,211)
FUND BALANCE, Beginning of Year	3,752,726	96,737	3,849,463
Prior Period Adjustment, Note 8	(20,934)	-	(20,934)
FUND BALANCE, End of Year	$ 2,506,876	$ 62,442	$ 2,569,318

TOWN of ELGIN, SOUTH CAROLINA

RECONCILIATION of COMBINED STATEMENT of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES – GOVERNMENT FUNDS to STATEMENT of ACTIVITIES
For the Year Ended June 30, 2025

Net Changes in Fund Balances - Total Governmental Funds	$ (1,259,211)
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of $1,689,818 was greater than depreciation of $59,357 in the current period.	1,630,461
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds as follows:	
Net increase in compensated absences	(2,310)
Net increase net pension related liabilities	(5,553)
Changes in net position of governmental activities	$ 363,387

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

The Town of Elgin (the Town) is incorporated in South Carolina and operates under the Mayor/ Council form of government and provide services authorized by its charter. Services provided by the Town include public safety (police and fire), culture-recreation, public improvements, planning and zoning and general administrative services.

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 through governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

A. Reporting Entity

The Town's financial statements include all funds for which the Council is considered to be financially accountable. The Town receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the Town is not included in any other governmental reporting entity because it does not meet the financial accountability criteria for inclusion established by Governmental Accounting Standards Board Statement Number 14 (GASB No. 14). Council members have decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

B. Basis of Presentation

The statements of the Town are presented as follows:

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the Town as a whole. These statements include the financial activities of the Town, except for fiduciary funds. For the most part, the effect of the interfund activity has been removed from these statements. The statements distinguished between those activities of the Town that are governmental and those that are considered business-type activities. Governmental activities generally are financed through local option revenue, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in part by fees charged to external parties. (The Town currently has no business-type activities. In the government-wide Statement of Net Position, both the governmental and business-type activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's Net Position is reported in three parts—net investments in capital assets, restricted net position, and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide statements are prepared using economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better justify the relationship between the government-wide statements and the statements for governmental funds.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

The government-wide statement of activities presents a comparison between each function or program of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

Fund Financial Statements - Fund financial statements report detailed information about the Town. The focus of the governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The Town has no nonmajor funds.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial sources.

C. Measurement Focus and Basis of Accounting

Fund Accounting

The Town uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Town functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Town are grouped into the categories governmental and fiduciary. The following fund types are used by the Town:

Governmental Funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which the mayor may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is separated as fund balance. The following are the Town's major governmental funds:

General Fund - to account for all financial transactions not properly accounted for in another fund. The Town uses this fund to account for expenditures principally for administration/general government, police, and operation and maintenance of plant and related fixed charges.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than debt service or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The special revenue fund of the Town are Asset Forfeiture Funds that will be spent on designated items.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. On the accrual basis accounting, revenues are recognized when earned and expenses are recognized when incurred. Under the modified accrual basis of accounting, revenues and expenditures are recognized when they become both measurable and available.

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

The Town follows Governmental Accounting Standards Board (GASB) Statement Number 33, Accounting and Financial Reporting for Non-Exchange Transactions to account for non-exchange revenues. Nonexchange transactions, in which the Town receives value without directly giving equal value in return, include local option revenue, grants, and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Town must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: local option revenue available as an advance, interest, and grants.

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

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Equity

Cash and Investments - South Carolina statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the State Treasurer's Local Governmental Investment Pool (invested in governmental guaranteed securities), obligations of the U.S. Government, and governmental agencies unconditionally guaranteed by the U.S. Government. Investments are recorded at fair market value. Deposits with an original maturity of three months or less are considered cash equivalents.

Receivables and Payables - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. On fund financial statements, these receivables, and payables, if containing a balance at the end of the fiscal year, are classified as "due from other funds" or "due to other funds" on the balance sheet. These amounts are eliminated in the governmental columns of the statements of net assets.

