TOWN OF KINGSTREE
SOUTH CAROLINA

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
JUNE 30, 2025

TOWN OF KINGSTREE
SOUTH CAROLINA
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JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council
Town of Kingstree
Kingstree, South Carolina 29556

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Kingstree, South Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Kingstree's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund of the Town of Kingstree, South Carolina, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Town of Kingstree, South Carolina, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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 the Town of Kingstree, 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

My 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 my 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 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, I: 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 Kingstree, 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 my judgment, there are conditions or events considered in the aggregate that raise substantial doubt about the Town of Kingstree, South Carolina's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison – General Fund, schedule of the proportionate share of the net pension liability and schedule of contributions, as listed in the foregoing table of contents be presented to supplement the basic financial statements. Such information, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Kingstree, South Carolina's basic financial statements. The combining and individual fund statements, water and sewer fund - statement of revenues, expenses and changes in net position - budget to actual, schedule of fines, assessments and surcharges - victims fund, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated October 7, 2025 on my consideration of the Town of Kingstree's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Kingstree, South Carolina's internal control over financial reporting and compliance.

Samantha Salisbury

Samantha A. Salisbury, CPA
October 7, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS
(required supplementary information)

TOWN OF KINGSTREE, SOUTH CAROLINA
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025

The Town of Kingstree's Management Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide a concise overview of the Town's financial status, (c) identify any changes in the Town's financial position (its ability to address and meet the challenges of subsequent years), (d) provide an overview of material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

This annual report consists of four sections: (1) the basic financial statements, which include government-wide statements and fund-specific statements; (2) required supplementary information; (3) combined and individual fund statements and schedules for major and non-major governmental funds; and (4) compliance.

Basic Financial Statements

Government-Wide Financial Statements

The Government-Wide Financial Statements section provides a broad overview of the Town's overall financial status, in a manner similar to a private sector enterprise. The statement of net assets is designed to be similar to bottom line results of the Town and, 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 regarding how net assets changed during the most recent fiscal year. All changes in net position are reported as soon as possible, regardless of the timing of related cash flows. Thus, for some items, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the Town that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include administration, police, fire, streets, sanitation, recreation, and community development. The business-type activities of the Town include water and sewer operations as well as housing and economic development.

Fund Financial Statements

The fund financial statements give greater emphasis on individual parts of the Town's financial status and reports operations in greater detail than the government-wide statements.

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. This Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term uses of spendable resources, as well as on balances of spendable resources available at

the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities. The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds
Proprietary enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water and sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail; therefore, the proprietary fund financial statements provide more detailed information for the water and sewer fund which is considered a major fund of the Town.

Fiduciary Funds
Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows of resources by $13,710,776 in 2025 and $13,454,613 in 2024. The following table provides a summary of the Town's net position as of June 30, 2025, and 2024:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
ASSETS, DEFFERED OUTFLOW						
Current and Other Assets	$ 4,722,282	$ 4,918,368	$ 1,104,468	$ 1,534,209	$ 5,826,750	$ 6,452,577
Capital Assets, Net	8,491,642	7,872,104	13,954,976	14,426,712	22,446,618	22,298,816
Deferred Outflows	555,393	468,984	221,665	188,960	777,058	657,944
	13,769,317	13,259,456	15,281,109	16,149,881	29,050,426	29,409,337
LIABILITIES, DEFERRED INFLOWS AND NET ASSETS						
Liabilities :						
Other Liabilities	3,415,531	3,725,803	1,330,311	1,419,384	4,745,842	5,145,187
Noncurrent Liabilities	171,171	116,333	9,114,426	9,533,461	9,285,597	9,649,794
Deferred Inflows	1,198,955	1,091,166	109,256	68,577	1,308,211	1,159,743
	4,785,657	4,933,302	10,553,993	11,021,422	15,339,650	15,954,724
NET POSITION						
Invested in Capital Assets, Net of Related Debt	8,123,659	7,765,149	4,898,317	4,717,989	13,021,976	12,483,138
Nonspendable	12,875	5,765	21,450	21,450	34,325	27,215
Restricted	1,055,214	987,247	638,162	638,162	1,693,376	1,625,409
Unrestricted	(208,088)	(432,007)	(830,813)	(249,142)	(1,038,901)	(681,149)
Total Net Assets	$ 8,983,660	$ 8,326,154	$ 4,727,116	$ 5,128,459	$ 13,710,776	$ 13,454,613

The largest portion of the Town's net position reflects its investment in capital assets (e.g., land, buildings and improvements, vehicles, furniture and equipment and construction in progress); less any related debt used to acquire those assets that are still outstanding. Invested in capital assets (net of related debt), represents about 94.98% of total net assets. The Town uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

The Town's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Unrestricted net assets are the part of the net assets that can be used to finance daily operations without constraints established by debt covenants, enabling legislation and other legal requirements.

Governmental Activities

Governmental activities increased the Town's net position by $657,506. This increase was due primarily to the increase in tax revenue and intergovernmental revenue. Expenses remained consistent overall, with decreases in general government and increases in both public safety and public works.

Business-Type Activities

Business-type activities decreased the Town's net position by $401,343. This decrease was primarily due to the decrease in intergovernmental revenues.

Capital Assets and Debt Administration for Government-Wide Activities

As of June 30, 2025, the Town had invested $22,446,618 (net of accumulated depreciation) in capital assets. Total depreciation expense for the year was $955,812. The following schedule presents capital asset balances net of accumulated depreciation for the fiscal year ended June 30, 2025:

	Amount
Land	$ 2,064,365
Construction in progress	437,083
Buildings and improvements	5,957,493
Equipment and Vehicles	487,339
Water and Sewer System	13,500,338
Total	$ 22,446,618

Debt Administration: The following table presents a summary of the Town's outstanding long-term debt for the fiscal year ended June 30, 2025.

	Amount
Financed Purchased Obligations	$ 33,424
Note Payable	24,323
Revenue Bond Payable	9,032,336
Total	$ 9,090,083

Change in Net Position

The Town's combined governmental and business-type activities include total revenues for the fiscal year ended June 30, 2025 in the amount of $9,358,230. The total expenses of all governmental and business-type activities were $9,102,067, leaving an increase in net position of $256,163.

The following table presents a summary of the activity that resulted in changes to the total net position for the fiscal years June 30, 2025 and 2024:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	$ 2,469,580	$ 2,479,292	$ 2,802,176	$ 2,969,762	$ 5,271,756	$ 5,449,054
Operating Grants and Contributions	689,494	493,778	-	-	689,494	493,778
Capital Grants and Contributions	945,748	361,956	-	1,000,000	945,748	1,361,956
General Revenues:						
Taxes						
Property Taxes, levied for general purpose	1,138,646	1,178,303	-	-	1,138,646	1,178,303
Local Option Sales Tax	1,233,156	1,177,888	-	-	1,233,156	1,177,888
Other Tax	19,095	19,095	-	-	19,095	19,095
Other	30,109	44,227	30,226	30,643	60,335	74,870
Total Revenues	6,525,828	5,754,539	2,832,402	4,000,405	9,358,230	9,754,944
Expenses:						
Governmental Activities						
General Government	1,078,535	663,183	-	-	1,078,535	663,183
Public Safety	2,223,221	2,245,464	-	-	2,223,221	2,245,464
Public Works	1,780,550	1,311,921	-	-	1,780,550	1,311,921
Culture and Recreation	684,248	681,185	-	-	684,248	681,185
Health and Welfare	-	-	-	-	-	-
Interest	1,948	4,403	-	-	1,948	4,403
Business-type Activities						
Water and Sewer Utilities	-	-	3,319,153	3,546,059	3,319,153	3,546,059
Town of Kingstree Develop. Corp	-	-	14,412	17,152	14,412	17,152
Total Expenses	5,768,502	4,906,156	3,333,565	3,563,211	9,102,067	8,469,367
Excess (deficiency) of revenues before transfers over (under) expenses and capital contributions	757,326	848,383	(501,163)	437,194	256,163	1,285,577
Transfers	(99,820)	(344,142)	99,820	344,142	-	-
Capital Contribution	-	-	-	-	-	-
Change in net postion	657,506	504,241	(401,343)	781,336	256,163	1,285,577
Beginning Net Position	8,326,154	7,821,913	5,128,459	4,347,123	13,454,613	12,169,036
Ending Net Position	$ 8,983,660	$ 8,326,154	$ 4,727,116	$ 5,128,459	$ 13,710,776	$ 13,454,613

Governmental Funds

The analysis of governmental funds serves the purpose of looking at what resources came into the funds, how they were spent and what is available for future expenditures. Did the government generate enough revenue to pay for current obligations? What is available for spending at the end of the year?

For the year ended June 30, 2025, the Town's governmental funds reported a fund balance of $2,677,799. Unassigned fund balance may be a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2025, the Town's unassigned fund balance for the governmental fund was $1,618,353, all of which comes from the General Fund.

General Fund

The General Fund is the operating fund included in the town's governmental activities. At the end of the current fiscal year, total revenues were $4,746,314, and total expenditures were $4,867,469, leaving a net decrease in fund balance of $121,155.

The following summarizes expenses within major categories:

	Amount
General Government	$ 981,859
Public Safety	2,018,159
Public Works	1,511,480
Culture and Recreation	318,780
Capital Outlay	14,050
Debt Service	23,141
Total	$ 4,867,469

General Fund Budgetary Highlights

The Town's 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 most significant budgeted fund is the General Fund. The original budget was approved by the Mayor and Town Council held at the June 2024 meeting. During the course of the 2025 fiscal year, there were two amendments to the Town's general fund budget.

Budgetary Highlights

A schedule showing the original and final budget amounts compared to the Town's actual financial activity for the General Fund is provided in this report as required supplementary information.

