

***CITY OF SUMTER,
SUMTER, SOUTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2025***



Issued by:
City of Sumter
Finance Department

Jonathan E. Flinchum, CPA
Finance Director

Deron L. McCormick
City Manager

**CITY OF SUMTER, SOUTH CAROLINA
TABLE OF CONTENTS
Year Ended June 30, 2025**

INTRODUCTORY SECTION

	Page
Letter of Transmittal	1
GFOA Certificate of Achievement	5
Organizational Chart	7
Elected and Appointed Officials	9

FINANCIAL SECTION

Independent Auditors' Report	13
Management's Discussion and Analysis	17
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	27
Statement of Activities	28
Fund Financial Statements	
Governmental Funds Financial Statements	
Balance Sheet – Governmental Funds	29
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	30
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	31
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	32
Statement of Revenues, Expenditures, and Changes in Fund Balance –Budget and Actual–General Fund	33
Proprietary Funds Financial Statements	
Statement of Net Position – Proprietary Funds	35
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	36
Statement of Cash Flows – Proprietary Funds	37
Fiduciary Funds Financial Statements	
Statement of Fiduciary Net Position – Fiduciary Funds	38
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	39
Notes to Financial Statements	41
Required Supplementary Information	
Schedule of Employer's Proportionate Share of Net Pension Liability and Employer Contributions	71
Notes to Required Supplementary Information – Pension Plan	73
Schedule of Changes in the Net OPEB Liability and Related Ratios	74
Schedule of Employer Contributions to OPEB	75
Notes to Required Supplementary Information – OPEB	76
Other Supplementary Information	
Special Revenue Funds	
Combining Balance Sheet – Nonmajor Special Revenue Funds	78
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	80
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Hospitality Tax Fund	82
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Local Accommodations Tax Fund	83
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Victims Assistance Fund	84
Proprietary Funds	
Water and Sewer Fund - Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual – Budget Basis	85
Water and Sewer Fund - Debt Coverage Ratio – Required by Lender	86

Fiduciary Funds	
Private-Purpose Trust Funds	87
Combining Schedule of Fiduciary Net Position – Private-Purpose Trust Funds	88
Combining Schedule of Changes in Fiduciary Net Position – Private-Purpose Trust Funds	89
Custodial Funds	90
Combining Schedule of Fiduciary Net Position – Custodial Funds	91
Combining Schedule of Changes in Fiduciary Net Position – Custodial Funds	92
Uniform Schedule of Court Fines, Assessments, and Surcharges (per ACT 96) – Required by State Law	93
Schedule of Revenues, Expenditures, and Changes in Fund Balance – E911 Fund	95

STATISTICAL SECTION

Financial Trends	
Net Position by Component – Last Ten Fiscal Years	98
Changes in Net Position - Last Ten Fiscal Years	99
Fund Balances of Governmental Funds - Last Ten Fiscal Years	101
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	102
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	103
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	104
Principal Taxpayers - Current Year and Nine Years Ago	105
Property Tax Levies and Collections - Last Ten Fiscal Years	106
Debt Capacity	
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	107
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	108
Direct and Overlapping Governmental Activities Debt	109
Legal Debt Margin Information - Last Ten Fiscal Years	110
Pledged Revenue Coverage - Water and Sewer Authority - Last Ten Fiscal Years	111
Demographic and Economic Information	
Demographic Statistics - Last Ten Fiscal Years	112
Principal Employers - Current Year and Nine Years Ago	113
Operating Information	
Full-Time Equivalent City Government Employees by Function - Last Ten Fiscal Years	114
Operating Indicators by Function/Program - Last Ten Fiscal Years	115
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	116

REGULATORY SECTION

Schedule of Expenditures of Federal Awards	119
Notes to Schedule of Expenditures of Federal Awards	120
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	121
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance	123
Schedule of Findings and Questioned Costs	126
Summary Schedule of Prior Year Audit Findings	127



December 16, 2025

Honorable Mayor, Members of City Council, and Citizens of the City of Sumter, South Carolina,

State law requires that all general-purpose local governments annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Sumter (the City) for the fiscal year ended June 30, 2025.

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

The City's financial statements have been audited by Sheheen Hancock & Godwin, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Regulatory section of this report.

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

Profile of the Government

The City of Sumter, chartered in 1845, is located near the geographic center of the state, approximately 100 miles west of the Atlantic Ocean and approximately 175 miles east of the Blue Ridge Mountains. The City currently serves a population in excess of 40,000 and encompasses a land mass of approximately 27 square miles. The government is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Sumter holds the distinction of being the first to adopt the council-manager form of government in 1912 and still operates under this form of government today. Policy-making and legislative authority are vested in a governing council

consisting of the mayor and six other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the directors of various departments. The Council is elected through a non-partisan election process. Council members and the mayor are elected to four-year terms in staggered elections. The mayor is elected at-large and council members are elected by ward.

The City provides a full range of services, including: police and fire protection; the construction and maintenance of streets and other infrastructure; parks, recreational/cultural activities and events; sanitation services; water and sewer services; and storm water services.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriations to the City Manager in the spring of each year. The City Manager uses these requests as a starting point for developing a proposed budget. The City Manager then presents this proposed budget to the council for review. The council is required to hold a public hearing on the proposed budget and to adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. The budget can be amended throughout the year with the approval of council. Budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained by the City Manager, who may make transfers of appropriations within and among functions and funds as necessary during the fiscal year. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented beginning on page 33 as part of the basic financial statements for the governmental funds.

Local Economy

Industry Sectors

Sumter's economy continues to diversify, supported by a strong base of manufacturing, military, health care, retail, and logistics activity. Shaw Air Force Base remains a central driver of the local economy, supporting both employment and regional investment. Private-sector expansion in advanced manufacturing and distribution continues to contribute to economic stability and modest tax base growth. Population trends and commercial activity levels remained steady throughout 2025, reflecting a resilient local economy.

Sumter Central Business District

The City's Central Business District continues to play a pivotal role in supporting local economic vitality. Public and private investment in the downtown area has accelerated, with continued redevelopment of commercial storefronts, residential infill, and mixed-use projects that strengthen the district's appeal as a cultural and economic hub. Streetscape enhancements, façade improvements, and the expansion of dining, retail, and entertainment offerings have contributed to increased foot traffic and business activity. The City's ongoing commitment to downtown revitalization—supported by partnerships with local businesses, nonprofit organizations, and regional economic development agencies—continues to drive reinvestment, enhance property values, and reinforce the Central Business District as a focal point of community life and economic growth.

Long Term Financial Planning

The City regularly updates its long-term capital improvement plan to identify, prioritize, and fund essential infrastructure, public safety, and utility investments. In alignment with City Council priorities, management continues to emphasize maintaining healthy reserve levels, modernizing infrastructure, and ensuring sustainable operations across all governmental and enterprise functions.

During Fiscal Year 2025, the City continued significant initiatives related to public safety, improvements to various parks and corridors of the City, community revitalization, and water and wastewater system upgrades. These efforts support economic development, strengthen neighborhood quality of life, and ensure the City's infrastructure remains adequately positioned to meet future growth.

Ongoing projects include the expansion and renovation of the historic Sumter Opera House, construction of a new military museum, improvements to the City's fire station on Stadium Road, enhancements along N. Main Street near Morris College, and various park improvement projects, including a playground at Swan Lake and the Bobby Richardson Baseball Complex.

A critical component of the City's long-term financial planning is the continued investment in the modernization and maintenance of its water and sewer infrastructure. As these utility systems age and demand increases, proactive reinvestment is essential to ensure reliability, regulatory compliance, environmental stewardship, and the capacity to support future growth.

The City incorporates multi-year capital planning, asset management practices, and rate structure evaluations to address ongoing infrastructure needs in a financially sustainable manner. These efforts help minimize costly emergency repairs, extend the useful life of existing assets, and promote operational efficiencies. By prioritizing strategic upgrades and preventive maintenance, the City strengthens the resilience of its utility systems and upholds its commitment to providing safe, high-quality services to residents, businesses, and regional partners. A detailed list of on-going projects can be found on page 53 of this report.

The City utilizes a diverse mix of funding sources to support its capital improvement program and to ensure the timely completion of critical projects. These sources typically include Hospitality Tax revenues, Accommodations Tax revenues, and utility system revenues. The City also leverages state and federal grants, including those targeted toward infrastructure, economic development, and environmental compliance. When appropriate, Council-authorized debt, such as general obligation bonds, revenue bonds, or lease-purchase financing—is used to fund large-scale or multi-year capital needs. In certain cases, project costs may also be shared through partnerships with county, regional, or private-sector entities. This balanced approach to capital financing allows the City to advance priority projects while maintaining strong financial discipline and preserving long-term fiscal flexibility.

Financial Policies

The City maintains financial policies addressing fund balance, debt management, procurement, and investment. These policies provide the foundation for long-term fiscal stability and support the City’s strong credit profile. Management continually evaluates financial practices to ensure compliance with applicable standards and to improve operational transparency.

Acknowledgements

Preparation of this report would not have been possible without the dedicated efforts of the Finance Department staff and the cooperation of all City departments. We also acknowledge the Mayor and City Council for their continued commitment to responsible financial leadership and sound fiscal policy.

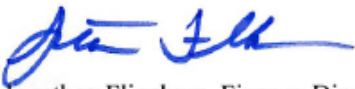
Conclusion

This report reflects the City’s commitment to financial transparency, accountability, and stewardship of public resources. We encourage readers to review the Management’s Discussion and Analysis (MD&A), which provides a narrative overview and analysis of the financial statements.

Respectfully submitted,



Deron McCormick, City Manager



Jonathan Flinchum, Finance Director

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Certificate of Achievement for Excellence in Financial Reporting

Prior-Year Award and Reissued Report Disclosure

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

Reissuance of Prior-Year ACFR

After the Certificate was issued, the ACFR for the fiscal year ended June 30, 2024, was reissued to address the following revision(s):

- Federal expenditures were omitted from the Schedule of Expenditures of Federal Awards (SEFA) in the City's ACFR for fiscal year 2024.

Because the reissued report differed from the version originally submitted to GFOA for award consideration, the Certificate of Achievement applies only to the originally issued ACFR. The recognition does not extend to the reissued version unless separately reviewed and affirmed by GFOA.

Commitment to Transparency and Accuracy

The City remains fully committed to producing financial reports that meet the highest standards of accuracy, clarity, and transparency. The current ACFR has been prepared in accordance with:

- Generally accepted accounting principles (GAAP),
- Governmental Accounting Standards Board (GASB) requirements, and
- GFOA program guidelines for excellence in financial reporting.

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City of Sumter

South Carolina
29151

OPERA HOUSE
P.O. BOX 1449

T: (803) 436-2500
F: (803) 436-2615

ELECTED AND APPOINTED OFFICIALS

MAYOR

David P. Merchant

CITY COUNCIL

Anthony Gibson
Ward 1

Calvin K. Hastie, Sr.
Ward 3

Colin C. Davis
Ward 5

James B. Blassingame
Ward 2

Rebecca L. Kennedy
Ward 4

Gifford M. Shaw
Ward 6

CITY MANAGER
Deron L. McCormick

ASST. CITY MANAGER
Howard (Howie) J. Owens

CHIEF OF STAFF
Mark W. Partin

POLICE CHIEF
Russell F. Roark

CITY CLERK
Linda D. Hammett

FIRE CHIEF
C. Karl Ford

PLANNING DIRECTOR
Helen M. Roodman

HUMAN RESOURCES DIRECTOR
Audrey S. Ford

FINANCE DIRECTOR
Jonathan E. Flinchum

CODES DIRECTOR
John F. Macloskie

UTILITY BUSINESS DIRECTOR
Candi D. Quiroz

ASST. FINANCE DIRECTOR
Cheryl S. Catoe

PUBLIC SERVICES DIRECTOR
Michael E. Geddings, Jr.

SUPPORT SERVICES DIRECTOR
Lefford L. Fate

BUILDING DIRECTOR
Charles W. (Steve) Campbell

ADMINISTRATIVE SERVICES DIRECTOR
Staci L. Johnson

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FINANCIAL SECTION

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SHEHEEN, HANCOCK & GODWIN, LLP

CERTIFIED PUBLIC ACCOUNTANTS

1011 FAIR STREET

P.O. DRAWER 428

CAMDEN, SOUTH CAROLINA 29021

FOUNDED 1959

AUSTIN M. SHEHEEN, JR., CPA (1963-2020)
TERRY M. HANCOCK, CPA, (1970-2023)
LARRY F. GODWIN, CPA, EMERITUS (1973-2023)
THOMAS B. MYERS, CPA
DARYL W. TAYLOR, CPA
ANTHONY E. BOYKIN, CPA
JANE M. PEACOCK, CPA RETIRED
MATTHEW C. IRICK, CPA
J. RICHARD PARKER, CPA
R. MARC WOOD
SHANE E. KIRKLEY, CPA
B. KEACH JORDAN, CPA
JOHN C. BOYKIN, III, CPA
MEREDITH A. BLAKE, CPA
JOHN F. MARTIN, CPA
TRACY L. FAILE, CPA

M. EMILY SKUFCA, CPA, CIA, CFE
STEPHANIE G. CARO
JORDAN E. SLAGLE

MEMBERS OF
AMERICAN INSTITUTE OF CPA'S

SOUTH CAROLINA ASSOCIATION OF CPA'S

TELEPHONE
(803) 432-1424
FAX
(803) 432-1831

WEBSITE: WWW.SHGCPA.COM

December 16, 2025

INDEPENDENT AUDITOR'S REPORT

City Council
City of Sumter
21 North Main Street
Post Office Box 1449
Sumter, South Carolina 29151

Report on the Audit of the Financial Statements

Opinions

We 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 City of Sumter, South Carolina, (the "City") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17-24, the Schedule of Employer's Proportionate Share of Net Pension Liability and Employer Contributions on pages 71-73 and Schedule of Changes in the Net OPEB Liability and Related Ratios and Schedule of Employer Contributions to OPEB on pages 74-76 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, Uniform Schedule of Court, Fines Assessments, and Surcharges (per ACT 96), Schedule of Revenues, Expenditures, and Changes in Fund Balance – E911 Fund and the 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, Uniform Schedule of Court, Fines Assessments, and Surcharges (per ACT 96), Schedule of Revenues, Expenditures, and Changes in Fund Balance – E911 Fund 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 Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Sheheen, Hancock & Godwin, LLP

Sheheen Hancock & Godwin, LLP
Camden, South Carolina

**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

As management of the City of Sumter (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the basic financial statements.

Financial Highlights

- The assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of fiscal year 2025 by \$234,135,765. (*net position*).
- The City's total net position increased by \$23,746,181 during the current period as a result of an increase from governmental activities of \$12,356,182 and an increase from business-type activities of \$11,389,999.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$87,802,490, an increase of \$4,824,261 in comparison with the prior year. Approximately 27% of this total amount, \$23,661,993 is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$23,751,543, or approximately 33% of total general fund expenditures.
- The City's total outstanding long-term debt decreased by \$3,801,184 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government administration, public safety and law enforcement, public works, parks, recreation and culture, community development, economic development, and interest and other charges. The business-type activities of the City include water and sewer services and storm water services.

The government-wide financial statements can be found on pages 27-28 of this report.

**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025 (CONTINUED)**

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

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows 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 the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers 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 this comparison between *governmental funds* and *governmental activities*.

The City reports one major governmental fund, the general fund, and one non-major fund, the special revenue fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these funds. Individual fund data for each of the special revenue funds that comprise the non-major governmental fund is provided in the *other supplementary information* of this report.

The City 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.

The basic governmental fund financial statements can be found on pages 29-34 of this report.

Proprietary funds are used to account for activities where the determination of net income is necessary or useful to provide sound financial administration. The activities reported in proprietary funds are primarily supported by fees and charges. The City's proprietary funds include two *enterprise funds* – one major and one non-major. The City's water and sewer operation is its major enterprise fund, while the storm water operation is the non-major enterprise fund. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund and the storm water utility fund. Both activities are reported together in the government-wide statements.

The basic proprietary fund financial statements can be found on pages 35-37 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside of 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 City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains two different types of fiduciary funds. The *Private-purpose trust fund* is used to report resources held in trust for charitable purposes. The *Custodial fund* reports resources held by the City in a custodial capacity for individuals, organizations, and other governments.

The fiduciary fund financial statements can be found on pages 38-39 of this report.

**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025 (CONTINUED)**

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-68 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's proportionate share of the net pension liability in relation to its participation in a cost-sharing multiple-employer defined benefit pension plan and its contributions to said plan. In addition, this section reports on the City's progress in funding its obligation to provide other post-employment benefits to its employees. The required supplementary information can be found on pages 71-76 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 78-81 of this report.

Government-Wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$234,135,765 at the close of the most recent fiscal year.

Net Position

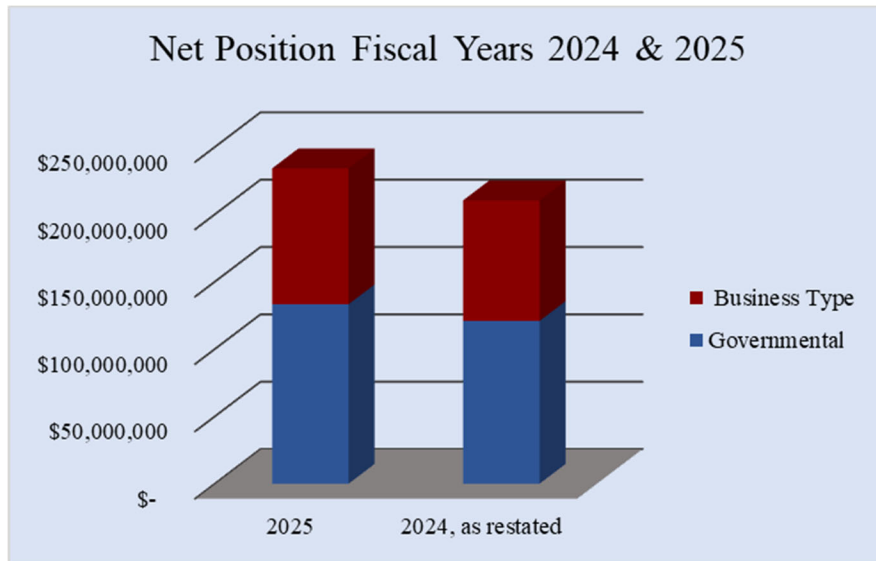
	Governmental Activities		Business-Type Activities		Total	
	2025	2024 as restated*	2025	2024 as restated*	2025	2024 as restated*
Assets						
Current and other assets	\$ 96,948,994	\$ 89,197,705	\$ 36,711,249	\$ 33,503,302	\$ 133,660,243	\$ 122,701,007
Capital assets	105,427,154	101,158,404	114,807,697	108,511,198	220,234,851	209,669,602
Total assets	202,376,148	190,356,109	151,518,946	142,014,500	353,895,094	332,370,609
Total deferred outflows of resources	9,595,632	8,917,318	3,343,315	3,355,172	12,938,947	12,272,490
Liabilities						
Noncurrent liabilities	63,433,395	68,378,277	47,746,783	51,082,451	111,180,178	119,460,728
Other liabilities	7,856,863	4,484,073	4,692,506	3,676,747	12,549,369	8,160,820
Total liabilities	71,290,258	72,862,350	52,439,289	54,759,198	123,729,547	127,621,548
Total deferred inflows of resources	7,446,948	5,532,685	1,521,781	1,099,282	8,968,729	6,631,967
Net position						
Net investment in capital assets	95,200,752	89,541,888	80,284,275	71,596,386	175,485,027	161,138,274
Restricted	60,413,682	58,635,984	7,506,756	8,306,610	67,920,438	66,942,594
Unrestricted	(22,379,860)	(27,299,480)	13,110,160	9,608,196	(9,269,700)	(17,691,284)
Total net position (as restated)	\$133,234,574	\$ 120,878,392	\$100,901,191	\$ 89,511,192	\$ 234,135,765	\$ 210,389,584

* See note to financial statements III. A.

By far the largest portion of the City's net position (75%) reflects its investment in capital assets (e.g., land, buildings, machinery, vehicles, equipment and infrastructure, less any related debt used to acquire those assets that is still outstanding). The City uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025 (CONTINUED)**

An additional portion of the City's net position (29%) represents resources that are subject to external restrictions on how they may be used.



The City's overall net position increased by \$23,746,181 from the prior fiscal year. The key components of this increase are discussed in the following sections for governmental and business-type activities.

Governmental Activities: Governmental activities increased the City's net position by \$12,356,182 from the prior fiscal year for an ending balance of \$133,234,574. This increase is mainly the result of state funding for capital projects.

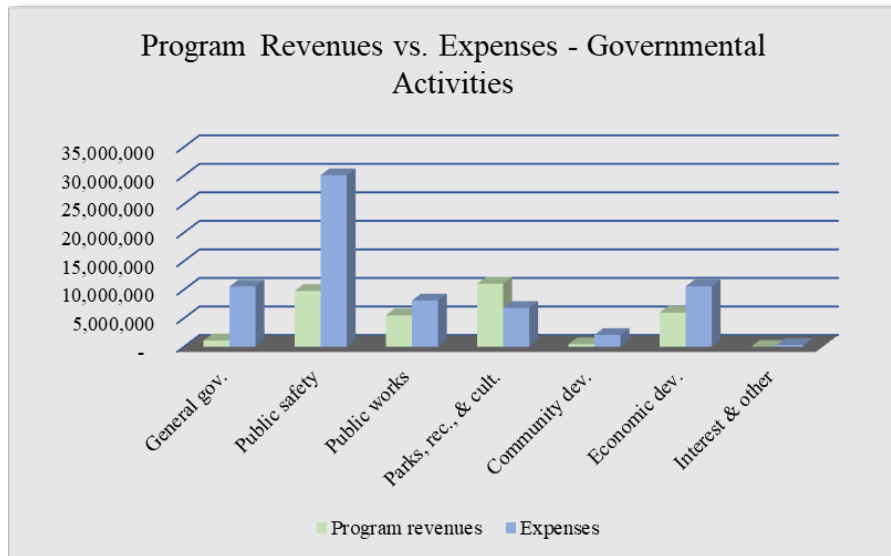
Business-Type Activities: Business-type activities increased the City's net position during the current year by \$11,389,999 a 12.7% increase, for an ending balance of \$100,901,191. Total operating revenues increased by \$1,809,361 (6.3%) while total operating expenses increased by \$1,878,385 (7.4%).

