

CITY OF UNION, SOUTH CAROLINA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

Prepared By:
City of Union's Department of Finance and Administration

CITY OF UNION, SOUTH CAROLINA

ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2025

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INTRODUCTORY SECTION



City of Union
101 Sharpe Ave.
P.O. Box 987
Union, SC 29379
864-429-1700

February 6, 2026

Members of City Council and Citizens of the City of Union, South Carolina:

State law requires that all general-purpose local governments publish at the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted accounting standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual financial report of the City of Union (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 of the 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 government'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 McKinley, Cooper & Co. LLC 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.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City, founded in 1837, is located in the central area of Union County, 28 miles southeast of Spartanburg, South Carolina. The City currently occupies a land area of approximately 8.0 square miles and serves a population of approximately 7,988, with a total of approximately 27,000 people in the Greater Union area. The City of Union is empowered to levy a property tax on both real and personal properties 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 governing Council.

The City of Union, as of July 1, 2018, operates under the Strong Council form of government. Policy-making and legislative authority are vested in a governing Council consisting of the Mayor and six Councilmembers. The governing Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and appointing the government's clerk, magistrate, and attorney. The Mayor acts in a legislative capacity as a member of the Council. The City Administrator acts in an executive capacity as chief administrator of the Council's policies. The City Administrator is responsible for carrying out policies and ordinances of the governing Council, for overseeing the day-to-day operations of the government, and for appointing, with Council ratification, the heads of various departments. The Council is elected on a non-partisan basis. Councilmembers serve four-year staggered terms, with three Councilmembers elected every two years. The Mayor is elected to serve a four-year term. All six of the Councilmembers are elected by district. The Mayor is elected at large.

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

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City of Union are required to submit requests for appropriations to the City Administrator on or before the last day in February each year. The Administrator uses these requests as the starting point for developing a proposed budget. The Administrator then presents this proposed budget to the Council for review prior to March 31. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the City of Union's fiscal year. The appropriated budget is prepared by fund, department (e.g., finance) and division (e.g., purchasing). Budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained by the Administrator at the departmental level and may be amended as necessary during the fiscal year. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements for the governmental funds.

Factors Affecting Financial Conditions

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

Local economy. The City is centrally located to all Eastern and Southeastern markets. It is approximately in the center of the country's fifth largest trade area with approximately 5 million people in a 100-mile radius. Over half of the United States' population can be reached within a day's drive or a 90-minute flight. The City is a 1-hour drive from Charlotte/Douglas Airport, the Columbia Metro Airport, the Greenville/Spartanburg Airport and the Inland Port Greer – South Carolina Ports Authority. The City is a 3-hour drive from the port of Charleston.

The City is considered to be forward thinking and receptive to development. The overall economic condition of the City has improved over the past year. The decline of the textile industries is being replaced with a diversity of plants and employment opportunities.

Long-term financial planning. A continued emphasis on long range, conservative financial planning is essential to the City's future success. Options and strategies introduced and continued in 2025 include:

- Ensure that any new City initiative, program or service has a direct and dependable funding source and monitor existing services to meet cost-to-serve goals.
- Continue to promote sound economic development strategies and maintenance of the City's utility system.
- Benchmark services similar to other communities.
- Pursuit of intergovernmental cooperation/consolidation.

Cash management policies and practices. Cash temporarily idle during the year was invested in certificates of deposit, state investment pools, and repurchase agreements. The investment goal of the City is to maintain adequate cash to meet current obligations and to invest in those legal securities that maximize earnings and protect principal. Monies that are not required on a short-term basis are invested in compliance with the guidelines of the South Carolina Code of Laws 6-5-10 and 6-5-15. The yield on investments for the year ended June 30, 2025 varied from approximately 0.05 % to 5.5011%. The average yield on overnight federal funds for that period was 0.1%. The City earned interest revenue of \$1,191,235 on all investments for the year ended June 30, 2025.

Risk Management. The City carries its insurance for general liability, property and automobile coverage with the South Carolina Municipal Insurance and Risk Financing Fund through the Municipal Association of South Carolina, a self-insured pool of municipalities throughout South Carolina. Workers' compensation is carried with the South Carolina Municipal Insurance Trust Fund through the Municipal Association of South Carolina. This pool is also self-insured and is made up of municipalities throughout South Carolina.

Safety programs are carried out by the City's Human Resources Department, along with a Safety Consultant. Each department of the City has a safety representative who works with the Human Resources Department to coordinate safety meetings and programs throughout the year.

Also, several employee committees are a vital part of the City's risk management program. A central Safety Committee is made up of department heads or their representatives from each department. This committee develops city-wide goals, policies, and procedures concerning all aspects of safety.

In addition, a Safety Incentive/Education Committee composed of supervisory personnel throughout the City recommends city-wide incentive awards to the central Safety Committee and implements approved programs. The Committee reviews all safety suggestions made by employees and recommends awards for suggestions that are adopted.

Pension and other post-employment benefits. All employees of the City participate in one of two defined benefit pension plans administered by the State of South Carolina: the South Carolina Retirement System (SCRS) and the Police Officer's Retirement System (PORS), both of which are cost sharing multiple-employer public employee retirement plans. The SCRS and PORS offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The plans' provisions are

established under Title 9 of the SC Code of Laws. Both employees and the City are required to contribute to the SCRS and PORS at rates established under the authority of Title 9 of the Code of Laws. The City's contributions are actuarially determined, but are communicated to and paid by the City as a percentage of the employee's annual earnings.

The City provides limited post-retirement health care benefits to all employees that meet certain service requirements. This program is authorized by the City's Personnel Resolution, which is approved by City Council. Expenditures for post-retirement health care benefits are recognized when premiums are paid. During the year ended June 30, 2025, expenditures were recognized for post-retirement health care insurance premiums or to provide a supplement for twenty-six (26) retirees.

Additional information on the City's pension arrangements and post-employment benefits can be found in Notes 4 and 5, in the financial statements.

Major Initiatives

A multi-purpose center, completed in 2016, is located at 107 East Main Street, and seats approximately 300 people. This center provides space for the performing arts, business meetings and social events. This center is a magnet for economic growth in the downtown area. To complement the center, the City was awarded a \$500,000 streetscape grant on November 15, 2015. This grant removed and replaced sidewalks, paved and added curbing, as well as improved landscaping and lighting.

Renovations and improvements to the City's utility systems continue. Currently, there are multiple sewer collection projects, completed or under construction as of June 30, 2025. Projects are funded by a combination of loans from the State of South Carolina State Revolving Loan Fund, SRF, Community Development Block Grants, CDBG, Rural Infrastructure grants, Appalachian Regional Commission and local funds.

Buffalo Creek Subdivision continues to develop, build, and sell residential homes. Multiple phases of this project are either complete or underway.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the governing Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Union's finances.

Respectfully submitted,

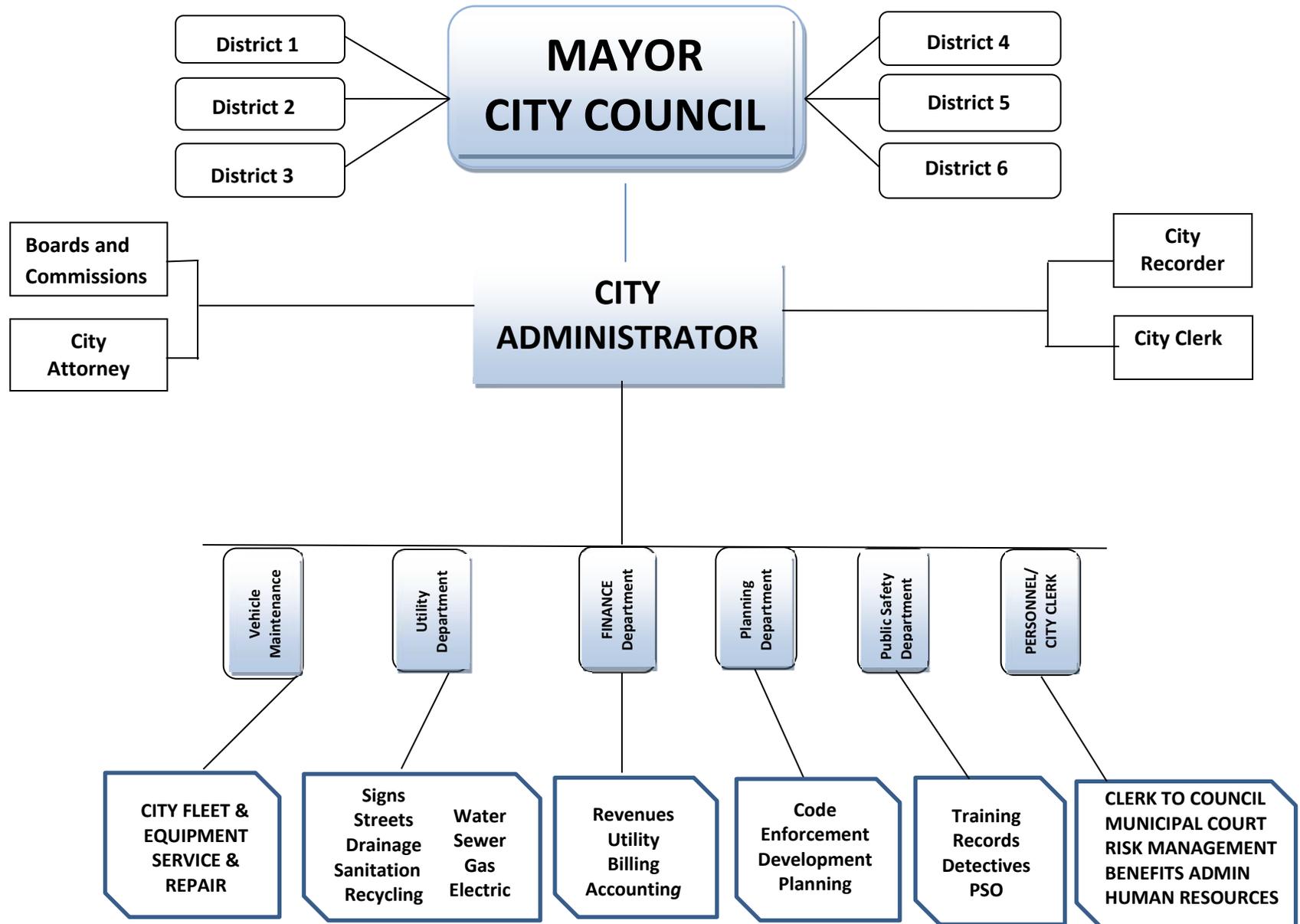


Joe F. Nichols
City Administrator



Laura B. Hembree
Finance Director

COUNCIL FORM OF GOVERNMENT



City of Union, South Carolina
LIST OF ELECTED and APPOINTED OFFICIALS
as of June 30, 2025