The Town's final budget was $4,514,167 in General Fund Revenue, with actual revenue totaling $4,746,314 for a positive difference of $232,147 in revenues. The final budget for expenditures was $4,514,167 with actual expenditures being $4,867,469 for a negative difference of $353,302.

Request for Information

This report is intended to provide a summary of the financial condition of the Town of Kingstree and to demonstrate the Town's accountability for the resources it receives. Questions or requests for additional information should be submitted in writing to the address below:

Town of Kingstree
401 North Longstreet
Kingstree, SC 29556

BASIC FINANCIAL STATEMENTS

TOWN OF KINGSTREE, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	$ 2,286,881	$ 879,556	$ 3,166,437
Accounts Receivable (Net)	53,397	438,224	491,621
Property Taxes Receivable (Net)	1,100,003	-	1,100,003
Prepaid Expenses	12,875	-	12,875
Inventory	-	21,450	21,450
Due from Other Governments	361,360	-	361,360
Due from Other Funds- Current	872,924	(872,924)	-
Restricted Cash	34,842	638,162	673,004
Capital Assets, Net of Accumulated Depreciation:			
Land, non-depreciable	1,919,365	145,000	2,064,365
Construction in progress, non-depreciable	334,559	102,524	437,083
Buildings and Improvements	5,837,355	120,138	5,957,493
Equipment and Vehicles	400,363	86,976	487,339
Water and Sewer System	-	13,500,338	13,500,338
Total Capital Assets, Net of Accumulated Depreciation:	8,491,642	13,954,976	22,446,618
Total Assets	**13,213,924**	**15,059,444**	**28,273,368**
Deferred Outflow of Resources:			
Deferred outflow on pension	555,393	221,665	777,058
Total Deferred Outflow of Resources	**555,393**	**221,665**	**777,058**
Liabilities:			
Accounts Payable	308,238	-	308,238
Accrued Expenses	52,559	-	52,559
Due to Third Parties	17,890	-	17,890
Interest Payable	-	10,944	10,944
Pension Liability	2,420,787	1,314,531	3,735,318
Unearned Revenue	616,057	4,836	620,893
Noncurrent Liabilities:			
Due within one year:	38,839	304,558	343,397
Due in more than one year:	132,332	8,809,868	8,942,200
Total Liabilities	**3,586,702**	**10,444,737**	**14,031,439**
Deferred Inflows of Resources:			
Deferred inflow on pension	260,613	109,256	369,869
Unavailable revenue	938,342	-	938,342
Total Deferred Inflows of Resources	**1,198,955**	**109,256**	**1,308,211**
Net Position:			
Nonspendable	12,875	21,450	34,325
Invested in Capital Assets, Net of Related Debt	8,123,659	4,898,317	13,021,976
Restricted for Victim's Fund	32,842	-	32,842
Restricted for Accommodations and Hospitality	1,008,090	-	1,008,090
Restricted for Law Enforcement	14,282	-	14,282
Restricted for Debt Service	-	638,162	638,162
Unrestricted	(208,088)	(830,813)	(1,038,901)
Total Net Position	**$ 8,983,660**	**$ 4,727,116**	**$ 13,710,776**

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

TOWN OF KINGSTREE SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
					Primary Government		
Function/Program Activities	**Expenses**	**Charges for Services**	**Operation Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Primary Government:							
Governmental Activities							
General Government	$ 1,078,535	$ 1,528,517	$ 434,488	$ 809,167	$ 1,693,637	$ -	$ 1,693,637
Public Safety	2,223,221	42,119	-	136,581	(2,044,521)	-	(2,044,521)
Public Works	1,780,550	825,249	255,006	-	(700,295)	-	(700,295)
Culture and Recreation	684,248	73,695	-	-	(610,553)	-	(610,553)
Interest and Fiscal Charges	1,948	-	-	-	(1,948)	-	(1,948)
Total governmental activities	5,768,502	2,469,580	689,494	945,748	(1,663,680)	-	(1,663,680)
Business-type Activities							
Water and Sewer Utilities	3,319,153	2,785,676	-	-	-	(533,477)	(533,477)
Town of Kingstree Development Corporatio	14,412	16,500	-	-	-	2,088	2,088
Total business-type activities	3,333,565	2,802,176	-	-	-	(531,389)	(531,389)
Total primary government	**$ 9,102,067**	**$ 5,271,756**	**$ 689,494**	**$ 945,748**	**(1,663,680)**	**(531,389)**	**(2,195,069)**
General Revenues:							
Taxes							
Property taxes, levied for general purpose					1,138,646	-	1,138,646
Local Option Sales Tax					1,233,156	-	1,233,156
Merchant Inventory Tax					19,095	-	19,095
Unrestricted Investment Earnings					367	25,179	25,546
Transfers					(99,820)	99,820	-
Miscellaneous					29,742	5,047	34,789
Total General Revenues					2,321,186	130,046	2,451,232
Change in Net Position					657,506	(401,343)	256,163
Net Position - Beginning					8,326,154	5,128,459	13,454,613
Net Position - Ending					**$ 8,983,660**	**$ 4,727,116**	**$ 13,710,776**

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

TOWN OF KINGSTREE SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Accommodations & Hospitality Fund	American Rescue Act Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	$ 609,685	$ 1,578,652	$ 66,372	$ 32,172	$ 2,286,881
Accounts Receivable (Net)	24,794	28,603	-	-	53,397
Property Taxes Receivable (Net)	1,100,003	-	-	-	1,100,003
Due from Other Governments	319,172	42,188	-	-	361,360
Due from Other Funds	885,567	-	-	-	885,567
Prepaid Expense	4,232	8,643	-	-	12,875
Cash and Cash Equivalents- Restricted	-	-	-	34,842	34,842
Total Assets	**$ 2,943,453**	**$ 1,658,086**	**$ 66,372**	**$ 67,014**	**$ 4,734,925**
Liabilities:					
Accounts Payable	$ 185,699	$ 122,539	$ -	$ -	$ 308,238
Accrued Expenditures	52,559	-	-	-	52,559
Due to Third Parties	-	-	-	17,890	17,890
Due to Other Funds	-	8,643	2,000	2,000	12,643
Unearned Revenue	32,871	518,814	64,372	-	616,057
Total Liabilities	271,129	649,996	66,372	19,890	1,007,387
Deferred inflows of resources					
Unavailable revenue	1,049,739	-	-	-	1,049,739
Total Deferred Inflows of Resources	1,049,739	-	-	-	1,049,739
Fund Balances:					
Nonspendable	4,232	8,643	-	-	12,875
Restricted	-	999,447	-	47,124	1,046,571
Committed	-	-	-	-	-
Unassigned	1,618,353	-	-	-	1,618,353
Total Fund Balance	1,622,585	1,008,090	-	47,124	2,677,799
Total Liabilities, Deferred Inflows of Resources and Fund Balance	**$ 2,943,453**	**$ 1,658,086**	**$ 66,372**	**$ 67,014**	**$ 4,734,925**

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

TOWN OF KINGSTREE, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUND
AS OF JUNE 30, 2025

Fund Balance- Total Governmental Fund		**$ 2,677,799**
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financing resources and therefore are not reported in the governmental fund:		
Governmental Capital Assets	$ 14,304,900	
Less Accumulated Depreciation	(5,813,258)	8,491,642
Other long-term assets, such as property taxes and pension expense are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes		111,397
Net pension deferrals		294,780
Long-term liabilities are not due and payable in the current period are therefore are not reported in the governmental fund.		
Net Pension Liability	(2,420,787)	
Capital lease	(33,424)	
Compensated Absences	(137,747)	(2,591,958)
Net Position of Governmental Activities		**$ 8,983,660**

TOWN OF KINGSTREE SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Accommodations & Hospitality Fund	American Rescue Act Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property and Local Option Sales Tax	$ 1,978,987	$ 407,907	$ -	$ -	$ 2,386,894
Intergovernmental Revenue	334,668	809,167	491,407	-	1,635,242
Charges for Services	2,421,490	48,090	-	-	2,469,580
Interest Earned	-	-	-	367	367
Other Revenue	11,169	10,296	-	8,277	29,742
Total Revenues	4,746,314	1,275,460	491,407	8,644	6,521,825
Expenditures					
Current:					
General Government	981,859	-	28,481	-	1,010,340
Public Safety	2,018,159	-	-	12,698	2,030,857
Public Works	1,511,480	-	226,525	-	1,738,005
Culture and Recreation	318,780	362,063	-	-	680,843
Capital Outlay	14,050	855,587	136,581	-	1,006,218
Debt Service					
Principal	21,193	-	-	-	21,193
Interest and fiscal charges	1,948	-	-	-	1,948
Total Expenditures	4,867,469	1,217,650	391,587	12,698	6,489,404
Excess of revenues over expenditures	(121,155)	57,810	99,820	(4,054)	32,421
Other financing sources					
Transfers out	-	-	(99,820)	-	(99,820)
Total other financing sources	-	-	(99,820)	-	(99,820)
Net change in fund balance	(121,155)	57,810	-	(4,054)	(67,399)
Fund Balances, beginning of year	1,743,740	950,280	-	51,178	2,745,198
Fund Balances, end of year	**$ 1,622,585**	**$ 1,008,090**	**$ -**	**$ 47,124**	**$ 2,677,799**

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

TOWN OF KINGSTREE, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND

AS OF JUNE 30, 2025

Net Change in Fund Balance - Total Governmental Fund		**$ (67,399)**
Amounts reported for governmental activities in the statement of activities are different because:		
The governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciated expense. This is the amount by which capital outlay exceeds depreciation in the current period.		
Capital asset additions	$ 1,006,218	
Less current year depreciation	(386,680)	619,538
Because some property taxes and local option sales tax will not be collected for several months after year-end, they are not considered "available" revenues in the governmental fund.		4,003
Pension expense that is related to net pension liability as recorded in the statement of activities is based on the Town's proportionate share of pension expense of the retirement system as a whole, where as pension expense recorded in the funds is based on the use of current financial resources (e.g. required contributions)		156,202
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. These include the net increase/decrease in compensated absences and interest expense.		
Note payable principal payments		21,193
Compensated absences		(76,031)
Change in Net Position of Governmental Activities		**$ 657,506**