Prepaid Expenses - Payments made to vendors for services benefiting future periods are recorded as prepaid expenses, using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets - General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The cost and accumulated depreciation of property sold or retired are removed from the accounts, and gains or losses, if any, are reflected in revenue or expenditures/expenses for the year. Donated fixed assets are recorded in their fair market values as of the date received. The Town maintains a capitalization threshold of $500. Improvements are capitalized, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Land improvement	15 - 40 years
Buildings/improvements	15 - 40 years
Furniture and equipment	5 - 10 years
Vehicles	5 - 10 years

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Equity (Continued)

Deferred Outflows and Inflows of Resources - In addition to assets, the Statement of Net position will report a separate section for deferred outflows of resources. The separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Town has only one item that meets the criteria: deferred outflows relating to pensions.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. The separate section, Deferred Inflows of Resources, represents acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one item that qualify for reporting in this category - deferred inflows relating to pensions.

Compensated Absences - The government recognizes a liability for compensated absences that is more likely than not to be used or paid, provided the leave is attributable to services already rendered and accumulates over time. Compensated absences include vacation leave, sick leave, and other paid time off (PTO). The liability is measured based on the employee's current pay rate as of the financial statement date. Salary-related payments, such as FICA, Medicare taxes and workers' compensation, are included in the liability measurement.

Accumulated unpaid compensated absences total $11,439 at June 30, 2025 for Town employees. Accumulated unpaid compensated absences are reported as accrued in the government-wide financial statements.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities and long-term obligations are reported in the government-wide 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, the noncurrent portion of capital leases and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Governmental Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the applicable governmental fund. The classifications are as follows:

• *Nonspendable*: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form (e.g., inventories and prepaid amounts), or are legally or contractually required to be maintained intact.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Equity (Continued)

• *Restricted:* Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e., Town ordinances). Enabling legislation authorizes the Town to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Town can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

• *Committed:* The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Town Council. Those committed amounts cannot be used for any other purpose unless Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to commit those amounts previously. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Town Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

• *Assigned:* Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Town Councilor by a Town official or body to which Council has delegated the authority to assign amounts to be used for specific purposes.

• *Unassigned:* Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Town applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Equity (Continued)

Net Position

The Town's net position is classified as follows:

-Invested in capital assets: This amount is Town's total investment in capital assets, net of any outstanding debt obligations related to those assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets.

-Restricted net position: Restricted net assets include resources in which the Town is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties such as state laws and lenders.

-Unrestricted net position: Unrestricted net assets represent resources which may be used to meet current expenses for any purpose.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the Town's financial position and results of operations and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

E. Budgets and Budgetary Accounting

Budgetary Accounting - State statutes require a budget for operations to be approved before any expenditures are made. The Council will usually approve the operating budget in May for the fiscal year beginning July 1. A budget is adopted by July 1 of each fiscal year for the General Fund on the same modified accrual basis used to reflect actual revenues and expenditures in the fund financial statements. Budget and actual comparisons are presented in the accompanying fund financial statements for the general fund. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts adopted in the original appropriations. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended budget issued during the year ended June 30, 2025. All general fund appropriations lapse at the fiscal year end. The Town adopted a budget that addressed expenditures at the departmental level.

NOTE 2 CASH AND INVESTMENTS

Deposits are shown at carrying value at June 30, 2025 as follows:

	1	2	3	Bank Balance	Total Carrying Amount
Checking Accounts	$ 250,000	$ 2,423,738	$ -	$ 2,673,738	$ 2,680,953

The Town's deposits are categorized to indicate the level of risk assumed by the Town at year end. Category 1 includes deposits that are insured or collateralized with securities held by the government or its agent in the government's name. Category 2 includes deposits that are collateralized with securities held by pledging financial institution's trust department or agent in the government's name. Category 3 includes uncollateralized deposits or deposits collateralized with securities held by the pledging financial institution or its trust department or agent but not in the Town's name.