ELECTED

Mayor	Harold E. Thompson
Councilmember, District 1	Jackie Earls
Councilmember, District 2	Robert Garner-Mayor ProTem
Councilmember, District 3	Gloria Rogers
Councilmember, District 4	Ricky Todd Harris
Councilmember, District 5	Pamela G. Sloss
Councilmember, District 6	Monty Cooke

APPOINTED

City Administrator	Joe F. Nichols
City Attorney	Lawrence Flynn
City Recorder	Trent Pruett
City Clerk/Human Resources Director	Natalie S. Jeter
Maintenance Director	Leroy Edwards
Public Safety Director	Robert McGee
Finance Director	Laura Hembree
Utilities Director	S. Lance Davis

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of City Council
City of Union
Union, South Carolina

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 of City of Union, South Carolina as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Commission'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 funding formation of the City of Union, South Carolina as of June 30, 2025 and the respective changes in the financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year 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.

Members
American Institute of Certified Public Accountants
S.C. Association of Certified Public Accountants



Honorable Mayor and Members of City Council
City of Union
January 26, 2026

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 it 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 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, and the required supplementary information, as listed in the table of contents, be presented to supplement that basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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

Honorable Mayor and Members of City Council
City of Union
January 26, 2026

consisted of inquires 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 and Other Information

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the City of Union, South Carolina's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, supplemental schedules, and statistical section are presented for the purpose of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or 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 information is fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory and the statistical sections have not been subjected to the auditing procedures applies in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2026 on our consideration of City of Union 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 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. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

McKinley, Cooper & Co., LLC

Greenville, South Carolina
January 26, 2026

CITY OF UNION, SOUTH CAROLINA

Management's Discussion and Analysis

As management of the City of Union, we offer readers of the City of Union's financial statements this narrative overview and analysis of the financial activities of the City of Union 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 our letter of transmittal, which can be found as listed in the table of contents.

Financial Highlights

- The assets and deferred outflows of resources of the City of Union exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$115,910,442 (*net position*). Of this amount, \$25,696,275 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$7,209,680 during the current fiscal year due to increases as follows:
 - decrease in net position – governmental activities: \$688,120
 - increase in net position – business-type activities: \$7,897,800
- The unrestricted net positions are as follows:
 - governmental activities: \$2,996,677
 - business-type activities: \$22,699,598
- As of the close of the current fiscal year, the City of Union's governmental funds reported combined ending fund balance of \$13,701,415, a decrease of \$164,518 from the prior year. Approximately 50 percent of this total amount, \$8,013,336 is *available for spending* at the government's discretion (*unassigned general fund balance*). The remaining governmental fund balance of \$5,688,079 is detailed in notes to financial statements.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,013,336 or 113 percent of the total general fund expenditures.
- The City of Union had \$4,428,429 in bonds, notes and financed purchases outstanding versus \$5,130,946 the previous year. This represents a decrease of \$702,517 from the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Union's basic financial statements. The City of Union's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to 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 of Union's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported 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 of the government-wide financial statements distinguish functions of the City of Union that are 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 of Union include general government, public safety, tax and license, public service, and planning. The business-type activities of the City of Union include electric, water, sewer, gas, and solid waste.

The government-wide financial statements can be found as listed in the table of contents.

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, 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 of Union maintains nine individual governmental funds. 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 the general fund and economic development fund, both of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Union adopts an annual appropriated budget for its General Fund and Local Hospitality and Accommodations Fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found as listed in table of contents.

Proprietary funds. The City of Union maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide statements. The City of Union uses enterprise funds to account for its electric, water, sewer and gas as a combined utility, and a solid waste management fund.

Proprietary funds provide the same types of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water, sewer, gas (combined utility), and solid waste operations, all of which are considered to be major funds of the City of Union.

The basic proprietary fund financial statements can be found as listed in table of contents.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Union's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found as listed in table of contents.

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

Other information. In addition to the basic financial statements and accompanying notes, the report also presents certain required supplementary information concerning the City of Union's variances in budget to actual revenues and expenditures for the General Fund and The Hospitality and Accommodations Tax Fund. Required supplementary information can be found as listed in the table of contents.

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 as listed in table of contents.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Union, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$115,910,442 at the close of the most recent fiscal year. By far the largest portion of the City of Union's net position (72%) reflects its investment in capital assets (e.g. land, building, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Union uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Union's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Union's Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 14,769,661	\$ 14,912,688	\$ 35,747,315	\$ 33,266,047	\$ 50,516,976	\$ 48,178,735
Capital assets	6,243,214	6,644,240	82,626,222	76,218,987	88,869,436	82,863,227
Total assets	21,012,875	21,556,928	118,373,537	109,485,034	139,386,412	131,041,962
Deferred outflows of resources	1,264,263	1,000,128	1,405,671	1,134,583	2,667,934	2,134,711
Current liabilities	423,671	429,582	3,828,890	2,890,345	4,252,561	3,319,927
Noncurrent liabilities	5,498,193	6,418,107	12,484,190	13,690,534	17,982,383	20,108,641
Total liabilities	5,921,864	6,847,689	16,313,080	16,580,879	22,234,944	23,428,568
Deferred inflows of resources	1,883,746	549,719	2,025,214	497,624	3,908,960	1,047,343
Net position						
Invested in capital assets net of related debt	5,803,679	6,010,284	78,637,329	71,721,997	84,441,008	77,732,281
Restricted	5,671,172	5,759,239	101,987	77,997	5,773,159	5,837,236
Unrestricted	2,996,677	3,390,125	22,699,598	21,741,120	25,696,275	25,131,245
Total net position	\$ 14,471,528	\$ 15,159,648	\$ 101,438,914	\$ 93,541,114	\$ 115,910,442	\$ 108,700,762

A portion of the City of Union's net position (5.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$25,696,275 may be used to meet the government's ongoing obligations to its citizens and creditors.

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

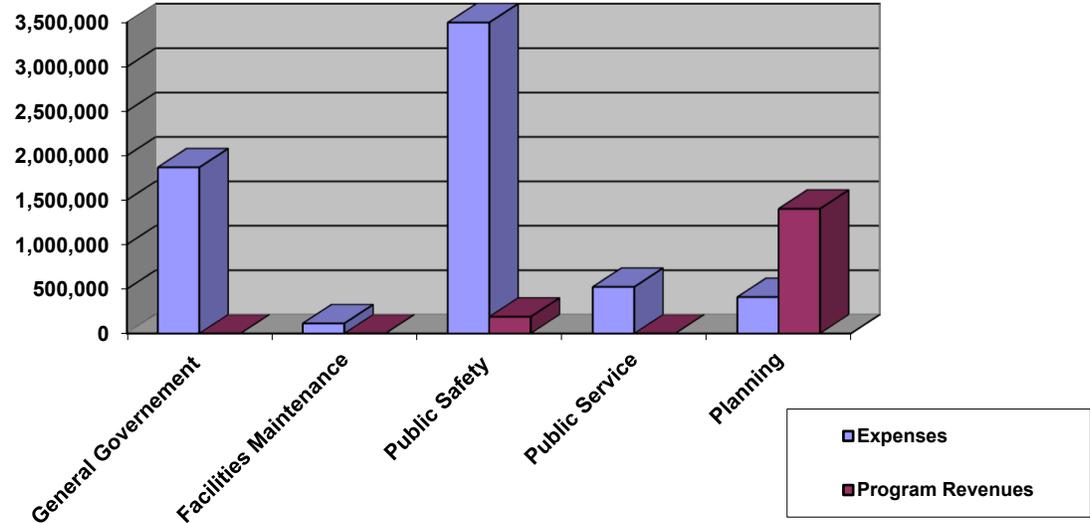
The City of Union's overall net position increased \$7,209,680 from the prior fiscal year. The reason for this overall increase is discussed in the following sections for governmental activities and business-type activities.

Governmental activities. During the current fiscal year, net position for governmental activities decreased \$688,120 from the prior fiscal year ending balance of \$15,159,648. The increase in the overall net position of governmental activities is the result of an increase in revenues from the following sources: licenses/permits/fees, local hospitality/accommodations, and property taxes.