TOWN OF KINGSTREE, SOUTH CAROLINA
STATEMENT OF POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Business-Type Activities Enterprise Funds		
	Water and Sewer	Town of Kingstree Development Corporation	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 873,074	$ 6,482	$ 879,556
Accounts Receivable, net	437,524	700	438,224
Inventory	21,450	-	21,450
Total Current Assets	1,332,048	7,182	1,339,230
Non-Current Assets:			
Cash and Cash Equivalents- Restricted	638,162	-	638,162
Capital Assets:			
Land	145,000	-	145,000
Construction in Progress	102,524	-	102,524
Building and Improvements	906,680	65,000	971,680
Vehicles and Equipment	653,601	-	653,601
Water and Sewer System	26,871,064	-	26,871,064
Accumulated Depreciation	(14,778,195)	(10,698)	(14,788,893)
Total Capital Assets	13,900,674	54,302	13,954,976
Total Non-Current Assets	14,538,836	54,302	14,593,138
Total Assets	**15,870,884**	**61,484**	**15,932,368**
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflow of Resources:			
Deferred outflow on pension	221,665	-	221,665
Total Deferred Outflow of Resources	**221,665**	**-**	**221,665**
LIABILITIES			
Current Liabilities:			
Accrued Interest Payable	10,944	-	10,944
Unearned Revenue	3,561	1,275	4,836
Due to Other Funds	864,424	8,500	872,924
Current Portion - Compensated Absences	5,777	-	5,777
Current Portion - Bonds Payable/Notes Payable	291,826	6,955	298,781
Total Current Liabilities	1,176,532	16,730	1,193,262
Non-Current Liabilities:			
Compensated Absences	51,990	-	51,990
Bonds Payable/Notes Payable	8,740,510	17,368	8,757,878
Net Pension Liability	1,314,531	-	1,314,531
Total Non-Current Liabilities	10,107,031	17,368	10,124,399
Total Liabilities	**11,283,563**	**34,098**	**11,317,661**
DEFERRED INFLOW OF RESOURCES			
Deferred Inflow of Resources:			
Deferred inflow on pension	109,256	-	109,256
Total Deferred Inflow of Resources	**109,256**	**-**	**109,256**
NET POSITION			
Invested in Capital Assets, net of related debt	4,868,338	29,979	4,898,317
Restricted for debt service-expendable	638,162	-	638,162
Unrestricted	(806,770)	(2,593)	(809,363)
Total Net Position	**$ 4,699,730**	**$ 27,386**	**$ 4,727,116**

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

TOWN OF KINGSTREE, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED
JUNE 30, 2025

	Business-Type Activities Enterprise Funds		
	Water and Sewer	Town of Kingstree Development Corporation	Total
OPERATING REVENUES:			
Charges for Services	$ 2,785,676	$ 16,500	$ 2,802,176
Total Operating Revenues	2,785,676	16,500	2,802,176
OPERATING EXPENSES:			
Personnel services	1,024,427	-	1,024,427
Contractual Services	641,934	3,656	645,590
Materials and Supplies	179,230	-	179,230
Travel and Training	16,838	-	16,838
Utilities	259,434	-	259,434
Repairs and Maintenance	169,197	3,333	172,530
Miscellaneous	282,054	4,196	286,250
Depreciation and Amortization Expense	567,507	1,625	569,132
Total Operating Expenses	3,140,621	12,810	3,153,431
Operating Income	(354,945)	3,690	(351,255)
NONOPERATING REVENUES (EXPENSES):			
Interest Income	25,179	-	25,179
Interest Expense	(178,532)	(1,602)	(180,134)
Other Revenue	5,047	-	5,047
Total Nonoperating Revenues (Expenses)	(148,306)	(1,602)	(149,908)
Income before transfers	(503,251)	2,088	(501,163)
Transfers in	99,820	-	99,820
Changes in net position	(403,431)	2,088	(401,343)
Total Net Position beginning of the year	5,103,161	25,298	5,128,459
Total Net Position end of the year	**$ 4,699,730**	**$ 27,386**	**$ 4,727,116**

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

TOWN OF KINGSTREE SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Enterprise Funds		
	Water and Sewer	**Town of Kingstree Development Corporation**	**Total**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	$ 3,200,868	$ 15,800	$ 3,216,668
Payments to employees and suppliers for services	(2,203,002)	(7,685)	(2,210,687)
Net cash provided by (used in) operating activities	997,866	8,115	1,005,981
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Nonoperating other revenue (expense)	5,047	-	5,047
Transfer in	99,820	-	99,820
Net cash provide by (used in) noncapital financing activities	104,867	-	104,867
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on long term debt	(408,893)	(7,198)	(416,091)
Intergovernmental revenue	-	-	-
Interest paid	(178,532)	(1,602)	(180,134)
Net cash provided by (used in) capital and related financing activities	(587,425)	(8,800)	(596,225)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of capital assets	(97,395)	-	(97,395)
Interest received	25,179	-	25,179
Net cash received from (used by) investing activities	(72,216)	-	(72,216)
Net increase (decrease) in cash and cash equivalents	443,092	(685)	442,407
Cash and cash equivalents, beginning of year	1,068,144	7,167	1,075,311
Cash and cash equivalents, end of year	**$ 1,511,236**	**$ 6,482**	**$ 1,517,718**
Financial Statement Presentation: Cash and Cash Equivalents	$ 873,074	$ 6,482	$ 879,556
Cash and Cash Equivalents- Restricted	638,162	-	638,162
	$ 1,511,236	**$ 6,482**	**$ 1,517,718**
Reconciliation of operating (loss) to net cash provided by (used in) operating activities:			
Operating Income (loss)	$ (354,945)	$ 3,690	$ (351,255)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation and Amortization	567,507	1,625	569,132
Changes in assets and liabilities:			
(Increase) Decrease in Receivables	411,631	(700)	410,931
Increase (Decrease) in Unearned Revenue	3,561	-	3,561
(Increase) Decrease in Due from/to Other Funds	456,716	3,500	460,216
Increase (Decrease) in Pension Obligation	(83,660)	-	(83,660)
Increase (Decrease) in Compensated Absences	(2,944)	-	(2,944)
Total adjustments	1,352,811	4,425	1,357,236
Net cash provided by (used in) operating activities	$ 997,866	$ 8,115	$ 1,005,981

Supplemental Schedule of NonCash Investing and Financing Activities
None

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

TOWN OF KINGSTREE, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
JUNE 30, 2025

	Agency Funds
ASSETS	
Cash and Cash Equivalents	$ 13,375
Total Assets	**$ 13,375**
LIABILITIES	
Liabilities:	
Accounts Payable	$ -
Total Liabilities	**-**
Net Position	
Restricted	$ 13,375
Total Net Position	**13,375**

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

TOWN OF KINGSTREE SOUTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND - FIREMAN FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Fireman Fund
Additions	
Fees	$ 11,773
Total Additions	11,773
Deductions	
Paid for Activities	13,624
Total Expenditures	13,624
Excess of (deficiency) of revenues over (under) expenditures	(1,851)
Net change in fund balance	(1,851)
Fund Balances, beginning of year	15,226
Fund Balances, end of year	**$ 13,375**

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

TOWN OF KINGSTREE, SOUTH CAROLINA
Notes to Financial Statements
June 30, 2025

1 - Summary of Significant Accounting Policies:

A. Introduction-

The Town of Kingstree, South Carolina (the Town) was incorporated under the laws of the State of South Carolina. The Town is governed by an elected mayor and six-member council. All legislative and administrative powers of the municipality and determination of all matters of policy are vested in the Town Council. Among the services which the Town funds provide in whole, or in part, are the following: general government (administrative), public safety, public works, and culture and recreation.

A primary government or entity is financially accountable if it appoints a voting majority of the organization's governing body, including situations in which the voting majority consists of the primary entity's officials serving as required by law (e.g., employees who serve in an ex officio capacity on the component unit's board are considered appointments by the primary entity) and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary entity. The primary entity is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

An organization can provide a financial benefit to, or impose a financial burden on, a primary government in a variety of ways. The benefit or burden may result from legal entitlements or obligations, or it may be less formalized and exist because of decisions made by the primary government or agreements between the primary government and a component unit. If a primary government appoints a voting majority of an organization‘s officials or if the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or to impose specific financial burdens on, the primary government, the primary government is financially accountable for those organizations. An organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists: 1) The primary government is legally entitled to or can otherwise access the organization’s resources. 2) The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization. 3) The primary government is obligated in some manner for the debt of the organization.

Based on the criteria, The Town has one reportable blended component unit.

The Town of Kingstree Development Corporation, Inc. 401 N. Longstreet Street, Kingstree, South Carolina, 29556. This Non-Profit Corporate entity established June 12, 2018, to assist in the development, conservation and redevelopment of neighborhoods and commercial districts located in the Town of Kingstree, SC. The Corporation is governed by a Board of Directors which shall consist of five voting and three non-voting Directors. Non-voting Directors shall be three members of the Town of Kingstree’s staff consisting of the Town Manager, whom shall be the Executive Director, and two employees nominated by the Town Manager and approved by the Board to serve as the Treasurer and Secretary. The remaining five voting Directors must have a vested residential or business interest within the Town of Kingstree and/or Williamsburg County, South Carolina. This has been reported as a proprietary fund in the financial statements.

A. Introduction- (continued)

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Kingstree, South Carolina, are discussed in subsequent sections of this Note. The remainder of the notes are organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended June 30, 2025.

B. Financial Reporting Entity – Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and the fund financial statements which provide a more detailed level of financial information. The accounts of the Town 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 is maintained constant with legal and managerial requirements. There are three categories of funds in this reporting entity: governmental, proprietary and fiduciary.