These amounts are reported in the statement of net position as follows:

Cash and Cash Equivalents	$ 2,618,511
Cash and Cash Equivalents - Restricted	62,442
Total	$ 2,680,953

NOTE 3 CAPITAL ASSETS

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

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES:				
Capital Assets not Being Depreciated:				
Land and Improvements	$ 557,068	$ -	$ -	$ 557,068
Construction in Progress	372,128	1,689,818	(2,061,946)	-
Total Capital Assets not Being Depreciated	929,196	1,689,818	(2,061,946)	557,068
Other Capital Assets Being Depreciated:				
Furniture and Fixtures	345,789	-	-	345,789
Buildings and Improvements	790,032	-	2,061,946	2,851,978
Vehicles	436,045	-	(40,555)	395,490
Total Other Capital Assets at Historical Cost	1,571,866	-	2,021,391	3,593,257

NOTE 3 CAPITAL ASSETS (CONTINUED)

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Less Accumulated Depreciation for:				
Furniture and Fixtures	(307,215)	(9,329)	-	(316,544)
Buildings and Improvements	(565,288)	(27,169)	-	(592,457)
Vehicles	(353,936)	(22,859)	40,555	(336,240)
Total Accumulated Depreciation	(1,226,439)	(59,357)	40,555	(1,245,241)
Other Capital Assets Being Depr, Net	345,427	(59,357)	2,061,946	2,348,016
Governmental Activities Capital Assets, Net	$ 1,274,623	$ 1,630,461	$ -	$ 2,905,084

Depreciation expense for governmental activities was $59,357 for the year ended June 30, 2025.

Depreciation expense is allocated on the statement of activities as follows:

GOVERNMENTAL ACTIVITIES	
General Governmental	$ 21,017
Police Department	32,189
Library	6,151
Total Governmental Activities Depreciation Expense	$ 59,357

NOTE 4 POST EMPLOYMENT HEALTH CARE BENEFITS

By Federal law (Public Law 99-272, Title X), the Town is required to offer a continuation of health care coverage at group rates to employees and their dependents whose coverage would otherwise end. Dependent on the circumstances of the employee's coverage loss, the employee or dependent can extend the health care plan benefits for 18 months to three years. The plan costs are paid by the employee or dependents based on 100% (Cobra) premium rates.

NOTE 5 RETIREMENT BENEFITS

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

NOTE 5 RETIREMENT BENEFITS (CONTINUED)

The Commission, an eight-member Board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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

PEBA issues a Comprehensive Annual Financial Report containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The Comprehensive Annual Financial Report is publicly available through PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is 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 comprehensive annual financial report of the state.

Plan Descriptions

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

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

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is 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 newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

NOTE 5 RETIREMENT BENEFITS (CONTINUED)

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 PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least $2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

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

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.

NOTE 5 RETIREMENT BENEFITS (CONTINUED)

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.

Contributions

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

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

Required employer and employee contribution rates are as follows:

	SCRS Rates	PORS Rates
Employer Contribution Rate		
Retirement	18.41%	20.84%
Incidental Death Benefit	0.15%	0.20%
Accidental Death Contributions	0.00%	0.20%
Total	18.56%	21.24%
Employee Contribution Rate	9.00%	9.75%

NOTE 5 RETIREMENT BENEFITS (CONTINUED)

The required contributions and percentages of amounts contributed to the Plans were as follows:

Year Ended	SCRS Contributions		PORS Contributions		
June 30	Required	%Contributed	Required	%Contributed	Total
2025	$ 24,573	100%	$ 123,858	100%	$ 148,431

Eligible payrolls covered under the Plans were as follows:

Year Ended June 30	SCRS Payroll	PORS Payroll	Total
2025	$ 132,397	$ 583,136	$ 715,533

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The GASB Statement No. 67 valuation report prepared as of June 30, 2024 is based on the experience study report for the period ending June 30, 2019. A more recent experience report on the Systems was issued for the period ending June 30, 2023 and will be used for future valuations.

The June 30, 2024, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith, and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2023. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2024, using generally accepted actuarial principles. There was no legislation enacted during the 2024 legislative session that had a material change in the benefit provisions for any of the systems.