**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025 (CONTINUED)**

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024 as restated*	2025	2024 as restated*	2025	2024 as restated*
Revenues:						
Program revenues:						
Charges for services	\$ 12,124,697	\$ 11,757,701	\$ 30,450,439	\$ 28,641,078	\$ 42,575,136	\$ 40,398,779
Operating grants and contributions	6,153,939	5,460,130	-	-	6,153,939	5,460,130
Capital grants and contributions	15,659,033	35,131,267	9,111,462	8,336,189	24,770,495	43,467,456
Total program revenues:	33,937,669	52,349,098	39,561,901	36,977,267	73,499,570	89,326,365
General Revenues:						
Property taxes	13,182,544	11,851,899	-	-	13,182,544	11,851,899
Sales taxes - local option	6,924,444	7,322,847	-	-	6,924,444	7,322,847
Sales taxes - local accommodations and hospitality	5,148,253	4,871,909	-	-	5,148,253	4,871,909
Business and franchise fees	13,694,436	12,229,718	-	-	13,694,436	12,229,718
State shared taxes	1,194,332	1,140,282	-	-	1,194,332	1,140,282
Other	4,450,356	4,977,563	1,561,878	1,487,848	6,012,234	6,465,411
Total general revenues	44,594,365	42,394,218	1,561,878	1,487,848	46,156,243	43,882,066
Total revenues	78,532,034	94,743,316	41,123,779	38,465,115	119,655,813	133,208,431
Expenses						
General government	10,568,168	10,017,494	-	-	10,568,168	10,017,494
Public safety	30,082,217	30,065,639	-	-	30,082,217	30,065,639
Public works	8,120,267	7,849,204	-	-	8,120,267	7,849,204
Parks, recreation and culture	6,825,624	5,806,657	-	-	6,825,624	5,806,657
Community development	2,086,941	1,590,365	-	-	2,086,941	1,590,365
Economic development	10,599,533	4,402,362	-	-	10,599,533	4,402,362
Interest and other charges	326,023	354,475	-	-	326,023	354,475
Water and sewer services	-	-	27,300,859	25,409,418	27,300,859	25,409,418
Total expenses	68,608,773	60,086,196	27,300,859	25,409,418	95,909,632	85,495,614
Increase (decrease) in net position before transfers	9,923,261	34,657,120	13,822,920	13,055,697	23,746,181	47,712,817
Transfers	2,432,921	2,361,761	(2,432,921)	(2,361,761)	-	-
Change in net position	12,356,182	37,018,881	11,389,999	10,693,936	23,746,181	47,712,817
Net position - beginning of year as restated	120,878,392	83,859,511	89,511,192	78,817,256	210,389,584	162,676,767
Net position - end of year as restated	\$ 133,234,574	\$ 120,878,392	\$100,901,191	\$ 89,511,192	\$ 234,135,765	\$ 210,389,584

* See note to financial statements III. A.

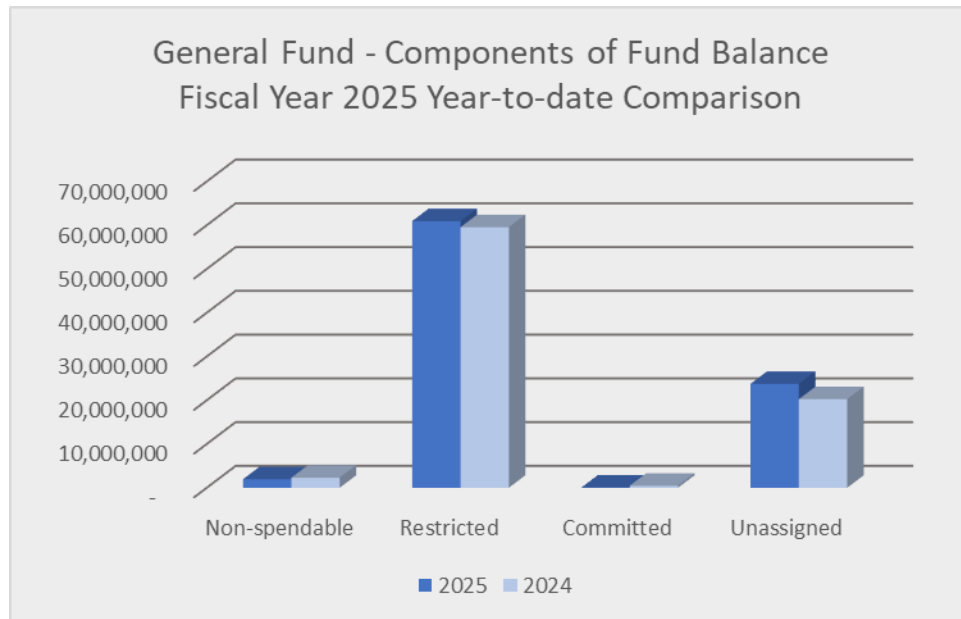


**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025 (CONTINUED)**

Financial Analysis of the Government's Funds

Governmental Funds. The focus of the City's *governmental funds* is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the government itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by City Council.

As of June 30, 2025, the City's governmental funds reported combined fund balances of \$87,802,490, an increase of \$4,824,261 in comparison with the prior year. Approximately 27% of this amount (\$23,661,993) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is either non-spendable, restricted or committed to indicate that it is 1) not in spendable form (\$1,950,023), 2) restricted for specific purposes (\$62,144,338) or 3) committed for the specific purposes determined by a formal action of the City's government (\$46,136).



The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$23,751,543 with a total fund balance of \$86,692,988. As a measure of the general fund's liquidity, it may be useful to compare both unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 33% of total general fund expenditures while total fund balance represents 119% of that same amount.

The fund balance of the City's general fund increased by \$4,136,256 during the current fiscal year. The increase is primarily in relation to fiscal year 2025 capital grants and contributions. The City received state appropriations for improvements to Bobby Richardson Park (\$5,900,000), Military Museum (\$3,000,000), African American History Park (\$1,500,000), improvements to Riley Park (\$1,200,000), Swan Lake North Side Entrance (\$1,500,000) and improvements to Downtown Lighting (\$1,000,000). The chart above is an illustration of the change in fund balance. Both restricted and unassigned fund balance increased for fiscal year 2025.

**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025 (CONTINUED)**

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the water and sewer operations and the storm water operations at the end of the fiscal year was \$13,110,160. The unrestricted net position increased by \$3,501,964 from the prior fiscal year. Total net position increased by \$11,389,999.

General Fund Budgetary Highlights

Original budget compared to final budget. Revenues were \$24,807,856 (55%) greater compared to the final budget while expenditures were \$17,861,005 (33%) more than the final budget. The positive variance in revenues is related primarily to higher than projected revenues from State and federal governments (\$16,502,067), Interest income and investment return (\$3,419,159), Property and Sales taxes (\$1,507,643), and Licenses, permits and franchise fees (\$1,247,714). The negative variance in expenditures is mostly related to capital expenditures which were paid for with state grants and appropriations and debt proceeds from a prior year and over-budget revenues in the current year.

Capital Assets and Debt Administration

Capital assets. As reflected in the table below, the City's investment in capital assets for its governmental and business type activities as of June 30, 2025, was \$220,234,851 (net of accumulated depreciation).

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 20,541,156	\$ 19,698,795	\$ 1,457,665	\$ 1,430,894	\$ 21,998,821	\$ 21,129,689
Other non-depreciable	1,313,244	1,313,244	-	-	1,313,244	1,313,244
Buildings	43,212,003	44,874,320	2,558,661	2,651,372	45,770,664	47,525,692
Plants, machinery and equipment	10,678,642	10,689,879	40,659,484	41,877,487	51,338,126	52,567,366
Distribution and collection system	-	-	53,098,242	53,723,308	53,098,242	53,723,308
Wells and tanks	-	-	3,293,985	3,628,515	3,293,985	3,628,515
Infrastructure	23,612,041	14,829,640	-	-	23,612,041	14,829,640
Construction in progress	6,070,068	9,752,526	13,739,660	5,199,622	19,809,728	14,952,148
Totals	<u>\$ 105,427,154</u>	<u>\$ 101,158,404</u>	<u>\$ 114,807,697</u>	<u>\$ 108,511,198</u>	<u>\$ 220,234,851</u>	<u>\$ 209,669,602</u>

Major capital asset events during the current fiscal year included the following:

- Routine replacement of vehicles, lease purchases of sanitation and fire trucks and various equipment at a cost of \$3,746,232.
- Completion of construction projects include the Palmetto Tennis Center Clay Courts, a portion of the Shot Pouch Greenway Trail Head, South Sumter Art Park, South Sumter Park improvements, Aquatic Center Updates, and Memorial Park improvements. The total cost of construction projects completed and placed into service for governmental activities during the year was \$10,520,039.
- Completion of water and sewer projects in the amount of \$1,390,811. The projects include water and sewer infrastructure.
- Additional costs for ongoing construction in progress for various water, wastewater and storm water projects in the amount of \$9,930,849. Major projects ongoing during the current fiscal year include the Live Oak Industrial Park new well and tank, Water Plant #5 expansion and several Storm Water improvement projects.
- Installation of Dust Hazard Mitigation Equipment for the Wastewater Treatment plant at of cost of \$1,192,744 and routine replacement of equipment and vehicles for water and sewer and storm water operations at a cost of \$985,045.

Additional information on the City's capital assets can be found in Note III. D on pages 51-53.

Long-term Debt. At the end of the current fiscal year, the City had total debt outstanding of \$47,921,254. Of this amount, \$2,968,000 of general obligation debt is backed by the full faith and credit of the government. The remainder of the City's long-term obligations comprises revenue bonds, leases, and notes payable.

**CITY OF SUMTER, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025 (CONTINUED)**

Outstanding Debt. Bonds, Notes Payable and Leases:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 2,968,000	\$ 3,511,000	\$ -	\$ -	\$ 2,968,000	\$ 3,511,000
Tax increment financing bonds	1,950,000	2,320,000	-	-	1,950,000	2,320,000
Revenue bonds (hospitality)	2,097,000	2,749,000	-	-	2,097,000	2,749,000
Notes payable	135,000	198,000	-	-	135,000	198,000
Lease obligations	4,807,058	4,492,799	979,196	976,639	5,786,254	5,469,438
Revenue bonds (water & sewer)	-	-	34,985,000	37,475,000	34,985,000	37,475,000
Total	<u>\$ 11,957,058</u>	<u>\$ 13,270,799</u>	<u>\$ 35,964,196</u>	<u>\$ 38,451,639</u>	<u>\$ 47,921,254</u>	<u>\$ 51,722,438</u>

The City's total debt decreased by \$3,801,184 (7.4%) during the current fiscal year. The City entered into a lease agreement in the amount of \$2,075,000 to purchase certain capital equipment during the year.

State statutes limit the amount of general obligation debt a governmental entity may issue to 8% of its total assessed valuation of property. The current debt limitation for the City is \$13,648,958, which is in excess of the City's outstanding general obligation debt. Additional information on the City's long-term debt can be found in Note III, E on pages 54-56.

Economic Factors and Next Year's Budgets and Rates

In addition to the constant evaluation and need for capital improvements to the water and sewer and storm water systems, City management continues to prioritize capital investment in parks, public spaces, and downtown development. Moving forward, the funding for these capital improvements will come from various outside funding sources, including capital penny sales tax, state and federal grants, and private donations.

The fiscal year 2025-2026 budget was adopted with an appropriation of \$57,738,190 for the General Fund (including TIF fund appropriations). The City's total millage rate for fiscal year 2025-2026 is 112 mills. This is a 5-mill increase from fiscal year 2024-2025 of 107 mills.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, Post Office Box 1449, Sumter, South Carolina 29151.

BASIC FINANCIAL STATEMENTS

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CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents	\$ 14,391,656	\$ 14,766,262	\$ 29,157,918
Investments	10,325,732	9,157,630	19,483,362
Receivables, net of allowance for doubtful accounts	5,544,552	5,280,601	10,825,153
Inventories	493,832	-	493,832
Property held for resale	1,456,191	-	1,456,191
Restricted cash and cash equivalents	37,898,619	7,506,756	45,405,375
Restricted investments	26,838,412	-	26,838,412
Capital assets, not being depreciated	27,924,468	15,197,325	43,121,793
Capital assets, depreciable, net of accumulated depreciation	77,502,686	99,610,372	177,113,058
Total Assets	202,376,148	151,518,946	353,895,094
Deferred Outflows of Resources			
Deferred loss on bond refunding	-	1,440,775	1,440,775
Deferred pension charges	8,222,229	1,559,190	9,781,419
Deferred other post employment benefits charges	1,373,403	343,350	1,716,753
Total Deferred Outflows of Resources	9,595,632	3,343,315	12,938,947
Liabilities			
Current liabilities:			
Accounts payable	6,480,738	3,704,060	10,184,798
Accrued interest payable	142,172	112,170	254,342
Accrued salaries and payroll withholdings	864,816	124,177	988,993
Court bonds and confiscated funds payable	299,722	-	299,722
Customer deposits	3,550	752,099	755,649
Unearned revenue	65,865	-	65,865
Noncurrent liabilities:			
Due within one year	5,567,861	3,258,612	8,826,473
Due in more than one year	13,221,644	33,758,893	46,980,537
Net pension liability	38,732,747	9,251,490	47,984,237
Net other post employment benefits liability	5,911,143	1,477,788	7,388,931
Total Liabilities	71,290,258	52,439,289	123,729,547
Deferred Inflows of Resources			
Deferred revenue - local option sales tax	377,892	-	377,892
Deferred revenue - grants and contributions	418,988	-	418,988
Deferred pension credits	4,031,307	867,091	4,898,398
Deferred other post employment benefits credits	2,618,761	654,690	3,273,451
Total Deferred Inflows of Resources	7,446,948	1,521,781	8,968,729
Net Position			
Net investment in capital assets	95,200,752	80,284,275	175,485,027
Restricted for:			
Capital Projects	-	5,895,419	5,895,419
Debt service	-	1,611,337	1,611,337
Parks, recreation and culture	33,106,207	-	33,106,207
Community development	-	-	-
Economic development	26,739,435	-	26,739,435
Public safety and law enforcement	568,040	-	568,040
Unrestricted	(22,379,860)	13,110,160	(9,269,700)
Total Net Position	\$ 133,234,574	\$100,901,191	\$ 234,135,765

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government administration	\$ 10,568,168	\$ 102,317	\$ 999,416	\$ -	\$ (9,466,435)	\$ -	\$ (9,466,435)
Public safety and law enforcement	30,082,217	6,982,023	2,813,260	-	(20,286,934)	-	(20,286,934)
Public works	8,120,267	4,492,254	1,043,227	-	(2,584,786)	-	(2,584,786)
Parks, recreation and culture	6,825,624	504,235	267,831	10,294,929	4,241,371	-	4,241,371
Community development	2,086,941	-	446,014	-	(1,640,927)	-	(1,640,927)
Economic development	10,599,533	43,868	584,191	5,364,104	(4,607,370)	-	(4,607,370)
Interest on long-term debt	326,023	-	-	-	(326,023)	-	(326,023)
Total governmental activities	68,608,773	12,124,697	6,153,939	15,659,033	(34,671,104)	-	(34,671,104)
Business-type activities:							
Water and sewer	27,300,859	30,450,439	-	9,111,462	-	12,261,042	12,261,042
Total business-type activities	27,300,859	30,450,439	-	9,111,462	-	12,261,042	12,261,042
Total	\$ 95,909,632	\$ 42,575,136	\$ 6,153,939	\$ 24,770,495	\$ (34,671,104)	\$ 12,261,042	\$ (22,410,062)
General revenues:							
Property taxes					\$ 13,182,544	\$ -	\$ 13,182,544
Sales taxes - local option					6,924,444	-	6,924,444
Sales taxes - local accommodations and hospitality					5,148,253	-	5,148,253
Franchise taxes and business licenses					13,694,436	-	13,694,436
Grants and contributions not restricted to specific programs					1,194,332	-	1,194,332
Gain (loss) on sale or disposition of capital assets					(218,057)	-	(218,057)
Unrestricted interest income					3,727,483	1,447,018	5,174,501
Other					940,930	114,860	1,055,790
Transfers					2,432,921	(2,432,921)	-
Total general revenues and transfers					47,027,286	(871,043)	46,156,243
Change in net position					12,356,182	11,389,999	23,746,181
Net position - beginning of year as restated					120,878,392	89,511,192	210,389,584
Net position - end of year					\$ 133,234,574	\$ 100,901,191	\$ 234,135,765

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2025

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 11,609,431	\$ 2,782,225	\$ 14,391,656
Investments	10,325,732	-	10,325,732
Receivables, net of allowance for doubtful accounts	3,713,920	1,830,632	5,544,552
Due from other funds	2,894,881	-	2,894,881
Restricted cash and cash equivalents	37,175,389	723,230	37,898,619
Restricted investments	26,838,412	-	26,838,412
Inventories	493,832	-	493,832
Property held for resale	1,456,191	-	1,456,191
Total assets	<u>\$ 94,507,788</u>	<u>\$ 5,336,087</u>	<u>\$ 99,843,875</u>
Liabilities			
Liabilities:			
Accounts payable	\$ 6,007,745	\$ 472,993	\$ 6,480,738
Accrued salaries and payroll withholdings	833,013	31,803	864,816
Customer Deposits	2,250	1,300	3,550
Unearned Revenue	50,097	15,768	65,865
Escrow for seized funds and bonds	2,533	297,189	299,722
Due to other funds	-	2,894,881	2,894,881
Total liabilities	<u>6,895,638</u>	<u>3,713,934</u>	<u>10,609,572</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	382,843	-	382,843
Unavailable revenue - local option sales tax	377,892	-	377,892
Unavailable revenue - notes and mortgages	158,427	93,663	252,090
Unavailable revenue - grants and contributions	-	418,988	418,988
Total deferred inflows of resources	<u>919,162</u>	<u>512,651</u>	<u>1,431,813</u>
Fund Balances:			
Nonspendable			
Inventories	493,832	-	493,832
Property held for resale	1,456,191	-	1,456,191
Restricted			
Purchase of capital assets	1,007,426	723,230	1,730,656
Parks, recreation and culture	33,106,207	-	33,106,207
Community development	-	-	-
Economic development	26,330,475	408,960	26,739,435
Public safety and law enforcement	501,178	66,862	568,040
Committed			
General government administration	-	-	-
Community development	46,136	-	46,136
Unassigned	23,751,543	(89,550)	23,661,993
Total fund balances	<u>86,692,988</u>	<u>1,109,502</u>	<u>87,802,490</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 94,507,788</u>	<u>\$ 5,336,087</u>	<u>\$ 99,843,875</u>

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2025

Amounts reported for government activities in the statement of net position are different because:

Total fund balance of governmental funds (page 29)	\$ 87,802,490
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	105,427,154
Other long-term assets are not available to pay for current-period expenditures and therefore, are considered deferred inflows of resources in the funds:	
Property taxes	382,843
Mortgages/Contributions	252,090
Long-term liabilities, including bonds payable, are not due and payable in the current period and are therefore not reported in the funds:	
Accrued compensated absences	(6,832,447)
Accrued interest	(142,172)
Bonds and leases payable	(11,957,058)
Net pension liability	(38,732,747)
Net other post employment benefits liability	(5,911,143)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred pension charges	8,222,229
Deferred other post employment benefits charges	1,373,403
Deferred pension credits	(4,031,307)
Deferred other post employment benefits credits	(2,618,761)
Net position of governmental activities (page 27)	<u><u>\$ 133,234,574</u></u>

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes			
Property and vehicle and fire fees	\$ 13,094,419	\$ -	\$ 13,094,419
Sales	6,924,444	5,148,252	12,072,696
Licenses, permits, and franchise fees	13,777,279	1,018,767	14,796,046
Intergovernmental revenue			
State and federal government	17,664,747	2,129,994	19,794,741
Local governments	7,896,199	-	7,896,199
Charges for services			
Sanitation fees and container rentals	4,484,999	-	4,484,999
Other	529,689	-	529,689
Fines, fees, and forfeitures	196,498	17,509	214,007
Interest income and investment return	3,716,159	11,324	3,727,483
Other	1,655,204	47,873	1,703,077
Total revenues	69,939,637	8,373,719	78,313,356
Expenditures			
Current			
General government administration	10,026,574	351,133	10,377,707
Public safety and law enforcement	27,251,990	1,250,531	28,502,521
Public works	6,207,319	8,500	6,215,819
Parks, recreation and culture	4,241,432	715,353	4,956,785
Community development	1,224,220	495,329	1,719,549
Economic development	9,017,002	934,190	9,951,192
Debt Service			
Principal retirement-bond obligations	913,000	715,000	1,628,000
Principal retirement-lease obligations	1,473,980	-	1,473,980
Interest and fiscal charges	302,319	53,300	355,619
Capital Outlay			
General government administration	16,045	-	16,045
Public safety	3,043,983	138,879	3,182,862
Public works	2,150,227	-	2,150,227
Parks, recreation and culture	5,675,172	911,493	6,586,665
Economic development	1,080,866	66,575	1,147,441
Total expenditures	72,624,129	5,640,283	78,264,412
Excess (deficiency) of revenues over (under) expenditures	(2,684,492)	2,733,436	48,944
Other financing sources (uses)			
Transfers in	4,895,561	1,340,007	6,235,568
Transfers out	(417,209)	(3,385,438)	(3,802,647)
Sale of capital assets	554,157	-	554,157
Issuance of debt - lease	1,788,239	-	1,788,239
Total other financing sources	6,820,748	(2,045,431)	4,775,317
Net change in fund balances	4,136,256	688,005	4,824,261
Fund balances, beginning of year	82,556,732	421,497	82,978,229
Fund balances, end of year	\$ 86,692,988	\$ 1,109,502	\$ 87,802,490

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Amounts reported for governmental activities in the statement of activities (page 28) are different because:

Net change in fund balances -- total governmental funds (page 31)	\$ 4,824,261
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlays capitalized	13,083,240
Depreciation expense not recorded in funds	(8,390,886)
Loss on disposition of capital assets	(772,215)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Property taxes	88,125
Donated capital assets	348,610
Mortgages/Contributions	(143,690)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Payments on long-term debt	3,101,980
Issuance of long-term debt	(1,788,239)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued interest	29,596
Compensated absences	(285,048)

Changes in the City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the State Retirement Plan for the current year are not reported in the governmental funds but are reported in the Statement of Activities

1,492,289

Changes in the City's net other post employment benefits (OPEB) liability, deferred outflows of resources, and deferred inflows of resources related to the City's OPEB Plan for the current year are not reported in the governmental funds but are reported in the Statement of Activities

768,159

Change in net position of governmental activities (page 28)

	\$ 12,356,182
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The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended June 30, 2025

Page 1 of 2

	Budgeted Amounts		Actual	Variance with Final Budget- Over
	Original	Final	Amounts	(Under)
REVENUES				
Taxes				
Property taxes	\$ 18,511,220	\$ 18,511,220	\$ 13,094,419	\$ (5,416,801)
Sales	-	-	6,924,444	6,924,444
Licenses, permits and franchise fees	11,979,565	12,529,565	13,777,279	1,247,714
Intergovernmental revenue				
State and federal government	1,112,680	1,162,680	17,664,747	16,502,067
Local governments	6,919,216	6,919,216	7,896,199	976,983
Charges for services				
Sanitation fees and container rentals	4,566,300	4,566,300	4,484,999	(81,301)
Other	449,800	489,800	529,689	39,889
Fines, fees, and forfeitures	180,000	180,000	196,498	16,498
Interest income and investment return	297,000	297,000	3,716,159	3,419,159
Other	126,000	476,000	1,655,204	1,179,204
Total revenues	44,141,781	45,131,781	69,939,637	24,807,856
EXPENDITURES				
General government administration:				
Administration	3,863,521	3,863,521	3,901,768	38,247
City store	142,016	142,016	130,895	(11,121)
Planning	1,118,528	1,118,528	843,920	(274,608)
Business license department	368,515	368,515	357,819	(10,696)
Appropriations to other agencies	267,081	267,081	278,958	11,877
General insurance	888,000	888,000	1,713,162	825,162
Retiree insurance	400,000	400,000	757,268	357,268
Maintenance contracts	955,231	955,231	970,798	15,567
Miscellaneous	245,000	825,000	1,071,986	246,986
	8,247,892	8,827,892	10,026,574	1,198,682
Public Safety and Law Enforcement:				
Police	14,961,000	15,261,000	16,215,426	954,426
Fire	8,729,460	9,179,460	9,221,133	41,673
Building inspection	994,258	994,258	915,276	(78,982)
Codes enforcement	671,467	671,467	602,029	(69,438)
Municipal court	279,571	279,571	298,126	18,555
	25,635,756	26,385,756	27,251,990	866,234
Public Works:				
Construction	846,403	846,403	736,099	(110,304)
Public works	1,763,126	1,763,126	1,812,175	49,049
Buildings and grounds maintenance	-	-	460	460
Sanitation	3,657,525	3,907,525	3,667,374	(240,151)
Vehicle maintenance	167,422	167,422	(8,789)	(176,211)
	6,434,476	6,684,476	6,207,319	(477,157)