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 primary government. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities. Governmental activities are generally supported by taxes and other intergovernmental revenues and business-type activities are generally supported in whole or in part with charges for services.

The statement of net assets presents the financial condition of the governmental and business-type activities for the Town at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities and business-type activities. Direct expenses are those that specifically associate with a services, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the good or services offered by the program, grant and contributions that are restricted to meeting operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues and all taxes are presented as general revenues of the Town, with certain limited exceptions.

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.

Fund Financial Statements-

The Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting-

Governmental funds

Governmental funds are used to account for general governmental activities. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Town's major governmental funds:

General Fund- This is the operating fund of the Town. This fund accounts for all financial resources of the general government except those required to be accounted for in another fund.

Accommodations and Hospitality Fund- This is a special revenue fund of the Town. This fund accounts for the government's state and local option accommodations and hospitality sales tax and funds that are restricted for the use of local culture and recreation development.

American Rescue Act Fund- This fund accounts for federal financial resources to be used to support operational and capital activities of the community as a result of Covid-19.

Proprietary funds

Proprietary funds financial reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flow. Proprietary funds are classified as either enterprise or internal service. These funds use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

The following are the Town's major and only proprietary funds:

Water and Sewer Fund- This fund is used to account for the Town's water and sewer operations. It consists of a water system and equipment used to process water to its customers and a treatment plant and equipment to process sewage.

Town of Kingstree Development Corporation -This fund is used to account for the blended component unit of the Town, which is created to assist in the development, conservation, and redevelopment of neighborhoods and commercial districts located in the Town of Kingstree, SC.

Fiduciary fund (Not included in the government-wide statements)

Fiduciary funds account for assets held by the Town in trust for others. There are four basic types of fiduciary funds: 1) Pension Trust Funds, 2) Investment Trust Funds, 3) Private-Purpose Trust Funds, and 4) Custodial Funds. The Town's only fiduciary fund is custodial. Custodial funds are used to report fiduciary activities that are not required to be reported as another fiduciary fund type. The Town's custodial fund is the Fireman's Fund. These monies are not controlled by the Town council but rather by the Town's Fire Department Chief.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation-

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

The **government-wide statements** are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. All assets and liabilities associated with the operations of the Town are included on the statement of net assets.

The **governmental fund financial statements** are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only the current assets and current liabilities generally are included on the balance sheet. Revenues are recognized when they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay current liabilities. For this purpose, the Town considers revenues to be available if they are collected within 30 days of the end of the current fiscal year, except for federal grant revenue which is considered available if collected within six months. Expenditures generally are recorded when a liability is expected to be liquidated with expandable and available resources.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, local option sales taxes, fines and forfeitures, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements 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 year when first permitted, matching requirement in which the Town must provide local resources to be used for a specific purpose and expenditures requirements in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized. Under the modified accrual basis, the following revenue sources are deemed both measureable and available at year-end: delinquent taxes collected within 30 days of the year-end, fines and forfeitures, certain charges for services, local option sales tax, grants and other intergovernmental revenues.

Unavailable and Unearned Revenues – Unavailable and unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are not considered available to liquidate liabilities of the current period. Property taxes for which there is an enforceable legal claim as of December 31, 2024, but levied to finance fiscal year 2025 operations have been recorded as deferred inflows of resources. Grants and entitlements received before the eligibility requirements are met are recorded as deferred inflows of resources. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources. The Town also defers revenue recognition in connection with

resources received prior to meeting eligibility requirements (other than time requirements). As such, certain grants have been received but not yet earned and have been reported as unearned revenue.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. 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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities. It is the Town's policy to use restricted, committed, assigned and unassigned amounts, respectively when expenditures incur.

C. Assets, Liabilities, and Net Assets or Equity

Cash and Cash Equivalents

The Town maintains and controls several cash accounts for the funds of the primary government, some of which is restricted. Each fund's cash is displayed on its respective balance sheet as "cash and cash equivalents" in current assets for non-restricted cash and non-current assets for restricted cash.

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments, including certificates of deposits. For the purpose of the Proprietary Fund's statement of cash flows, all short-term highly liquid investments, including restricted assets, with original maturities of three months or less from the date of acquisition are considered to be cash equivalents.

The Town allows the provisions of GASB Statement No. 72, Fair Value Measurement and Application. The Town measures and records its investments using fair value measurement guidelines established by GASB Statement No. 72. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- 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 should 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. At June 30, 2025, the Town holds no investments.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In the governmental fund statements, reported inventories and prepaid items are equally offset by a nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to/from other funds." The property taxes for the Town are assessed, billed and collected by Williamsburg County, South Carolina. The Town recognizes property taxes in the period for which they are levied and available for financing current expenditures. Property taxes receivable represents delinquent real taxes receivable for the past ten years, less an allowance for amounts estimated to be uncollectable. All net property taxes receivable at year end, except those collected within 30 days, are recorded as deferred revenue and thus not recognized as revenue until collected in the governmental funds. Taxes on real property and certain personal property attach an enforceable lien on the property as of January 1. Taxes are levied and billed the following September on all property other than vehicle and are payable on or before January 15th of the following year. Penalties are assessed on unpaid taxes on the following dates: January 16 – three percent, February 1st- an additional seven percent, March 16 -an additional five percent. All unpaid taxes are placed in execution on March 16th. Taxes on licensed motor vehicles are levied during the month when the taxpayer's license registration is due for renewal. The taxpayer must provide proof of payment to the South Carolina Department of Motor Vehicles before that agency will renew the vehicle license.

The water, sewer, and sanitation receivables represent various volumes, availability, and other service fees earned but not yet collected. Cycle billings at year-end are estimated to record revenues earned through year-end. Recurring consumption and capacity fees from residential and commercial customers are recognized as operating revenues.

Restricted Assets

Certain assets of the Town's General Fund and Enterprise Funds are derived from proceeds of various Revenue Bonds and Victim's Assistance programs and are set aside for the specific purpose of providing victims assistance or for the purpose to fulfill bond agreement reserve requirements. These assets are classified as restricted assets on the balance sheet in the government-wide and reserved in fund financial statements, because their use is limited by contract. All restricted assets are considered expendable.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date donated.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' life are not capitalized.

All reported capital assets except land and construction in process are depreciated. Useful lives are estimated based on the Town's historical records. Depreciation is provided using the straight-line method over the following estimated useful lives, in years:

Buildings	5 – 50
Improvements, other than buildings	2 – 50
Equipment	3 – 30

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable lien claim as of December 31, 2024, but which were to be levied to finance fiscal year 2025 operations have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on pension reported in the government-wide statement of net position. A deferred charge on pension results from the difference in the carrying value of the liability and allocated asset. This amount is deferred and amortized over the shorter of the life of the pension expense or pension liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bonds payable are reported as liabilities, net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

Sick Leave - It is the Town’s policy to permit employees to accumulate earned but unused sick benefits throughout the year. An estimate of sick leave expected to be paid has been accrued on the basic financial statements.

Vacation Benefits - Every employee in the Town's service holding a regular full-time position shall begin earning vacation time with pay. An employee is allowed to accumulate unused vacation days up to a maximum number of 480 hours that may be earned in a calendar year for carryover from one year to the subsequent year. Upon termination, the employee is paid for the unused vacation days at their current salary rate.
Such vacation benefits shall be granted as follows:

Time of Continuous Service	Days Earned Per Year
1 to 2 years	5 Days
2 to 10 years	10 Days
After 10 years	15 Days

All vacation and compensatory pay, including sick leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only to the extent they are payable from current resources, and represent matured liabilities, for example, as a result of employee resignations and retirements.

Net Position and Fund Balances

Government-wide Statements- Equity is classified as net assets and displayed in three components:

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

Restricted net position- Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

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

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 consists 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 debt which has not been spent is 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.

Fund Statements- The Town follows the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Classifications are hierarchical and are based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the Town to classify and report amounts in the appropriate fund balance classifications. The Town's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned.

Non-spendable balance represents balances associated with inventories and/or prepaid expenses. Restricted balances can be spent only for the specific purpose stipulated by constitution, external resource, providers or other enabling legislation. Committed balances are those for which the specific purpose has been determined by a formal action of the government's board. Assigned balances are those for which specific purposes have been assigned without the above mentioned authorities. Unassigned balances are for which the residual amounts remain.

The Town generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available 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.

Accounting Estimates

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

D. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Town, these revenues are charges for services for water and sewer activity as well as housing and economic development activity. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund.

Inter-fund Activity

Inter-fund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

The Town had no outstanding encumbrances reportable for the current year-end.

E. Budgets and Budgetary Accounting

The Town adopts an annual budget for the general fund and both proprietary funds; however the proprietary funds are not legally required to be reported. The mayor and the clerk submit to the Town Council a proposed operating budget for the upcoming year. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments and prior to June 30; the budget is legally enacted through passage of an ordinance. The level of budgetary control is determined by the Town Council at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Town Council. Budget amounts presented are as originally adopted with amendments and classification for presentation purposes. The annual budgets are prepared in accordance with accounting principles generally accepted in the United States of America. All annual

appropriations lapse at fiscal year-end. Encumbrance accounting in not employed in the Town's governmental funds. During the year, supplementary appropriations were necessary. The General fund budget amendments included increases and decreases within department, the planned use of fund balance for various expenditures.

2. Deposits and Investments

Interest Rate Risk

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

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

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations. State statutes authorize the Town to invest in the following:

1. Obligations of the United States and agencies thereof;

2. General Obligations of the State of South Carolina or any of its political units;

3. Saving and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation;

4. Certificate of deposit and repurchase agreements collateralized by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest; and

5. No-load open 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.

In addition, South Carolina statutes authorize the Town to invest in the South Carolina Local Government Investment Pool (SCLGIP). The SCLGIP is an investment trust fund created pursuant to Section 6-6-10 of the South Carolina Code of Laws, and administered by the State Treasurer, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The SCLGIP is permitted to purchase obligations of the United States, its agencies, and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services. The SCLGIP is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940.