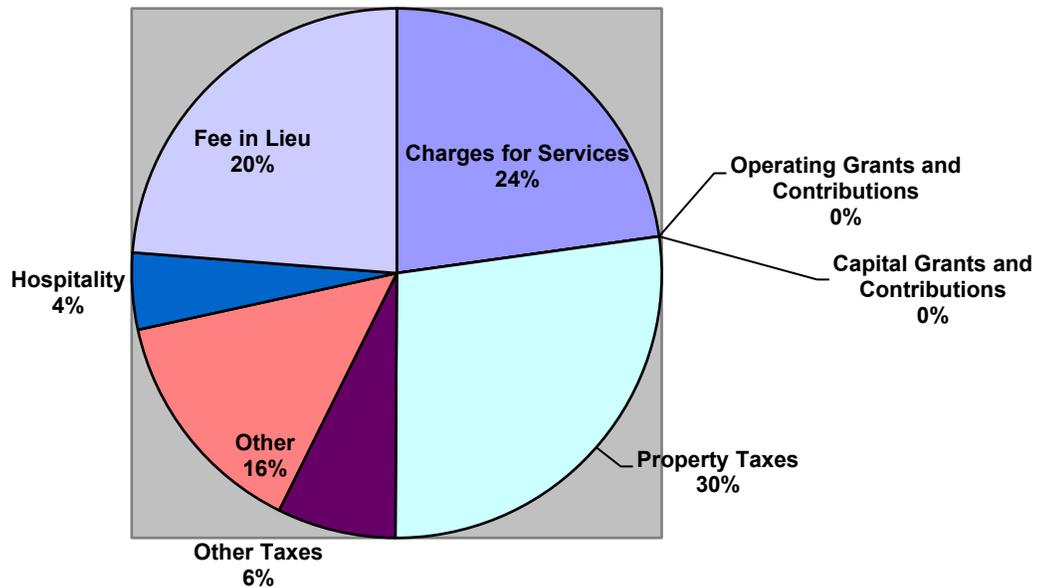
City of Union Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues						
Charges for services	\$ 2,071,766	\$ 1,652,093	\$ 34,671,825	\$ 33,514,409	\$ 36,743,591	\$ 35,166,502
Capital grants and contributions	-	-	5,998,849	4,323,700	5,998,849	4,323,700
General Revenues						
Property taxes	2,624,156	2,297,640	-	-	2,624,156	2,297,640
Other taxes and fees	3,816,952	3,680,347	-	-	3,816,952	3,680,347
Other	273,978	340,233	2,217,882	1,866,979	2,491,860	2,207,212
Total revenues	8,786,852	7,970,313	42,888,556	39,705,088	51,675,408	47,675,401
Expenses						
General government	3,600,564	2,542,926	-	-	3,600,564	2,542,926
Maintenance	214,583	145,348	-	-	214,583	145,348
Public safety	4,422,794	3,433,722	-	-	4,422,794	3,433,722
Public service	810,608	661,724	-	-	810,608	661,724
Planning	414,275	316,989	-	-	414,275	316,989
Combined Utilities	-	-	33,825,305	30,497,857	33,825,305	30,497,857
Solid Waste Management	-	-	1,073,895	735,207	1,073,895	735,207
Interest expense	12,148	17,464	91,556	102,709	103,704	120,173
Total expenses	9,474,972	7,118,173	34,990,756	31,335,773	44,465,728	38,453,946
Increase in net position	(688,120)	852,140	7,897,800	8,369,315	7,209,680	9,221,455
Net position - beginning	15,159,648	14,307,508	93,541,114	85,171,799	108,700,762	99,479,307
Net position - ending	\$ 14,471,528	\$ 15,159,648	\$ 101,438,914	\$ 93,541,114	\$ 115,910,442	\$ 108,700,762

Expenses and Program Revenues- Governmental Activities



Revenue By Source - Governmental Activities



Business-type Activities. For the City of Union’s business-type activities, the results for the current fiscal year were positive in that the overall net position increased to reach an ending balance of \$101,438,914. The total increase in net position for business-type activities (electric, water, wastewater, natural gas and solid waste) was \$7,897,800 or 8% from the prior fiscal year net position balance of \$93,541,114.

. Key elements of this increase are as follows:

Electric sales decreased by 6,704,343 kWh from the prior year. The City’s kWh sales for FY 2025 were 121,371,844 kWh, compared to sales of 128,076,187 kWh for FY 2024. The cost of street light usage estimated at 2,524,860 kWh or \$265,110 is absorbed by the utility. The street light usage is not included in the total sales referred to above. However, total electric revenue increased by \$154,204.

Water sales increased by 22,692,300 gallons over FY 2024. This increase is mainly due to increased industrial usage. Industrial usage increased by 32,503,000 gallons from the prior year, with an increase in water district sales. All water districts are under contract.

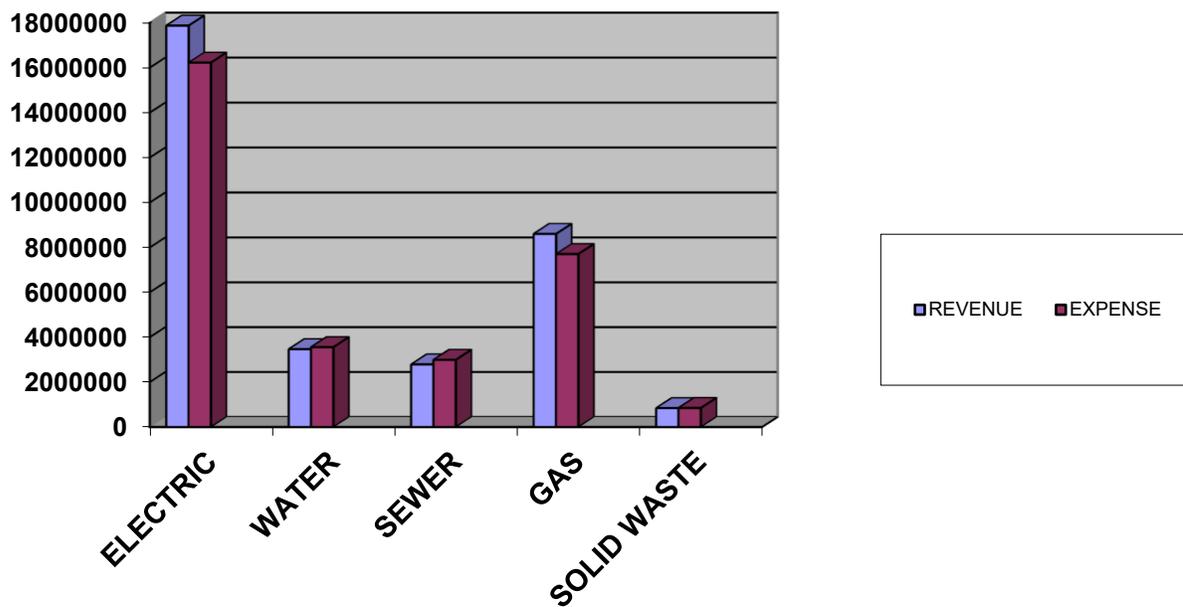
Wastewater discharged into our wastewater treatment plants decreased by 11,195,819 gallons from the prior year. Industrial discharge decreased by 6,528,000 gallons under FY 2024, and commercial decreased by 4,640,000 gallons. Residential discharge decreased by 27,000 gallons. The City continues to accept waste products being trucked in to our plants from septic tanks and landfills.

Natural gas sales volume increased by 97,077 (ccf) hundred cubic feet compared to the prior year. The City experienced an increase in the industrial rate class. Revenue compared to the prior year increased by \$783,453. The cost of natural gas purchases increased by \$788,681 from FY 2024.

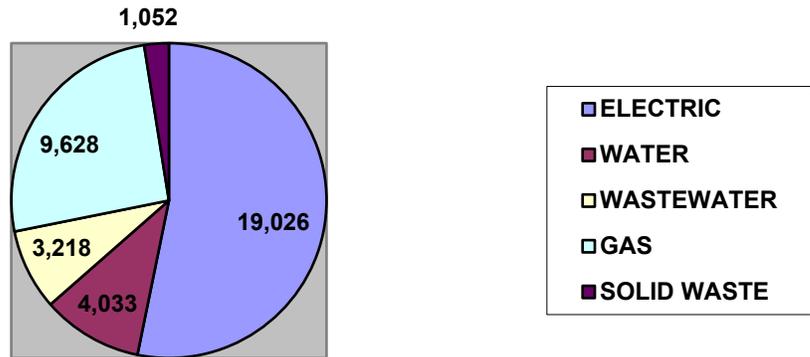
Solid Waste Management charges for services were set at \$20.00 per month.

There were capital contributions to the Combined Utility during the current year totaling \$5,998,849.

Expenses and Program Revenues - Business Activities



Revenues by Source - Business-type Activities (Dollars in thousands)



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of Union's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Union'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 City of Union itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Union's Council.

As of the end of the current fiscal year, the City of Union's governmental funds reported combined ending fund balance of \$13,701,415 a decrease of \$164,518 from the prior year. Approximately 58 percent of this total amount, \$8,013,336, constitutes *unassigned general fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is (1) not in spendable form \$5,330,699, or (2) restricted for particular purposes \$340,473. A breakdown of governmental fund balance types are listed in the notes to financial statements.

The general fund is the chief operating fund of the City of Union. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,013,336. 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 113 percent of total general fund expenditures.