Continued

CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended June 30, 2025

Page 2 of 2

	Budgeted Amounts		Actual	Variance with Final Budget- Over
	Original	Final	Amounts	(Under)
Parks, recreation and culture				
Parks	1,377,530	1,377,530	1,142,881	(234,649)
Gardens	1,149,235	1,149,235	1,171,749	22,514
Tennis	852,123	977,123	1,272,776	295,653
Aquatics	520,619	520,619	388,904	(131,715)
Opera House	162,652	202,652	265,122	62,470
	4,062,159	4,227,159	4,241,432	14,273
Community and Economic Development:				
Downtown revitalization programs	1,135,753	1,135,753	677,143	(458,610)
Liberty Center	59,905	59,905	41,980	(17,925)
Hope Centers	952,042	952,042	865,250	(86,792)
Youth Development	-	-	631	631
Other Community Development Programs	-	350,000	8,656,218	8,306,218
	2,147,700	2,497,700	10,241,222	7,743,522
Debt service				
Principal retirement-bond obligations	913,000	913,000	913,000	-
Principal retirement-lease obligations	1,478,364	1,478,364	1,473,980	(4,384)
Interest and fiscal charges	306,297	306,297	302,319	(3,978)
	2,697,661	2,697,661	2,689,299	(8,362)
Capital Outlay				
General government administration	108,240	108,240	16,045	(92,195)
Public safety	997,750	997,750	3,043,983	2,046,233
Public works	1,541,990	1,541,990	2,150,227	608,237
Parks, recreation and culture	289,500	289,500	5,675,172	5,385,672
Economic Development:	155,000	505,000	1,080,866	575,866
	3,092,480	3,442,480	11,966,293	8,523,813
 Total expenditures	 52,318,124	 54,763,124	 72,624,129	 17,861,005
 Excess (deficiency) of revenues over (under) expenditures	 (8,176,343)	 (9,631,343)	 (2,684,492)	 6,946,851
OTHER FINANCING SOURCES (USES)				
Transfers in	4,814,361	5,014,361	4,895,561	(118,800)
Transfers out	(275,431)	(275,431)	(417,209)	(141,778)
Sale of capital assets	638,682	638,682	554,157	(84,525)
Issuance of debt - lease	1,910,000	1,910,000	1,788,239	(121,761)
Total other financing sources (uses)	7,087,612	7,287,612	6,820,748	(466,864)
 Net change in fund balance	 (1,088,731)	 (2,343,731)	 4,136,256	 6,479,987
Fund balance, beginning of year	82,556,732	82,556,732	82,556,732	-
Fund balance, end of year	\$ 81,468,001	\$ 80,213,001	\$ 86,692,988	\$ 6,479,987

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
June 30, 2025

Assets	Enterprise Funds		
	Water and Sewer Fund	Non-major Storm Water Utility Fund	Totals
Current assets:			
Cash and cash equivalents	\$ 13,188,284	\$ 1,577,978	\$ 14,766,262
Investments	9,157,630	-	9,157,630
Accounts receivable, net of allowance for uncollectibles	5,103,117	177,484	5,280,601
Total current assets	27,449,031	1,755,462	29,204,493
Non-current assets:			
Restricted cash and cash equivalents	7,506,756	-	7,506,756
Capital assets, not being depreciated	11,719,546	3,477,779	15,197,325
Capital assets, depreciable, net of accumulated depreciation	95,901,256	3,709,116	99,610,372
Total non-current assets	115,127,558	7,186,895	122,314,453
Total assets	142,576,589	8,942,357	151,518,946
Deferred Outflows of Resources			
Deferred loss on bond refunding	1,440,775	-	1,440,775
Deferred pension charges	1,532,189	27,001	1,559,190
Deferred other post employment benefits charges	343,350	-	343,350
Total deferred outflows of resources	3,316,314	27,001	3,343,315
Liabilities			
Current liabilities:			
Accrued interest payable	112,170	-	112,170
Accounts payable	3,653,100	50,960	3,704,060
Accrued payroll	122,709	1,468	124,177
Customer deposits	752,099	-	752,099
Compensated absences payable-current portion	271,967	2,260	274,227
Bonds and leases payable - current portion	2,889,956	-	2,889,956
Total current liabilities	7,802,001	54,688	7,856,689
Non-current liabilities:			
Compensated absences payable	773,904	5,177	779,081
Bonds and leases payable	33,074,241	-	33,074,241
Net pension liability	9,105,054	146,436	9,251,490
Net other post employment benefits liability	1,477,788	-	1,477,788
Total non-current liabilities	44,430,987	151,613	44,582,600
Total liabilities	52,232,988	206,301	52,439,289
Deferred Inflows of Resources			
Deferred pension credits	855,603	11,488	867,091
Deferred other post employment benefits credits	654,690	-	654,690
Total deferred inflows of resources	1,510,293	11,488	1,521,781
Net Position			
Net investment in capital assets	73,097,380	7,186,895	80,284,275
Restricted for:			
Capital projects	5,895,419	-	5,895,419
Debt service	1,611,337	-	1,611,337
Unrestricted	11,545,486	1,564,674	13,110,160
Total net position	\$ 92,149,622	\$ 8,751,569	\$100,901,191

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
June 30, 2025

	Enterprise Funds		
	Water and Sewer Fund	Non-major Storm Water Utility Fund	Totals
Operating revenue			
Charges for services			
Water	\$ 13,363,348	\$ -	\$ 13,363,348
Sewer	13,662,751	-	13,662,751
Storm water	-	843,350	843,350
Other operating revenues	2,495,655	-	2,495,655
Total operating revenues	29,521,754	843,350	30,365,104
Operating expenses			
Salaries and wages	6,235,041	99,191	6,334,232
Employee benefits	2,174,825	44,341	2,219,166
Utilities	2,274,410	-	2,274,410
Purchased services	1,647,691	120,249	1,767,940
Materials and supplies	1,934,985	14,834	1,949,819
Other operating expense	4,378,015	8,167	4,386,182
Depreciation	6,179,102	391,509	6,570,611
Total operating expenses	24,824,069	678,291	25,502,360
Operating income	4,697,685	165,059	4,862,744
Non-operating revenues (expenses)			
Interest expense	(1,508,850)	-	(1,508,850)
Miscellaneous expense	-	(21,000)	(21,000)
Interest income and investment return	1,447,018	-	1,447,018
Gain on sale of capital assets	85,335	-	85,335
Economic development	(268,649)	-	(268,649)
Miscellaneous revenue	114,771	89	114,860
Total non-operating revenues (expenses)	(130,375)	(20,911)	(151,286)
Income before contributions and transfers	4,567,310	144,148	4,711,458
Capital contributions	6,222,749	2,888,713	9,111,462
Transfers out	(2,432,921)	-	(2,432,921)
Change in net position	8,357,138	3,032,861	11,389,999
Total net position, beginning of year as restated	83,792,484	5,718,708	89,511,192
Total net position, end of year	\$ 92,149,622	\$ 8,751,569	\$ 100,901,191

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
June 30, 2025

	Enterprise Funds		
	Water and Sewer Fund	Non-major Storm Water Utility Fund	Totals
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 30,648,191	\$ 809,390	\$ 31,457,581
Payments to suppliers	(9,746,121)	(131,953)	(9,878,074)
Payments to employees	(8,873,977)	(153,097)	(9,027,074)
Net Cash Flows Provided by Operating Activities	12,028,093	524,340	12,552,433
Cash Flows from Non-capital Financing Activities			
Transfer to other fund	(2,432,921)	-	(2,432,921)
Net Cash Flows Used by Non-Capital Financing Activities	(2,432,921)	-	(2,432,921)
Cash Flows from Capital and Related Financing Activities			
Proceeds from capital grants	5,736,372	2,721,121	8,457,493
Proceeds from disposition of capital assets	130,057	-	130,057
Purchase and construction of capital assets	(9,095,599)	(3,162,265)	(12,257,864)
Principal paid on capital debt	(2,487,442)	-	(2,487,442)
Interest paid on capital debt	(1,419,023)	-	(1,419,023)
Net Cash Flows Used by Capital Financing Activities	(7,135,635)	(441,144)	(7,576,779)
Cash Flows from Investing Activities			
Interest on cash and cash equivalents	1,001,757	-	1,001,757
Net Cash Provided by Investing Activities	1,001,757	-	1,001,757
Increase in cash and cash equivalents	3,461,294	83,196	3,544,490
Cash and cash equivalents, beginning of year	17,233,746	1,494,782	18,728,528
Cash and cash equivalents, end of year	\$ 20,695,040	\$ 1,577,978	\$ 22,273,018
	-	-	
Reconciliation of net operating income to net cash provided by operating activities:			
Operating income	\$ 4,697,685	\$ 165,059	\$ 4,862,744
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	6,179,102	391,509	6,570,611
Change in current assets and liabilities:			
Increase/Decrease in accounts receivable	930,625	(33,960)	896,665
Decrease in deferred outflows of resources	(80,934)	(3,261)	(84,195)
Increase/Decrease in accrued absences	90,436	(2,318)	88,118
Increase in customer deposits	195,812	-	195,812
Increase in accounts payable	488,980	11,297	500,277
Increase in accrued payroll	36,412	(166)	36,246
Decrease in net pension liability	(815,050)	(14,467)	(829,517)
Decrease in net OPEB liability	(106,827)	-	(106,827)
Increase/Decrease in deferred inflows of resources	411,852	10,647	422,499
Net cash provided by operating activities	\$ 12,028,093	\$ 524,340	\$ 12,552,433
Noncash Capital and Related Financing Items			
Capital contributions	\$ 486,377	\$ 167,592	\$ 653,969
Deferred charge on refunding	(96,052)	-	(96,052)
Net Noncash Capital and Related Financing Items	\$ 390,325	\$ 167,592	\$ 557,917

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
June 30, 2025

	Private Purpose Trust Funds	Custodial Funds
Assets		
Cash and cash equivalents	\$ 10,214	\$ 8,695,195
Receivables:		
Charges for services	-	112,462
Total assets	<u>10,214</u>	<u>8,807,657</u>
Liabilities		
Accounts payable	-	202,396
Due to customers	-	63,840
Total liabilities	<u>-</u>	<u>266,236</u>
Net Position		
Restricted for:		
Individuals, organizations, and other governments	<u>\$ 10,214</u>	<u>\$ 8,541,421</u>

The accompanying notes are an integral part of these statements.

CITY OF SUMTER, SOUTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
For the Year Ended June 30, 2025

	Private Purpose Trust Funds	Custodial Funds
Additions		
Charitable contributions	\$ -	\$ 1,826,238
Charges for services	-	1,391,319
Interest earned	287	302,023
Total additions	<u>287</u>	<u>3,519,580</u>
Deductions		
Distributions to/on behalf of beneficiaries	-	1,480,280
Program service expenditures	-	77,837
Utilities	-	289,784
Administrative	-	156,979
Other custodial disbursements	-	2,685
Total deductions	<u>-</u>	<u>2,007,565</u>
Change in Net Position	287	1,512,015
Net position, beginning of year	<u>9,927</u>	<u>7,029,406</u>
Net position, end of year	<u>\$ 10,214</u>	<u>\$ 8,541,421</u>

The accompanying notes are an integral part of these statements.

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CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sumter, South Carolina was chartered in 1845 and incorporated in 1976. The City operates under a Council-Manager form of government which it adopted in 1912. Under this form of government, the City is governed by six council members elected from single-member districts and a mayor elected at large who serves as council chair. The council is the legislative body of the City and has the major responsibility for determining the policies and direction of the municipal government. The City manager reports to Council and is responsible for the City's daily operations.

The City's financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

As required by GAAP, basic financial statements of governmental units include not only information about the reporting (i.e., primary) government but also about component units. Component units are organizations for which the primary government is financially accountable or organizations which are sufficiently significant to the primary government that their exclusion could cause the financial statements to be misleading or incomplete. Based on the applicable criteria, the City has determined it has no component units and that it is not a component unit of another entity. Therefore, the City reports as a primary entity.

The City's fiduciary funds are not included in the government wide-financial statements. The City's fiduciary activities are used to report assets held by the City in a trustee or agency capacity and which, therefore, can't be used to support the City's own programs. The City's fiduciary funds are primarily revenue collected for water companies other than the City's, and funds escrowed for their respective programs.

B. Basis of Presentation

The City's financial statements are presented from two perspectives, the government-wide perspective, and the fund perspective.

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. The two statements report information on all the non-fiduciary activities of the City (the "primary government"). Separate columns are used to distinguish between the City's *governmental activities*, which normally are supported by taxes and intergovernmental revenues, and the City's *business-type activities*, which rely to a significant extent on fees and charges for support. *Governmental activities* generally incorporate data from governmental funds (see discussion below) while *business-type activities* generally incorporate data from enterprise funds.

The Statement of Net Position reports all financial and capital resources of the City and reports the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, as net position, not as fund balance or equity. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

The use of multiple funds gives rise to interfund activity. Most, but not all, of this internal activity is eliminated from the government-wide statement of activities. Except for net residual balances which are reported as internal balances, amounts reported in the funds as interfund receivables and payables have been eliminated in the

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

governmental and business-type activities columns of the Statement of Net Position. Amounts reported in the funds as receivable from or payable to fiduciary funds are included in the statement of net position as receivable from and payable to external parties.

Fund financial statements present separate information for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Funds are independent fiscal and accounting entities with self-balancing sets of accounts. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds, if any, are aggregated and presented in a single column. Fiduciary funds are reported by fund type. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category of type; and
- b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

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

The City reports one major governmental fund, the general fund. The **General Fund** is the general operating fund of the City and accounts for all revenues and expenditures of the City, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures, capital improvement costs, and general debt service that are not paid through other funds are paid from the General Fund.

In addition, the City reports one nonmajor governmental fund type, the special revenue fund. The **Special Revenue Fund**, is used to account for the proceeds of designated specific revenue sources that are restricted by law or administrative actions to expenditures for specified purposes. Special revenue funds consist of the following:

USDA Rural Business	HUD Section 108	CDBG Home
Downtown Loan	Federal/State Grants	Community Development Block Grants
Empowerment Zone	Main Street Society	Sunday Alcohol Permits
Local Hospitality Tax	State Accommodations Tax	Local Accommodations Tax
Narcotics	Victim's Assistance	E911
Firemen's		

Proprietary Funds are used to account for activities where the determination of net income is necessary or useful to provide sound financial administration. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are primarily charges for services and fees. Operating expenses for enterprise funds include the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

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

The City reports one major enterprise fund, the *Water and Sewer Fund*, which is used to account for operations of the City's water and sewer system. The City also reports one nonmajor enterprise fund, the *Storm Water Utility Fund*.

Fiduciary Fund Types include the *Private Purpose Trust Fund* and the *Custodial Fund*. These funds are used to account for assets held by the City in a trustee capacity for individuals, organizations, and other governments. The private purpose trust fund is used to account for resources legally held in trust. The Custodial Fund is generally used to account for miscellaneous assets that the government holds on behalf of others.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. As a general rule, revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met. Additionally, the effect of interfund activity has been eliminated from the government-wide financial statements, except for amounts due between the City's governmental activities and business-type activities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be identified and available means collectible within the current period or soon enough thereafter (generally not to exceed 60 days) to be used to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, sales taxes, franchise fees, business licenses, charges for services, and hospitality fees. Revenues from state and federal grants are recorded when expenditures are incurred. Entitlements and shared revenues are recognized at the time of receipt or earlier if the susceptible to accrual criteria is met. Interest revenue is considered available when earned.

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

Proprietary funds are accounted for on a flow of economic resources measurement focus. Under this method, the accrual basis of accounting is utilized, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred. All assets and deferred outflows of resources, and liabilities and deferred inflows of

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

resources associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenue) and decreases (i.e., expenses) in net position by distinguishing operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budgetary Information

Annual budgets are adopted for the general fund, the Local Hospitality, Local Accommodations, and the Victim's Assistance special revenue funds, and the Water and Sewer and Storm Water enterprise funds. The general fund, the three special revenue, and the two enterprise funds budgets are prepared on a basis consistent with generally accepted accounting principles. The City's administration prepares the budget no later than June 30. The appropriated budget is prepared by fund, function, department, activity and object and can be amended throughout the year by City Council approval. The City Manager may make transfers of appropriations within and among functions and funds. The legal level of budgetary control is total expenditures for the four budgeted funds on an individual basis. All annual appropriations lapse at fiscal year end.

E. Assets, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and cash equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. All investments are reported at fair value. Cash equivalents, for purposes of the statement of cash flows for proprietary funds, are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value due to changes in interest rates.

Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). Short-term advances between funds are accounted for in the appropriate inter-fund receivable and payable accounts as "due to/from" funds.

All trade and property tax receivables are shown net of an allowance for uncollectables. The property tax receivable allowance is equal to 75 percent of outstanding property taxes at June 30, 2025.

Notes receivable are housing rehabilitation loans which were made under terms of expired Federal grant programs and recorded as receivables with offsetting deferred inflows of resources (explained later). Revenue is recognized only when cash is received.

Inventories and Prepaid Items

Inventories are valued at cost using the average cost method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Inventories in the general fund consist of fuel, cleaning and office supplies, and promotional items. Payments to vendors that reflect costs applicable to a future period are recorded as prepaid items in both the government-wide and the fund financial statements.

Real Estate Held for Resale

Real estate held for resale is recorded at the lower of cost or its net realizable value.

Restricted Assets

Certain proceeds of general fund bonds and leases and enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Additionally, proceeds from certain appropriations and donations are classified as

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

restricted assets on the balance sheet because their use is limited to specified projects. If both restricted and unrestricted resources are to be used for the same purpose, it is the government's policy to first use restricted resources. At year end the City reports restricted cash and cash equivalents in the amount of \$45,405,375 and restricted investments in the amount of \$26,838,412.

Capital Assets

Capital assets include all property, plant, equipment, vehicles, furniture, and infrastructure assets acquired or constructed. Capital assets are defined by the government as assets with a unit cost in excess of \$5,000 and an estimated useful life more than one year. These assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Construction in progress represents funds expended for construction of capital assets which have not yet been placed into service.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

<u>Asset</u>	<u>Years</u>
Machinery and equipment	3 to 10
Vehicles	5 to 10
Buildings and improvements	15 to 40
Water and sewer systems	40 to 75
Infrastructure	10 to 29

Capitalized Interest

Historically, the City has capitalized interest incurred (net of interest earned for tax exempt debt) in its proprietary funds during the construction of qualifying assets, however, during fiscal year 2018, the City adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which requires construction period interest to be recognized as an expense during the period it is incurred. Accordingly, during the year ended June 30, 2025, there was no capitalized interest incurred by the Water and Sewer Enterprise Fund. In the past, the City has not capitalized interest on capital assets used in governmental activities. As such, the implementation of GASB Statement No. 89 does not affect the City's governmental activities.

Deferred Outflows/Inflows of Resources

In addition to assets, The City reports deferred outflows of resources in a separate section of its government-wide and proprietary funds statements. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods.

In addition to liabilities, the City reports deferred inflows of resources in a separate section of its government-wide and fund statements. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods. The difference between Deferred inflows of resources in the fund statements and the government-wide statements consists primarily of unavailable revenue related to property taxes which did not meet the 'availability' criteria under the modified accrual basis of accounting (collected within 60 days after fiscal year end).

Compensated Absences

City employees may accumulate up to 90 days of earned but unused sick leave, but the City does not pay employees separating from service for unused sick leave. In lieu of overtime compensation, the City may credit employees with compensatory time at the rate of 1^{1/2} hours for each overtime hour worked. Employees who are scheduled to

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

work on a holiday may receive an alternate day off to be scheduled by their supervisor or receive holiday pay. There is no cap on accrued compensatory or holiday time/pay. Exempt employees are not eligible for compensatory or holiday time/pay. All City employees are eligible for paid vacation. Fire suppression employees may carry forward a maximum of 900 unused vacation hours from one year to the next, and other employees may carry forward up to 600 such hours. Employees who terminate employment with the City prior to retirement can be paid for up to 24 days of unused vacation, provided they work a two week notice and have not been discharged for disciplinary reasons. In the year of their retirement from service with the City, employees may use up to 30 days of annual leave and be paid for up to 45 days of unused annual leave.

GASB Statement No. 101, Compensated Absences

During the fiscal year ended June 30, 2025, the City implemented GASB Statement No. 101, *Compensated Absences*. This Statement establishes a single recognition and measurement model for all types of compensated absences and requires governments to recognize a liability for (1) leave that has not been used and (2) leave that has been used but not yet paid, when specified criteria are met. The Statement also requires governments to evaluate the likelihood that accumulated leave will be used or paid (“more-likely-than-not” threshold) and to include directly and incrementally associated salary-related payments in the measurement of the liability. The liability for compensated absences is reported as incurred at the employee’s current rate of pay in the government-wide and proprietary financial statements and includes salary-related benefits, where applicable.

A liability for compensated absences is reported in governmental funds only if the liability has matured because an employee resigns or retires. The General Fund has been used in prior years to liquidate the liability for compensated absences in governmental funds.

Long-term obligations

In the government-wide financial statements and proprietary funds statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position at the face amount of the debt issued. In accordance with GASB 68, *Accounting and Financial Reporting for Pension Plans*, the City reports its share of the net pension liability in relation to the two cost-sharing, multiple-employer defined benefit pension plans that it participates in, which are administered by the South Carolina Public Employee Benefit Authority (PEBA).

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources. The corresponding payments against the debt issued are reported as debt service expenditures.

Property Taxes

Taxes on real property are assessed as of January 1, levied the following September, due January 15, and become delinquent March 15. Liens attach to the property at the time the taxes are levied. The levy date for motor vehicle taxes is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month.

Net Position

The components of the City’s net position are classified as follows:

- *Net investment in capital assets:* This represents the City’s total investment in capital assets, net of any outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets.
- *Restricted net position:* Restricted net position includes resources in which the City is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties such as state laws and lenders.
- *Unrestricted net position:* Unrestricted net position represents resources which may be used to meet current expenses for any purpose.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

Governmental Fund Balances

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

- *Nonspendable:* The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form (e.g., inventories and prepaid amounts), or are legally or contractually required to be maintained intact.
- *Restricted:* Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e., city ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.
- *Committed:* The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the City Council. Formal action may be in the form of an ordinance or a resolution. Both actions are equally binding for purposes of committing fund balance. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to commit those amounts previously. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- *Assigned:* Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council or by a City official or body to which Council has delegated the authority to assign amounts to be used for specific purposes.
- *Unassigned:* Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Pensions

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

G. Other Post-Employment Benefits

Other Post-Employment Benefits ("OPEB") cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see note III. D for more information), regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is equal to the annual required contributions to the OPEB Plan, calculated in accordance with GASB Statement No. 75.

H. Capital Contributions

On the government-wide and enterprise fund financial statements the City reports contributions of capital as a result of outside capital asset contributions, contributions from other funds or from grants or outside contributions of resources restricted to capital acquisition and construction.

I. Leases

The City adopted GASB Statement No. 87, *Leases* ("GASB 87") beginning with fiscal year 2022. According to GASB 87, a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the lease's contract for a period of time in an exchange or exchange-like transaction. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of lease contracts.

J. Subscription-Based Information Technology Arrangements

According to GASB Statement No. 96 ("GASB 96"), a subscription-based information technology arrangement ("SBITA") is a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Based on the applicable criteria, Management has determined that the City is not party to a reportable SBITA contract as of June 30, 2025. For more information on GASB 96, see Note III, F.