The reported value of the Town's position in the pool, if any, is the same as the fair value of the pool shares. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31 "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools,"* investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of $1.00.

Concentration of Credit Risk

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

Custodial Credit Risk-Deposits

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The town does not have a policy for custodial credit risk. However, South Carolina state statutes provide that banks accepting deposits of funds from local government units must furnish an indemnity bond or pledge as collateral obligations of the United States, South Carolina, and political subdivisions of South Carolina, The Federal National Mortgage Association, The Federal Home Loan Bank, the Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation.

As of June 30, 2025, the Town's bank balances, including agency funds, of $3,969,171 were collateralized by government investments held by the pledging financial institution's trust department or agent in the Town's name.

Custodial Credit Risk-Investment

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2025, the Town held no investments.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Town or its agent in the Town's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Town's name.

3- Receivables and Deferred Revenues

Receivables and deferred revenues by fund as of year-end June 30, 2025, are as follows:

	Governmental Funds			Proprietary Funds	
	General Fund	Accommodations & Hospitality Fund	American Rescue Act Fund	Water & Sewer Fund	Development Corporation Fund
Property tax receivables					
Current property taxes	$ 938,342				
Current vehicle taxes	37,545				
Delinquent property taxes	124,116				
Net property tax receivables	$ 1,100,003				
Accounts receivable	$ 24,794	$ 28,603	$ -	$ 440,392	$ 700
Allowance for uncollectable	-	-	-	(2,868)	-
Net receivables	$ 24,794	$ 28,603	-	$ 437,524	$ 700
Unearned Revenue					
Grant projects	$ -	$ -	$ 64,372	$ -	$ -
Customer Deposits	-	-	-	-	1,275
Event/Downtown project deposits	32,871	518,814	-	-	-
Total Unearned Revenue	$ 32,871	$ 518,814	64,372	-	1,275
Deferred Revenue					
Delinquent property taxes not collected within 30 days after year-end	$ 111,397				
Total Deffered Revenue	$ 111,397				
Total Unavailable Revenue	$ 938,342				

4-Capital Assets-

Governmental capital asset activity for the year-end June 30, 2025, was as follows:

	Balance 6/30/2024	Additions/ Transfers	Deletion/ Transfers	Balance 6/30/2025
Land, not depreciated	$ 1,919,365	$ -	$ -	$ 1,919,365
Construction in Progress, not depreciated	52,338	855,587	573,366	334,559
Capital assets being depreciated:				
Buildings and improvements	8,522,373	573,366	-	9,095,739
Equipment	893,837	110,251	-	1,004,088
Vehicles	1,910,769	40,380	-	1,951,149
Total capital assets	13,298,682	1,579,584	573,366	14,304,900
Less accumulated depreciation:				
Buildings and improvements	3,043,736	214,648	-	3,258,384
Equipment	775,387	43,568	-	818,955
Vehicles	1,607,455	128,464	-	1,735,919
Total accumulated depreciation	5,426,578	386,680	-	5,813,258
Total capital assets, net	$ 7,872,104	$ 1,192,904	$ 573,366	$ 8,491,642

4-Capital Assets (continued) –

Business-type Activities capital asset activity for the year-end June 30, 2025, was as follows:

	Balance 6/30/2024	Additions/ Transfers	Deletion/ Transfers	Balance 6/30/2025
Land, not depreciated	$ 145,000	$ -	$ -	$ 145,000
Construction in Progress, not depreciated	27,906	74,618	-	102,524
Capital assets being depreciated:				
Buildings and improvements	971,680	-	-	971,680
Equipment	477,806	22,777	-	500,583
Vehicles	153,018	-	-	153,018
Water & sewer system	26,871,064	-	-	26,871,064
Total capital assets	28,646,474	97,395	-	28,743,869
Less accumulated depreciation:				
Buildings and improvements	832,671	18,874	-	851,545
Equipment	422,900	16,184	-	439,084
Vehicles	116,915	10,626	-	127,541
Water & sewer system	12,847,276	523,447	-	13,370,723
Total accumulated depreciation	14,219,762	569,131	-	14,788,893
Total capital assets, net	$ 14,426,712	$ (471,736)	$ -	$ 13,954,976

Depreciation expense was charged as follows:

Governmental Activities	
General government	$ 148,366
Public safety	192,364
Public works	42,545
Culture and recreation	3,405
	$ 386,680
Business - Type Activities	
Water & Sewer fund	$ 567,506
Kingstree Development Corp.	1,625
	$ 569,131

5-Interfund Activity

Outstanding balances between funds are a result of timing differences between the (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions recorded in the accounting system, and (3) payments between funds being made. All balances are expected to be repaid within the following year.

5-Interfund Activity (continued)

	Receivable Fund	Payable Fund
Governmental Major Fund - General fund	$ 885,567	$ -
Governmental Major Fund - Accomodations	-	8,643
Governmental Major Fund - American Rescue	-	2,000
Governmental Major Fund - Black River Park Network	-	2,000
Enterprise fund - Water & Sewer	-	864,424
Enterprise fund - Development Corporation	-	8,500
Total	$ 885,567	$ 885,567

Transfers were used to move grant revenues to purchase capital assets in the Water and Sewer Fund in accordance with proper authorizations.

	Transfer In	Transfer Out
Governmental Major Fund - American Resuce	$ -	$ 99,820
Enterprise Major Fund - Water and Sewer	99,820	-
Total	$ 99,820	$ 99,820

6- Long-Term Debt

The following is a summary of debt transactions for the Town for the year ended June 30, 2025:

Governmental Activities	**Balance 6/30/2024**	**Increase**	**Decrease**	**Balance 6/30/2025**	**Due within One Year**
Compensated absences	$ 61,716	$ 108,407	$ 32,376	$ 137,747	$ 13,775
Financed purchased obligation	54,617	-	21,193	33,424	25,064
	$ 116,333	$ 108,407	$ 53,569	$ 171,171	$ 38,839

Business - Type Activities	**Balance 6/30/2024**	**Increase**	**Decrease**	**Balance 6/30/2025**	**Due within One Year**
Compensated absences	$ 60,711	$ 63,750	$ 66,694	$ 57,767	$ 5,777
Note payable - KDC	31,521	-	7,198	24,323	6,955
Revenue bonds	9,441,229	-	408,893	9,032,336	291,826
	$ 9,533,461	$ 63,750	$ 482,785	$ 9,114,426	$ 304,558

Revenue Bonds Payable – Business – Type Activities

The Town issues revenue bonds to provide funds for the construction of major capital water and sewer treatment facilities. These revenue bonds are expected to be repaid using the operational revenue from the town's water and sewer fund operations. The revenue bonds payables outstanding on June 30, 2025, include the following:

6- Long-Term Debt (continued)

Issue Date	Description	Original	Outstanding
2/3/2000	Revenue Bond with an annual interest rate of 4.5%, annual fixed payments of $11,616 principal plus interest and matures in 2040. Water and Sewer operating revenues will be used to service debt.	$ 215,000	$ 123,745
2/3/2000	Revenue Bond with an annual interest rate of 4.5%, annual fixed payments of $175,068 principal plus interest and matures in 2040. Water and Sewer operating revenues will be used to service debt.	3,241,800	1,862,096
7/19/2013	Revenue Bond with an annual interest rate of 2.125%, annual fixed payments of $316,200 principal plus interest and matures in 2045. Water and Sewer operating revenues will be used to service debt.	8,500,000	5,265,003
7/19/2013	Revenue Bond with an annual interest rate of 2.125%, annual fixed payments of $84,540 principal plus interest and matures in 2053. Water and Sewer operating revenues will be used to service debt.	2,272,500	1,781,492
		$ 14,229,300	$ 9,032,336

A summary of the annual requirements for revenue bond payables are as follows:

Business - Type Activities

Year Ended June 30,	Principal	Interest
2026	291,827	244,023
2027	300,437	235,414
2028	309,337	226,512
2029	318,543	217,307
2030	328,063	207,786
2030 - 2034	1,457,427	884,201
2035 - 2039	2,086,287	591,221
2040 - 2044	1,406,396	351,950
2045 - 2049	1,563,906	194,441
2050 - 2053	970,113	37,812
	$ 9,032,336	$ 3,190,667

6- Long-Term Debt (continued)

Note Payable

The Town of Kingstree Development Corporation entered into a note payable agreement with a financial institution in the amount of $65,000 with an annual interest rate of 3.5% with monthly payments in the amount of $644 until December 19, 2028, after which time it may change to a variable interest rate of Index (w/Margin) Wall Street Journal Prime minus 1.75%. Total proceeds were used to purchase a building, which has been used as collateral on this note payable.

A summary of the annual requirements for note payables are as follows:

Note Payable

Year Ended June 30,	Principal	Interest
2025	$ 6,955	$ 757
2026	7,203	510
2027	7,459	253
2028	2,706	29
	$ 24,323	$ 1,549

Financed Purchased Obligations

The Town of Kingstree entered into several agreements with an institution for six police vehicles. Four vehicles in the amount of $125,907 with monthly payments in the amount of $3,185, including an estimated annual interest rate of about 5.192% until 2026. Two vehicles in the amount of $71,320 with monthly payments in the amount of $1,388, including an estimated annual interest rate of 5.192% until 2027. The vehicles have a reported cost of $238,567 and accumulated depreciation in the amount of $210,718.

A summary of the annual requirements for financed purchased obligations are as follows:

Financed Purchased Obligations

Year Ended June 30,	Principal	Interest
2026	$ 18,109	$ 940
2027	11,750	610
	$ 29,859	$ 1,550

7- Risk Management

The Town is exposed to various risks of loss and pays insurance premiums to certain State agencies and commercial insurers to cover risks that may occur in normal operations. Management believes such coverage is sufficient to preclude any significant losses for the covered risk. The Town has not had a significant reduction in insurance in the last three years and has not had claims in excess of coverage in the last three years.