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

	SCRS	PORS
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	7.0%	7.0%
Projected salary increases	3.0% to 11.0% (Varies by service)	3.5% to 10.5% (Varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	Lesser of 1% or $500	Lesser of 1% or $500

NOTE 5 RETIREMENT BENEFITS (CONTINUED)

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

Assumptions used in the determination of the June 30, 2024, TPL are as follows:

Former Job Class	**Males**	**Females**
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB 67 less that system's fiduciary net position. NPL totals, as of June 30, 2024, for SCRS and PORS are presented below:

System	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Position Liability(Asset)	Plan Fiduciary Net Position as a % of the Total Pension Liability
SCRS	$ 61,369,806,968	$ 37,919,492,371	$ 23,450,314,597	61.8%
PORS	$ 10,177,904,231	$ 7,178,118,865	$ 2,999,785,366	70.5%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 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 67 and 68 are not applicable for other purposes, such as determining theplans' funding requirements.

At June 30, 2025, the Town reported a liability of $237,269 and $633,975 for its proportionate share of the net pension liability for the SCRS and PORS. The net pension liability was measured as of July 1, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The Town's proportion was .001012% for the SCRS and .02113% for the PORS.

NOTE 5 RETIREMENT BENEFITS (CONTINUED)

For the year ended June 30, 2025, the Town recognized pension expense of $37,095 and $117,471 for SCRS and PORS, respectfully. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	$ 67,334	$ 4,203
Change in Assumptions	17,986	-
Changes in Proportion and Differences in Town's Contributions and Share of Contributions	95,610	6,989
Net Differences in Earnings on Plan Investments	62,019	106,483
Town Contributions Subsequent to the Measurement Date	148,431	-
Total	$ 391,380	$ 117,675

The $148,431 of deferred outflows of resources resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Measurement Period Year Ended June 30,	Fiscal Year Year Ended June 30,	
2025	2026	$ 47,685
2026	2027	81,453
2027	2028	7,934
2028	2029	(11,798)
		$ 125,274

Long-Term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2024 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

NOTE 5 RETIREMENT BENEFITS (CONTINUED)

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

Asset Class	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.23%	2.86%
Bonds	26.0%	2.60%	0.68%
Private Equity	9.0%	9.60%	0.86%
Private Debt	7.0%	6.90%	0.48%
Real Assets	**12.0%**		
Real Estate	9.0%	4.30%	0.39%
Infrastructure	3.0%	7.30%	0.22%
Total Expected Return	100.0%		5.49%
Inflation for Actuarial Purposes			2.25%
			7.74%

<u>Discount Rate</u>

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

<u>Sensitivity Analysis</u>

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

	Discount Rate	Town's Proportionate Share of Net Pension Liability
1% Decrease	6.00%	$ 1,225,983
Current Discount Rate	7.00%	$ 871,244
1% Increase	8.00%	$ 573,544

NOTE 5 RETIREMENT BENEFITS (CONTINUED)

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2024, and the accounting valuation report as of June 30, 2024. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' Annual Comprehensive Financial Report (ACFR).

NOTE 6 RISK MANAGEMENT

The Town is participating in a Public Entity Risk Pool for Property and Casualty Insurance. The Town has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund ("SCMIRF") and the South Carolina Municipal Insurance Trust ("SCMIT"), which are public entity risk pools currently operating as a common risk management and insurance program for general risk insurance and workers compensation, respectively. The Town pays an annual premium to SCMIRF for its general risk insurance. For the year ended June 30, 2025, the Town made premium payments totaling approximately $45,000 SCMIRF is self-sustaining through member premiums and reinsures through commercial companies. SCMIRF's net position from its most recently issued audited financial statements at December 31, 2024, totaled approximately $15,434,375. 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 pays an annual premium to SCMIT for its workers' compensation insurance. For the year ended June 30, 2025, the Town made premium payments totaling approximately $14,226 The Trust uses reinsurance agreements to reduce its exposure to large workers' compensation losses. SCMIT's net position from its most recently issued audited financial statements at December 31, 2024, totaled approximately $45,641,906. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

NOTE 7 COMMITMENTS and CONTINGENCIES

The Town is not a party to any legal proceedings and is not aware of any pending or threatened litigation that would have a material impact on the financial statements of the Town.