The City of Union's General Fund fund balance increased by \$1,005,351. Revenue was over budget by \$744,624. The fee in lieu (transfer) continues to be a major revenue source for the City's General Fund and is based on sales from the enterprise funds, combined utilities and solid waste management. Payments in lieu of taxes transfer from the enterprise funds totaled \$1,730,870 for the current year compared to \$1,781,511 during the prior year. This revenue is based on the operating revenue of the City's enterprise funds from the prior year. Other General Fund revenues remained stable or increased. Effective May 1, 2017, the Local Option Sales Tax began for Union. It was projected the City of Union's revenue would increase by approximately \$250,000, due to additional 1 cent tax on certain purchases within the County. Expenditures were under budget in the amount of \$868,475. Council's philosophy has always been to prepare a budget that addresses the needs of the citizens of the City of Union.

Proprietary fund. The City of Union'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 electric, water, sewer, gas (combined utility), and solid waste management operations at the end of the year amounted to \$22,699,598. The total increase in the unrestricted net position was \$958,478. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Union's business-type activities.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there was no need for any significant amendments to increase the original estimated revenues or original budgeted appropriations.

Capital Assets and Debt Administration

Capital assets. The City of Union's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to \$88,869,436 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements other than buildings, and machinery and equipment. Total investment in capital assets increased approximately 7%.

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 1,786,412	\$ 1,786,412	\$ 319,845	\$ 319,845	\$ 2,106,257	\$ 2,106,257
Construction in progress	-	-	6,131,034	5,664,992	6,131,034	5,664,992
Infrastructure	54,924	70,802	-	-	54,924	70,802
Buildings	2,136,581	2,221,425	677,204	723,890	2,813,785	2,945,315
Improvements other than buildings	257,842	273,604	73,210,985	67,433,619	73,468,827	67,707,223
Machinery, equipment, and vehicles	2,007,455	2,291,997	2,287,154	2,076,641	4,294,609	4,368,638
Total	\$ 6,243,214	\$ 6,644,240	\$ 82,626,222	\$ 76,218,987	\$ 88,869,436	\$ 82,863,227

Additional information on the City of Union’s capital assets can be found in note 3.C of the notes to the financial statements.

Long-term debt. At the end of the current fiscal year, the City of Union had total bonded debt outstanding of \$3,988,894. Of this amount, \$0 comprises debt backed by the full faith and credit of the government. The remainder of the City of Union’s debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Governmental Activities					
Financed purchases	\$ 633,956	\$ -	\$ 194,421	\$ 439,535	\$ 197,742
Total	<u>633,956</u>	<u>-</u>	<u>194,421</u>	<u>439,535</u>	<u>197,742</u>
Business-type Activities					
Bonds and notes payable	4,496,990	-	508,096	3,988,894	518,804
Total	<u>4,496,990</u>	<u>-</u>	<u>508,096</u>	<u>3,988,894</u>	<u>518,804</u>
Total leases, bonds and notes outstanding	<u>\$ 5,130,946</u>	<u>\$ -</u>	<u>\$ 702,517</u>	<u>\$ 4,428,429</u>	<u>\$ 716,546</u>

The City of Union had \$4,428,429 in bonds, notes and financed purchases versus \$5,130,946 last year, a decrease of \$702,517.

State statutes limit the amount of general obligation debt a governmental entity may issue, without a referendum, to 8 percent of its total assessed valuation. The current debt limitation for the City of Union is approximately \$1,497,250, which is significantly in excess of the City of Union’s outstanding general obligation debt.

Other long-term liabilities include net pension liability of \$11,348,882 as of June 30, 2025. See notes to the financial statements 3.E.

Economic Factors and Next Year’s Budgets and Rates

These factors, and others, were considered in the preparation of the City of Union’s budget for the 2025-26 fiscal year.

The unemployment rate for the Union County is currently 6.4%. In comparison, the state’s unemployment rate is 6.87%, and the national rate is 4.4%.

During the current fiscal year, unassigned fund balance in the General Fund increased by \$1,005,351 to \$8,013,336. The City of Union has appropriated \$8,810,660 for spending in the 2025-26 fiscal year budget. The General Fund proposed FY 2025/2026 budget includes a tax millage of 101.2 mills. It will include additional revenue generated by a \$10.00 disposal fee included on each tax notice. However, the General Fund, again this year, will rely on prior year fund balance to present a balanced budget.

The City continues to see pressure from wholesale rates in electricity; natural gas wholesale rates have been stable, but are anticipated to increase in 2025-2026. Mandates from State and Federal Agencies continue to pressure all utilities with increased cost to comply with regulations. Electric rates will increase by 3%, and the PPAC (Purchase Power Adjustment Clause) will not be a factor in computing electric rates in 2025-2026, despite our billing arrangements with Lockhart Power and Piedmont Municipal Power Agency. The natural gas rates will remain the same, but the purchase gas adjustment (PGA) will continue to true-up the cost of gas from suppliers. Water and wastewater rates will increase by 5% for FY 2025-26 for all rate classes.

The COVID-19 pandemic has been, and will continue to be, an ongoing pressure on the City as a whole. Utility sales, specifically natural gas sales, have decreased significantly, as many industrial users are not operating at full capacity. Electric and water sales have also been drastically affected by commercial and industrial decreases in usage. Special budgetary consideration will be ongoing as the City prepares for the future.

Requests for Information

This financial report is designed to provide a general overview of the City of Union's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Union, PO Box 987, Union, South Carolina, 29379.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF UNION, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 6,295,470	\$ 438,933	\$ 6,734,403
Investments	2,342,340	30,514,374	32,856,714
Receivables (net of allowance for credit losses)	2,871,627	3,145,287	6,016,914
Due from other funds	532,275	144,966	677,241
Interest receivable	-	72,092	72,092
Inventories	-	1,321,694	1,321,694
Deposits	-	310	310
Capital asset held for resale	2,727,949	-	2,727,949
Restricted assets			
Cash	-	2,500	2,500
Investments	-	99,487	99,487
Intergovernmental receivable	-	7,672	7,672
Capital assets not being depreciated			
Land and construction in progress	1,786,412	6,450,879	8,237,291
Capital assets being depreciated net of accumulated depreciation			
Buildings and system	2,136,581	677,204	2,813,785
Improvements other than buildings	257,842	73,210,985	73,468,827
Machinery and equipment	2,007,455	2,287,154	4,294,609
Infrastructure	54,924	-	54,924
Total Assets	<u>21,012,875</u>	<u>118,373,537</u>	<u>139,386,412</u>
Deferred Outflows of Resources			
Deferred outflows related to OPEB	219,473	273,724	493,197
Deferred outflows related to pensions	1,044,790	1,129,947	2,174,737
Total Deferred Outflows of Resources	<u>1,264,263</u>	<u>1,403,671</u>	<u>2,667,934</u>
Liabilities			
Accounts payable and other current liabilities	423,671	3,151,648	3,575,319
Due to other funds	-	677,242	677,242
Noncurrent liabilities:			
Net pension liability	4,537,267	6,811,615	11,348,882
Total OPEB liability	418,613	522,090	940,703
Long-term obligations- due within one year	197,742	518,804	716,546
Long-term obligations- due in more than one year	344,571	4,631,681	4,976,252
Total Liabilities	<u>5,921,864</u>	<u>16,313,080</u>	<u>22,234,944</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	776,045	642,687	1,418,732
Deferred inflows related to OPEB	1,107,701	1,382,527	2,490,228
Total Deferred Inflows of Resources	<u>1,883,746</u>	<u>2,025,214</u>	<u>3,908,960</u>
Net Position			
Net investment in capital assets	5,803,679	78,637,329	84,441,008
Restricted for:			
Capital improvements	53,564	2,500	56,064
Community assistance	275,262	-	275,262
Economic development	5,330,699	-	5,330,699
Debt service	-	99,487	99,487
Public safety	11,647	-	11,647
Unrestricted	2,996,677	22,699,598	25,696,275
Total Net Position	<u>\$ 14,471,528</u>	<u>\$ 101,438,914</u>	<u>\$ 115,910,442</u>

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

CITY OF UNION, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Business-type Activities
Governmental Activities							
General government	\$ 3,600,564	\$ -	\$ -	\$ -	\$ (3,600,564)	\$ -	\$ (3,600,564)
Facilities maintenance	214,583	-	-	-	(214,583)	-	(214,583)
Public safety	4,422,794	66,245	-	-	(4,356,549)	-	(4,356,549)
Public service	810,608	-	-	-	(810,608)	-	(810,608)
Planning	414,275	2,005,521	-	-	1,591,246	-	1,591,246
Interest	12,148	-	-	-	(12,148)	-	(12,148)
Total Governmental Activities	<u>9,474,972</u>	<u>2,071,766</u>	<u>-</u>	<u>-</u>	<u>(7,403,206)</u>	<u>-</u>	<u>(7,403,206)</u>
Business-type Activities							
Solid waste management	1,073,895	1,051,590	-	-	-	(22,305)	(22,305)
Utility system	33,916,861	33,620,235	-	5,998,849	-	5,702,223	5,702,223
Total Business-type Activities	<u>34,990,756</u>	<u>34,671,825</u>	<u>-</u>	<u>5,998,849</u>	<u>-</u>	<u>5,679,918</u>	<u>5,679,918</u>
Total Primary Government	<u>\$ 44,465,728</u>	<u>\$ 36,743,591</u>	<u>\$ -</u>	<u>\$ 5,998,849</u>	<u>(7,403,206)</u>	<u>5,679,918</u>	<u>(1,723,288)</u>
General Revenues							
Taxes							
Property taxes, levied for general purposes					2,624,156	-	2,624,156
Fee in lieu of property taxes					1,730,870	-	1,730,870
Local hospitality and accommodations fee					385,341	-	385,341
Other taxes					571,644	-	571,644
Intergovernmental revenue not restricted to specific programs					1,129,097	-	1,129,097
Unrestricted investment earnings					4,389	1,186,846	1,191,235
Miscellaneous					294,589	1,006,036	1,300,625
Transfers					(25,000)	25,000	-
Total General Revenues and Transfers					<u>6,715,086</u>	<u>2,217,882</u>	<u>8,932,968</u>
Change in Net Position					(688,120)	7,897,800	7,209,680
Net Position, beginning					15,159,648	93,541,114	108,700,762
Net Position, ending					<u>\$ 14,471,528</u>	<u>\$ 101,438,914</u>	<u>\$ 115,910,442</u>