Several State funds accumulated assets and the State itself assumes substantially all risks for the following:

1) Claims of State employees for unemployment compensation benefits (Employment Security Commission)
2) Claims of covered employees for workers compensation benefits for job-related illness or injuries (State Accident Fund)
3) Claims of covered public employees for long-term disability and group-life insurance benefits (Retirement Systems)

8- Retirement Plans

Description of the Entity

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

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

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through 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 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 for 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 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 State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to newly hired state, public higher education institution and public school district employees, as well as individuals first elected to the South Carolina General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

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

In addition to the plans described above, PEBA also administers three single employer defined benefit pension plans, which are not covered in this report. They are the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG).

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.

- State ORP - As an alternative to membership in SCRS, newly hired state, public school and higher education employees, as well as individuals first elected to the South Carolina General Assembly at or after the general election in November 2012 have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

- 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. 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.

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. 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 and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute.

Effective July 1, 2017, employee rates were increased and capped at 9 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS until reaching

18.56 percent for SCRS and 21.24 percent for 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.

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 employee contribution rates[1] are as follows:

	Fiscal Year 2025[1]	Fiscal Year 2024[1]
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
State ORP		
Employee	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contribution rates[1] are as follows:

	Fiscal Year 2025[1]	Fiscal Year 2024[1]
SCRS		
Employer Class Two	18.41%	18.41%
Employer Class Three	18.41%	18.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution[2]	18.41%	18.41%

Employer Incidental Death Benefit	0.15%	0.15%

	Fiscal Year 2025[1]	Fiscal Year 2024[1]
PORS		
Employer Class Two	21.04%	21.04%
Employer Class Three	21.04%	21.04%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

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

[2] Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP service provider to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

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 & 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, 2024.

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return[1]	7%	7%
Projected salary increases	3.0% to 11.0% (varies by service)[1]	3.5% to 10.5% (varies by service)[1]
Benefit adjustments	lesser of 1% or $500 annually	lesser of 1% or $500 annually
[1] *Includes inflation at 2.25%*		

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

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

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

Net Pension Liability

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, 2024, for SCRS and PORS are presented below.

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	$ 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 Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

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 on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.23%	2.86%
Bonds	26.0%	2.60%	0.68%
Private Equity[1]	9.0%	9.60%	0.86%
Private Debt[1]	7.0%	6.90%	0.48%
Real Assets	**12.0%**		
Real Estate[1]	9.0%	4.30%	0.39%
Infrastructure[1]	3.0%	7.30%	0.22%
Total Expected Return[2]	100.0%		5.49%
Inflation for Actuarial Purposes			2.25%
Expected Rate of Return			7.74%

[1] RSIC staff and consultant will notify the Commission if the collective exposure to Private Equity, Private Debt and Private Real Assets exceeds 30 percent of total plan assets.

[2] Portable Alpha Strategies, which utilize Hedge Funds and are not included in the Policy Target, will be capped at 15% of total assets.

Discount Rate

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 all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

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 1.00 percent lower (6 percent) or 1.00 percent higher (8 percent) than the current rate.

Town's Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
SCRS	$ 2,839,139	$ 2,190,885	$ 1,593,894
PORS	2,237,588	1,544,433	976,704

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' CAFR.

The Town of Kingstree Employer's Proportionate Share of the South Carolina Retirement System is .009343%. The Town of Kingstree Employer's Proportionate Share of the South Carolina Police Officers Retirement System is .05148% and is reported on the governmental-wide financials in the governmental activities in the amount of approximately $2,421,000 and the business-type activities in the amount of $1,315,000.

Deferred Outflows (Inflows) of Resources

At June 30, 2025, the Town reported deferred outflows (inflows) of resources related to pensions from the following sources. The following schedule reflects the amortization of the Town's proportional share of the net balance of remaining deferred outflows (inflows) of resources at June 30, 2025.

	Deferred outflows of resources	Deferred inflow of resources
Pension contributions subequent to measurement date	$ 481,331	$ -
Difference in actual and expected experience	217,042	11,573
Change in assumptions	72,250	-
Net difference between projected and actual earnings on plan investments	-	171,002
Change in proportionate share and differences between employer contributions and proportionate share of contributions.	6,435	187,294
	$ 777,058	$ 369,869

Measurement Period Ending June 30,	Fiscal Year Ending June 30,	SCRS	PORS
2025	2026	$ 81,181	$ 60,798
2026	2027	(48,694)	(67,224)
2027	2028	16,815	(13,796)
2028	2029	22,168	22,894
		$ 71,470	$ 2,672

The Town reported $481,331 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. The Town received credits from the State in the amount of $10,705 for SCRS and $9,747 toward this obligation. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years.

9- Excess of Expenditures over Appropriations-

For the year ended June 30, 2025, expenditure exceeded appropriations in the General Fund (the legal level of budgetary control) by approximately $353,000, for which additional revenue was provided by approximately $232,000 in funding above budgeted revenues and other financing sources. As a result, approximately $121,000 fund balance was used to support expenditure, and other financing uses over budget.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

TOWN OF KINGSTREE, SOUTH CAROLINA
BUDGETARY COMPARISON (GAAP BASIS) SCHEDULE
GENERAL FUND-UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property and Local Option Sales Tax	$ 1,920,000	$ 1,920,000	$ 1,978,987	$ 58,987
Intergovernmental Revenues	183,095	183,095	334,668	151,573
Charges for Services	2,408,072	2,408,072	2,421,490	13,418
Other Revenue	3,000	3,000	11,169	8,169
Total Revenue	4,514,167	4,514,167	4,746,314	232,147
EXPENDITURES				
General Government	823,256	823,256	981,859	(158,603)
Public Safety	2,022,646	2,022,646	2,018,159	4,487
Public Works	1,346,095	1,346,095	1,511,480	(165,385)
Culture and Recreation	322,170	322,170	318,780	3,390
Capital Outlay			14,050	(14,050)
Debt Service				
Principal	-	-	21,193	(21,193)
Interest	-	-	1,948	(1,948)
Total Expenditures	4,514,167	4,514,167	4,867,469	(353,302)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(121,155)	(121,155)
Net Change in Fund Balance	-	-	(121,155)	
Fund Balance - beginning of the year	1,743,740	1,743,740	1,743,740	
Fund Balance -end of year	**$ 1,743,740**	**$ 1,743,740**	**$ 1,622,585**	

TOWN OF KINGSTREE, SOUTH CAROLINA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Year Ended June 30, 2025

	ORIGNAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Property and Local Option Sales Tax	$ 1,920,000	$ 1,920,000	$ 1,978,987	$ 58,987
Intergovernmental Revenue	183,095	183,095	334,668	151,573
Charges for Services	2,408,072	2,408,072	2,421,490	13,418
Other Revenue	3,000	3,000	11,169	8,169
Total Revenues	4,514,167	4,514,167	4,746,314	232,147
EXPENDITURES				
General Government:				
Salaries	296,515	287,087	300,028	(12,941)
Fringe Benefits	72,912	70,347	65,776	4,571
Workers Compensation	2,982	2,821	5,026	(2,205)
Utilities	208,000	208,000	216,114	(8,114)
Communication	15,100	15,100	9,793	5,307
Grant Expense	-	-	147,245	(147,245)
Repairs and Maintenance	16,550	16,550	5,604	10,946
Dues and Subscriptions	2,700	2,700	3,199	(499)
Insurance	36,888	33,263	35,471	(2,208)
Travel/Training	7,700	7,700	8,692	(992)
Materials	16,200	16,200	17,213	(1,013)
Contract Services	-	15,779	29,297	(13,518)
Building Demo	15,000	15,000	4,875	10,125
Contract Services	99,000	99,000	102,883	(3,883)
Vehicle O and M	2,750	2,750	3,654	(904)
Train/Depot Project	17,000	17,000	13,217	3,783
Miscellaneous	13,959	13,959	13,772	187
Total General Governmental	823,256	823,256	981,859	(158,603)

TOWN OF KINGSTREE, SOUTH CAROLINA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Year Ended June 30, 2025

Public Safety:				
Police Department:				
Salaries	$ 563,137	$ 556,114	$ 545,513	$ 10,601
Fringe Benefits	168,322	168,322	147,722	20,600
Workers Compensation	28,229	28,229	34,460	(6,231)
Communication	25,000	25,000	22,950	2,050
Printing	1,200	1,200	597	603
Repairs and Maintenance	20,000	20,000	52,654	(32,654)
Dues and Subscriptions	200	200	40	160
Insurance	87,000	87,000	57,498	29,502
Travel/Training	5,000	5,000	8,422	(3,422)
Materials	15,000	15,000	29,635	(14,635)
Safety	1,500	1,500	41	1,459
Miscellaneous	2,500	2,500	3,671	(1,171)
Vehicle O and M	50,000	50,000	77,431	(27,431)
Uniform	13,000	13,000	2,229	10,771
Utilities	1,100	1,100	2,445	(1,345)
Special Contracts	158,272	158,272	136,331	21,941
State Fees	9,000	9,000	15,646	(6,646)
Total Police Department	1,148,460	1,141,437	1,137,285	4,152
Fire Department:				
Salaries	438,386	443,794	462,657	(18,863)
Fringe Benefits	126,253	127,868	122,756	5,112
Workers Compensation	20,147	20,147	27,972	(7,825)
Communication	15,000	15,000	19,335	(4,335)
Printing	300	300	365	(65)
Repairs and Maintenance	83,700	83,700	12,899	70,801
Travel/Training	4,000	4,000	4,130	(130)
Materials	14,000	14,000	20,355	(6,355)
Dues and Subscriptions	300	300	79	221
Special Contracts	61,400	61,400	111,106	(49,706)
Safety	12,000	12,000	8,911	3,089