The Town receives state and federal grants for specific purposes that are subject to review and audit by state and federal agencies. Such audits could result in a request for reimbursement by the state and federal agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of Town management, such disallowances, if any, will not be significant.

NOTE 8 PRIOR PERIOD ADJUSTMENTS

In connection with the Town's review of its account balances, the Town became aware of misstatements in its prior year balances in both its governmental financial statements and its government-wide financial statements. The Town recorded a prior period adjustment to correct lost tax accounts receivable that were recorded and posted to the wrong account. The total impact of the above adjustments that affected beginning fund balance/net position for the year ended June 30, 2025 was as follows:

Description	Fund Financial Statements Increase (Decrease) in Fund Balance/Net Position Governmental Funds
To Correct Lost Tax Accounts Receivable	$ (20,934)
	$ (20,934)

Description	Government-Wide Financial Statements Increase (Decrease) in Net Position Governmental Activities
To Correct Lost Tax Accounts Receivable	$ (20,934)
	$ (20,934)

NOTE 9 SUBSEQUENT EVENTS

The Town evaluated all events or transactions that occurred after June 30, 2025, through the date of July 16, 2026, when the Town issued these financial statements. During this period, the Town did not have any material subsequent events that required recognition in the Town's disclosures to the June 30, 2025, financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN of ELGIN, SOUTH CAROLINA
GENERAL FUND

STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE – BUDGET and ACTUAL – GENERAL FUND
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Insurance Licenses	$ 486,990	$ 486,990	$ 595,888	$ 108,898
Fairfield Rebates	25,115	25,115	25,224	109
Business Licenses	76,625	76,625	66,191	(10,434)
Police Fines	179,277	179,277	178,567	(710)
Victim's Assistance Allocation	6,180	6,180	14,906	8,726
Local Option Revenue	719,220	719,220	653,848	(65,372)
State Shared Revenue	67,140	67,140	42,200	(24,940)
Merchants Inventory Tax	1,100	1,100	1,129	29
Accommodations Tax	2,575	2,575	1,908	(667)
Buildings Permits	5,200	5,200	9,026	3,826
Interest Income	8,776	8,776	7,988	(788)
Franchise Fees	21,351	21,351	15,577	(5,774)
Progress Energy Rebates	40,340	40,340	52,306	11,966
Lugoff Reimbursement	9,120	9,120	8,360	(760)
Brokers Tax	16,525	16,525	24,776	8,251
Telecommunications Tax	6,350	6,350	6,537	187
Miscellaneous	500	500	30,900	30,400
Alcohol License	3,450	3,450	3,000	(450)
TNC Tax	228	228	117	(111)
SCANA Franchise	12,990	12,990	-	(12,990)
Crossing Guard Grant	132,402	132,402	107,908	(24,494)
Donations	-	-	2,270	2,270
Duke Energy	-	-	1,000	1,000
AED Grant	-	-	8,500	8,500
ARP Income	-	-	400,954	400,954
Total Revenues	1,821,454	1,821,454	2,259,080	437,626
EXPENDITURES				
General Government				
Administrative Salaries	98,755	98,755	103,701	(4,946)
Payroll Taxes	10,940	10,940	7,881	3,059
Retirement	21,773	21,773	58,690	(36,917)
Utilities	54,025	54,025	50,759	3,266
Office Supplies and Postage	6,550	6,550	5,586	964
Repairs and Maintenance	10,800	10,800	23,082	(12,282)
Advertising and Promotion	1,500	1,500	660	840
Garbage Pickup	60,000	60,000	65,000	(5,000)
Insurance	32,980	32,980	28,932	4,048
Accounting and Auditing Fees	45,000	45,000	43,961	1,039
Bank Charges	3,640	3,640	3,987	(347)
Inspection Fees	5,200	5,200	3,440	1,760
Membership Deus	7,000	7,000	6,040	960
Group Life	-	-	1,263	(1,263)
Miscellaneous	-	-	18,607	(18,607)
Judge Compensation	43,180	43,180	39,287	3,893
Research and Development	6,999	6,999	10,959	(3,960)
Legal and Professional	15,000	15,000	12,000	3,000
Stormwater Waste Management Fees	38,200	38,200	4,142	34,058
Technology	32,875	32,875	34,278	(1,403)
Military Salute	1,150	1,150	525	625
Potter Park	18,000	18,000	10,753	7,247
Benevolence	2,725	2,725	103	2,622
Seasonal Decorations	10,000	10,000	4,370	5,630
Contingency Savings	28,482	28,482	-	28,482
Community Center	-	-	2,255	(2,255)
United Way	5,000	5,000	5,000	-
Seizure	-	-	93	(93)
AED Grant	-	-	8,128	(8,128)
ARP Expense	-	-	1,733,467	(1,733,467)
Total General Government	559,774	559,774	2,286,949	(1,727,175)