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

FUND FINANCIAL STATEMENTS

CITY OF UNION, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Economic Development	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 5,130,367	\$ 792,073	\$ 373,030	\$ 6,295,470
Investments	2,342,340	-	-	2,342,340
Receivables	1,057,171	1,814,456	-	2,871,627
Due from other funds	521,514	-	561	522,075
Capital asset held for resale	-	2,727,949	-	2,727,949
Total Assets	\$ 9,051,392	\$ 5,334,478	\$ 373,591	\$ 14,759,461
Liabilities				
Accounts payable	\$ 407,460	\$ -	\$ 16,211	\$ 423,671
Due to other funds	(13,980)	3,779	-	(10,201)
Total Liabilities	393,480	3,779	16,211	413,470
Deferred Inflows of Resources				
License fees collected in advance	572,982	-	-	572,982
Unearned tax revenue	71,594	-	-	71,594
Total Deferred Inflows of Resources	644,576	-	-	644,576
Fund Balances				
Nonspendable	-	5,330,699	-	5,330,699
Restricted	-	-	340,473	340,473
Unassigned	8,013,336	-	16,907	8,030,243
Total Fund Balances	8,013,336	5,330,699	357,380	13,701,415
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,051,392	\$ 5,334,478	\$ 373,591	\$ 14,759,461

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

CITY OF UNION, SOUTH CAROLINA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE
SHEET WITH THE STATEMENT OF NET POSITION
JUNE 30, 2025

Fund Balance - Governmental Funds \$ 13,701,415

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.

The cost of capital assets is	12,751,196	
Accumulated depreciation is	6,507,982	6,243,214

Certain assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. These assets are reported in the governmental activities of the Statement of Net Position, thus increasing the net assets.

Deferred inflows of resources - Unearned property taxes	71,594	
- Licenses collected in advance	572,981	644,575

Long-term liabilities, such as bonds payable, notes payable, leases payable, net pension liability, and long-term compensated absences are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of net position. The reporting of these liabilities reduces the net assets of the governmental activities in the statement of net position.

OPEB obligation	(418,613)	
Lease obligations	(439,535)	
Compensated absences	(102,778)	
Net pension liability	(4,537,267)	(5,498,193)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	1,044,790	
Deferred outflows of resources related to OPEB	219,473	
Deferred inflows of resources related to pensions	(776,045)	
Deferred inflows of resources related to OPEB	(1,107,701)	(619,483)

Total Net Position - Governmental Activities **\$ 14,471,528**

CITY OF UNION, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	<u>General</u>	<u>Economic Development</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes and penalties	\$ 2,543,633	\$ -	\$ 80,523	\$ 2,624,156
Payment in lieu of taxes	1,730,870	-	-	1,730,870
Local hospitality and accommodations tax	-	-	385,341	385,341
Licenses, permits, and fees	2,005,521	-	-	2,005,521
Fines and forfeitures	66,245	-	-	66,245
Intergovernmental revenues/grants/contributions	1,129,097	-	-	1,129,097
State collected revenues	571,644	-	-	571,644
Investment earnings	4,208	-	181	4,389
Miscellaneous revenues	37,406	165,000	76,081	278,487
	<u>8,088,624</u>	<u>165,000</u>	<u>542,126</u>	<u>8,795,750</u>
Expenditures				
Current				
General government	1,595,027	18,779	1,820,535	3,434,341
Facilities maintenance	214,583	-	-	214,583
Public safety	3,896,489	-	37,681	3,934,170
Public service	716,716	-	-	716,716
Planning	397,818	-	-	397,818
Capital outlay				
Public safety	47,173	-	-	47,173
Debt service				
Public safety	206,569	-	-	206,569
	<u>7,074,375</u>	<u>18,779</u>	<u>1,858,216</u>	<u>8,951,370</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	1,014,249	146,221	(1,316,090)	(155,620)
OTHER FINANCING SOURCES (USES)				
Transfers out	(25,000)	-	-	(25,000)
Insurance proceeds	16,102	-	-	16,102
	<u>1,005,351</u>	<u>146,221</u>	<u>(1,316,090)</u>	<u>(164,518)</u>
Net Change in Fund Balances	1,005,351	146,221	(1,316,090)	(164,518)
Fund Balances, beginning of year	<u>7,007,985</u>	<u>5,184,478</u>	<u>1,673,470</u>	<u>13,865,933</u>
Fund Balances, end of year	<u>\$ 8,013,336</u>	<u>\$ 5,330,699</u>	<u>\$ 357,380</u>	<u>\$ 13,701,415</u>

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

CITY OF UNION, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances - Total Governmental Funds \$ (164,518)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over the estimated useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which depreciation exceeded capital outlays in the period.

Depreciation expense	(448,199)	
Capital outlay	47,173	(401,026)

Governmental funds report the issuance of long-term debt (e.g., bond proceeds and lease issuances) as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability.

Governmental funds report repayment of debt principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.

Repayment of long-term debt		194,421
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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. This is the (increase) decrease in liability for these expenses.

Compensated absences		(8,565)
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Changes in the net OPEB liability, deferred outflows of resources, and deferred inflows of resources for the current year for the City of Union OPEB Plan are not reported in the governmental funds but are reported in the Statement of Activities. This difference is the (increase) in benefits expense related to the OPEB Plan.

(682,556)

Changes in the proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year for its participation in the State retirement plans are not reported in the governmental funds but are reported in the Statement of Activities. This difference is the decrease in retirement expense related to the net pension liability.

374,124

Change in Net Position of Governmental Activities \$ (688,120)

CITY OF UNION, SOUTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Property taxes and penalties	\$ 2,373,070	\$ 2,373,070	\$ 2,543,633	\$ 170,563
Payment in lieu of taxes	1,775,570	1,775,570	1,730,870	(44,700)
Licenses, permits and fees	1,471,200	1,471,200	2,005,521	534,321
Fines and forfeitures	54,500	54,500	66,245	11,745
Intergovernmental revenues/grants/contribution	1,097,400	1,097,400	1,129,097	31,697
State collected revenues	503,060	503,060	571,644	68,584
Investment earnings	4,200	4,200	4,208	8
Miscellaneous revenues	65,000	65,000	37,406	(27,594)
Total Revenues	<u>7,344,000</u>	<u>7,344,000</u>	<u>8,088,624</u>	<u>744,624</u>
Expenditures				
Current				
General government	1,605,440	1,605,440	1,595,027	10,413
Facilities maintenance	257,000	257,000	214,583	42,417
Public safety	4,623,530	4,623,530	3,896,489	727,041
Public service	730,140	730,140	716,716	13,424
Planning	465,670	465,670	397,818	67,852
Capital outlay				
Public safety	54,480	54,480	47,173	7,307
Debt service				
Public safety	206,590	206,590	206,569	21
Total Expenditures	<u>7,942,850</u>	<u>7,942,850</u>	<u>7,074,375</u>	<u>868,475</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(598,850)	(598,850)	1,014,249	1,613,099
Other Financing Sources (Uses)				
Transfers out	-	-	(25,000)	(25,000)
Insurance proceeds	-	-	16,102	16,102
Net Change in Fund Balances	(598,850)	(598,850)	1,005,351	1,604,201
Fund Balances, beginning	<u>7,007,985</u>	<u>7,007,985</u>	<u>7,007,985</u>	<u>-</u>
Fund Balances, ending	<u><u>\$ 6,409,135</u></u>	<u><u>\$ 6,409,135</u></u>	<u><u>\$ 8,013,336</u></u>	<u><u>\$ 1,604,201</u></u>