TOWN OF KINGSTREE, SOUTH CAROLINA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Year Ended June 30, 2025

Fire Department (continued):				
Insurance	$ 69,600	$ 69,600	$ 60,410	$ (9,190)
Uniforms	7,000	7,000	7,995	(995)
Utilities	2,500	2,500	3,654	(1,154)
Vehicle O and M	18,000	18,000	16,832	1,168
Miscellaneous	1,600	1,600	1,418	182
	874,186	881,209	880,874	335
Total Public Safety	2,022,646	2,022,646	2,018,159	4,487
Public Works:				
Salaries	240,433	240,433	246,527	(6,094)
Fringe Benefits	60,298	60,298	56,984	3,314
Workers Compensation	7,896	7,896	11,137	(3,241)
Communication	3,100	3,100	4,020	(920)
Printing	350	350	158	192
Repairs and Maintenance	15,500	15,500	16,350	(850)
Uniform	2,650	2,650	4,616	(1,966)
Insurance	43,500	43,500	32,606	10,894
Safety	1,120	1,120	657	463
Special Contracts - Trash	891,000	891,000	1,029,677	(138,677)
Special Contracts	31,500	31,500	34,244	(2,744)
Utilities	1,000	1,000	4,449	(3,449)
Vehicle O and M	10,000	10,000	21,770	(11,770)
Miscellaneous	11,548	11,548	7,406	4,142
Materials	26,200	26,200	40,879	(14,679)
Total Public Works	1,346,095	1,346,095	1,511,480	(165,385)
Culture and Recreation:				
Salaries	$ 144,691	$ 144,691	$ 149,062	$ (4,371)
Fringe Benefits	36,772	36,772	34,181	2,591
Workers Compensation	3,548	3,548	5,691	(2,143)
Communication	3,000	3,000	6,823	(3,823)
Repairs and Maintenance	9,750	9,750	13,046	(3,296)
Insurance	26,100	26,100	25,690	410

TOWN OF KINGSTREE, SOUTH CAROLINA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Year Ended June 30, 2025

Culture and Recreation (continued):				
Materials	10,000	10,000	8,263	1,737
Safety	360	360	140	220
Special Contracts	25,000	25,000	28,731	(3,731)
Uniforms	500	500	719	(219)
Miscellaneous	2,200	2,200	543	1,657
Canteen Expense	8,500	8,500	7,860	640
Sports expense	44,999	44,999	32,398	12,601
Vehicle O and M	6,750	6,750	5,633	1,117
Total Culture and Recreation	322,170	322,170	318,780	3,390
Capital Outlay:				
Land, Furniture, Fixtures and Equipment	-	-	14,050	(14,050)
Total Capital Outlay	-	-	14,050	(14,050)
Debt Service:				
Principal	-	-	21,193	(21,193)
Interest and Fiscal Charges	-	-	1,948	(1,948)
Total Debt Service	-	-	23,141	(23,141)
Total Expenditures	4,514,167	4,514,167	4,867,469	(353,302)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(121,155)	(121,155)
Net Change in Fund Balance	-	-	(121,155)	(121,155)
Fund Balance -beginning of the year			1,743,740	
FUND BALANCE - end of year			**$ 1,622,585**	

TOWN OF KINGSTREE, SOUTH CAROLINA
Schedule of Town of Kingstree's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

Year Ended June 30,	Net Pension Liability percentage	Share of Net Pension Liability	Covered Employee Payroll	Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
South Carolina Retirement System					
2015	0.01264%	2,176,017	1,120,870	194.14%	59.92%
2016	0.01200%	2,275,858	1,147,457	198.34%	57.00%
2017	0.01084%	2,314,767	904,800	255.83%	52.90%
2018	0.01014%	2,282,002	1,022,785	223.12%	53.30%
2019	0.01015%	2,273,549	832,556	273.08%	54.10%
2020	0.01047%	2,390,966	1,105,710	216.24%	54.40%
2021	0.01091%	2,788,785	1,011,947	275.59%	50.70%
2022	0.01023%	2,214,830	1,001,732	221.10%	60.70%
2023	0.00985%	2,387,247	977,579	244.20%	57.06%
2024	0.00970%	2,345,275	1,011,767	231.80%	58.60%
2025	0.00934%	2,190,885	1,322,564	212.40%	61.80%
South Carolina Police Retirement System					
2015	0.07097%	1,385,650	803,082	172.54%	67.55%
2016	0.07238%	1,577,519	852,153	185.12%	64.60%
2017	0.07437%	1,886,376	779,449	242.01%	60.40%
2018	0.07012%	1,920,980	957,613	200.60%	60.90%
2019	0.06517%	1,846,517	832,461	221.81%	61.70%
2020	0.06859%	1,965,597	908,408	216.38%	62.70%
2021	0.06342%	2,103,244	874,089	240.62%	58.80%
2022	0.05791%	1,490,056	834,298	178.60%	70.40%
2023	0.05734%	1,719,544	822,748	209.00%	66.45%
2024	0.05116%	1,557,419	774,450	201.10%	67.80%
2025	0.05148%	1,544,433	972,412	187.30%	70.50%

Note to Schedule:
The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

TOWN OF KINGSTREE, SOUTH CAROLINA
Schedule of Town of Kingstree's Contributions
Last Ten Fiscal Years

Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as a Percentage of Covered Employee Payroll
South Carolina Retirement System					
2015	125,073	125,073	-	1,147,457	10.90%
2016	100,071	100,071	-	904,800	11.06%
2017	118,234	118,234	-	1,022,785	11.56%
2018*	104,569	104,569	-	832,556	12.56%
2019*	149,934	149,934	-	1,105,710	13.56%
2020*	147,340	147,340	-	1,011,947	14.56%
2021*	155,870	155,870	-	1,001,732	15.56%
2022*	194,184	194,184	-	977,579	16.56%
2023*	177,666	177,666	-	1,011,767	17.56%
2024*	245,468	245,468	-	1,322,564	18.56%
2025*	258,817	258,817	-	1,394,489	18.56%
South Carolina Police Retirement System					
2015	114,274	114,274	-	852,153	13.41%
2016	105,553	105,553	-	779,449	13.54%
2017	134,468	134,468	-	957,613	14.04%
2018*	125,219	125,219	-	832,461	15.04%
2019*	145,727	145,727	-	908,408	16.04%
2020*	148,962	148,962	-	874,089	17.04%
2021*	150,524	150,524	-	834,298	18.04%
2022*	158,297	158,297	-	822,748	19.24%
2023*	156,749	156,749	-	774,450	20.24%
2024*	206,540	206,540	-	972,412	21.24%
2025*	222,514	222,514	-	1,047,620	21.24%

Note to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the current yea

* They County's actual contributions to SCRS and PORS equal the required contribution before the state credit of 1% issued in accordance with South Carolina 2018-2019 Appropriations Act, Section 117.139.

COMBINING STATEMENTS AND OTHER SUPPLEMENTAL INFORMATION

TOWN OF KINGSTREE SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Special Revenue Funds				
	Federal Equitable Sharing Fund	Black River Park Network Fund	Police Narcotics Fund	Victims Advocate Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 303	$ -	$ 31,869	$ -	$ 32,172
Cash and Cash Equivalents - Restricted	-	2,000	-	32,842	34,842
Total Assets	**$ 303**	**$ 2,000**	**$ 31,869**	**$ 32,842**	**$ 67,014**
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to Third Party	$ -	$ -	$ 17,890	$ -	$ 17,890
Due to Other Funds	-	2,000	-	-	2,000
Total Liabilities	-	2,000	17,890	-	19,890
Fund Balances:					
Restricted	303	-	13,979	32,842	47,124
Total Fund Balance	303	-	13,979	32,842	47,124
TOTAL LIABILITIES AND FUND BALANCES	**$ 303**	**$ 2,000**	**$ 31,869**	**$ 32,842**	**$ 67,014**

TOWN OF KINGSTREE SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Federal Equitable Sharing Fund	Black River Park Network Fund	Police Narcotics Fund	Victims Advocate Fund	Total Nonmajor Governmental Funds
Revenues					
Interest Earned	$ -	$ -	$ 367	$ -	$ 367
Other Revenue	-	-	1	8,276	8,277
Total Revenues	-	-	368	8,276	8,644
Expenditures					
Current:					
Public Safety	6,655	-	601	5,442	12,698
Total Expenditures	6,655	-	601	5,442	12,698
Excess of (deficiency) of revenues over (under) expenditures	(6,655)	-	(233)	2,834	(4,054)
Net change in fund balance	(6,655)	-	(233)	2,834	(4,054)
Fund Balances, beginning of year	6,958	-	14,212	30,008	51,178
Fund Balances, end of year	**$ 303**	**$ -**	**$ 13,979**	**$ 32,842**	**$ 47,124**

See independent auditor's report

TOWN OF KINGSTREE, SOUTH CAROLINA
Water and Sewer Fund
Statement of Revenues, Expenses and Changes in Net Position
Budget (GAAP Basis) and Actual
Year Ended June 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH BUDGET
OPERATING REVENUES				
Charges for Services - Water	$ 1,637,877	$ 1,637,877	$ 1,463,258	$ (174,619)
Charges for Services - Sewer	1,756,436	1,756,436	1,322,418	(434,018)
Total Operating Revenues	3,394,313	3,394,313	2,785,676	(608,637)
OPERATING EXPENSES				
Water Department				
Salaries	716,730	707,303	706,422	881
Fringe Benefits	191,153	188,588	113,636	74,952
Workers Compensation	15,299	15,138	22,141	(7,003)
Utilities	82,000	82,000	96,036	(14,036)
Communication	40,000	40,000	45,906	(5,906)
Repairs and Maintenance	157,500	157,500	161,972	(4,472)
Printing	4,000	4,000	4,593	(593)
Dues and Subscriptions	2,000	2,000	2,028	(28)
Insurance	113,100	109,475	101,035	8,440
Travel/Training	6,000	6,000	12,200	(6,200)
Special Contracts	486,788	502,567	452,665	49,902
Materials and Supplies	150,000	150,000	134,400	15,600
Safety	4,000	4,000	97	3,903
Miscellaneous	1,000	1,000	860	140
Uniform	6,000	6,000	3,826	2,174
Contingency	1,230	1,230	38	1,192
Vehicle Operation and Maintenance	40,000	40,000	43,889	(3,889)
Depreciation and Amortization	-	-	340,504	(340,504)
Total Water Department	2,016,800	2,016,801	2,242,248	(225,447)
Sewer Department				
Salaries	215,560	215,560	183,330	32,230
Fringe Benefits	58,652	58,652	21,039	37,613
Workers Compensation	8,075	8,075	10,264	(2,189)