TOWN of ELGIN, SOUTH CAROLINA
GENERAL FUND

STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE –
BUDGET and ACTUAL – GENERAL FUND (CONTINUED)
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (Continued)				
PUBLIC SAFETY				
Police Department				
Uniforms	3,600	3,600	6,769	(3,169)
Repairs and Maintenance	10,000	10,000	16,764	(6,764)
Gas and Oil	35,000	35,000	34,595	405
Telephone	2,100	2,100	2,100	-
Supplies and Materials	10,500	10,500	25,945	(15,445)
Insurance	99,836	99,836	113,355	(13,519)
Retirement and Group Life	113,353	113,353	121,370	(8,017)
Dues Victim's Assistance	7,510	7,510	9,555	(2,045)
Miscellaneous	4,350	4,350	23,714	(19,364)
Office Supplies and Postage	2,600	2,600	2,321	279
Salaries	692,663	692,663	622,851	69,812
Victims' Assistance Salaries	6,180	6,180	14,820	(8,640)
Payroll Taxes	41,338	41,338	44,136	(2,798)
Court Fees	59,000	59,000	85,793	(26,793)
Education and Travel	1,800	1,800	1,547	253
Technology	37,200	37,200	58,035	(20,835)
Capital Outlay	110,000	110,000	-	110,000
Detention Fees	9,000	9,000	3,135	5,865
Total Police Department	1,246,030	1,246,030	1,186,805	59,225

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
HEALTH AND WELFARE				
Library				
Utilities	9,700	9,700	7,678	2,022
Repairs and Maintenance	5,950	5,950	2,564	3,386
Total Library	15,650	15,650	10,242	5,408
Total Expenditures	1,821,454	1,821,454	3,483,996	(1,662,542)
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	$ -	(1,224,916)	$ (1,224,916)
FUND BALANCE, Beginning of Year			3,752,726	
Prior Period Adjustment, Note 8			(20,934)	
FUND BALANCE, End of Year			$ 2,506,876	

TOWN OF ELGIN, SOUTH CAROLINA

SCHEDULE of the TOWN'S CONTRIBUTIONS
South Carolina and Police Officer Retirement System
Years Ended June 30,

SC Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contributions	$ 24,573	$ 25,837	$ 19,871	$ 14,552	$ 14,588	$ 8,252	$ 8,384	$ 9,538	$ 7,855	$ 7,511
Contributions in Relation to Statutorily Required Contributions	24,573	25,837	19,871	14,552	14,588	8,252	8,384	9,538	7,855	7,511
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's Covered-Employee Payroll	$ 132,397	$ 139,208	$ 113,166	$ 87,877	$ 93,756	$ 76,346	$ 75,016	$ 60,951	$ 57,595	$ 54,247
Contributions as a Percentage of Covered Employee Payroll	18.6%	18.6%	17.6%	16.6%	15.6%	10.8%	11.2%	15.6%	13.6%	13.8%