II. ACCOUNTING CHANGES

A. Restatement of Beginning Net Position

The implementation of GASB Statement No. 101 resulted in the recognition of additional liabilities related to accumulated sick leave that is more likely than not to be used as time off by employees. These liabilities are required to be reported in the government-wide financial statements and proprietary funds statements because they represent obligations expected to be liquidated from future economic resources.

The cumulative effect of implementing this Statement required a restatement of beginning net position for governmental activities and business-type activities as of July 1, 2024, as follows:

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

Government-wide:

	Governmental Activities	Business Type Activities	Entity-Wide
Net Position, June 30, 2024, as previously reported	\$ 121,448,396	\$ 89,720,447	\$ 211,168,843
Decrease resulting from recognition of liability related to GASB 101	(570,004)	(209,255)	(779,259)
Net Position, July 1, 2024, as restated	<u>\$ 120,878,392</u>	<u>\$ 89,511,192</u>	<u>\$ 210,389,584</u>

Proprietary Funds:

	Water and Sewer Fund	Non-major Storm Water Utility Fund	Total Enterprise Funds
Net Position, June 30, 2024, as previously reported	\$ 83,998,990	\$ 5,721,457	\$ 89,720,447
Decrease resulting from recognition of liability related to GASB 101	(206,506)	(2,749)	(209,255)
Net Position, July 1, 2024, as restated	<u>\$ 83,792,484</u>	<u>\$ 5,718,708</u>	<u>\$ 89,511,192</u>

The prior period adjustment has no effect on the fund balances of the City's governmental funds because those funds continue to recognize compensated absences only to the extent the obligations have matured and are expected to be liquidated with expendable available financial resources.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash Deposits

As of June 30, 2025, the carrying amount of the government's bank deposits was \$12,455,946. Of this amount, \$1,050,560 are fiduciary in nature. The respective bank balances totaled \$14,354,175. \$1,625,973 was insured through the Federal Depository Insurance Corporation (FDIC). The remaining balance of \$12,831,148 was collateralized with securities held by financial institutions in the government's name. Also included with the City's reported cash and equivalents is \$4,900 in cash on hand.

Investments

As of June 30, 2025, in accordance with South Carolina law applicable to local government deposits and investments, the government had the following investments:

Investments	Maturities (in years)	Fair Value
Insured or registered, or held by the government or its agent in the government's name:		
Investment in South Carolina Pooled Investment Fund	Less than 1	\$ 60,916,953
Federal Treasury Obligation Fund #398	Less than 1	2,236,054
Repurchase Certificates-Treasury and federal agency securities	Less than 1	46,244,642
		<u>\$ 109,397,649</u>

The City's investments also include a life insurance contract on the life of an employee. At year end, this contract had a cash surrender value of \$77,132.

South Carolina Pooled Investment Fund

The South Carolina Pooled Investment Fund (the "Pool") funds are invested with the South Carolina State Treasurer's Office, which established the Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-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 2a 7 of the Investment Company Act of 1940. In accordance with 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.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's investments in repurchase agreements are valued using significant other observable inputs (Level 2). The SC State investment pool is measured at the Net Asset Value.

Credit Risk

State law limits local government investments to (1) obligations of the United States and agencies thereof; (2) general obligations of the State of South Carolina or any of its political units; (3) savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation (FDIC); (4) certificates of deposits 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, at a market value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest; and (5) no load open and closed-end portfolios of certain investment companies with issues of the US Government. The City has no investment policy that would further limit its investment choices. As of year end, the City's investment in the South Carolina Pooled Investment Fund was unrated. The government's investments in Federated Treasury Obligation Fund #398 and Fidelity Prime Fund Daily Money Class were both rated Aaa-mf by Moody's and AAAM by Standard & Poor's.

Interest Rate Risk.

Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. The City held no investments with original maturity greater than 3 months at year end. As such, management considers any interest rate risk as of June 30, 2025, to be insignificant.

B. Receivables

Receivables as of year end for the government's individual major funds, including the applicable allowances for uncollectible accounts are as follows:

	General Fund	Non-Major Governmental Funds	Water and Sewer Fund	Total
Current:				
Taxes				
Property	\$ 1,587,939	\$ -	\$ -	\$ 1,587,939
Sales and franchise	-	591,314	-	591,314
Intergovernmental	102,872	1,010,655	1,439,099	2,552,626
Accounts	3,029,987	-	2,806,243	5,836,230
Unbilled receivables	-	-	1,292,294	1,292,294
Loans and notes	158,427	228,663	45,000	432,090
Other	-	-	32,290	32,290
Non-current:				
Notes	-	-	29,250	29,250
Gross receivables	4,879,225	1,830,632	5,644,176	12,354,033
Less, allowance for uncollectibles	(1,165,305)	-	(363,575)	(1,528,880)
Net total receivables	\$ 3,713,920	\$ 1,830,632	\$ 5,280,601	\$ 10,825,153

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At year end, the City reports \$65,866 in unearned revenue in relation to charges that were received in advance of the applicable reporting period.

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 19,698,795	\$ 1,457,328	\$ 614,967	\$ -	\$ 20,541,156
Non-depreciable Assets	1,313,244	-	-	-	1,313,244
Construction in progress	9,752,526	6,855,081	17,500	(10,520,039)	6,070,068
Total capital assets not being depreciated	30,764,565	8,312,409	632,467	(10,520,039)	27,924,468
Capital assets being depreciated:					
Infrastructure	49,192,492	963,119	-	10,203,998	60,359,609
Buildings and improvements	73,488,380	410,090	-	316,041	74,214,511
Motor vehicles and outdoor equipment	35,459,529	3,746,232	1,388,505	(1,181)	37,816,075
Office equipment	7,125,962	-	-	-	7,125,962
Total capital assets being depreciated	165,266,363	5,119,441	1,388,505	10,518,858	179,516,157
Less accumulated depreciation for:					
Infrastructure	34,362,852	2,384,716	-	-	36,747,568
Buildings and improvements	28,614,060	2,388,448	-	-	31,002,508
Motor vehicles and outdoor equipment	25,006,651	3,534,265	1,246,408	(3,531)	27,290,977
Office equipment	6,888,961	83,457	-	-	6,972,418
Total accumulated depreciation	94,872,524	8,390,886	1,246,408	(3,531)	102,013,471
Total capital assets being depreciated, net	70,393,839	(3,271,445)	142,097	10,522,389	77,502,686
Governmental activities capital assets, net	\$ 101,158,404	\$ 5,040,964	\$ 774,564	\$ 2,350	\$ 105,427,154

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 1,430,894	\$ 26,771	\$ -	\$ -	\$ 1,457,665
Construction in progress	5,199,622	9,930,849	-	(1,390,811)	13,739,660
Total capital assets not being depreciated	6,630,516	9,957,620	-	(1,390,811)	15,197,325
Capital assets being depreciated:					
Buildings and improvements	3,569,675	-	-	-	3,569,675
Plants and improvements	88,341,503	70,275	-	-	88,411,778
Distribution and collection system	83,733,187	640,469	-	1,390,811	85,764,467
Wells and tanks	13,049,879	65,680	-	-	13,115,559
Machinery and equipment	17,919,268	2,177,789	382,266	1,181	19,715,972
Total capital assets being depreciated	206,613,512	2,954,213	382,266	1,391,992	210,577,451
Less accumulated depreciation for:					
Buildings and improvements	918,303	92,711	-	-	1,011,014
Plants and improvements	49,846,902	2,098,614	-	-	51,945,516
Distribution and collection system	30,009,879	2,656,346	-	-	32,666,225
Wells and tanks	9,421,364	400,210	-	-	9,821,574
Machinery and equipment	14,536,382	1,322,730	339,893	3,531	15,522,750
Total accumulated depreciation	104,732,830	6,570,611	339,893	3,531	110,967,079
Total capital assets being depreciated, net	101,880,682	(3,616,398)	42,373	1,388,461	99,610,372
Business-type activities capital assets, net	\$ 108,511,198	\$ 6,341,222	\$ 42,373	\$ (2,350)	\$ 114,807,697

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

Governmental activities:	
General government	\$ 397,217
Public safety	2,939,989
Public works	2,088,155
Parks, recreation and culture	2,002,232
Community development	366,237
Economic development	597,056
Total depreciation expense - governmental activities	<u>\$ 8,390,886</u>
Business-type activities:	
Water and sewer services	\$ 6,179,102
Storm water services	391,509
Total depreciation expense - business type activities	<u>\$ 6,570,611</u>

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

Construction in progress and construction commitments for governmental activities and business-type activities consisted of the following at year end:

	Expenditures To Date	Total Contract	Contract Payments Remaining*
<i>Governmental Activities</i>			
Shot Pouch Greenway - Mid Point / Broad Trail Head	459,468	3,896,851	3,437,383
African American Historic Park - Manning Ave.	50,756	138,256	87,500
Economic Development Board Building & Parking Lot Improvements	8,060	8,060	-
Opera House Expansion/Renovation	2,546,922	2,974,216	427,294
Washington St. Lot Improvements	3,101	9,760	6,659
N. Main Street Corridor Improvements - Morris College	97,544	116,544	19,000
Westend Neighborhood Park	120,038	1,449,986	1,329,948
Bobby Richardson Baseball Complex	88,473	260,926	172,453
Swan Lake Playground	21,110	94,010	72,900
Riley Park Facility Upgrades, PH I	2,050,794	2,420,160	369,366
Swan Lake Iris Market	1,900	7,500	5,600
Sumter Shaw Ph II (Veterans Park)	71,769	204,315	132,546
Swan Lake North Entrance	77,573	78,048	475
Stadium Road Fire Station Improvements	35,389	230,389	195,000
Public Services Building Improvements	30,000	45,540	15,540
Fire Truck - Pumper (chassis and body assembled separately)	407,171	725,671	318,500
<i>Total Governmental</i>	<u>\$ 6,070,068</u>	<u>\$ 12,660,232</u>	<u>\$ 6,590,164</u>
<i>Business-type Activities</i>			
Public Services Administration Building	\$ 426,783	\$ 426,783	\$ -
Mayesville Elevated Tank Replacement	51,001	75,601	24,600
Water Plant #3 Storage Tank Upgrade	5,248,945	7,863,406	2,614,461
Miller to Morgan Storm Water Improvements	3,018,505	3,020,035	1,530
Lafayette Storm Water Improvements	232,270	348,840	116,570
Crosswell Storm Water Improvements	57,898	1,791,910	1,734,012
Dryer Drum for Wastewater Treatment Plant Biosolids System	783,104	937,160	154,056
Kolb Rd. Bridge Utility Line Relocation	23,165	38,200	15,035
Red Bay Rd. Bridge Utility Line Relocation	22,951	38,051	15,100
Water Plant # 5 Expansion	2,883,831	14,290,444	11,406,613
Elevated Tank Water Plant 5	525,525	5,476,802	4,951,277
Sibley Village Pump Station & Force Main	162,386	400,156	237,770
Pocotaligo Wastewater Treatment Plant - Master Planning	144,926	255,926	111,000
Sumter High School Stadium Ditch Expansion	157,175	174,507	17,332
Hwy 15 South Pump Station	1,195	1,195	-
<i>Total Business-type Activities</i>	<u>\$ 13,739,660</u>	<u>\$ 35,139,016</u>	<u>\$ 21,399,356</u>
	<u>\$ 19,809,728</u>	<u>\$ 47,799,248</u>	<u>\$ 27,989,520</u>

* Not intended to represent total project balance remaining. Only represents balance remaining on current contracts. Certain projects may not have a current contract in place.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

E. Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2025, for both the City's governmental activities and business-type activities. Details by type of obligation and a summary of debt service requirements follow.

Summary of changes in long-term obligations

	Beginning			Ending	Due Within
	Balance as restated*	Additions	Reductions	Balance	One Year
Governmental activities:					
General obligation bonds	\$ 3,511,000	\$ -	\$ 543,000	\$ 2,968,000	\$ 559,000
Tax increment financing bonds	2,320,000	-	370,000	1,950,000	380,000
Revenue bonds	2,749,000	-	652,000	2,097,000	665,000
Notes payable	198,000	-	63,000	135,000	66,000
Leases	4,492,799	1,788,239	1,473,980	4,807,058	1,506,502
Compensated absences	6,547,399	3,318,076	3,033,028	6,832,447	2,391,359
Governmental activity long-term liabilities	<u>\$ 19,818,198</u>	<u>\$ 5,106,315</u>	<u>\$ 6,135,008</u>	<u>\$ 18,789,505</u>	<u>\$ 5,567,861</u>
Business-type activities:					
Revenue bonds	\$ 37,475,000	\$ -	\$ 2,490,000	\$ 34,985,000	\$ 2,570,000
Leases	976,639	286,761	284,204	979,196	319,956
Compensated absences	965,190	505,504	417,386	1,053,308	368,656
Business-type activity long-term liabilities	<u>\$ 39,416,829</u>	<u>\$ 792,265</u>	<u>\$ 3,191,590</u>	<u>\$ 37,017,504</u>	<u>\$ 3,258,612</u>

General Obligation Bonds

The City has issued general obligation bonds to provide for construction and purchase of capital assets used in carrying out its governmental activities. General obligation bonds have been issued only for general government activities. General obligation bonds are direct obligations and pledge the City's full faith and credit. As of year end, the City had general obligation bonds outstanding as follows:

\$6,000,000 Series 2018, payable in annual installments varying from
\$647,460 to \$648,362 including interest at 2.98%, maturing July 15, 2029 \$ 2,968,000

Tax Increment Financing (TIF) Bonds Payable

On October 13, 2016, the City issued its \$4,500,000 Tax Increment Revenue Bond, Series 2016 (TIF), to provide funds to defray the costs of certain downtown infrastructure improvements. The primary improvements to be defrayed with proceeds of the TIF are costs associated with the design and construction of a two level parking garage to be owned by the City. The TIF represents an obligation of the City payable from the incremental tax revenues generated by the Redevelopment Project Area established by the plan set forth in an ordinance adopted December 9, 1999, as amended. Additional security for this financing is provided through a junior lien pledge of the gross revenues of the City's water and sewer system. The TIF bond outstanding at year end was:

\$4,500,000 Series 2016, payable in annual installments varying from
\$270,790 to \$428,538 including interest at 2.04%, maturing July 2029 \$ 1,950,000

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

Revenue Bonds

The City has issued revenue bonds in order to fund construction projects which will enhance tourism as follows:

\$2,000,000 Hospitality Fee Revenue Bond, Series 2019, payable in semi-annual installments varying from \$41,704.00 to \$313,989 including interest at 2.71%, maturing August 2026, collateralized by assignment of hospitality fee revenue	\$ 611,000
\$2,550,000 Hospitality Fee Revenue Bond, Series 2021, payable in semi-annual installments varying from \$41,828.50 to \$381,587.50 including interest at 1.33% maturing August 2028, collateralized by assignment of hospitality fee revenue	1,486,000
Total Hospitality Fee Revenue Bonds	<u>\$ 2,097,000</u>

The City has also issued revenue bonds to finance construction and expansion of the water and sewer system. These bonds are secured by liens on and pledges of water and sewer revenue net of system operating and maintenance costs. Water and sewer revenue bonds outstanding at year end were as follows:

\$52,670,000 Series 2015, payable in annual installments varying from \$1,361,956 to \$3,877,025 including interest varying from 2 to 5%, maturing in June 2041	<u>\$ 34,985,000</u>
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Notes

The City has issued notes to finance various development projects. Notes payable at year end were as follows:

\$843,000 note payable in annual installments to the US Department of Housing and Urban Development in annual installments ranging from \$30,000 to \$69,000 including interest at 4.5%, maturing August 2026: Refinanced starting FY20 - FY26 at interest ranging from 2.54% to 2.86%; Interest savings of \$89,226 over 7 years	<u>\$ 135,000</u>
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Leases

The City has entered into lease agreements to finance the acquisition of buildings, vehicles and heavy equipment and office equipment used in its governmental and business-type activities. The lease agreements qualify as leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date as follows:

Year Ending June 30,	Governmental Activities	Business-Type Activities	Totals
2026	\$ 1,661,445	\$ 353,541	\$ 2,014,986
2027	1,442,253	284,935	1,727,188
2028	1,070,535	238,371	1,308,906
2029	683,107	127,520	810,627
2030	295,745	47,426	343,171
Total minimum lease payments	5,153,085	1,051,793	6,204,878
Less: amount representing interest	(346,027)	(72,597)	(418,624)
Present value of minimum lease payments	<u>\$ 4,807,058</u>	<u>\$ 979,196</u>	<u>\$ 5,786,254</u>

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

The assets acquired through leases are as follows:

	Governmental Activities	Business-type Activities	Totals
Asset:			
Motor vehicles and outdoor equipment	\$ 15,647,131	\$ -	\$ 15,647,131
Machinery and equipment	-	2,136,939	2,136,939
Less: accumulated depreciation	(10,586,009)	(842,488)	(11,428,497)
Total	\$ 5,061,122	\$ 1,294,451	\$ 6,355,573

Summary of Debt Service Requirements

Following is a summary of debt service requirements to maturity by year for the governmental and business-type activities:

Year Ending June 30,	Debt			Lease Obligations			Totals
	Principal	Interest	Total	Principal	Interest		
<u>Governmental Activities</u>							
2026	\$ 1,670,000	\$ 160,926	\$ 1,830,926	\$ 1,506,502	\$ 154,943	\$ 3,492,371	
2027	1,709,000	121,473	1,830,473	1,337,689	104,564	3,272,726	
2028	1,357,000	86,325	1,443,325	1,013,067	57,468	2,513,860	
2029	1,385,000	55,690	1,440,690	658,817	24,290	2,123,797	
2030	1,029,000	26,904	1,055,904	290,983	4,762	1,351,649	
2031-2035	-	-	-	-	-	-	
Total	\$ 7,150,000	\$ 451,318	\$ 7,601,318	\$ 4,807,058	\$ 346,027	\$ 12,754,403	
<u>Business-Type Activities</u>							
2026	\$ 2,570,000	\$ 1,304,275	\$ 3,874,275	\$ 319,956	\$ 33,585	\$ 4,227,816	
2027	2,660,000	1,215,963	3,875,963	262,382	22,553	4,160,898	
2028	2,760,000	1,114,213	3,874,213	226,610	11,761	4,112,584	
2029	2,860,000	1,016,113	3,876,113	123,586	3,934	4,003,633	
2030	2,945,000	927,197	3,872,197	46,662	764	3,919,623	
2031-2035	11,945,000	3,205,640	15,150,640	-	-	15,150,640	
2036-2040	7,510,000	1,323,250	8,833,250	-	-	8,833,250	
2041-2045	1,735,000	34,700	1,769,700	-	-	1,769,700	
Total	\$ 34,985,000	\$ 10,141,351	\$ 45,126,351	\$ 979,196	\$ 72,597	\$ 46,178,144	

F. Inter-fund Receivables and Payables

Inter-fund balances arise because the City utilizes a cash pool to maximize potential interest earnings. Inter-fund balances at June 30, 2025, were:

Receivable Fund	Payable Fund	Amount
General Fund	HUD Section 8 Loans Fund	\$ 119,915
General Fund	Community Development Block Grant Fund	89,747
General Fund	State Accommodations Tax Fund	1,505,511
General Fund	Federal and State Grants	1,133,434
General Fund	Community Development Home	46,274
		<u>\$ 2,894,881</u>

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

G. Transfers In and Out

During the course of normal operations, the City makes numerous transactions between funds. Transfers of resources from a fund receiving revenue to a fund through which the resources are expended are recorded as transfers and are reported as other financing sources (uses) in the governmental funds and as non-operating revenues (expenses) in proprietary funds. Transfers into the general fund were primarily to recover overhead and related costs. Transfers to the state accommodations tax fund were made from the local accommodations tax fund to support tourism promotion. Transfers between funds for the year ended June 30, 2025, consisted of the following:

Transfers Out:	Transfers In:		
	Nonmajor Governmental		Totals
	General Fund	Fund	
General Fund	* \$ 68,500	\$ 348,709	\$ 417,209
Nonmajor governmental funds	2,394,140	991,298	3,385,438
Water and sewer enterprise fund	2,432,921	-	2,432,921
	<u>\$ 4,895,561</u>	<u>\$ 1,340,007</u>	<u>\$ 6,235,568</u>

* - Transfers were made between programs within general fund

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and job related illnesses and accidents. The City carries insurance for these risks of loss. Premiums for workers' compensation are paid to a public entity risk pool. The public entity risk pool promises to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accord with insurance policy and benefit program limits. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There has been no significant reduction in coverage and amounts of settlements have not exceeded coverage in any of the last three years.

The City is also subject to risks of loss from providing health, life, accident, dental, and other medical benefits to employees, retirees, and their dependents. The City has enrolled substantially all its employees in the State's health insurance plans administered by the South Carolina Public Employee Benefit Authority (PEBA).

B. Employee Retirement Systems

Plan Description

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

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

Membership

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

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

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

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; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of experience, and average final compensation. A brief summary of 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.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

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 for fiscal year 2025 are as follows:

SCRS

Employee Class Two	9.00 % of earnable compensation
Employee Class Three	9.00 % of earnable compensation

PORS

Employee Class Two	9.75 % of earnable compensation
Employee Class Three	9.75 % of earnable compensation

Required employer contribution rates for fiscal year 2025 are as follows:

SCRS

Employer Class Two	18.56 % ¹ of earnable compensation
Employer Class Three	18.56 % ¹ of earnable compensation

PORS

Employer Class Two	21.24 % ² of earnable compensation
Employer Class Three	21.24 % ² of earnable compensation

¹ Includes incidental death benefit contribution rate of 0.15%

² Includes incidental death benefit and accidental death benefit contribution rate of 0.20% each.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability (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 in the following table:

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

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 No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plan's funding requirements.

At June 30, 2025, the City reported a liability of \$29,324,794 for the SCRS and \$18,659,443 for the PORS for a total of \$47,984,237 for its proportionate share of the NPL. The NPL was measured as of June 30, 2024, and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date. The City's portion of the NPL was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating organizations, actuarially determined. At June 30, 2024, the City's proportion was 0.125051% for the SCRS, which is a decrease of .006381% from its proportion measured as of June 30, 2023. At June 30, 2024 the City's portion was .622026% for the PORS, which is a decrease of .052257% from its proportion measured as of June 30, 2023. The General Fund has been used in prior years to liquidate the net pension liability in governmental funds.

For the year ended June 30, 2025, the City recognized a pension credit of \$1,200,118 for the SCRS and \$698,171 for the PORS for a total pension credit of \$1,898,289. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	SCRS	PORS	Total	SCRS	PORS	Total
Differences between expected and actual experience	\$ 963,716	\$ 1,752,365	\$ 2,716,081	\$ 36,394	\$ 106,977	\$ 143,371
Change in assumptions	516,991	406,249	923,240	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	-	1,129,893	1,046,122	2,176,015
Changes in proportionate share and difference between City contributions and proportionate share of contributions	12,471	36,741	49,212	1,327,683	1,251,329	2,579,012
City contributions subsequent to measurement date	3,376,637	2,716,249	6,092,886	-	-	-
Total	\$ 4,869,815	\$ 4,911,604	\$ 9,781,419	\$ 2,493,970	\$ 2,404,428	\$ 4,898,398

The amount of \$6,092,886 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Collective deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual pension plan investment earnings in different measurement periods are aggregated and included as a net collective deferred outflow of resources related to pensions or a net collective deferred inflow of resources related to pensions.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

In accordance with GASB 68 these amounts are to be amortized over the average remaining service lives of all employees of the plan and recognized as a component of pension expense as follows:

<u>June 30,</u>	<u>SCRS</u>	<u>PORS</u>	<u>Combined</u>
2025	\$ (1,053,678)	\$ (535,673)	\$ (1,589,351)
2026	638,468	761,423	1,399,891
2027	(288,862)	(158,231)	(447,093)
2028	(296,721)	(276,591)	(573,312)
	<u>\$ (1,000,793)</u>	<u>\$ (209,072)</u>	<u>\$ (1,209,865)</u>

Actuarial Assumptions and Methods

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

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2024.