TOWN OF KINGSTREE, SOUTH CAROLINA
Water and Sewer Fund
Statement of Revenues, Expenses and Changes in Net Position
Budget (GAAP Basis) and Actual
Year Ended June 30, 2025

Utilities	$ 155,000	$ 155,000	$ 163,398	$ (8,398)
Communication	7,000	7,000	9,824	(2,824)
Repairs and Maintenance	145,000	145,000	7,225	137,775
Dues and Subscriptions	300	300	209	91
Insurance	34,800	34,800	25,090	9,710
Travel/Training	4,500	4,500	4,638	(138)
Materials and Supplies	45,000	45,000	44,830	170
Special Contracts	130,000	130,000	189,269	(59,269)
Miscellaneous	1,900	1,900	1,786	114
Safety	700	700	240	460
Depreciation	-	-	227,003	(227,003)
Vehicle Operation and Maintenance	16,000	16,000	8,058	7,942
Uniform	2,600	2,600	2,170	430
Total Sewer Department	825,087	825,087	898,373	(73,286)
Total Expenses	2,841,887	2,841,888	3,140,621	(298,733)
Operating Income (Loss)	552,426	552,425	(354,945)	(907,370)
Nonoperating Revenue (Expenses):				
Interest Income	30,000	30,000	25,179	(4,821)
Interest Expense - Water	(259,545)	(259,545)	(118,851)	140,694
Interest Expense - Sewer	(102,771)	(102,771)	(59,681)	43,090
Other Revenue - Water	5,000	5,000	5,047	47
Total Nonoperating Revenue (Expenses)	(327,316)	(327,316)	(148,306)	179,010
Income (loss) before transfers	225,110	225,109	(503,251)	(728,360)
Transfer in	-	-	99,820	99,820
Changes in Net Position	$ 225,110	$ 225,109	(403,431)	$ (728,360)
Net Position- beginning of the year			5,103,161	
Net Position - end of the year			**$ 4,699,730**	

See independent auditor's report

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected			112,712	112,712
Court fines and assessments remitted to State Treasurer			(70,593)	(70,593)
Total Court Fines and Assessments retained	-	-	42,119	42,119
Surcharges and Assessments retained for victim services:				-
Surcharges collected and retained			2,226	2,226
Assessments retained			6,050	6,050
Total Surcharges and Assessments retained for victim services	-	-	8,276	8,276

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	30,008		30,008
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	6,050		6,050
Victim Service Surcharges Retained by City/County Treasurer	2,226		2,226
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)	38,284	-	38,284
Expenditures for Victim Service Program:	**Municipal**	**County**	**Total**
Salaries and Benefits			
Operating Expenditures	5,442		5,442
Victim Service Contract(s):			
(1) Entity's Name			
(2) Entity's Name			
Victim Service Donation(s):			
(1) Domestic Violence Shelter:			
(2) Rape Crisis Center:			
(3) Other local direct crime victims service agency:			
Transferred to General Fund	-		-
Total Expenditures from Victim Service Fund/Program (B)	5,442	-	5,442
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	32,842		32,842
Less: payment to to the SC Attorney General	-		-
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	32,842	-	32,842

COMPLIANCE SECTION

Samantha A. Salisbury, CPA

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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*

To the Members of Town Council
Town of Kingstree
Kingstree, South Carolina

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Kingstree, South Carolina (the "Town") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Kingstree, South Carolina's basic financial statements, and have issued my report thereon dated October 7, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Kingstree, 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Kingstree, South Carolina's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Kingstree, 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned cost as item 2025-1, that I consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Kingstree, South Carolina's financial statements are free from material misstatement, I 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, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Town of Kingstree, South Carolina's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Kingstree, South Carolina's responses to the findings identified in my audit and described in the accompanying schedule of findings and questioned costs. The Town of Kingstree, South Carolina's responses were not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Town of Kingstree, South Carolina'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 Town of Kingstree, South Carolina's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Samantha Salisbury

Samantha A. Salisbury, CPA
October 7, 2025

Samantha A. Salisbury, CPA

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Honorable Mayor and Town Council
Town of Kingstree
Kingstree, South Carolina 29556

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Town of Kingstree, South Carolina's (the "Town") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2025. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. In my opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the Town and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.

- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

Other Matters

The results of my auditing procedures disclosed one instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2025-1. My opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the noncompliance findings identified in my compliance audit described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control over Compliance

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

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Samantha Salisbury

Samantha A. Salisbury, CPA
October 7, 2025

TOWN OF KINGSTREE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	ASSISTANCE LISTING NUMBER	GRANT CONTRACT NUMBER	TOTAL FEDERAL EXPENDITURES
U.S. Department of Agriculture			
Community Facilities Direct Loan & Grant Program	10.766	00-79040/85777/77643	$ 145,000
Total U.S. Department of Agriculture			**$ 145,000**
U.S. Department of Housing and Urban Development			
Community Development Block Grant	14.228	4-CE-21-012	$ 573,366
Total U.S. Department of Housing and Urban Development			**$ 573,366**
U.S. Department of Treasury			
Coronavirus State and Local Fiscal Recovery Funds	21.027	None	$ 491,407
Total U.S. Department of Treasury			**$ 491,407**
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,209,773

The accompanying notes are an integral part of this schedule. See accompanying independent auditor's report.

TOWN OF KINGSTREE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2025

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Kingstree, South Carolina, and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements. Expenditures for federal financial assistance awarded directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards. The non-federal share of certain program costs and loans are not included in the accompanying Schedule of Expenditures of Federal Awards. The Town of Kingstree, South Carolina, received direct federal financial assistance in the reporting year.

Note B - Summary of Significant Accounting Policies

1 – The financial information shown in the Schedule of Expenditures of Federal Awards reflects amounts recorded by the Town of Kingstree, South Carolina, during its fiscal year, July 1, 2024, through June 30, 2025. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

2 – The Town of Kingstree, South Carolina has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Note C - Matching Costs

Matching costs, i.e. the non-federal share of certain program costs, are not included in the accompanying schedule.

TOWN OF KINGSTREE, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Section I—Summary of Auditor's Results

Financial Statements:

I have issued an unmodified opinion dated October 7, 2025 on the financial statements of the Town of Kingstree, South Carolina.

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified? Yes
- Noncompliance material to financial statements noted? No

Federal Awards:

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified? None Reported

I have issued an unmodified opinion dated October 7, 2025, on the Town of Kingstree, South Carolina, compliance for its major programs.

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs

Assistance Listing Number	Name of Federal Program
10.766	Community Facilities Direct loan & Grant Program
14.228	Community Development Block Grant

Dollar threshold used to be distinguished between Type A and Type B Programs: $750,000

Auditee qualified as low-risk auditee? No

TOWN OF KINSTREE, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Section II - Financial Statement Findings:

2025-1. Financial Statements prepared using Accounting Principles Generally Accepted in the United States of America (GAAP).

Condition: The Town's management does not prepare the financial statements. There are policies, procedures, and resources in place to provide source documentation used to prepare the statements, but financial statement preparation is not done by management.

Criteria: Effective internal control over financial reporting should include control activities developed and maintained to support personnel responsible for producing financial statements prepared using GAAP.

Effect: Potential material disclosures and classifications are not prevented or detected prior to the end of the year.

Recommendation: Management should continue to evaluate the current control activities and determine the cost/benefit to the organization to prepare financial statements.

Views of Responsible Officials and Planned Corrective Actions: Management continues to evaluate the cost-effectiveness of this condition. Management provides a skilled, experienced, and knowledgeable staff member to examine and review all information included in the financial statements and supplemental sections before release.

Section III - Federal Award Findings and Questioned Costs:

None Reported.

Summary Schedule of Prior Audit Findings:

2024-1 Financial Statements prepared using Accounting Principles Generally Accepted in the United States of America (GAAP).

Condition: The Town's management does not prepare the financial statements; there are policies, procedures, and resources in place to provide source documentation used to prepare the statements, but financial statement preparation is not done by management.

Criteria: Effective internal control over financial reporting should include control activities developed and maintained to support personnel responsible for producing financial statements prepared using GAAP.

Current Year Status: Management continues to work to resolve this issue and reports all financial information within the financial reporting system maintained by the finance department. Management examines reviews and provides a skilled, experienced, and knowledgeable staff member to approve drafts before release. This will remain a significant deficiency for the current reporting year.

2024-2 Financial Policy and Procedures

Condition: The Town needs to develop a comprehensive financial policy and procedures manual to define the role and responsibility of its staff and use available resources to manage the town's activities and utilize internal controls to support the Town's financial reporting system.

Criteria: Effective internal control over financial reporting should include control activities, policies, and procedures that ensure all transactions are entered and accounted for in the financial reporting system.

Effect: Material disclosures and classifications are not prevented or detected prior to the end of the year.

Current Year Status: Management has trained personnel in the procedures necessary to maintain a proper and useful general ledger. The departments have procedures in place to support the financial reporting of the Town.