Police Officers Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contributions	$ 123,858	$ 87,931	$ 75,781	$ 55,385	$ 45,923	$ 41,925	$ 39,487	$ 39,194	$ 31,714	$ 28,645
Contributions in Relation to Statutorily Required Contributions	123,858	87,931	75,781	55,385	45,923	41,925	39,487	39,194	31,714	28,645
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's Covered-Employee Payroll	$ 583,136	$ 413,988	$ 374,410	$ 287,865	$ 252,482	$ 304,247	$ 300,600	$ 268,510	$ 245,308	$ 235,774
Contributions as a Percentage of Covered Employee Payroll	21.2%	21.2%	20.2%	19.2%	18.2%	13.8%	13.1%	14.6%	12.9%	12.1%

TOWN OF ELGIN, SOUTH CAROLINA

SCHEDULE of the TOWN'S PROPORTIONATE
SHARE of the NET PENSION LIABILITY
South Carolina and Police Officer Retirement System
Years Ended June 30,

SC Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Reporting Unit's Proportion of South Carolina Retirement System Net Pension Liability (%)	0.001012%	0.000895%	0.000738%	0.000768%	0.000760%	0.000537%	0.000537%	0.000670%	0.000700%	0.000620%
Reporting Unit's Proportionate Share of Net Pension Liability	$ 237,269	$ 216,405	$ 178,903	$ 166,129	$ 203,175	$ 122,561	$ 122,561	$ 151,503	$ 149,733	$ 118,345
Reporting Unit's Covered Employee Payroll	$ 132,397	$ 139,208	$ 113,166	$ 87,877	$ 93,756	$ 76,346	$ 75,016	$ 60,951	$ 57,595	$ 54,247
Reporting Unit's Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll (%)	179.2%	155.5%	158.1%	189.0%	216.7%	160.5%	163.4%	248.6%	260.0%	218.2%

Police Officers Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Reporting Unit's Proportion of South Carolina Retirement System Net Pension Liability (%)	0.0211%	0.0214%	0.0182%	0.0157%	0.0162%	0.0016%	0.0016%	0.0016%	0.0017%	0.0017%
Reporting Unit's Proportionate Share of Net Pension Liability	$ 633,975	$ 650,502	$ 545,460	$ 402,996	$ 536,305	$ 480,509	$ 480,509	$ 453,069	$ 414,790	$ 378,513
Reporting Unit's Covered Employee Payroll	$ 583,136	$ 413,988	$ 374,410	$ 287,865	$ 252,482	$ 304,247	$ 300,600	$ 268,510	$ 245,308	$ 235,774
Reporting Unit's Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll (%)	108.7%	157.1%	145.7%	140.0%	212.4%	157.9%	159.8%	168.7%	169.1%	160.5%

OTHER SUPPLEMENTAL INFORMATION

TOWN OF ELGIN, SOUTH CAROLINA

UNIFORM SCHEDULE of COURT FINES, ASSESSMENTS, and SURCHARGES
Year Ended June 30, 2025

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected	-	-	178,567	178,567
Court fines and assessments remitted to State Treasurer	-	-	85,793	85,793
Total Court Fines and Assessments retained	-	-	92,774	92,774
Surcharges and Assessments retained for victim services:	-			
Surcharges collected and retained	-	-	1,498	1,498
Assessments retained	-	-	7,858	7,858
Total Surcharges and Assessments retained for victim services	-	-	9,356	9,356

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	28,372	-	28,372
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer	-	-	-
Victim Service Assessments Retained by City/County Treasurer	7,858	-	7,858
Victim Service Surcharges Retained by City/County Treasurer	1,498	-	1,498
Interest Earned	-	-	-
Grant Funds Received			
Grant from:	-	-	-
General Funds Transferred to Victim Service Fund			
Contribution Received from Victim Service Contracts:			
(1) Town of	-	-	-
(2) Town of	-	-	-
(3) City of	-	-	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	37,728	-	37,728
Expenditures for Victim Service Program:	Municipal	County	Total
Salaries and Benefits	14,820	-	14,820
Operating Expenditures	1,004	-	1,004
Victim Service Contract(s):			
(1) Entity's Name	-	-	-
(2) Entity's Name	-	-	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter: Safe Passage Inc.	-	-	-
(2) Rape Crisis Center:	-	-	-
(3) Other local direct crime victims service agency:	-	-	-
Transferred to General Fund	-	-	-
Total Expenditures from Victim Service Fund/Program (B)	15,824	-	15,824
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	21,904	-	21,904
Less: Prior Year Fund Deficit Repayment	-	-	-
Carryforward Funds – End of Year	21,904	-	21,904

Note: This schedule is required by SC 14-1-208E and is an annual reconciliation of amounts collected and remitted to the State Treasurer on the State Treasurer's monthly Remittance Form.