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

CITY OF UNION, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Combined Utility	Solid Waste Management	Total Proprietary Funds
Assets			
Current Assets			
Cash and cash equivalents	\$ 141,303	\$ 297,630	\$ 438,933
Investments	30,514,374	-	30,514,374
Interest receivable	72,092	-	72,092
Receivables (net of allowance for credit losses)	3,048,765	96,522	3,145,287
Due to/from other funds	143,502	1,464	144,966
Inventories	1,321,694	-	1,321,694
Total current assets	35,241,730	395,616	35,637,346
Noncurrent Assets			
Deposits	310	-	310
Restricted cash, cash equivalents, and investments			
Cash	2,500	-	2,500
Investments	99,487	-	99,487
Intergovernmental receivables	7,672	-	7,672
Capital assets			
Land and construction in progress	6,450,109	770	6,450,879
Buildings	1,785,705	457,490	2,243,195
Improvements other than buildings	142,212,906	-	142,212,906
Machinery and equipment	7,182,965	1,949,915	9,132,880
Less accumulated depreciation	(75,849,355)	(1,564,383)	(77,413,738)
Total capital assets (net of accumulated depreciation)	81,782,330	843,892	82,626,222
Total noncurrent assets	81,892,299	843,892	82,736,191
Total Assets	117,134,029	1,239,508	118,373,537
Deferred Outflows of Resources			
Deferred outflows related to pensions	1,038,309	91,638	1,129,947
Deferred outflows related to OPEB	254,563	19,161	273,724
Total Deferred Outflows of Resources	1,292,872	110,799	1,403,671
Liabilities			
Current Liabilities			
Accounts payable	3,135,433	16,215	3,151,648
Due to other funds	492,786	184,456	677,242
Total current liabilities	3,628,219	200,671	3,828,890
Current Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	518,804	-	518,804
Accrued interest payable	25,410	-	25,410
Total current liabilities payable from restricted assets	544,214	-	544,214
Noncurrent Liabilities			
Deferred revenues	2,166	-	2,166
Intergovernmental payable	2,698	-	2,698
Security deposits	313,128	-	313,128
Accrued compensated absences	813,872	4,318	818,190
Revenue bonds payable	3,470,089	-	3,470,089
Total OPEB liability	485,544	36,546	522,090
Net pension liability	6,259,195	552,420	6,811,615
Total noncurrent liabilities	11,346,692	593,284	11,939,976
Total Liabilities	15,519,125	793,955	16,313,080
Deferred Inflows of Resources			
Deferred inflows related to pensions	590,565	52,122	642,687
Deferred inflows related to OPEB	1,285,820	96,707	1,382,527
Total Deferred Inflows of Resources	1,876,385	148,829	2,025,214
Net Position			
Net investment in capital assets	77,793,437	843,892	78,637,329
Restricted for debt service	99,487	-	99,487
Restricted for capital improvements	2,500	-	2,500
Unrestricted	23,135,967	(436,369)	22,699,598
Total Net Position	\$ 101,031,391	\$ 407,523	\$ 101,438,914

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

CITY OF UNION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Enterprise Funds		
	Business-type Activities		
	Combined Utility	Solid Waste Management	Total
Operating revenues			
Sales	\$ 30,977,860	\$ -	\$ 30,977,860
Sewer charges	2,642,375	-	2,642,375
Collection fees	-	1,051,360	1,051,360
Other revenues	406,670	230	406,900
Total operating revenues	<u>34,026,905</u>	<u>1,051,590</u>	<u>35,078,495</u>
Operating expenses			
Purchased power and natural gas	18,718,517	-	18,718,517
System operations	10,691,492	930,385	11,621,877
Payments in lieu of franchise fee	1,637,436	45,780	1,683,216
Depreciation and amortization	2,869,416	97,730	2,967,146
Total operating expenses	<u>33,916,861</u>	<u>1,073,895</u>	<u>34,990,756</u>
Operating income	<u>110,044</u>	<u>(22,305)</u>	<u>87,739</u>
Nonoperating revenues (expenses)			
Investment earnings	1,186,757	89	1,186,846
Other	690,922	-	690,922
Interest expense	(88,708)	(2,848)	(91,556)
Total nonoperating revenues (expenses)	<u>1,788,971</u>	<u>(2,759)</u>	<u>1,786,212</u>
Income before contributions and transfers	<u>1,899,015</u>	<u>(25,064)</u>	<u>1,873,951</u>
Contributions and transfers			
Capital contributions	5,998,849	-	5,998,849
Transfers in	-	25,000	25,000
Total contributions and transfers	<u>5,998,849</u>	<u>25,000</u>	<u>6,023,849</u>
Changes in net position	<u>7,897,864</u>	<u>(64)</u>	<u>7,897,800</u>
Total net position, beginning	<u>93,133,527</u>	<u>407,587</u>	<u>93,541,114</u>
Total net position, ending	<u>\$ 101,031,391</u>	<u>\$ 407,523</u>	<u>\$ 101,438,914</u>

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

CITY OF UNION, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2025

	Combined Utility	Solid Waste Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 30,977,860	\$ 1,051,360	\$ 32,029,220
Payments for electricity and gas for resale	(18,718,517)	-	(18,718,517)
Payments in lieu of franchise fee	(1,637,436)	(45,780)	(1,683,216)
Payments to suppliers	(514,761)	(432,128)	(946,889)
Payments to employees and related benefit providers	(5,298,076)	(286,874)	(5,584,950)
Net cash provided by operating activities	4,809,070	286,578	5,095,648
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions and grants	5,998,849	-	5,998,849
Construction and purchase of fixed assets	(9,260,720)	(113,661)	(9,374,381)
Principal paid on capital debt	(508,096)	-	(508,096)
Interest paid on capital debt	(88,708)	(2,848)	(91,556)
Nonoperating income/(expense)	(690,922)	-	(690,922)
Transfers in	-	25,000	25,000
Net cash (used) by capital and related financing activities	(4,549,597)	(91,509)	(4,641,106)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments, net	(1,526,749)	-	(1,526,749)
Interest income received	1,186,757	89	1,186,846
Net cash provided (used) by investing activities	(339,992)	89	(339,903)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(80,519)	195,158	114,639
CASH, beginning of year	224,322	102,472	326,794
CASH, end of year	\$ 143,803	\$ 297,630	\$ 441,433
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income	\$ 110,044	\$ (22,305)	\$ 87,739
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation and amortization expense	2,869,416	97,730	2,967,146
(Increase) decrease in accounts receivable	(313,379)	158,171	(155,208)
(Increase) decrease in inventories	(105,511)	-	(105,511)
(Increase) decrease in prepaid expenses	986,395	-	986,395
Increase (decrease) in accounts payable and accrued expenses	769,969	20,332	790,301
Increase (decrease) in OPEB liability and deferred resources	824,485	61,982	886,467
Increase (decrease) in net pension liability and deferred resources	(332,349)	(29,332)	(361,681)
Total adjustments	4,699,026	308,883	5,007,909
Net cash provided by operating activities	\$ 4,809,070	\$ 286,578	\$ 5,095,648

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

CITY OF UNION, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUND
JUNE 30, 2025

	Police Seizure Fund
ASSETS	
Cash and cash equivalents	\$ 58,620
One from/to general fund	2,267
Total assets	\$ 60,887
LIABILITIES	
Accounts payable	\$ 60,887
Total liabilities	\$ 60,887

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

**CITY OF UNION, SOUTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUND
YEAR ENDED JUNE 30, 2025**

ADDITIONS	\$	2,292
Miscellaneous		
DEDUCTIONS		
Miscellaneous		2,292
CHANGE IN NET POSITION		-
NET POSITION, beginning of year		-
NET POSITION, end of year	\$	-

CITY OF UNION, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Union, South Carolina (the “City”) is a municipal corporation incorporated in 1837. The City is located in the north central area of South Carolina and serves a population of approximately 8,393. The City is governed by an elected mayor and six-member council. The City operates under the mayor-council form of government. The financial statements of the City conform to generally accepted accounting principles (GAAP) as applicable 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

The accompanying financial statements include all City funds and governmental functions. The primary criterion for determining inclusion or exclusion of a legally separate entity as a component unit within the City’s reporting entity is financial accountability, which is presumed to exist if the City both appoints a voting majority of the entity’s governing body, and either 1) the City is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on, the City. Finally, an entity could be a component unit if excluding it would cause the City’s financial statements to be misleading or incomplete. Based on these criteria, the City has no component units.

B. Basis of Presentation

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information about the reporting government as a whole. Interfund balances must generally be eliminated in the government-wide financial statements, except for net residual amounts due between governmental activities. Any allocations must reduce the expense of the function from which the expenses are being allocated, so that expenses are reported only once – in the function in which they are allocated. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Likewise, internally dedicated resources are reported as general revenues rather than as program revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Statement 34 is very specific in its definition and provides specifics to allow for determination of "major funds." In brief, major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. The general fund is always a major fund. The economic development fund and the utility enterprise fund are also presented as major funds based upon the definition. The Statement allows presentation of other funds that are of particular importance to also be reported as major funds. The City elects to include the solid waste management fund as a major fund.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Fund financial statements for the primary government's governmental and proprietary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. In the accompanying financial statements, the various funds of the City are grouped into two broad fund categories as follows:

Governmental Funds

Governmental funds are used to account for all or most of a government's general activities. The City maintains General, Special Revenue and Fiduciary funds.

General fund - The General fund is the City's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. Principal sources of revenue are property taxes, licenses and permits, and intergovernmental revenues. Primary expenditures are for general government, public safety, public works, and planning.

Special Revenue fund - The Special Revenue fund is used to account for the proceeds from specific revenue sources (other than funding for major capital projects) that are legally restricted or committed to expenditures for specified purposes. The revenue sources include revenues collected for specific purposes and federal and state grants.

Fiduciary fund – The Fiduciary fund is used to account for resources held for the benefit of parties outside the government because the resources of that fund are not available to support the City’s own programs. The City uses a custodial type fiduciary fund to account for seized assets that are being held for the court system until the cases are adjudicated. The custodial fund consists of a cash account and a corresponding liability account.

Proprietary Funds - Enterprise Funds

Proprietary funds account for activities similar to those found in the private sector. The City has applied all applicable pronouncements issued by the Government Accounting Standards Board (GASB) to these funds.

Proprietary funds are used to account for activities where the determination of net income or loss is necessary or useful to sound financial administration. An enterprise fund is used to account for operations which provide goods or services and recover costs through user charges in a manner similar to private business enterprises. The City maintains one Enterprise fund to account for electric, water, sewer, and natural gas utilities services and another Enterprise fund to account for solid waste management services provided to customers within the City and the surrounding areas. Services are supplied to customers under a rate structure designed to produce revenues sufficient to recover operating expenses, including principal and interest on Enterprise fund debt.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured as either *current financial resources* or *economic resources*. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenditures or expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements.