	<u>SCRS</u>	<u>PORS</u>
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment rate of return ¹	7.00%	7.00%
Projected salary increases	3.0% to 11% (varies by service)	3.5% to 10.5% (varies by service)
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

¹ Includes inflation at 2%

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:

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
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%

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon the 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 revised 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 following table. 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.

<u>Allocation/Exposure</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Public Equity	46.0%	6.23%	2.86%
Bonds	26.0%	2.60%	0.68%
Private Equity¹	9.0%	9.60%	0.86%
Private Debt¹	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 Return²	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 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 City's proportionate share of each system's NPL calculated using the discount rate of 7 percent, as well as what the City's NPL for each system would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

		1.00% Decrease (6%)	Current Discount Rate (7%)		1.00 % Increase (8%)
System					
SCRS	\$	38,001,696	\$	29,324,794	\$ 21,334,168
PORS	\$	27,033,963	\$	18,659,443	\$ 11,800,281

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

Pension Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued Annual Comprehensive Financial Report containing financial statements and required supplementary information for SCRS and PORS. The Annual Comprehensive Financial Report of the Pension Trust Funds is publicly available on PEBA's Retirement Benefit'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.

C. Deferred Compensation Plans

Some city employees may participate in additional, optional deferred compensation plans which are available to them in conjunction with the State Retirement System. The multiple-employer plans, created under Internal Revenue Code Sections 457 and 401(k) are administered for the State Retirement System by third parties. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate their employment with the City. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

D. Other Post-Employment Benefits

Plan Description

The City's single-employer defined benefit postemployment healthcare plan (the Plan) provides medical insurance to eligible retirees. Spouses and dependents are not covered. In accordance with the City's personnel policy, lifetime benefits are provided for retirees who retired on or before July 1, 2008, with at least 20 years of City service. Employees who retire after July 1, 2008, are eligible for benefits to age 65 depending on the amount of their service as of July 1, 2008. Those with 15 or more years of service on July 1, 2008, must have 20 years of service with the City to become eligible for benefits at retirement. Those with less than 15 years of service on July 1, 2008, must have 28 (25 for public safety) years of service with the City to become eligible for benefits at retirement. The Plan is approved each year by City Council; the contribution requirements of the City and plan members are established and amended by City Council. The contributions are neither guaranteed nor mandatory. City Council has retained the right to modify its payments for retiree health care benefits.

As of December 31, 2024, the most recent measurement date for the Plan, there were 654 covered participants; 145 members were retirees receiving benefits and 509 were active participants. The Plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust (SC ORBET), an agent multiple employer irrevocable trust administered by the Municipal Association of South Carolina. Each participating employer is responsible for determining the appropriate amount of contributions to remit to the Trust. SC ORBET issues a publicly available financial report that includes audited financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to the Chief Financial Officer for Risk Management Services, Municipal Association of South Carolina, P.O. Box 12109, Columbia, South Carolina 29211.

Funding Policy

The City establishes its contribution requirement annually during budget preparation, prior to the start of the fiscal year the calculated contribution relates to. The contributions required to support the Plan are determined following a level funding approach and consist of a normal contribution and an actuarial accrued liability contribution. The actuarial accrued liability is determined using the "entry age normal" method. Under this method, the accrued liability is the difference between the present value of expected future benefits payable and the present value of expected future normal cost. The normal contribution is determined using the "entry age normal" method. Under this method a calculation is made for OPEB benefits to determine the uniform and constant percentage rate of employer contribution. This contribution will be applied to the compensation of the average new member during the entire period of his/her anticipated covered service, ceasing when both the member and spouse are no longer members of the plan. This contribution would be required in addition to the contributions of the member to meet the cost of all benefits payable on his/her behalf.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

Net OPEB Liability

The City's net OPEB liability of \$7,388,931 was measured as of December 31, 2024, and was determined by an actuarial valuation as of December 31, 2022. The General Fund has been used in prior years to liquidate the net OPEB liability in governmental funds.

Actuarial Assumptions and Methods

The Total OPEB Liability (TOL) was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Real wage growth	
SCRS	0.75%
PORS	1.25%
Wage inflation	
SCRS	3.00%
PORS	3.50%
Salary increases, including wage inflation	
SCRS	3.00%-9.65%
PORS	3.50%-11.00%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	4.75%
Municipal Bond Index Rate	
Prior Measurement Date	3.26%
Measurement Date	4.08%
Year FNP is projected to be depleted	
Prior Measurement Date	N/A
Measurement Date	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	4.75%
Measurement Date	4.75%
Health Care Cost Rates	
Pre-Medicare	7.00% for 2023 decreasing to an ultimate rate of 4.50% by 2033
Medicare	5.25% for 2023 decreasing to an ultimate rate of 4.50% by 2029
Mortality Assumptions	PUB-2010 Below Median Mortality Tables for Employees with a 100% multiplier

The discount rate used to measure the TOL was based on the long-term expected rate of return.

Mortality rates were based on the PUB-2010 Below Median Mortality Tables for Employees with a 100% multiplier to better reflect the anticipated experience and provide margin for future improvements.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the December 31, 2022 valuation were based on the results of the 2024 actuarial experience study adopted by SCRS and PORS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the December 31, 2022 valuation were based on a review of recent plan experience done concurrently with the December 31, 2022 evaluation.

Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges should be combined to produce

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Target Allocation

As of the most recent adoption of the current long-term rate of return by the Plan, the target asset allocation for each major asset class, as provided by the Plan, are summarized in the following table:

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return
US Government Agency	58.0%	4.40%
US Govt MBS/CMO/CMBS	40.0%	4.90%
Cash and Short Duration (Net)	2.0%	3.85%
Total	100.0%	

Discount Rate

The discount rate used to measure the TOL as of the measurement date was 4.75%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of December 31, 2022. In addition to the actuarial methods and assumptions of the December 31, 2022 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- * Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually using the payroll growth assumptions.
- * Active employees do not explicitly contribute to the Plan.
- * In all future years, the employer continues to contribute the full ADEC through deposit to the Trust and direct payment of benefits to plan members as the benefits come due. The employer is assumed to have the ability and willingness to make contributions to the Trust and benefit payments from its own resources for all periods in the projection.
- * Projected assets do not include employer contributions that fund the estimated service cost of future employees.
- * Cash flows occur mid-year.

Based on these assumptions, the Plan's fiduciary net position was projected to not be depleted.

The fiduciary net position projections are based upon the Plan's financial status on the Valuation Date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the sensitivity of the City's OPEB liability to changes in the discount rate, calculated using the current discount rate of 4.75%, as well as what it would be if it were calculated using a discount rate that is 1 percentage-point lower (3.75%) or 1 percentage-point higher (5.75%) than the current rate:

<u>Discount Rate Sensitivity</u>			
	1% Decrease (3.75%)	Current Discount Rate (4.75%)	1% Increase (5.75%)
Net OPEB Liability	\$8,990,990	\$7,388,931	\$5,994,364

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates:

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rate:

<u>Health Care Cost Trend Rate Sensitivity</u>			
	1% Decrease	Current	1% Increase
Net OPEB Liability	\$5,584,171	\$7,388,931	\$9,552,424

OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The TOL is based upon an actuarial valuation performed as of the valuation date, December 31, 2022. An expected TOL is determined as of December 31, 2024, the measurement date, using standard roll forward techniques. The roll forward calculation begins with the TOL as of the prior measurement date, December 31, 2023, subtracts the expected benefit payments and refunds for the year, applies interest at the discount rate for the year, and then adds the annual normal cost (also called the Service Cost). The following table is an illustration of the roll forward calculation used to determine the TOL as of December 31, 2024:

<u>Change in the Net OPEB Liability</u>			
	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of December 31, 2023	\$ 14,657,825	\$ 6,734,758	\$ 7,923,067
Changes for the year:			
Service Cost at the end of the year*	324,212	-	324,212
Interest on TOL and Cash Flows	676,599	-	676,599
Difference between expected and actual experience	24,963	-	24,963
Changes of assumptions or other inputs	(155,315)	-	(155,315)
Contributions - employer	-	1,261,138	(1,261,138)
Net investment income	-	143,457	(143,457)
Benefit payments and implicit subsidy credit**	(836,991)	(836,991)	-
Net changes	\$ 33,468	\$ 567,604	\$ (534,136)
Balance as of December 31, 2024	\$ 14,691,293	\$ 7,302,362	\$ 7,388,931

* The service cost includes interest for the year

** Benefit payments are net of participant contributions and include a payment of \$114,300 for the implicit subsidy. Benefit payments include \$722,691 paid outside the Trust.

*** Administrative expenses are based on the fees paid from the plan's trust.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

Since certain expense items are recognized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts will increase OPEB Expense they are labeled Deferred Outflows of Resources. If they serve to reduce OPEB Expense they are labeled Deferred Inflows of Resources. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service lives of the active and inactive Plan members at the beginning of the measurement period.

For the year ended June 30, 2025, the City recognized an OPEB credit of \$768,159. As of June 30, 2025, the City reports deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,075	\$ 3,083,564
Changes of assumptions or other inputs	356,050	189,887
Net difference between projected and actual earnings on plan investments	827,619	-
City Contributions subsequent to the measurement date	512,009	-
Total	<u>\$ 1,716,753</u>	<u>\$ 3,273,451</u>

The amount of \$512,009 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2026. The remaining deferred outflows/inflows of resources will be recognized as a component of OPEB expense as follows:

Measurement Period Ended	Total
December 31	
2025	(548,116)
2026	(469,586)
2027	(600,097)
2028	(240,316)
2029	(202,064)
Thereafter	<u>(8,528)</u>
	\$ (2,068,707)

E. Tax Abatements

In accordance with GASB Statement No. 77 governments who enter into tax abatement agreements are required to disclose certain information about those agreements, including, the type of tax being abated, and dollar amount of taxes abated during the period being reported on. After inquiring with the appropriate entities and surrounding governments, management has determined that no current agreements exist which would give rise to a reportable tax abatement under GASB 77.

F. Subscription-Based Information Technology Arrangements

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). The objective of this statement is to establish uniform accounting and financial reporting standards for subscription-based information technology arrangements (SBITAs) to improve the comparability of financial statements among governments that have entered into SBITAs, and enhance the understandability, reliability, relevance, and consistency of information about SBITAs. GASB 96 became effective beginning with fiscal year 2023. As of June 30, 2025, Management has determined that the City is not party to a SBITA contract that meets the requirements for the new reporting, however, the requirements of GASB 96 could impact the City in future reporting periods.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

G. Impacts of Recently Issued Accounting Principles

GASB has issued several statements that have recently become effective or will become effective for future reporting periods. The statements relevant to the City are summarized below.

GASB Statement No. 101, Compensated Absences

GASB Statement No. 101 is effective for reporting periods beginning after December 15, 2023. The Statement revises the recognition and measurement criteria for compensated absences, requiring governments to recognize a liability for benefits that are attributable to services already rendered and that are more likely than not to be used or paid. The City has adopted this statement as of June 30, 2025. The impacts of this statement are described in Note III, A, of this report.

GASB Statement No. 102, Risks and Uncertainties Disclosures

GASB Statement No. 102 is effective for reporting periods beginning after June 15, 2024. The Statement requires disclosures related to certain risks and uncertainties, including vulnerabilities due to concentrations, certain nonexchange financial guarantees, and events affecting estimates used in financial reporting. The City has adopted this statement, however, management has determined that there are no new disclosures to report for fiscal year 2025.

GASB Statement No. 103, Financial Reporting Model Improvements – Notes to Financial Statements

GASB Statement No. 103 is effective for reporting periods beginning after June 15, 2025. The Statement modernizes and clarifies various note disclosure requirements, including providing clearer objectives for disclosures and eliminating certain redundant or outdated disclosures. Management is in the early stages of evaluating the Statement. The Statement is expected to affect the content of the City's notes to financial statements, however, the adoption is not anticipated to have a material impact on the government's financial position or changes in financial position.

GASB Statement No. 104, Disclosure of Certain Risks and Uncertainties

GASB Statement No. 104 is effective for fiscal years beginning after June 15, 2025. This Statement focuses on improving disclosures relating to (1) concentrations and (2) constraints on resources that expose a government to certain risks or uncertainties. Management is evaluating the potential impacts of these required disclosures. Implementation may result in expanded note disclosures for future reporting periods but is not anticipated to affect the amounts reported in the financial statements.

H. Contingent Liabilities

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

I. Subsequent Events

Management has evaluated subsequent events through December 16, 2025, the date the financial statements were available for issue.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SUMTER, SOUTH CAROLINA
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF
NET PENSION LIABILITY AND EMPLOYER CONTRIBUTIONS
For the Year Ended June 30, 2025

Schedule of Employer's Proportionate Share of Net Pension Liability

	2025		2024		2023		2022		2021	
	<u>SCRS</u>	<u>PORS</u>	<u>SCRS</u>	<u>PORS</u>	<u>SCRS</u>	<u>PORS</u>	<u>SCRS</u>	<u>PORS</u>	<u>SCRS</u>	<u>PORS</u>
Proportion of the Net Pension Liability	0.125051%	0.622026%	0.131432%	0.674283%	0.131303%	0.684823%	0.136409%	0.682242%	0.134639%	0.659042%
Proportionate Share of the Net Pension Liability	\$ 29,324,794	\$ 18,659,443	\$ 31,776,811	\$ 20,525,823	\$ 31,830,586	\$ 20,537,703	\$ 29,520,630	\$ 17,553,508	\$ 34,402,633	\$ 21,855,245
Covered Payroll (A)	17,181,315	12,276,711	16,588,649	11,803,763	15,638,960	10,834,092	15,419,776	10,258,804	15,020,802	9,955,807
Proportionate Share of the Net Pension Liability as a percentage of Covered Payroll	170.68%	151.99%	191.56%	173.89%	203.53%	189.57%	191.45%	171.11%	229.03%	219.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.7%	67.8%	58.7%	67.8%	57.1%	66.4%	60.7%	70.4%	50.7%	58.8%
	2020		2019		2018		2017		2016	
	<u>SCRS</u>	<u>PORS</u>	<u>SCRS</u>	<u>PORS</u>	<u>SCRS</u>	<u>PORS</u>	<u>SCRS</u>	<u>PORS</u>	<u>SCRS</u>	<u>PORS</u>
Proportion of the Net Pension Liability	0.137970%	0.658399%	0.134819%	0.668748%	0.134521%	0.680620%	0.132601%	0.669610%	0.130615%	0.66206%
Proportionate Share of the Net Pension Liability	\$ 31,504,210	\$ 18,869,332	\$ 30,208,709	\$ 18,949,258	\$ 30,282,841	\$ 18,645,999	\$ 28,323,378	\$ 16,984,488	\$ 24,771,764	\$ 14,429,661
Covered Payroll (A)	14,569,229	9,549,815	13,971,026	9,256,478	13,579,671	9,158,752	12,833,429	8,543,885	12,246,749	8,202,053
Proportionate Share of the Net Pension Liability as a percentage of Covered Payroll	216.24%	197.59%	216.22%	204.71%	223.00%	203.59%	220.70%	198.79%	202.27%	175.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.4%	62.7%	54.1%	61.7%	53.3%	60.9%	52.90%	60.40%	57.00%	64.60%

(A) - Covered payroll as reported to SCRS/PORS for the year ended June 30, of the preceeding year.

CITY OF SUMTER, SOUTH CAROLINA
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY AND EMPLOYER CONTRIBUTIONS (CONTINUED)
For the Year Ended June 30, 2025

Schedule of Employer Contributions to SCRS

Fiscal Year	Contractually Required Contribution ¹	Contributions in Relation to Contractually Required Contribution ²	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2016	1,419,377	1,419,377	-	12,833,429	11.06%
2017	1,569,810	1,569,810	-	13,579,671	11.56%
2018	1,894,471	1,894,471	-	13,971,026	13.56%
2019	2,121,280	2,121,280	-	14,569,229	14.56%
2020	2,337,237	2,337,237	-	15,020,802	15.56%
2021	2,399,317	2,399,317	-	15,419,776	15.56%
2022	2,566,353	2,566,353	-	15,638,960	16.41%
2023	2,888,084	2,888,084	-	16,588,649	17.41%
2024	3,163,080	3,163,080	-	17,181,315	18.41%
2025	3,376,637	3,376,637	-	18,341,318	18.41%

¹ Contribution rate multiplied by the covered payroll

² Actual employer contributions remitted to SCRS

Schedule of Employer Contributions to PORS

Fiscal Year	Contractually Required Contribution ¹	Contributions in Relation to Contractually Required Contribution ²	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2016	1,173,930	1,173,930	-	8,543,885	13.74%
2017	1,304,206	1,304,206	-	9,158,752	14.24%
2018	1,503,252	1,503,252	-	9,256,478	16.24%
2019	1,646,388	1,646,388	-	9,549,815	17.24%
2020	1,815,939	1,815,939	-	9,955,807	18.24%
2021	1,871,206	1,871,206	-	10,258,804	18.24%
2022	2,041,143	2,041,143	-	10,834,092	18.84%
2023	2,341,867	2,341,867	-	11,803,763	19.84%
2024	2,558,466	2,558,466	-	12,276,711	20.84%
2025	2,716,249	2,716,249	-	13,033,825	20.84%

¹ Contribution rate multiplied by the covered payroll

² Actual employer contributions remitted to PORS

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLAN
For the Year Ended June 30, 2025

Change in Benefit Terms

- None

Changes of Assumptions

- None

CITY OF SUMTER, SOUTH CAROLINA
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
AND RELATED RATIOS
For the Year Ended June 30, 2025

<u>Year Ending December 31 (measurement date)</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability							
Service Cost at end of year	\$ 324,212	\$ 344,799	\$ 333,742	\$ 406,270	\$ 393,270	\$ 380,848	\$ 368,593
Interest on the Total OPEB Liability	676,599	745,699	733,471	869,857	849,693	884,640	865,344
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	24,963	(2,145,659)	(11,804)	(3,208,881)	(45,796)	(1,624,133)	(102,309)
Changes of assumptions or other inputs	(155,315)	427,929	-	(144,548)	-	370,779	-
Benefit payments*	(836,991)	(818,254)	(778,167)	(809,420)	(736,754)	(758,717)	(692,835)
Net change in Total OPEB Liability	33,468	(1,445,486)	277,242	(2,886,722)	460,413	(746,583)	438,793
Total OPEB Liability-beginning	14,657,825	16,103,311	15,826,069	18,712,791	18,252,378	18,998,961	18,560,168
Total OPEB Liability-ending (a)	\$ 14,691,293	\$ 14,657,825	\$ 16,103,311	\$ 15,826,069	\$ 18,712,791	\$ 18,252,378	\$ 18,998,961
Plan Fiduciary Net Position							
Contributions - employer**	\$ 1,261,138	\$ 1,141,761	\$ 778,167	\$ 1,701,281	\$ 1,197,473	\$ 1,226,353	\$ 1,181,239
Net investment income	143,457	254,035	(1,040,591)	(158,789)	339,439	270,031	51,452
Benefit payments*	(836,991)	(818,254)	(778,167)	(809,420)	(736,754)	(758,717)	(692,835)
Administrative expense	-	(8,174)	(8,968)	(1,250)	(8,844)	-	(7,612)
Net change in Plan Fiduciary Net Position	567,604	569,368	(1,049,559)	731,822	791,314	737,667	532,244
Plan Fiduciary Net Position - beginning	6,734,758	6,165,390	7,214,949	6,483,127	5,691,813	4,954,146	4,421,902
Plan Fiduciary Net Position - ending (b)	7,302,362	6,734,758	6,165,390	7,214,949	6,483,127	5,691,813	4,954,146
Net OPEB Liability - ending (a) - (b)	\$ 7,388,931	\$ 7,923,067	\$ 9,937,921	\$ 8,611,120	\$ 12,229,664	\$ 12,560,565	\$ 14,044,815
Plan Fiduciary Net Position as a percentage of total OPEB Liability	49.71%	45.95%	38.29%	45.59%	34.65%	31.18%	26.08%
Covered Payroll***	\$ 24,544,469	\$ 24,544,469	\$ 23,169,738	\$ 23,169,738	\$ 22,852,931	\$ 22,852,931	\$ 20,932,094
Net OPEB Liability as a percentage of covered payroll	30.10%	32.28%	42.89%	37.17%	53.51%	54.96%	67.10%

* Benefit payments are net of participant contributions and include a payment of \$114,300 for the implicit subsidy. Benefit payments include \$722,691 paid outside the Trust.