CANTEY, TILLER, PIERCE & GREEN, LLP
Certified Public Accountants
1204 BROAD STREET • POST OFFICE BOX 862
CAMDEN, SOUTH CAROLINA 29021

RICHARD C. TILLER, CPA
JANET M. PIERCE, CPA
HENRY D. GREEN, III., CPA
LORI G. KORNEGAY

LAUREN R. BAKER, CPA
HEATHER ROBERTS
RICHARD "CHIP" GALLOWAY, JR
TRENT BARTELL

MEMBERS OF
AMERICAN INSTITUTE OF CPA'S

SOUTH CAROLINA ASSOCIATION OF CPA'S

PHONE (803) 432-1436
FAX (803) 432-5055

WEBSITE: WWW.CTP-CPA.COM

INDEPENDENT AUDITOR'S REPORT on INTERNAL CONTROL over FINANCIAL REPORTING and on COMPLIANCE and OTHER MATTERS BASED on an AUDIT of FINANCIAL STATEMENTS PERFORMED in ACCORDANCE with GOVERNMENT AUDITING STANDARDS

Honorable Mayor and
Members of the Town Council
Town of Elgin
Elgin, 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, each major fund, and the aggregate remaining fund information of Town of Elgin, South Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Town of Elgin, South Carolina's basic financial statements and have issued our report thereon dated July 16, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Elgin, South Carolina's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Elgin, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Elgin, South Carolina'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described below, that we consider being significant deficiencies.

Findings and Responses

Financial Statement Preparation

Condition – Based on the experience level of the accounting staff at the Town of Elgin, South Carolina, we drafted the financial statement and note disclosures.

Criteria – The financial statements are the responsibility of the Town.

Cause – The accounting staff of the accounting firm drafts the financial statements and note disclosures.

Effect – The accounting staff firm drafting the financial statements requires additional procedures to be completed by management to ensure that management takes responsibility for the financial statements.

Recommendation – Management is provided with a preliminary draft and asked that they review the financial statements to determine the completeness and accuracy of the financial information. Management has reviewed the financial statements and approved them. Subsequent to approval, a final report was issued.

Response – Management will review the financial statements to determine the completeness and accuracy of the financial information and then approve the report.

Separation of Duties

Condition – During our audit we reviewed procedures over transaction cycles related to receipting, cash disbursements, utility billing, and payroll and found the Town to have limited segregation of duties related to the disbursements cycle.

Criteria – Adequate separation of duties calls for clear segregation of functions such as receipts, disbursements, recording, custody of assets, transaction authorization, and performance monitoring.

Cause – The accounting staff of the Town maintains and controls the check stock, prepares checks, records disbursements, prepares deposits and posts to general ledger.

Effect – The existence of this limited segregation of duties increases the risk of misstatement or fraud.

Recommendation – While we recognize the number of staff is not large enough to eliminate these deficiencies entirely, we believe the risk can be reduced by another person reviewing cancelled checks, unopened bank statements and bank reconciliations.

Response – Considering the lack of separation of responsibility, Council and management maintains an awareness of the internal control structure when making accounting and administrative decisions to ensure that reasonably adequate policies and procedures exist and are maintained.

Compliance and Other Matters

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

Town of Elgin, South Carolina's Response to Findings

Town of Elgin, South Carolina's response to the findings identified in our audit is described above. Town of Elgin, South Carolina's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Other Matters

We noted certain other matters that were reported to the management of the Town of Elgin, South Carolina, in a separate letter dated July 16, 2026.

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.

Cantey, Tiller, Pierce and Green, LLP
Cantey, Tiller, Pierce and Green, LLP
Elgin, South Carolina

July 16, 2026