All governmental funds are accounted for using a *current financial resources measurement focus*. With this measurement focus, only current assets and current liabilities generally are included in the combined balance sheet. The reported fund balance (net current assets) is considered to be a measure of “available spending resources.” Operating statements of these funds present increases and decreases in net current

assets. Accordingly, they are said to present a summary of sources and uses of “available spending resources” during a period. A sixty day period is used to define availability for the purpose of revenue recognition. All Proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included in the combined statement of net position. Proprietary fund-type operating statements present increases and decreases in total net position.

Governmental fund revenues and expenditures are recognized on the *modified accrual basis*. Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e. the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated* and *voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met. The revenues susceptible to accrual include property taxes, franchise fees, licenses, interest revenues, and charges for services. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recognized when the fund liability is incurred, except principal and interest on General Long-term Obligations which are recognized when due or when funds have been made available for payment.

The accrual basis of accounting is utilized by the Proprietary fund. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between the government’s proprietary fund and various other functions of the government. Elimination of these charges would distort the direct cost and program revenue reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 the enterprise fund are charges to customers for sales and services. 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 nonoperating revenues and expenses.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

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

Deposits and Investments

For financial statement purposes, including the statement of cash flows, the government's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments with a maturity of three months or less when purchased.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The respective allowances for uncollectibles are based on management's overall estimate of collectibility using historical collection experience and subsequent collection information.

The City Code provides for the taxation of all real and personal property located within the City's corporate limits on the first day of January. Motor vehicle taxes are billed and collected by Union County and remitted to the City monthly during the year. Other personal and real property taxes are levied by the City in October of each year and become due and payable immediately upon receipt by the taxpayer. Real property taxes are delinquent after January 15 with penalties assessed of 10% if paid after January 15, 12% if paid after January 31, and 15% if paid after February 28. Assessed property is subject to lien one year from the levy date if taxes remain unpaid.

Utility sales revenues are recognized at the time the services are provided. Substantially all customers with balances over 30 days past due are disconnected and considered inactive. Periodically, inactive accounts are reviewed to consider bad debt status. Bad debts are removed from active accounts receivable and expensed; however, customer history is retained for future reference.

Receivables for reimbursements under grants are recognized in the Special Revenue fund when the related reimbursable expenditure is incurred and the revenue is expected to be received within 60 days of yearend.

Inventories and Prepaid Items

Inventories of the Enterprise funds consist of supplies held for consumption and are recorded as expenditures at the time the items are consumed rather than when purchased. All inventories are valued at cost using the first in, first out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain construction bond proceeds, as well as certain resources set aside for their repayment, are classified as restricted assets in the combined balance sheet/statement of net position because their use is limited by applicable debt covenants.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for machinery and equipment and \$100,000 for land, buildings, and improvements other than buildings (amounts not rounded) and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Construction interest is not capitalized in governmental-type funds.

Land and construction in progress are not depreciated. Property, plant, capital lease assets treated as lease-purchases and equipment are depreciated using the straight-line method over the following estimated useful lives:

	<u>Useful Life</u>
Buildings	39 years
Infrastructure	10-40 years
Electric plant in service	40 years
Water plant in service	40 years
Sewer plant in service	40 years
Natural gas plant in service	40 years
Vehicles and equipment	5-10 years

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets; therefore, capital assets are not included in the fund financial statements.

Compensated Absences

Vacation liabilities are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. City employees are permitted to accumulate up to 80 vacation leave days. Vacation benefits are paid when taken, except for any unused portion of vacation leave which is payable to an employee upon termination, retirement, or death. Sick leave benefits are paid when taken.

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets, therefore, compensated absences are not included in the fund financial statements.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Statement No. 65, bond premiums and discounts, as well as issuance costs, are expensed in the year they occur. Deferred charges on refunding are amortized over the life of the bonds.

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

For long-term liabilities, other than debt, related to governmental fund types, the general fund has typically been used in prior years to liquidate such amounts.

Fund Equity Classifications

Equity accounts represent the difference between the assets and the liabilities of a government or a given fund. Resources often come with limitations on how they may be used by the recipient. These purpose restrictions should be reflected in the equity section of the statement of position. In governmental funds, a classification of fund balance would be appropriate for this purpose. In government-wide and proprietary fund financial statements, such amounts would be reflected as part of restricted net position.

Assignments are used to reflect a government's intended use of current available financial resources. The focus on current financial resources is unique to governmental funds. Accordingly, designations should be reported only on the governmental fund balance sheet. There is no equivalent equity assignment that may be used for government-wide financial reporting or for proprietary fund and fiduciary fund financial reporting to reflect the intended use of resources.

Non-spendable fund balances represents the portion of fund balance that is associated with such items as inventories, prepaids, long-term loans and notes receivable, and property available for resale (unless the proceeds of the sale are restricted, committed or assigned) and is not available for appropriation or expenditure at the balance sheet date.

Restricted fund balances have constraints placed on the use of resources from either external creditors or imposed by law through constitutional provision or enabling legislation.

Committed fund balances can only be used for specific pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned fund balances are constrained by the government's intent to be used for specific purpose but are neither restricted nor committed. Unassigned fund balances have not been assigned to other funds and have not been restricted, committed, or assigned to specific purposes within the general fund.

When committed, assigned, and unassigned fund balances are available for use for the purpose of an expenditure, it is the government's policy to use committed amounts first, then assigned amounts and finally unassigned amounts as they are needed when any of those unrestricted fund balances could be used.

When both restricted and unrestricted fund balances are available and could be used for the purpose of an expenditure, it is the government's policy to spend restricted amounts first, then unrestricted resources as they are needed when either could be used.

For committed fund balances, the government's highest level of decision making is City Council. The formal action that is required to establish (and modify or rescind) a fund balance commitment is a City Ordinance.

For assigned fund balances, the Mayor is authorized to assign amounts to a specific purpose. Appointment by City Council is the policy established pursuant to which authorization is given.

Net position is defined as the difference between assets and liabilities in the government-wide statement of net position.

The government-wide statement of net position reports all government assets; therefore, a significant portion of the net position reported there typically reflects a government's investment in capital assets. To draw financial statement users' attention to this important information, GAAP require the amount of net position invested in capital assets to be reported as a separate category of net position. *Net position investment in capital assets* includes all capital assets less accumulated depreciation and outstanding principal of related debt.

Restrictions may be imposed on a portion of a government's net position by parties outside the government (such as creditors, grantors, contributors). In some cases, such restricted assets are directly associated with particular liabilities (for instance, restricted assets associated with revenue bonds). An amount equal to these restricted assets, less any related liabilities, is reported as *restricted net position*.

GAAP direct that the difference between total net position and the two categories discussed above be reported as *unrestricted net position*. This amount may be a deficit to the extent that a government has elected to fund certain long-term liabilities (vacation leave, for instance) as they come due rather than when they are incurred.

Comparative Data/Reclassifications

Comparative total data for the prior year has been presented in the financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Certain reclassifications may have been made to prior year amounts in the accompanying financial statements to conform to current year presentation.

Expenses/Expenditures

Consistent with the current financial resources measurement focus, the governmental fund statement of activities reports *expenditures* rather than expenses. Expenditures in the fund financial statements are presented by *character* for the governmental funds. The character of an expenditure is based upon the periods it is presumed to benefit. Expenditures that primarily benefit the present period (*current expenditures*) are distinguished from those presumed to benefit both the present and future periods (*debt service expenditures and capital outlay expenditures*). GAAP also provide for a fourth character classification, *intergovernmental expenditures*, for situations where one governmental entity provides resources to another.

Government-wide expenses are reported by *function*. The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. As a result, there are important differences between the expenditures reported on the governmental fund financial statements and those expenses reported on the government-wide financial statements. For example, the governmental funds report capital outlay expenditures, while the government-wide financial statements report depreciation.

The focus in proprietary funds is on *expenses* rather than expenditures. GAAP require that the statement of activities for proprietary funds distinguish *operating* from *nonoperating* expenses. GAAP does not provide an authoritative definition of operating and nonoperating expenses for this purpose, although GAAP indicate that financial statement preparers may wish to consider the authoritative guidance on identifying cash flows from operating activities in arriving at their own definitions.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to pension related deferred outflows being reported for all fund types, the combined utility fund also reports deferred outflows for deferred charges on refunding of debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. In addition to pension related deferred inflows being reported for all fund types, the general fund reports deferred inflows under the modified accrual approach from property taxes and prepaid license fees.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

In accordance with the State of South Carolina General Statutes, the City prepares an annual balanced budget ordinance. The City adopts annual budgets for the General fund using the modified accrual basis and for the Enterprise funds using the full accrual basis. Annual budgets for ongoing Special Revenue funds are adopted as needed. For other Special Revenue funds, sufficient budgetary control is achieved

through restrictions included in the various grant agreements. Appropriations for the General Fund lapse at the end of the budget year.

In February, the budget process begins with a special comprehensive work session in which the Finance Department and Mayor's Office meet with all department heads to discuss current and future trends, needs and goals of the City. All department heads submit comprehensive lists of programs, projects, and initiatives to be considered in the upcoming budget and meet with Finance department staff and the Mayor's Office individually. During March and April formal budget workshops are held. The Council holds public hearings and a final budget must be prepared and adopted no later than June 30.