** Employer contribution includes \$722,691 paid outside of the Trust and \$114,300 due to the implicit subsidy.

*** For years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent valuation.

CITY OF SUMTER, SOUTH CAROLINA
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO OPEB
For the Year Ended June 30, 2025

<u>Fiscal Year Ending June 30,</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially Determined Employer Contribution (ADEC)	\$ 843,884	\$ 915,690	\$ 988,329	\$ 1,084,251	\$ 1,176,523	\$ 1,178,029	\$ 1,180,765
Contributions in relation to the ADEC	1,261,138	1,141,761	778,167	1,701,281	1,197,473	1,226,353	1,181,239
Annual contribution deficiency (excess)	\$ (417,254)	\$ (226,071)	\$ 210,162	\$ (617,030)	\$ (20,950)	\$ (48,324)	\$ (474)
Covered payroll*	\$ 31,375,142	\$ 29,458,026	\$ 28,392,412	\$ 26,473,052	\$ 25,678,580	\$ 24,976,609	\$ 24,119,044
Actual contributions as a percentage of covered payroll	4.02%	3.88%	2.74%	6.43%	4.66%	4.91%	4.90%
<i>Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.</i>							
*Covered payroll amounts based on fiscal year							

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB
For the Year Ended June 30, 2025

Change of Benefit Terms:

(Since the Prior Measurement Date of December 31, 2023)

- None

Changes to Assumptions or other inputs:

(Since the Prior Measurement Date of December 31, 2023)

- The decremental and salary increase assumptions have been updated based on the most recent SCRS and PORS experience analysis

OTHER SUPPLEMENTARY INFORMATION

CITY OF SUMTER, SOUTH CAROLINA
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2025

Page 1 of 2

	USDA Rural Business Fund	HUD Section 108 Fund	CDBG Home Fund	Downtown Loan Fund	Federal/ State Grants Fund	Community Development Block Grants Fund	Empowerment Zone Fund	Main Street Society Fund	Sunday Alcohol Permits Fund
ASSETS									
Cash and cash equivalents	\$ 300,507	\$ -	\$ -	\$ 1,285	\$ -	\$ -	\$ 54,027	\$ 22,372	\$ 2,714
Receivables, net of allowance for doubtful accounts	54,569	135,000	-	39,094	662,151	123,084	-	-	3,550
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 355,076</u>	<u>\$ 135,000</u>	<u>\$ -</u>	<u>\$ 40,379</u>	<u>\$ 662,151</u>	<u>\$ 123,084</u>	<u>\$ 54,027</u>	<u>\$ 22,372</u>	<u>\$ 6,264</u>
LIABILITIES									
Liabilities									
Accounts payable	\$ -	\$ 58,382	\$ 36	\$ -	\$ 58,892	\$ 20,308	\$ 500	\$ -	\$ -
Accrued compensation and benefits	-	-	-	-	825	6,572	-	-	-
Unearned revenue	-	-	-	-	9,368	6,400	-	-	-
Customer deposits	-	-	-	-	-	-	1,300	-	-
Escrow for seized funds and deposits	-	-	-	-	-	-	-	-	-
Due to other funds	-	119,915	46,274	-	1,133,434	89,747	-	-	-
Total liabilities	<u>-</u>	<u>178,297</u>	<u>46,310</u>	<u>-</u>	<u>1,202,519</u>	<u>123,027</u>	<u>1,800</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue - notes & mortgages	54,569	-	-	39,094	-	-	-	-	-
Unavailable revenue - grants & contributions	-	-	-	-	418,988	-	-	-	-
Total Deferred Inflows of Resources	<u>54,569</u>	<u>-</u>	<u>-</u>	<u>39,094</u>	<u>418,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES									
Restricted	300,507	-	-	1,285	(959,356)	-	52,227	22,372	6,264
Unassigned	-	(43,297)	(46,310)	-	-	57	-	-	-
Total fund balances	<u>300,507</u>	<u>(43,297)</u>	<u>(46,310)</u>	<u>1,285</u>	<u>(959,356)</u>	<u>57</u>	<u>52,227</u>	<u>22,372</u>	<u>6,264</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 355,076</u>	<u>\$ 135,000</u>	<u>\$ -</u>	<u>\$ 40,379</u>	<u>\$ 662,151</u>	<u>\$ 123,084</u>	<u>\$ 54,027</u>	<u>\$ 22,372</u>	<u>\$ 6,264</u>

Continued

CITY OF SUMTER, SOUTH CAROLINA
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2025

Page 2 of 2

	Local Hospitality Tax Fund	State Accommodations Tax Fund	Local Accommodations Tax Fund	Narcotics Fund	Victim's Assistance Fund	E911 Fund	Firemen's Fund	Total
ASSETS								
Cash and cash equivalents	\$ 1,351,665	\$ -	\$ 787,869	\$ 191,125	\$ 2,845	\$ 63,780	\$ 4,036	\$ 2,782,225
Receivables, net of allowance for doubtful accounts	388,080	225,420	82,572	-	-	117,112	-	1,830,632
Restricted cash and cash equivalents	723,230	-	-	-	-	-	-	723,230
Total assets	\$ 2,462,975	\$ 225,420	\$ 870,441	\$ 191,125	\$ 2,845	\$ 180,892	\$ 4,036	\$ 5,336,087
LIABILITIES								
Liabilities								
Accounts payable	\$ 294,785	\$ 19,344	\$ 10,019	\$ 152	\$ -	\$ 10,503	\$ 72	\$ 472,993
Accrued compensation and benefits	-	20,287	-	-	2,846	1,273	-	31,803
Unearned revenue	-	-	-	-	-	-	-	15,768
Customer deposits	-	-	-	-	-	-	-	1,300
Escrow for seized funds and deposits	-	-	-	297,189	-	-	-	297,189
Due to other funds	-	1,505,511	-	-	-	-	-	2,894,881
Total liabilities	294,785	1,545,142	10,019	297,341	2,846	11,776	72	3,713,934
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - notes & mortgages	-	-	-	-	-	-	-	93,663
Unavailable revenue - grants & contributions	-	-	-	-	-	-	-	418,988
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	512,651
FUND BALANCES								
Restricted	2,168,190	(1,319,722)	860,422	(106,216)	(1)	169,116	3,964	1,199,052
Unassigned	-	-	-	-	-	-	-	(89,550)
Total fund balances	2,168,190	(1,319,722)	860,422	(106,216)	(1)	169,116	3,964	1,109,502
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,462,975	\$ 225,420	\$ 870,441	\$ 191,125	\$ 2,845	\$ 180,892	\$ 4,036	\$ 5,336,087

CITY OF SUMTER, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2025

Page 1 of 2

	USDA Rural Business Fund	HUD Section 108 Fund	CDBG Home Fund	Downtown Loan Fund	Federal/ State Grants Fund	Community Development Block Grants Fund	Empowerment Zone Fund	Main Street Society Fund	Sunday Alcohol Permits Fund
REVENUES									
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 552
Licenses, permits and fees	-	-	-	-	-	-	-	-	34,600
Intergovernmental revenue									
State and federal governments	-	-	-	-	945,659	444,315	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Interest income	1,331	5,341	-	-	-	-	-	-	-
Rent and miscellaneous	16,064	-	-	1,104	-	-	26,700	4,005	-
Total revenues	17,395	5,341	-	1,104	945,659	444,315	26,700	4,005	35,152
EXPENDITURES									
Current									
General government administration	-	-	-	-	351,133	-	-	-	-
Public safety	-	-	-	-	145,591	-	-	-	-
Public works	-	-	-	-	8,500	-	-	-	-
Parks, recreation and culture	-	-	-	-	31,515	-	-	-	375
Community development	-	-	51,015	-	-	444,314	-	-	-
Economic development	-	-	-	40,000	-	-	8,159	80	13,593
Debt service									
Bond principal	-	63,000	-	-	-	-	-	-	-
Interest and fiscal charges	-	4,621	-	-	-	-	-	-	-
Capital outlay									
Public safety	-	-	-	-	140,050	-	-	-	-
Parks, recreation and culture	-	-	-	-	46,486	-	-	-	50,496
Economic development	-	-	-	-	-	-	-	-	-
Total expenditures	-	67,621	51,015	40,000	723,275	444,314	8,159	80	64,464
Excess (deficiency) of revenues over (under) expenditures	17,395	(62,280)	(51,015)	(38,896)	222,384	1	18,541	3,925	(29,312)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(26,700)	-	-
Total other financing sources (uses)	-	-	-	-	-	-	(26,700)	-	-
Net change in fund balances	17,395	(62,280)	(51,015)	(38,896)	222,384	1	(8,159)	3,925	(29,312)
Fund balances, beginning of year	283,112	18,983	4,705	40,181	(1,181,740)	56	60,386	18,447	35,576
Fund balances, end of year	\$ 300,507	\$ (43,297)	\$ (46,310)	\$ 1,285	\$ (959,356)	\$ 57	\$ 52,227	\$ 22,372	\$ 6,264

Continued

CITY OF SUMTER, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2025

Page 2 of 2

	Local Hospitality Tax Fund	State Accommodations Tax Fund	Local Accommodations Tax Fund	Narcotics Fund	Victim's Assistance Fund	E911 Fund	Firemen's Fund	Total
REVENUES								
Sales taxes	\$ 4,258,513	\$ -	\$ 889,187	\$ -	\$ -	\$ -	\$ -	\$ 5,148,252
Licenses, permits and fees	-	-	-	-	-	984,167	-	1,018,767
Intergovernmental revenue								
State and federal governments	-	545,935	-	-	-	-	194,085	2,129,994
Fines and forfeitures	-	-	-	-	17,509	-	-	17,509
Interest income	4,652	-	-	-	-	-	-	11,324
Rent and miscellaneous	-	-	-	-	-	-	-	47,873
Total revenues	4,263,165	545,935	889,187	-	17,509	984,167	194,085	8,373,719
EXPENDITURES								
Current								
General government administration	-	-	-	-	-	-	-	351,133
Public safety	21,687	-	-	8,639	75,726	805,200	193,688	1,250,531
Public works	-	-	-	-	-	-	-	8,500
Parks, recreation and culture	466,082	125,265	92,116	-	-	-	-	715,353
Community development	-	-	-	-	-	-	-	495,329
Economic development	-	820,358	52,000	-	-	-	-	934,190
Debt service								
Bond principal	652,000	-	-	-	-	-	-	715,000
Interest and fiscal charges	48,679	-	-	-	-	-	-	53,300
Capital outlay								
Public safety	-	(1,171)	-	-	-	-	-	138,879
Parks, recreation and culture	814,511	-	-	-	-	-	-	911,493
Economic development	57,400	9,175	-	-	-	-	-	66,575
Total expenditures	2,060,359	953,627	144,116	8,639	75,726	805,200	193,688	5,640,283
Excess (deficiency) of revenues over (under) expenditures	2,202,806	(407,692)	745,071	(8,639)	(58,217)	178,967	397	2,733,436
OTHER FINANCING SOURCES (USES)								
Transfers in	701,298	580,494	-	-	58,215	-	-	1,340,007
Transfers out	(2,661,824)	-	(696,914)	-	-	-	-	(3,385,438)
Total other financing sources (uses)	(1,960,526)	580,494	(696,914)	-	58,215	-	-	(2,045,431)
Net change in fund balances	242,280	172,802	48,157	(8,639)	(2)	178,967	397	688,005
Fund balances, beginning of year	1,925,910	(1,492,524)	812,265	(97,577)	1	(9,851)	3,567	421,497
Fund balances, end of year	\$ 2,168,190	\$ (1,319,722)	\$ 860,422	\$ (106,216)	\$ (1)	\$ 169,116	\$ 3,964	\$ 1,109,502

CITY OF SUMTER, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-HOSPITALITY TAX FUND
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget- Over (Under)
	Original	Final	Amounts	
REVENUES				
Hospitality fees	\$ 3,750,000	\$ 4,175,000	\$ 4,258,513	\$ 83,513
Interest income	-	-	4,652	4,652
Total revenues	3,750,000	4,175,000	4,263,165	88,165
EXPENDITURES				
Quality of life projects	1,088,176	1,638,176	1,359,680	(278,496)
Debt Service	-	-	700,679	700,679
Total expenditures	1,088,176	1,638,176	2,060,359	422,183
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	701,298	701,298
Transfers out	(2,661,824)	(2,861,824)	(2,661,824)	200,000
Total other financing sources	(2,661,824)	(2,861,824)	(1,960,526)	901,298
Net change in fund balance	-	(325,000)	242,280	567,280
Fund balance, beginning of year	2,172,197	1,433,407	1,925,910	-
Fund balance, end of year	\$ 2,172,197	\$ 1,108,407	\$ 2,168,190	\$ 567,280

CITY OF SUMTER, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-LOCAL ACCOMMODATIONS TAX FUND
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget- Over (Under)
	Original	Final	Amounts	
REVENUES				
Accommodations fees	\$ 850,000	\$ 850,000	\$ 889,187	\$ 39,187
Total revenues	850,000	850,000	889,187	39,187
EXPENDITURES				
Quality of life projects	333,086	333,086	144,116	(188,970)
Total expenditures	333,086	333,086	144,116	(188,970)
OTHER FINANCING SOURCES (USES)				
Transfers out	(696,914)	(696,914)	(696,914)	-
Total other financing uses	(696,914)	(696,914)	(696,914)	-
Net change in fund balance	(180,000)	(180,000)	48,157	228,157
Fund balance, beginning of year	589,763	589,763	812,265	-
Fund balance, end of year	\$ 409,763	\$ 409,763	\$ 860,422	\$ 228,157

CITY OF SUMTER, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-VICTIMS ASSISTANCE FUND
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget- Over
	Original	Final	Amounts	(Under)
REVENUES				
Victims services	\$ 15,000	\$ 15,000	\$ 17,509	\$ 2,509
Total revenues	15,000	15,000	17,509	2,509
EXPENDITURES				
Public safety	81,437	81,437	75,726	(5,711)
Total expenditures	81,437	81,437	75,726	(5,711)
OTHER FINANCING SOURCES				
Transfers in	66,437	66,437	58,215	(8,222)
Total other financing sources	66,437	66,437	58,215	(8,222)
Net change in fund balance	-	-	(2)	(2)
Fund balance, beginning of year	1	1	1	-
Fund balance, end of year	\$ 1	\$ 1	\$ (1)	\$ (2)

CITY OF SUMTER, SOUTH CAROLINA
WATER AND SEWER FUND – SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION-
BUDGET AND ACTUAL – BUDGET BASIS
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget- Over
	Original	Final	Amounts	(Under)
Revenue				
Water revenue	\$ 12,142,000	\$ 12,142,000	\$ 13,363,348	\$ 1,221,348
Sewer revenue	13,205,000	13,205,000	13,662,751	457,751
Other operating revenue	2,094,700	2,094,700	2,495,655	400,955
Capital grants and contributions	-	-	6,222,749	6,222,749
Interest income and investment return	560,000	560,000	1,447,018	887,018
Gain (loss) on sale of capital assets	-	-	85,335	85,335
Miscellaneous	475,776	475,776	114,771	(361,005)
Appropriation from net position	250,000	3,684,878	-	(3,684,878)
	<u>28,727,476</u>	<u>32,162,354</u>	<u>37,391,627</u>	<u>5,229,273</u>
Expenses				
Salaries and wages	6,061,706	6,061,706	6,235,041	173,335
Utilities	2,287,690	2,287,690	2,274,410	(13,280)
Purchased services	1,858,900	1,858,900	1,647,691	(211,209)
Materials and supplies	1,954,199	1,954,199	1,934,985	(19,214)
Other operating expense	3,864,795	7,046,060	4,378,015	(2,668,045)
Employee benefits	3,156,998	3,156,998	2,174,825	(982,173)
Depreciation	2,490,000	2,490,000	6,179,102	3,689,102
Interest expense	1,703,527	1,703,527	1,508,850	(194,677)
Economic development	226,164	226,164	268,649	42,485
Transfers	2,495,797	2,495,797	2,432,921	(62,876)
Operating reserve	-	-	-	-
Capital reserve	800,000	800,000	-	(800,000)
Capital expenditures	1,827,700	3,256,313	8,134,189	4,877,876
	<u>28,727,476</u>	<u>33,337,354</u>	<u>37,168,678</u>	<u>3,831,324</u>
Operating Income	<u>\$ -</u>	<u>\$ (1,175,000)</u>	<u>222,949</u>	<u>\$ 1,397,949</u>
Reconciliation to change in net position:				
Capital expenditures			<u>8,134,189</u>	
Change in net position			<u>\$ 8,357,138</u>	

CITY OF SUMTER, SOUTH CAROLINA
WATER AND SEWER FUND – DEBT COVERAGE RATIO – REQUIRED BY LENDER
For the Year Ended June 30, 2025

Operating revenue	\$ 29,521,754
Operating expenses exclusive of depreciation	<u>(18,644,967)</u>
Net revenue available for debt service	<u>\$ 10,876,787</u>
Debt service requirement	
Principal	\$ 2,490,000
Interest	<u>1,383,388</u>
Total	<u>\$ 3,873,388</u>
Revenue bond coverage for the year ended June 30, 2025	<u><u>2.81</u></u>

CITY OF SUMTER, SOUTH CAROLINA
FIDUCIARY FUNDS
PRIVATE PURPOSE TRUST FUNDS

Private-purpose trust funds are used by the City to account for assets held by the City in a trustee capacity which are to be used for specific purposes established by donors. The City uses the following private-purpose trust funds:

Neil O'Donnell Fund – Accounts for funds donated by Neil O'Donnell to be used for charitable purposes.

George Reardon Fund – Accounts for funds donated by George Reardon to be used for charitable purposes.

Ella Tuomey Fund – Accounts for funds donated by Ella Tuomey to be used for charitable purposes.

Emergency Responders Trust Fund – Accounts for monies donated to the First Responders Trust Fund to be used for charitable purposes.

CITY OF SUMTER, SOUTH CAROLINA
COMBINING SCHEDULE OF FIDUCIARY NET POSITION -
PRIVATE PURPOSE TRUST FUNDS
June 30, 2025

	Nell O'Donnell Fund	George Reardon Fund	Ella Tuomey Fund	Emergency Responders Trust Fund	Total
ASSETS					
Cash and cash equivalents	\$ 4,299	\$ 517	\$ 1,491	\$ 3,907	\$ 10,214
Total assets	4,299	517	1,491	3,907	10,214
LIABILITIES	-	-	-	-	-
NET POSITION					
Restricted for:					
Individuals, organizations, and other governments	\$ 4,299	\$ 517	\$ 1,491	\$ 3,907	\$ 10,214

CITY OF SUMTER, SOUTH CAROLINA
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
PRIVATE PURPOSE TRUST FUNDS
For the Year Ended June 30, 2025

	Nell O'Donnell Fund	George Reardon Fund	Ella Tuomey Fund	Emergency Responders Trust Fund	Total
ADDITIONS					
Interest	\$ 298	\$ -	\$ -	\$ (11)	\$ 287
Contributions	-	-	-	-	-
Total additions	298	-	-	(11)	287
DEDUCTIONS					
Distributions to beneficiaries	-	-	-	-	-
Total deductions	-	-	-	-	-
Change in net position	298	-	-	(11)	287
Net position, beginning of year	4,001	517	1,491	3,918	9,927
Net position, end of year	\$ 4,299	\$ 517	\$ 1,491	\$ 3,907	\$ 10,214

**CITY OF SUMTER, SOUTH CAROLINA
FIDUCIARY FUNDS
CUSTODIAL FUNDS**

Custodial funds are used by the City to account for assets held by the City in a trustee capacity which are to be used for specific purposes established by donors. The City uses the following custodial funds:

CSHEDC Fund – Accounts for the activities of the City of Sumter Housing and Economic Development Corporation, a Community Housing Development Organization as defined by the State Housing Authority. This is a legally separate non-profit organization.

Sumter Green Fund – Accounts for the activities of the Sumter Green Organization, an organization legally separate from the City, the purpose of which is the beautification of Sumter and its entryways.

Swan Fund – Accounts for private donations restricted to use for the Swan Lake Iris Gardens.

Support of Shaw Fund – Accounts for funds contributed to a legally separate not for profit organization which works to retain Shaw Air Force Base in Sumter.

Dalzell Water District Fund– Accounts for the collections of the Dalzell Water and Sewer System that are billed on behalf of that entity by the City of Sumter.

Oswego Water District Fund – Accounts for the collections and payments of the Oswego Water System which are managed on behalf of that entity by the City of Sumter.

CITY OF SUMTER, SOUTH CAROLINA
COMBINING SCHEDULE OF FIDUCIARY NET POSITION -
CUSTODIAL FUNDS
June 30, 2025

	CSHEDC Fund	Sumter Green Fund	Swan Fund	Support of Shaw Fund	Dalzell Water District Fund	Oswego Water District Fund	Total
ASSETS							
Cash and cash equivalents	\$ 7,376,837	\$ 50,920	\$ 326	\$ 330,712	\$ 845,790	\$ 90,610	\$ 8,695,195
Accounts receivable	-	-	-	-	67,635	44,827	112,462
Total assets	7,376,837	50,920	326	330,712	913,425	135,437	8,807,657
LIABILITIES							
Accounts payable	168,620	2,436	-	-	4,991	26,349	202,396
Due to customers	-	-	-	-	37,640	26,200	63,840
Total liabilities	168,620	2,436	-	-	42,631	52,549	266,236
NET POSITION							
Restricted for:							
Individuals, organizations, and other governments	\$ 7,208,217	\$ 48,484	\$ 326	\$ 330,712	\$ 870,794	\$ 82,888	\$ 8,541,421

CITY OF SUMTER, SOUTH CAROLINA
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION –
CUSTODIAL FUNDS
For the Year Ended June 30, 2025

	CSHEDC	Sumter	Swan	Support of	Dalzell Water	Oswego	
	Fund	Green	Fund	Shaw	District	Water District	Total
ADDITIONS							
Charitable contributions	\$ 1,709,594	\$ 47,484	\$ -	\$ 69,160	\$ -	\$ -	\$ 1,826,238
Charges for services	-	18,270	-	16,005	670,615	686,429	1,391,319
Interest earned	279,046	-	-	-	22,977	-	302,023
Total additions	1,988,640	65,754	-	85,165	693,592	686,429	3,519,580
DEDUCTIONS							
Distributions to/on behalf of beneficiaries	697,346	-	-	-	404,934	378,000	1,480,280
Program service expenditures	-	53,037	-	24,800	-	-	77,837
Utilities	-	-	-	-	33,193	256,591	289,784
Administrative	702	-	-	-	115,293	40,984	156,979
Other custodial disbursements	-	635	-	2,050	-	-	2,685
Total deductions	698,048	53,672	-	26,850	553,420	675,575	2,007,565
CHANGE IN NET POSITION	1,290,592	12,082	-	58,315	140,172	10,854	1,512,015
Net position, beginning of year	5,917,625	36,402	326	272,397	730,622	72,034	7,029,406
Net position, end of year	\$ 7,208,217	\$ 48,484	\$ 326	\$ 330,712	\$ 870,794	\$ 82,888	\$ 8,541,421

CITY OF SUMTER, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2025

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected			\$ 266,032.00	\$ 266,032.00
Court fines and assessments remitted to State Treasurer			\$ (141,806.00)	\$ (141,806.00)
Total Court Fines and Assessments retained	\$ -	\$ -	\$ 124,226.00	\$ 124,226.00
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			\$ 4,898.00	\$ 4,898.00
Assessments retained			\$ 12,611.00	\$ 12,611.00
Total Surcharges and Assessments retained for victim services	\$ -	\$ -	\$ 17,509.00	\$ 17,509.00

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	\$ 1.00		\$ 1.00
<u>Victim Service Revenue:</u>			
Victim Service Fines Retainedby City/County Treasurer			\$ -
Victim Service Assessments Retainedby City/County Treasurer	\$ 12,611.00		\$ 12,611.00
Victim Service Surcharges Retainedby City/County Treasurer	\$ 4,898.00		\$ 4,898.00
Interest Earned			\$ -
Grant Funds Received			
Grant from:			\$ -
General Funds Transferred to Victim Service Fund	\$ 58,215.00		\$ 58,215.00
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)	\$ 75,725.00	\$ -	\$ 75,725.00

CITY OF SUMTER, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2025

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	\$ 69,980.00		\$ 69,980.00
Operating Expenditures	\$ 5,746.00		\$ 5,746.00
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)	\$ 75,726.00	\$ -	\$ 75,726.00
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	\$ (1.00)		\$ (1.00)
Less: Prior Year Fund Deficit Repayment			\$ -
Carryforward Funds – End of Year	\$ (1.00)	\$ -	\$ (1.00)

CITY OF SUMTER, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
E911 FUND
For the Year Ended June 30, 2025

REVENUES

Licenses, Permits, and Fees:	\$ 984,167
TOTAL REVENUE ALL SOURCES	<u>984,167</u>

EXPENDITURES

Public Safety Communications:	
Personnel Services	56,810
General Operating	136,181
Repairs and Maintenance	-
Contractual Services	557,193
Service Charges	<u>55,016</u>
Total Public Safety Communications	805,200
Capital Outlay	-
Depreciation	<u>-</u>
TOTAL EXPENDITURES	<u>805,200</u>

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>178,967</u>
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NET CHANGE IN FUND BALANCE	178,967
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FUND BALANCE, Beginning of Year	(9,851)
FUND BALANCE, End of Year	<u>\$ 169,116</u>

FINANCIAL STATEMENT FINDINGS (APPLICABLE TO E911 FUND):

NONE

RECOMMENDED COURSE OF ACTION (APPLICABLE TO E911 FUND):

NONE

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STATISTICAL SECTION

This portion of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	98-102
Revenue Capacity These schedules contain information to help the reader assess the City's most significant governmental fund revenue source, the property tax.	103-106
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	107-111
Demographic and Economic Information These schedules are presented to help the reader understand the environment within which the City's financial activities take place.	112-113
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	114-116

CITY OF SUMTER, SOUTH CAROLINA
NET POSITION BY COMPONENT -
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
UNAUDITED

Table 1

	2016*	2017	2018*	2019*	2020	2021	2022	2023	2024*	2025*
Governmental activities										
Net investment in capital assets	\$ 44,895,830	\$ 51,316,040	\$ 62,306,724	\$ 63,918,549	\$ 66,736,286	\$ 73,593,680	\$ 75,531,689	\$ 82,443,370	\$ 89,541,888	\$ 95,200,752
Restricted	4,017,629	2,563,750	1,363,618	1,602,553	713,234	974,859	17,032,392	33,285,503	58,635,984	60,413,682
Unrestricted	(12,683,745)	(12,763,242)	(28,535,032)	(31,388,906)	(34,040,211)	(39,832,995)	(33,388,251)	(31,007,818)	(26,729,476)	(22,379,860)
Total governmental activities net position	\$ 36,229,714	\$ 41,116,548	\$ 35,135,310	\$ 34,132,196	\$ 33,409,309	\$ 34,735,544	\$ 59,175,830	\$ 84,721,055	\$ 121,448,396	\$ 133,234,574
Business-type activities										
Net investment in capital assets	\$ 59,804,646	\$ 61,235,765	\$ 60,881,625	\$ 64,413,720	\$ 64,717,438	\$ 64,598,978	\$ 66,774,411	\$ 66,631,154	\$ 71,596,386	\$ 80,284,275
Restricted	3,413,145	3,141,584	1,495,645	1,407,022	1,424,185	1,444,971	1,492,804	5,034,604	8,306,610	7,506,756
Unrestricted	12,153,772	10,330,498	8,798,637	5,159,856	4,192,241	2,512,128	3,998,817	7,246,984	9,817,451	13,110,160
Total business-type activities net position	\$ 75,371,563	\$ 74,707,847	\$ 71,175,907	\$ 70,980,598	\$ 70,333,864	\$ 68,556,077	\$ 72,266,032	\$ 78,912,742	\$ 89,720,447	\$ 100,901,191
Primary government totals										
Net investment in capital assets	\$ 104,700,476	\$ 112,551,805	\$ 123,188,349	\$ 128,332,269	\$ 131,453,724	\$ 138,192,658	\$ 142,306,100	\$ 149,074,524	\$ 161,138,274	\$ 175,485,027
Restricted	7,430,774	5,705,334	2,859,263	3,009,575	2,137,419	2,419,830	18,525,196	38,320,107	66,942,594	67,920,438
Unrestricted	(529,973)	(2,432,744)	(19,736,395)	(26,229,050)	(29,847,970)	(37,320,867)	(29,389,434)	(23,760,834)	(16,912,025)	(9,269,700)
Total primary government net position	\$ 111,601,277	\$ 115,824,395	\$ 106,311,217	\$ 105,112,794	\$ 103,743,173	\$ 103,291,621	\$ 131,441,862	\$ 163,633,797	\$ 211,168,843	\$ 234,135,765

* Beginning net position restated

GASB Statement No. 68 was implemented in 2015

GASB Statement No. 75 was implemented in 2018

GASB Statement No. 101 was implemented in 2025

CITY OF SUMTER, SOUTH CAROLINA
CHANGES IN NET POSITION - LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
UNAUDITED

Table 2
Page 1 of 2

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	\$ 6,451,137	\$ 6,914,238	\$ 6,878,117	\$ 7,568,694	\$ 8,700,701	\$ 8,463,366	\$ 8,271,476	\$ 9,267,996	\$ 10,017,494	\$ 10,568,168
Public safety	20,279,524	22,661,191	24,276,099	25,317,244	27,139,712	26,504,213	27,364,813	27,670,154	30,065,639	30,082,217
Public works	5,952,721	6,046,733	6,252,507	6,636,236	6,810,483	7,144,712	7,267,741	7,211,635	7,849,204	8,120,267
Parks, recreation and culture	4,060,104	4,498,693	4,910,697	4,592,630	4,238,718	4,612,439	5,413,470	5,440,059	5,806,657	6,825,624
Community development	372,307	542,944	568,986	678,566	590,211	979,369	828,125	1,895,737	1,590,365	2,086,941
Economic development	2,216,399	2,408,864	2,452,098	2,611,732	2,586,377	2,455,838	2,742,698	2,028,246	4,402,362	10,599,533
Interest on long-term debt	164,617	212,333	241,549	472,193	413,786	434,051	395,911	359,690	354,475	326,023
Total governmental activities expenses	39,496,809	43,284,996	45,580,053	47,877,295	50,479,988	50,593,988	52,284,234	53,873,517	60,086,196	68,608,773
Business-type activities:										
Water and sewer services	20,412,516	22,951,594	23,184,832	23,864,071	24,667,715	25,603,019	26,532,523	25,624,769	25,409,418	27,300,859
Total business-type activities expenses	20,412,516	22,951,594	23,184,832	23,864,071	24,667,715	25,603,019	26,532,523	25,624,769	25,409,418	27,300,859
Total primary government expenses	\$ 59,909,325	\$ 66,236,590	\$ 68,764,885	\$ 71,741,366	\$ 75,147,703	\$ 76,197,007	\$ 78,816,757	\$ 79,498,286	\$ 85,495,614	\$ 95,909,632
Program revenues										
Governmental activities:										
Charges for services										
General government	\$ 65,661	\$ 78,871	\$ 85,586	\$ 92,360	\$ 89,503	\$ 90,874	\$ 98,343	\$ 111,182	\$ 95,001	\$ 102,317
Public safety and courts	4,338,495	4,635,011	4,518,708	4,357,327	4,395,400	5,414,539	5,218,777	5,935,568	6,478,168	6,982,023
Public works	2,731,542	2,686,200	2,889,655	2,904,271	3,173,461	3,189,083	3,289,978	4,343,371	4,491,418	4,492,254
Parks, recreation and culture	443,058	477,921	576,368	612,721	391,488	332,281	530,386	495,590	604,796	504,235
Economic development	57,850	51,046	39,047	153,127	11,606	102,005	66,295	187,928	88,318	43,868
Operating grants and contributions	2,139,975	3,176,857	2,267,893	3,374,237	3,490,958	5,372,517	8,143,982	5,103,125	5,460,130	6,153,939
Capital grants and contributions	9,064,025	6,255,540	9,520,114	1,382,806	5,368,009	3,916,396	22,457,824	24,187,294	35,131,267	15,659,033
Total governmental activities program revenues	18,840,606	17,361,446	19,897,371	12,876,849	16,920,425	18,417,695	39,805,585	40,364,058	52,349,098	33,937,669
Business-type activities:										
Charges for services - water and sewer	22,576,678	22,827,222	23,166,411	23,372,515	23,575,673	24,387,933	26,387,895	27,767,282	28,641,078	30,450,439
Operating grants and contributions	-	-	-	-	-	-	2,889,638	-	-	-
Capital grants and contributions	6,727,154	654,066	757,170	717,200	1,912,105	908,317	2,821,469	5,748,480	8,336,189	9,111,462
Total business-type activities program revenues	29,303,832	23,481,288	23,923,581	24,089,715	25,487,778	25,296,250	32,099,002	33,515,762	36,977,267	39,561,901
Total primary government activities program revenues	\$ 48,144,438	\$ 40,842,734	\$ 43,820,952	\$ 36,966,564	\$ 42,408,203	\$ 43,713,945	\$ 71,904,587	\$ 73,879,820	\$ 89,326,365	\$ 73,499,570

Continued

CITY OF SUMTER, SOUTH CAROLINA
CHANGES IN NET POSITION - LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
UNAUDITED

Table 2
Page 2 of 2

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net (expenses)/revenues										
Governmental activities	\$ (20,656,203)	\$ (25,923,550)	\$ (25,682,682)	\$ (35,000,446)	\$ (33,559,563)	\$ (32,176,293)	\$ (12,478,649)	\$ (13,509,459)	\$ (7,737,098)	\$ (34,671,104)
Business-type activities	8,891,316	529,694	738,749	225,644	820,063	(306,769)	5,566,479	7,890,993	11,567,849	12,261,042
Total primary government net expenses	\$ (11,764,887)	\$ (25,393,856)	\$ (24,943,933)	\$ (34,774,802)	\$ (32,739,500)	\$ (32,483,062)	\$ (6,912,170)	\$ (5,618,466)	\$ 3,830,751	\$ (22,410,062)
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	\$ 10,148,185	\$ 9,935,294	\$ 9,746,300	\$ 9,857,168	\$ 10,263,884	\$ 9,633,998	\$ 10,367,700	\$ 10,413,842	\$ 11,851,899	\$ 13,182,544
Sales taxes										
Local options sales taxes	4,121,745	4,539,418	4,052,214	4,585,665	5,092,151	5,412,393	6,600,876	6,631,311	7,322,847	6,924,444
Local accommodations taxes	574,495	554,749	575,888	646,968	546,255	596,555	743,217	813,828	794,772	889,187
Local hospitality taxes	2,654,675	2,731,193	2,839,557	2,962,714	2,842,689	3,295,766	3,396,445	3,921,052	4,077,137	4,258,513
Franchise taxes	9,929,608	10,017,899	10,733,153	11,550,918	10,649,959	11,218,098	11,947,378	11,812,953	12,229,718	13,694,436
State shared taxes	933,862	1,025,715	999,263	1,595,660	1,050,281	1,021,742	1,032,791	1,081,345	1,140,282	1,194,332
Interest and other	631,365	284,611	330,675	745,913	309,370	133,407	222,447	1,523,964	3,715,477	4,668,966
Gain (loss) on sale of property	192,318	190,850	138,163	74,123	135,109	448,724	526,176	742,644	1,262,086	(218,057)
Transfers	1,379,543	1,530,655	1,681,705	1,923,203	1,946,978	1,741,845	2,081,905	2,113,745	2,361,761	2,432,921
Total governmental activities	30,565,796	30,810,384	31,096,918	33,942,332	32,836,676	33,502,528	36,918,935	39,054,684	44,755,979	47,027,286
Business-type activities										
Interest and other	1,765,981	337,245	259,884	485,294	480,181	270,827	225,381	869,462	1,487,848	1,561,878
Transfers	(1,379,543)	(1,530,655)	(1,681,705)	(1,923,203)	(1,946,978)	(1,741,845)	(2,081,905)	(2,113,745)	(2,361,761)	(2,432,921)
Total business-type activities	386,438	(1,193,410)	(1,421,821)	(1,437,909)	(1,466,797)	(1,471,018)	(1,856,524)	(1,244,283)	(873,913)	(871,043)
Total primary government	\$ 30,952,234	\$ 29,616,974	\$ 29,675,097	\$ 32,504,423	\$ 31,369,879	\$ 32,031,510	\$ 35,062,411	\$ 37,810,401	\$ 43,882,066	\$ 46,156,243
Changes in net position										
Governmental activities	\$ 9,909,593	\$ 4,886,834	\$ 5,414,236	\$ (1,058,114)	\$ (722,887)	\$ 1,326,235	\$ 24,440,286	\$ 25,545,225	\$ 37,018,881	\$ 12,356,182
Business-type activities	9,277,754	(663,716)	(683,072)	(1,212,265)	(646,734)	(1,777,787)	3,709,955	6,646,710	10,693,936	11,389,999
Total primary government	\$ 19,187,347	\$ 4,223,118	\$ 4,731,164	\$ (2,270,379)	\$ (1,369,621)	\$ (451,552)	\$ 28,150,241	\$ 32,191,935	\$ 47,712,817	\$ 23,746,181

**CITY OF SUMTER, SOUTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS -
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
UNAUDITED**

Table 3

	2016	2017	2018	2019*	2020	2021	2022	2023	2024*	2025
General fund										
Nonspendable	\$ 871,998	\$ 1,121,067	\$ 1,340,885	\$ 1,415,889	\$ 1,822,278	\$ 2,307,285	\$ 2,458,644	\$ 2,072,318	\$ 2,293,490	\$ 1,950,023
Restricted	1,271,024	8,315,700	2,373,497	1,521,922	1,210,716	27,272	17,107,413	33,453,961	59,554,563	60,945,286
Committed	-	-	-	-	-	-	1,718,107	781,449	461,967	46,136
Unassigned	17,259,471	15,343,958	16,135,376	15,177,437	14,666,602	13,708,927	13,745,700	16,521,883	20,246,712	23,751,543
Total general fund	19,402,493	24,780,725	19,849,758	18,115,248	17,699,596	16,043,484	35,029,864	52,829,611	82,556,732	86,692,988
All other governmental funds										
Restricted	4,017,629	2,563,750	1,363,618	3,608,325	2,499,494	3,240,347	2,184,837	1,404,708	735,704	1,199,052
Unassigned	-	-	-	-	(550,928)	(627,586)	(356,646)	(205,789)	(314,207)	(89,550)
Total all other governmental funds	4,017,629	2,563,750	1,363,618	3,608,325	1,948,566	2,612,761	1,828,191	1,198,919	421,497	1,109,502
Total fund balances, governmental funds	\$ 23,420,122	\$ 27,344,475	\$ 21,213,376	\$ 21,723,573	\$ 19,648,162	\$ 18,656,245	\$ 36,858,055	\$ 54,028,530	\$ 82,978,229	\$ 87,802,490

*Beginning fund balance restated

CITY OF SUMTER, SOUTH CAROLINA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS -
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
UNAUDITED

Table 4

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes	\$ 17,491,876	\$ 17,222,554	\$ 17,625,474	\$ 18,023,005	\$ 18,519,027	\$ 19,242,380	\$ 21,124,119	\$ 21,863,414	\$ 24,033,696	\$ 25,167,115
Licenses and permits	10,288,917	10,505,914	11,317,317	12,019,355	11,148,864	11,952,585	12,720,217	12,468,621	12,965,763	14,796,046
Intergovernmental	15,560,058	13,766,239	16,065,032	9,122,553	11,978,795	14,272,217	32,498,594	33,900,887	46,186,845	27,690,940
Charges for services	3,186,806	3,189,280	3,436,666	3,491,444	3,568,559	3,514,808	3,782,251	4,807,783	5,070,088	5,014,688
Fines and forfeits	520,929	426,563	338,920	405,754	243,095	217,103	198,481	198,577	192,234	214,007
Interest earned and investment return	141,184	115,168	120,629	163,862	145,985	33,198	76,831	1,341,444	3,348,806	3,727,483
Other	503,657	172,038	363,287	1,057,146	1,119,469	489,773	2,438,986	1,404,431	1,352,224	1,703,077
Total revenues	\$ 47,693,427	\$ 45,397,756	\$ 49,267,325	\$ 44,283,119	\$ 46,723,794	\$ 49,722,064	\$ 72,839,479	\$ 75,985,157	\$ 93,149,656	\$ 78,313,356
Expenditures										
General government	\$ 6,196,203	\$ 6,373,283	\$ 6,384,559	\$ 6,782,912	\$ 7,763,609	\$ 7,602,476	\$ 7,467,882	\$ 8,571,485	\$ 9,400,010	\$ 10,377,707
Public safety	18,312,228	19,922,523	20,519,438	21,221,972	22,580,466	22,680,026	24,503,913	25,236,460	27,221,255	28,502,521
Public works	4,018,174	4,254,877	4,414,269	4,738,337	4,712,638	4,836,633	5,272,882	5,308,828	5,872,793	6,215,819
Parks and gardens	2,178,291	2,144,481	2,324,951	2,034,583	2,060,170	1,907,823	2,361,052	2,601,420	2,366,050	2,734,702
Culture and recreation	1,004,796	1,367,230	1,565,518	1,513,670	1,268,220	1,701,811	2,083,013	1,358,181	2,052,585	2,222,083
Community development	203,418	389,652	255,773	371,838	294,684	668,227	465,058	1,569,149	1,250,366	1,719,549
Economic development	1,911,249	1,976,225	2,027,683	2,175,110	2,155,114	2,080,253	2,237,779	1,630,700	3,895,834	9,951,192
Capital outlay	11,788,296	11,532,355	24,808,032	8,722,710	8,623,984	11,904,821	10,735,670	13,872,182	15,097,654	13,083,240
Debt service										
Principal	1,837,738	1,870,817	2,215,542	2,441,317	2,447,385	2,719,370	2,776,357	3,146,390	3,191,682	3,101,980
Interest and other charges	172,802	154,941	223,344	312,106	439,375	452,778	409,920	387,438	382,528	355,619
Total expenditures	\$ 47,623,195	\$ 49,986,384	\$ 64,739,109	\$ 50,314,555	\$ 52,345,645	\$ 56,554,218	\$ 58,313,525	\$ 63,682,233	\$ 70,730,757	\$ 78,264,412
Excess of revenue over (under) expenditures	\$ 70,232	\$ (4,588,628)	\$ (15,471,784)	\$ (6,031,436)	\$ (5,621,851)	\$ (6,832,154)	\$ 14,525,954	\$ 12,302,924	\$ 22,418,899	\$ 48,944
Other financing sources (uses)										
Proceeds from issuance of bonds	\$ -	\$ 4,495,000	\$ 6,000,000	\$ 2,000,000	\$ -	\$ 2,550,000	\$ -	\$ -	\$ -	\$ -
Leases issued	1,450,000	2,128,816	1,407,000	1,896,000	1,216,000	1,077,315	977,442	1,863,387	1,589,740	1,788,239
Sale of property	220,752	358,510	251,981	667,429	383,462	471,077	616,509	890,419	2,931,838	554,157
Transfers in	3,041,475	3,553,025	3,885,076	4,106,733	4,539,497	4,069,322	4,710,347	5,043,543	5,764,886	6,235,568
Transfers out	(1,661,932)	(2,022,370)	(2,203,372)	(2,183,530)	(2,592,519)	(2,327,477)	(2,628,442)	(2,929,798)	(3,403,125)	(3,802,647)
Total other financing sources (uses)	\$ 3,050,295	\$ 8,512,981	\$ 9,340,685	\$ 6,486,632	\$ 3,546,440	\$ 5,840,237	\$ 3,675,856	\$ 4,867,551	\$ 6,883,339	\$ 4,775,317
Net change in fund balances	\$ 3,120,527	\$ 3,924,353	\$ (6,131,099)	\$ 455,196	\$ (2,075,411)	\$ (991,917)	\$ 18,201,810	\$ 17,170,475	\$ 29,302,238	\$ 4,824,261
Debt service as a percentage of										
Non-capital expenditures	5.61%	5.27%	6.11%	6.62%	6.60%	7.10%	6.70%	7.09%	6.42%	5.30%

CITY OF SUMTER, SOUTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY -
LAST TEN FISCAL YEARS
(Amounts Expressed in Thousands)
UNAUDITED

											Table 5
Fiscal Year	Real Property			Personal Property			Less, Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Total Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Total	Motor Vehicles	Other	Total					
2016	103,620	1,040	104,660	16,230	14,460	30,690	-	135,350	102	2,804,650	4.83%
2017	105,500	1,320	106,820	16,770	13,190	29,960	-	136,780	102	2,852,210	4.80%
2018	105,900	1,280	107,180	15,560	13,820	29,380	-	136,560	102	2,841,758	4.81%
2019	107,540	1,270	108,810	15,420	14,270	29,690	-	138,500	102	2,887,540	4.80%
2020	110,050	1,310	111,360	14,440	14,530	28,970	-	140,330	102	2,890,570	4.85%
2021	113,700	1,240	114,940	13,580	13,650	27,230	-	142,170	102	2,897,640	4.91%
2022	125,103	1,290	126,393	15,520	13,690	29,210	-	155,603	102	2,898,500	5.37%
2023	127,230	1,280	128,510	16,260	13,700	29,960	-	158,470	102	2,927,470	5.41%
2024	129,670	1,300	130,970	17,410	13,790	31,200	-	162,170	107	2,940,500	5.52%
2025*	134,199	1,486	135,685	18,499	16,428	34,927	-	170,612	107	3,102,036	5.50%

State statute requires reassessment every 5 years. Reassessed values are reflected for fiscal years 2017 and 2022.

The City has a tax increment district. The total millage for the City is listed.

* - Fiscal year 2025 values estimated by City of Sumter Finance Department. Information provided by Sumter County Auditor for all other fiscal years presented.

**CITY OF SUMTER, SOUTH CAROLINA
PROPERTY TAX RATES -
DIRECT AND OVERLAPPING GOVERNMENTS -
LAST TEN FISCAL YEARS
UNAUDITED**

Table 6

			Overlapping Rates							Table 6
City of Sumter(1)			Sumter County (2)			Sumter County School District (2)				
		Debt	Total		Debt	Total		Debt	Total	
Fiscal	Operating	Service	City	Operating	Service	County	Operating	Service	School	
Year	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Total
2016	97.00	5.00	102.00	96.30	15.00	111.30	151.00	60.00	211.00	424.30
2017	(3) 97.00	5.00	102.00	98.20	15.00	113.20	160.10	60.00	220.10	435.30
2018	98.00	4.00	102.00	98.20	15.00	113.20	160.10	50.00	210.10	425.30
2019	98.00	4.00	102.00	98.20	15.00	113.20	160.10	50.00	210.10	425.30
2020	98.00	4.00	102.00	98.20	15.00	113.20	160.10	60.00	220.10	435.30
2021	98.00	4.00	102.00	100.10	15.00	115.10	160.10	60.00	220.10	437.20
2022	(3) 98.00	4.00	102.00	95.90	15.00	110.90	159.40	60.00	219.40	432.30
2023	99.00	3.00	102.00	96.90	15.00	111.90	159.40	60.00	219.40	433.30
2024	104.00	3.00	107.00	98.90	15.00	113.90	159.40	60.00	219.40	440.30
2025	104.00	3.00	107.00	98.90	15.00	113.90	159.40	60.00	219.40	440.30

(1) Source: City of Sumter Finance Department

(2) Source: Sumter County Auditor

(3) Reassessment year

**CITY OF SUMTER, SOUTH CAROLINA
PRINCIPAL TAXPAYERS -
CURRENT YEAR AND NINE YEARS AGO
(Amounts Expressed in Thousands)
UNAUDITED**

Table 7

Taxpayer	Fiscal Year 2025			Fiscal Year 2016		
	2024 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2015 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Progress, Inc.	\$ 4,330	1	2.54%	\$ 2,080	1	1.54%
Retreat At Sumter Apartments, LLC	2,120	2	1.24%			
SRC Piedmont Plantation, LLC	1,280	3	0.75%	790	4	0.58%
Ashton Mill OF Sumter	1,040	4	0.61%			
Safe Federal Credit Union	960	5	0.56%	700	9	0.52%
WEG Sumter, LLC	840	6	0.49%			
Scott H Lee Jr as Trustee (Wal-Mart)	780	7	0.46%	710	8	0.52%
Sumter Propco, LLC	720	8	0.42%			
Select-Wesmark Plaza, LLC	720	9	0.42%	720	7	0.53%
Sumter Healthcare Realty	650	10	0.38%			
Palmetto Health Tuomey				1,815	2	1.34%
SCE&G				950	3	0.70%
Formed Fiber 789				750	5	0.55%
Sumter Mall, HSI				750	6	0.55%
Thompson Industrial				620	10	0.46%
Totals	<u>\$ 13,440</u>		<u>7.88%</u>	<u>\$ 9,885</u>		<u>7.30%</u>

Source: Sumter County Auditor

Total assessed for tax year 2024: 170,611,980

Total assessed for tax year 2015: 135,350,990

**CITY OF SUMTER, SOUTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS -
LAST TEN FISCAL YEARS
UNAUDITED**

Table 8

Fiscal Year	Tax Year		Total Property Taxes Levied (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2016	2015		11,851,852	11,275,710	95.1%	351,016	11,626,726	98.1%
2017	2016	(2)	12,863,548	11,108,124	86.4%	383,016	11,491,140	89.3%
2018	2017		12,048,082	11,408,139	94.7%	376,688	11,784,827	97.8%
2019	2018		12,255,517	11,493,277	93.8%	531,500	12,024,777	98.1%
2020	2019		13,418,619	11,967,297	89.2%	387,664	12,354,961	92.1%
2021	2020		12,724,472	12,169,873	95.6%	350,083	12,519,956	98.4%
2022	2021	(2)	14,278,590	13,715,170	96.1%	402,565	14,117,735	98.9%
2023	2022		14,486,146	13,948,931	96.3%	414,834	14,363,765	99.2%
2024	2023		16,000,525	15,372,401	96.1%	356,137	15,728,538	98.3%
2025	2024		16,549,651	15,820,502	95.6%	-	15,820,502	95.6%

Source: Sumter County Treasurer - real property only

(1) Includes levy for real estate property taxes only, without consideration for Local Option Sales Tax factor

(2) Reassessment

Property taxes are collected by the Sumter County Treasurer's office.

**CITY OF SUMTER, SOUTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE -
LAST TEN FISCAL YEARS
UNAUDITED**

Table 9

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Percentage of Personal Income	Population (1)	Per Capita (1)
	General Obligation	Revenue Bonds	Tax Increment	Note Payable HUD	Leases	Revenue Bonds	Notes Payable	Leases				
	Bonds		Bonds									
2016	2,255,462	772,000	-	597,000	3,249,497	57,661,193	-	-	64,535,152	4.61%	40,068	1,611
2017	1,781,443	519,000	4,500,000	556,000	4,275,517	54,834,352	-	361,953	66,828,265	4.63%	39,982	1,671
2018	7,297,137	262,000	4,295,000	513,000	4,456,281	51,903,418	-	287,154	69,013,990	4.65%	39,656	1,740
2019	6,797,426	2,000,000	4,095,000	467,000	4,918,671	48,847,455	-	239,620	67,365,172	4.40%	39,656	1,699
2020	6,068,199	2,000,000	3,750,000	419,000	4,809,514	46,650,000	-	110,711	63,807,424	3.51%	43,463	1,468
2021	5,319,333	4,287,000	3,400,000	368,000	4,580,326	44,460,000	-	453,547	62,868,206	3.38%	42,976	1,463
2022	4,551,000	4,017,000	3,045,000	314,000	4,228,744	42,220,000	-	309,553	58,685,297	3.12%	42,976	1,366
2023	4,039,000	3,389,000	2,685,000	258,000	4,501,741	39,890,000	-	613,049	55,375,790	2.76%	42,976	1,289
2024	3,511,000	2,749,000	2,320,000	198,000	4,492,799	37,475,000	-	976,639	51,722,438	2.66%	42,976	1,204
2025	2,968,000	2,097,000	1,950,000	135,000	4,807,058	34,985,000	-	979,196	47,921,254	2.47%	42,958	1,116

(1) See Table 14 Demographic and Economic Statistics for population data.

**CITY OF SUMTER, SOUTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING -
LAST TEN FISCAL YEARS
UNAUDITED**

Table 10

Fiscal Year	General Bonded Debt Outstanding			Percentage of Estimated Actual Taxable Value of Property	Per Capita
	General Obligation Bonds (1)	Redevelopment Bonds	Total		
2016	2,255,462	-	2,255,462	0.08%	56
2017	1,781,443	-	1,781,443	0.06%	45
2018	7,297,137	-	7,297,137	0.26%	184
2019	6,797,426	-	6,797,426	0.24%	171
2020	6,068,199	-	6,068,199	0.21%	140
2021	5,319,333	-	5,319,333	0.18%	124
2022	4,551,000	-	4,551,000	0.16%	106
2023	4,039,000	-	4,039,000	0.14%	94
2024	3,511,000	-	3,511,000	0.12%	82
2025	2,968,000	-	2,968,000	0.10%	69

(1) Source: City of Sumter Finance Department

Details of the City's outstanding debt can be found in the notes to the financial statements.

Property tax values data can be found in Table 5.

Population data can be found in Table 14.

**CITY OF SUMTER, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2025
UNAUDITED**

Table 11

Governmental Unit	Net General Obligation Bonded Debt Outstanding	Estimated Percentage Applicable to City of Sumter	Estimated Share of Direct and Overlapping Debt Applicable to City of Sumter
Overlapping debt			
Sumter County School District	\$ 5,729,000 (1)	35% (4)	\$ 2,005,150
Sumter County General Obligation	14,550,000 (2)	35% (4)	<u>5,092,500</u>
Subtotal , overlapping debt			<u>\$ 7,097,650</u>
City direct debt			
General obligation bonds	2,968,000 (3)	100%	\$ 2,968,000
Revenue bonds	2,097,000 (3)	100%	2,097,000
Tax increment bonds	1,950,000 (3)	100%	1,950,000
Note payable - HUD	135,000 (3)	100%	135,000
Leases	\$ 4,807,058 (3)	100%	<u>4,807,058</u>
Total direct debt			<u>\$ 11,957,058</u>
Total direct and overlapping debt			<u><u>\$ 19,054,708</u></u>

(1) Source: Sumter County School District

(2) Source: Sumter County Finance Department

(3) Source: City of Sumter Finance Department

(4) Estimate based on population of City vs. County

**CITY OF SUMTER, SOUTH CAROLINA
LEGAL DEBT MARGIN INFORMATION -
LAST TEN FISCAL YEARS
UNAUDITED**

Table 12

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	\$ 10,828,079	\$ 10,942,261	\$ 10,924,976	\$ 11,080,672	\$ 11,226,822	\$ 11,126,496	\$ 12,448,276	\$ 12,677,835	\$ 12,973,360	\$ 13,648,958
Total net debt applicable to limit	2,255,462	1,781,443	7,297,137	6,797,426	6,068,199	5,319,333	4,551,000	4,039,000	3,511,000	2,968,000
Legal debt margin	\$ 8,572,617	\$ 9,160,818	\$ 3,627,839	\$ 4,283,246	\$ 5,158,623	\$ 5,807,163	\$ 7,897,276	\$ 8,638,835	\$ 9,462,360	\$ 10,680,958
Total net debt applicable to the limit as a percentage of debt limit	20.83%	16.28%	66.79%	61.34%	54.05%	47.81%	36.56%	31.86%	27.06%	21.75%

Calculation of legal debt margin for fiscal year 2025:

Total assessed value	\$ 170,611,980
Debt limit (8% of total assessed value)	13,648,958
Less, total general obligation bonds outstanding	<u>(2,968,000)</u>
Legal debt margin	<u><u>\$ 10,680,958</u></u>

**CITY OF SUMTER, SOUTH CAROLINA
 PLEDGED REVENUE COVERAGE -
 WATER AND SEWER AUTHORITY -
 LAST TEN FISCAL YEARS
 UNAUDITED**

Table 13

Fiscal Year	Revenues (1)	Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements			Revenue Bond Coverage Ratio
				Principal	Interest	Total	
2016	21,956,162	14,151,646	7,804,516	1,863,615	1,593,319	3,456,934	2.26
2017	22,213,560	15,693,861	6,519,699	2,826,841	2,073,590	4,900,431	1.33
2018	22,542,250	14,795,460	7,746,790	2,930,934	1,967,440	4,898,374	1.58
2019	22,601,774	15,292,613	7,309,161	3,055,963	1,843,023	4,898,986	1.49
2020	22,755,559	15,951,551	6,804,008	2,197,455	1,739,054	3,936,509	1.73
2021	23,558,270	17,140,713	6,417,557	2,190,000	1,687,025	3,877,025	1.66
2022	25,333,194	16,968,211	8,364,983	2,240,000	1,631,650	3,871,650	2.16
2023	26,511,723	17,097,584	9,414,139	2,330,000	1,545,400	3,875,400	2.43
2024	27,765,534	16,855,860	10,909,674	2,415,000	1,453,944	3,868,944	2.82
2025	29,521,754	18,644,967	10,876,787	2,490,000	1,383,388	3,873,388	2.81

(1) Total revenues exclusive of interest earnings and non-operating income.

(2) Total operating expenses exclusive of depreciation, amortization, and interest expense

Source: City of Sumter Finance Department

Details of the outstanding debt can be found in the notes to the financial statements.

**CITY OF SUMTER, SOUTH CAROLINA
DEMOGRAPHIC STATISTICS -
LAST TEN FISCAL YEARS
UNAUDITED**

Table 14

Fiscal Year	Population	Per Capita Income	Personal Income	School Enrollment (4)	Unemployment Rate (2)
2016	40,068 (3)	34,974 (2)	1,401,338,232	16,511	7.4%
2017	39,982 (1)	36,128 (2)	1,444,469,696	16,393	5.7%
2018	39,656 (1)	37,440 (2)	1,484,720,640	16,501	4.8%
2019	39,656 (1)	38,573 (2)	1,529,650,888	16,387	3.6%
2020	43,463 (1)	41,807 (2)	1,817,057,641	15,788	3.7%
2021	42,976 (1)	43,245 (1)	1,858,497,120	15,197	8.7% *
2022	42,976 (1)	43,831 (1)	1,883,681,056	14,820	4.0%
2023	42,976 (1)	46,678 (1)	2,006,033,728	14,318	3.2%
2024	42,976 (1)	45,224 (1)	1,943,546,624	14,004	5.9%
2025	42,958 (1)	45,224 (1)	1,942,732,592	13,457	5.9%

(1) Source: US Census Bureau

(2) Source: US Department of Commerce, Bureau of Economic Analysis

(3) Source: Estimate by City of Sumter Finance Department

(4) Source: Sumter County School District

* Increase reflects potential impacts from COVID-19 pandemic

**CITY OF SUMTER, SOUTH CAROLINA
PRINCIPAL EMPLOYERS -
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED**

Table 15

Employer	2025			2016		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Shaw Air Force Base (1)	9,404	1	48.83%	9,031	1	43.58%
Sumter County School District (3)	2,214	2	11.50%	3,019	2	14.57%
Continental Tire the Americas (2)	1,600	3	8.31%	700	8	3.38%
Prisma Health Tuomey (4)	1,034	4	5.37%	1,843	4	8.89%
Pilgrim's Inc. (2)	900	5	4.67%	2,150	3	10.37%
BD Diagnostics, Preanalytical Solutions (2)	990	6	5.14%	800	7	3.86%
Eaton Electrical (2)	900	7	4.67%	660	10	3.18%
State of South Carolina (5)	795	8	4.13%	903	6	4.36%
Thompson Industrial/CleanHarbors (7)	770	9	4.00%			
Sitel Group (Sykes) (Data Center) (2)	650	10	3.38%	950	5	4.58%
Sumter County Government (2)				667	9	3.22%
Total Employment	19,257			20,723		

Table reflects data for the entire county of Sumter

(1) Source: Shaw Air Force Base Public Affairs Department

(2) Source: Sumter County Development Board

(3) Source: Sumter School District

(4) Source: Prisma Health Tuomey

(5) Source: State of South Carolina Department of Administration

(6) Source: City of Sumter

(7) Thompson Industrial/CleanHarbors

*Management Estimate

CITY OF SUMTER, SOUTH CAROLINA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION -
LAST TEN FISCAL YEARS
UNAUDITED

Table 16

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>Function/Program</u>										
General government										
Administrative	25	25	25	31	31.5	32.5	32.5	32.5	32.5	32
City store	2	2	2	2	2	2	2	2	2	2
Planning	10	10	11	11	11.5	11	11	11	11	11
Business license	4	4	4	4	5	5	5	5	5	5
Downtown	6	5	6	7	7.5	7.5	7.5	7.5	7.5	7.5
Public safety										
Building inspections	12	11	12	12	11	10	10	10	10	10
Codes	7	7	7	7	8	8	8	8	8	8
Police (1)	120	122	143	143	143	142.5	145.5	145.5	147.5	147.5
Police city-county	37	33	33	33	33.5	36.5	33.5	33.5	33.5	33.5
Municipal Court	2	2	2	2	2	2	2	2	2	2
Fire	107	108	101	101	102	101.5	101.5	101.5	101.5	101.5
Public works										
Construction	9	10	12	12	12	12	12	12	12	12
Engineering	9	7	7	6	6	6	6	6	6	6
Public works	9	8	9	9	9	9	9	9	10	10
Vehicle maintenance	1	1	1	1	1	1	1	1	1	1
Sanitation	37	39	41	41	41	41	41	41	41	41
Parks and gardens	38	39	33	33	33	33	33	33	32	32
Recreation	7	9	9	21	21	22	22	22	22.5	22.5
Stormwater	0	0	0	0	0	3	3	3	3	3
Community development										
Hope centers	12	12	11	11	11	12	11	11	11	11
Water and sewer										
Utility billing	28	26	27	27	28	28	28	28	28	28
Water & sewer distribution	28	29	33	33	32	32	32	32	32	32
Mechanical maintenance	10	12	11	11	11	11	11	11	13	13
Water plants	14	14	15	15	15	15	16	16	15	15
Sewer plant	26	25	28	28	28	29	29	29	28	28
Electrical maintenance	2	2	3	3	3	3	3	3	3	3
Mayesville	2	2	2	2	2	2	2	2	2	2
TO TAL EMPLOYEES	564	564	588	606	610	617.5	617.5	617.5	620	619.5

(1) Police, Police Clerical and Victims Assistance have been combined.

Note: Full time employees are counted as one equivalent, while part time employees are counted as a half of an equivalent

**CITY OF SUMTER, SOUTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM -
LAST TEN FISCAL YEARS
UNAUDITED**

Table 17

Function/Program	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General government (4)										
Building permits issued -										
Commercial	213	209	173	165	559	590	517	563	464	686
Residential	1,017	881	795	762	1,759	1,963	2,425	2,137	2,398	2,082
Police (1)										
Number of police calls	86,440	75,767	72,838	76,635	77,929	90,125	69,484	64,991	59,422	58,604
Traffic violations	6,469	5,028	2,197	4,995	2,765	1,686	1,890	1,550	1,080	2,682
Fire (2)										
Calls answered	3,188	3,007	3,185	3,811	2,450	5,619	3,942	3,906	3,667	3,838
Water system (3)										
Service connections	23,079	23,068	23,708	23,673	23,673	23,991	24,344	24,556	24,853	25,114
Average daily consumptions (in millions of gallons)	12.3	13.1	13.9	13.3	11.7	12.7	13.4	12.9	13.5	12.4
Maximum daily capacity (in millions of gallons)	23.3	23.3	20.1	27.3	27.3	27.3	27.3	27.3	27.3	27.3
Wastewater system (3)										
Service connections	17,355	17,178	17,814	17,783	17,783	18,083	18,367	18,561	18,808	18,979
Average daily treatment (in millions of gallons)	11.6	10.4	10.4	11.9	12.86	11.28	9.45	10.1	10.2	9.4
Maximum daily capacity (in millions of gallons)	18.0	18.0	18.0	18.0	18.0	15.0	15.0	14.3	19.6	19.8

(1) Source: City of Sumter Police Department/Municipal Court

(2) Source: City of Sumter Fire Department

(3) Source: City of Sumter Public Services/Utility Billing Departments

(4) Source: City of Sumter Building Inspection/Codes Departments

**CITY OF SUMTER, SOUTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM -
LAST TEN FISCAL YEARS
UNAUDITED**

Table 18

Function/Program	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Police (1)										
*Stations	3	3	3	3	3	3	3	3	3	3
Fire stations (2)	5	5	5	5	5	5	5	5	5	5
Highways and streets (3)										
Streets (in miles)	91	93	93	95	95	95	95	97	98	105.6
Streetlights	1,492	1,516	2,406	2,410	2,410	2,410	2,410	2,485	2,485	2,485
Culture and recreation (4)										
Community centers	5	5	5	3	3	3	3	3	3	3
Parks	23	23	24	26	26	26	26	26	26	26
Park acreage	270	270	270	270	270	270	270	270	270	270
Water park	5	5	5	5	5	5	5	5	5	5
Aquatic center	1	1	1	1	1	1	1	1	1	1
Tennis courts	24	24	24	24	24	24	24	24	24	24
Water system (4)										
Water mains (in miles)	474	471	471	473	473	473	473	504	507	507
Fire hydrants	1,640	1,643	1,650	1,659	1,659	1,659	1,659	1,696	1,702	1,702
Wastewater system (4)										
Sanitary sewers (in miles)	341	342	342	344	344	344	344	354	355	355
Treatment plants	2	2	2	2	2	2	2	2	2	2

* - Number of police stations and annexes

(1) Source: City of Sumter Police Department

(2) Source: City of Sumter Fire Department

(3) Source: City of Sumter Planning, Engineering, and Codes Departments

(4) Source: City of Sumter Public Services/Engineering Departments

REGULATORY SECTION

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CITY OF SUMTER, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Defense Pass Through Program			
Department of Homeland Security	97.036	FEMA-4241-DR-SC	\$ 13,510
Federal Emergency Management Agency Pass-through Program From			
South Carolina Emergency Management Division			
South Carolina Law Enforcement Division-Office of Homeland Security	97.137	22SLCGP07	34,167
Total Department of Defense			<u>\$ 47,677</u>
Department of Housing and Urban Development Direct Programs:			
Community Development Block Grants/Entitlement Grants	14.218	B-25-MC-45-0011	\$ 75,874
Community Development Block Grants/Entitlement Grants	14.218	B-24-MC-45-0011	204,714
Community Development Block Grants/Entitlement Grants	14.218	B-23-MC-45-0011	161,809
Community Development Block Grants/Entitlement Grants	14.218	B-21-MC-45-0011	1,917
Department of Housing and Urban Development Pass-through Programs From:			
South Carolina Office of Resilience Disaster Recovery			
Community Development Block Grant/Disaster Recovery	14.228	B-18-DP-06-0002	2,723,376
Total Department of Housing and Urban Development			<u>\$ 3,167,690</u>
Department of Justice Direct Programs:			
Bullet Proof Vest Partnership Program	16.607	2024BUBX24038421	\$ 15,371
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS-23-GG-03997-TECP	14,253
Congressionally Recommended Awards - Byrne Discretionary Grants Program	16.753	15PBJA-24-GG-00138-BRND	157,000
Department of Justice Pass-through Programs From:			
South Carolina Attorney General's Office			
Victims of Crime	16.575	1V20116	16,708
Total Department of Justice			<u>\$ 203,332</u>
Department of Transportation Pass-through Programs From:			
South Carolina Department of Transportation			
Federal Transit-Metropolitan Planning Grants	20.205		\$ 326,043
Total Department of Transportation			<u>\$ 326,043</u>
Department of Interior - National Park Service Pass Through Program From:			
South Carolina Department of Archives and History			
Historic Preservation Fund Grants-In-Aid	15.904		\$ 23,436
			<u>\$ 23,436</u>
US Treasury Pass-through Programs From:			
South Carolina Rural Infrastructure Authority	21.027	A-23-E195	\$ 259,267
South Carolina Rural Infrastructure Authority	21.027	A-23-E003	2,795,556
South Carolina Rural Infrastructure Authority	21.027	A-23-C194	1,536,623
			<u>\$ 4,591,446</u>
Total Expenditures of Federal Awards			<u><u>\$ 8,359,624</u></u>

The accompanying notes are an integral part of this schedule.

CITY OF SUMTER, SOUTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes federal grant activity of the City of Sumter under programs of the federal government for the year ended June 30, 2025. The information in this 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*. Because the Schedule presents only a selected portion of the operations of the City of Sumter, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Sumter.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *the Uniform Guidance* and/or OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Subrecipients

Of the federal expenditures presented in the schedule, the City had no subrecipients.

Indirect Cost Rate

The City has elected not to use the 10% *de minimus* indirect cost rate allowed under the Uniform Guidance.

SHEHEEN, HANCOCK & GODWIN, LLP

CERTIFIED PUBLIC ACCOUNTANTS

1011 FAIR STREET

P.O. DRAWER 428

CAMDEN, SOUTH CAROLINA 29021

FOUNDED 1959

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TERRY M. HANCOCK, CPA, (1970-2023)
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DARYL W. TAYLOR, CPA
ANTHONY E. BOYKIN, CPA
JANE M. PEACOCK, CPA RETIRED
MATTHEW C. IRICK, CPA
J. RICHARD PARKER, CPA
R. MARC WOOD
SHANE E. KIRKLEY, CPA
B. KEACH JORDAN, CPA
JOHN C. BOYKIN, III, CPA
MEREDITH A. BLAKE, CPA
JOHN F. MARTIN, CPA
TRACY L. FAILE, CPA

M. EMILY SKUFCA, CPA, CIA, CFE
STEPHANIE G. CARO
JORDAN E. SLAGLE

MEMBERS OF
AMERICAN INSTITUTE OF CPA'S

SOUTH CAROLINA ASSOCIATION OF CPA'S

TELEPHONE
(803) 432-1424
FAX
(803) 432-1831

WEBSITE: WWW.SHGCPA.COM

December 16, 2025

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 City Council
City of Sumter, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sumter, South Carolina, (the "City") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 16, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "Sheheen, Hancock & Godwin, LLP". The script is cursive and somewhat informal.

Sheheen, Hancock & Godwin, LLP
Camden, South Carolina

SHEHEEN, HANCOCK & GODWIN, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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(803) 432-1424

FAX
(803) 432-1831

WEBSITE: WWW.SHGCPA.COM

December 16, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To City Council
City of Sumter, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Sumter, South Carolina's, (the "City") 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 City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City 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

We conducted our 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City'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 City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our 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 City's compliance based on our 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 City'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, we:

- 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City'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 City's internal control over compliance. Accordingly, no such opinion is expressed.

We are 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 we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance. Our 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 City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we 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.

Our 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 our audit we did not identify any deficiencies in internal control over compliance that we 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.

Our 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 our 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.



Sheheen, Hancock & Godwin, LLP
Camden, South Carolina

CITY OF SUMTER, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2025

A. SUMMARY OF RESULTS

1. The financial statement opinion is unmodified.
2. No material weakness's in internal control over financial reporting were disclosed by the audit of the financial statements.
3. The audit disclosed no instances of noncompliance to the financial statements for City of Sumter.
4. No material weakness's in internal control over major programs were disclosed by the audit. No significant deficiencies in internal control over major programs were disclosed by the audit.
5. We have issued an unqualified report on compliance for major programs.
6. The audit disclosed no audit findings.
7. Major programs are as follows:

U.S. Department of Treasury

Coronavirus State and Local Fiscal Recovery Funds – CFDA 21.027

Department of Housing and Urban Development

Community Development Block Grant/Disaster Recovery – CFDA 14.228

8. Type A programs are those exceeding \$750,000. Type B programs are those not exceeding \$750,000.
9. City of Sumter did not qualify as a low-risk auditee.

B. FINDINGS RELATED TO FINANCIAL STATEMENTS

None

C. FINDINGS RELATED TO FEDERAL AWARDS

None

CITY OF SUMTER, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2025

FINDINGS RELATED TO FINANCIAL STATEMENTS

None

FINDINGS RELATED TO FEDERAL AWARDS

2024-001

Criteria:

The City was required to include all expenditures of federal awards received directly from federal agencies and indirectly from pass-through entities on the Schedule of Expenditures of Federal Awards.

Condition:

The City did not include all expenditures of federal awards received indirectly from pass-through entities on the Schedule of Expenditures of Federal Awards for the year ended June 30, 2024 report issued on December 9, 2024. The June 30, 2024 single audit had to be re-issued and an additional major program was tested.

Cause:

The City did not have procedures in place to ensure that all expenditures of federal awards were reported.

Effect:

The City was not in compliance with the Uniform Guidance compliance requirements for the Schedule of Expenditures of Federal Awards.

Auditor's Recommendation:

The City's management should implement procedures to ensure that expenditures for all federal awards are reported on the Schedule of Expenditures of Federal Awards for the Applicable fiscal year.

Management's Response:

Management concurs with the auditor's finding. The omission of certain expenditures from the originally issued Schedule of Expenditures of Federal Awards (SEFA) was identified by management while reconciling federal expenditures for fiscal year 2025 to previously reported balances. It was determined that the fiscal year 2024 SEFA did not fully capture all grant-related transactions recorded in the general ledger. The SEFA has been corrected and reissued to include all qualifying expenditures, and updated procedures have been implemented to strengthen controls over SEFA preparation. Specifically, the Finance Department has designated certain expenditure accounts to be used only in conjunction with grant related expenditures and implemented a new procedure to identify any grant related transactions not recorded to those specified accounts.