Budgets are prepared at the fund, function, and department level. Budgets are adopted at the fund level and are amended as necessary during the fiscal year in one of two ways. First, the Mayor, as delegated by City Council, may make line item transfers within individual fund budgets with subsequent monthly notice to City Council. Such transfers can neither increase nor decrease the overall budget at the fund level. Secondly, the budget may be increased or decreased at the fund level as changing circumstances dictate, subject to City Council approval. During the year there were no supplemental appropriations adopted by the City Council or reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At yearend, the government's balance of cash and cash equivalents was \$6,534,024. The bank balance was covered by federal depository insurance, by collateralized securities held by the pledging financial institution's trust department or agent but not in the government's name, and by irrevocable letters of credit issued by Federal Agencies in which the City of Union is named as beneficiary. Book value is not materially different from bank balances.

The State of South Carolina General Statutes permit the City to invest in the following types of instruments:

1. Obligations of the United States, its agencies and instrumentalities.
2. Obligations of approved Federal agencies that have a debt rating in one of the top two ratings categories.
3. Obligations of the State of South Carolina or any of its political subdivisions.
4. Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
5. Certificates of deposit and repurchase agreements provided the collateral is of the types described in 1 and 2 above and has a market value in excess of the certificate of deposit or repurchase agreement plus accrued interest, and is held by a third party as escrow agent or custodian.

6. Repurchase agreements when collateralized by securities of the type described in 1 and 2 above and held by a third party as escrow agent or custodian, of a market value not less than the amount of the repurchase agreement so collateralized, including interest.
7. No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended.
8. South Carolina Pooled Investment Fund (the "Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina 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. The South Carolina State Treasurer oversees the Pool. 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.
9. Deposits secured by an irrevocable letter of credit issued by an approved Federal agency in which the local entity is named as beneficiary.

The City's cash and investment objectives are preservation of capital, liquidity, and yield. 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 an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 are significant unobservable inputs.

The City uses the following recurring fair value measurements:

- South Carolina Local Government Investment Pool (the "Pool" or "LGIP") investments – The fair value of the position in the pool is the same as the value of the pool shares. The pool is included as an investment trust fund in the State of South Carolina Comprehensive Annual Financial Report. At June 30, 2025, the underlying security ratings of the District's investments in the LGIP is classified in risk category "A" and may be obtained from the LGIP's complete financial statements by writing to the following address: Office of the State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211.
- U.S. Treasury Securities – Valued using quoted market prices (Level 1 inputs).
- Certificates of Deposit ("CD") and Money Market Accounts – Deposits held by banking institutions are valued at quoted market prices (Level 1 inputs).

Investments carried at fair value at June 30, 2025 are as follows:

	<u>Fair Value</u>	<u>Weighted Maturity</u>
SC Local Government		
Investment Pool	\$ 20,432,742	Less than one year
Certificates of Deposit	5,884,380	Less than two years
Money Market	6,540,026	Less than two years
Total	<u>\$ 32,857,148</u>	

Restricted investments, as reported in the government-wide statements, reflect government securities in the amount of \$99,487 held in debt service accounts. The amount included under “net position – restricted for debt service” reflects amounts required by bond ordinance to be set aside as cushion funds.

Interest rate risk – In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investment activity to thirty-six months.

Credit risk – The government does not invest in commercial paper or corporate bonds in order to limit its exposure to credit risk. The S.C. Local Government Investment Pool is overseen by the State, which invests in instruments allowed under state laws. The Investment Pool is not rated. It’s a money market type pool, which is fully collateralized, and the underlying securities are held by a third party bank for the pool.

Concentration of credit risk and custodial risk – The government’s investment policy does not allow for an investment in any one issuer that is in excess of amounts insured by FDIC, guaranteed by the US Government, pledged by collateralized securities, or secured by bank letters of credit.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s policy is that all deposits in excess of federal insurance amounts be collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name. As of June 30, 2025, all deposits are either insured or fully collateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with its investment policy, the City invests in the state investment pool which is not subject to custodial risk.

B. Receivables

Receivables at June 30, 2025, including the applicable allowances for uncollectible accounts, are as follows for the fund and government-wide financial statements, respectively:

	Economic			Total
	General	Development	Enterprise	
Receivables				
Property taxes and assessments	\$ 31,353	\$ -	\$ -	\$ 31,353
Other governments	995,180	-	-	995,180
Utility accounts	-	-	3,145,287	3,145,287
Notes receivable	-	1,814,456	-	1,814,456
Other	30,638	-	-	30,638
Net total receivables per fund financials	<u>\$ 1,057,171</u>	<u>\$ 1,814,456</u>	<u>\$ 3,145,287</u>	<u>\$ 6,016,914</u>

Receivables include seven long-term promissory notes receivable that are reported in the Economic Development Special Revenue Fund that will not be collected within one year. The promissory notes have maturity dates in excess of thirty years. The appropriate fund balance restrictions have been established. The loans were extended to private developers to rehabilitate buildings in downtown Union.

	<u>Principal Balance at June 30, 2025</u>
Promissory notes receivable from Fairforest II Limited Partnership in the original amount of \$953,588 dated September 26, 1994. The construction loan portion of the note in the amount of \$843,512 has an interest rate of 1%. The acquisition loan portion of the note in the amount of \$110,076 has an interest rate of 5.84%. Both loans have a balloon payment at the end of 35 years. At that time, the borrower has a conditional option to extend the loan for an additional 15 years.	\$ 953,588
Promissory note from Fairforest Limited Partnership in the original amount of \$50,868. The note, dated 1994, has a 0% interest rate with a balloon payment due on February 8, 2046.	50,868
Promissory note from Fairforest IV Limited Partnership in the original amount of \$235,000. The note, dated September 3, 1997, is non-interest bearing and is due in 40 annual consecutive payments beginning the 30th anniversary of the loan date. The payment amount will be based on adjusted cash flow derived from operations.	235,000
Promissory note from Fairforest V Limited Partnership in the original amount of \$245,000. The note dated January 17, 2003 has 1% interest due each year for 30 years beginning December 31, 2004. Beginning December 31, 2034, principal and interest will be due at a rate of 2% with 20 equal payments of \$14,848.	245,000
Promissory note from Fairforest V Limited Partnership in the original amount of \$330,000. The note dated January 17, 2003 has a 0% interest. Beginning December 31, 2035, 20 equal payments of \$16,500 will be due annually.	330,000
Total	<u>\$ 1,814,456</u>

C. Capital Assets

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

	Beginning Balance	Additions	Transfers and Retirements	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,786,412	\$ -	\$ -	\$ 1,786,412
Total capital assets not being depreciated	<u>1,786,412</u>	<u>-</u>	<u>-</u>	<u>1,786,412</u>
Capital assets being depreciated				
Infrastructure	1,349,407	-	-	1,349,407
Buildings and improvements	3,577,800	-	-	3,577,800
Improvements other than buildings	590,432	-	-	590,432
Machinery and equipment	5,399,972	47,173	-	5,447,145
Total depreciable capital assets	<u>10,917,611</u>	<u>47,173</u>	<u>-</u>	<u>10,964,784</u>
Less accumulated depreciation:				
Infrastructure	1,278,605	15,878	-	1,294,483
Buildings and improvements	1,356,375	84,844	-	1,441,219
Improvements other than buildings	316,828	15,762	-	332,590
Machinery and equipment	3,107,975	331,715	-	3,439,690
Total accumulated depreciation	<u>6,059,783</u>	<u>448,199</u>	<u>-</u>	<u>6,507,982</u>
Total depreciable assets - net of accumulated depreciation	<u>4,857,828</u>	<u>(401,026)</u>	<u>-</u>	<u>4,456,802</u>
Governmental activities capital assets, net	<u>\$ 6,644,240</u>	<u>\$ (401,026)</u>	<u>\$ -</u>	<u>\$ 6,243,214</u>
Business-type Activities				
Capital assets not being depreciated				
Construction in progress	\$ 5,664,992	\$ 466,042	\$ -	\$ 6,131,034
Land	319,845	-	-	319,845
Total capital assets not being depreciated	<u>5,984,837</u>	<u>466,042</u>	<u>-</u>	<u>6,450,879</u>
Capital assets being depreciated				
Buildings and improvements	2,243,196	-	-	2,243,196
Improvements other than buildings	133,827,814	8,385,092	-	142,212,906
Machinery and equipment	8,609,633	523,247	-	9,132,880
Total depreciable capital assets	<u>144,680,643</u>	<u>8,908,339</u>	<u>-</u>	<u>153,588,982</u>
Less accumulated depreciation				
Buildings and improvements	1,519,306	46,686	-	1,565,992
Improvements other than buildings	66,394,195	2,607,726	-	69,001,921
Machinery and equipment	6,532,992	312,734	-	6,845,726
Total accumulated depreciation	<u>74,446,493</u>	<u>2,967,146</u>	<u>-</u>	<u>77,413,639</u>
Total depreciable assets - net of accumulated depreciation	<u>70,234,150</u>	<u>5,941,193</u>	<u>-</u>	<u>76,175,343</u>
Business- type activities capital assets, net	<u>\$ 76,218,987</u>	<u>\$ 6,407,235</u>	<u>\$ -</u>	<u>\$ 82,626,222</u>

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

Governmental Activities	
General government	\$ 120,143
Public safety	273,662
Public works	54,394
Total depreciation expense - governmental activities	<u>\$ 448,199</u>
Business-type Activities	
Electric	\$ 538,563
Water	739,579
Sewer	1,141,511
Natural gas	449,763
Solid waste	97,730
Total depreciation expense - business-type activities	<u>\$ 2,967,146</u>

Construction in progress is capitalized as each section of the project is completed.

During the year utility fund construction projects included water system and gas distribution system improvements.

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2025, is as follows:

Due to/from other funds:

	Due from Receivable	Due to Payable	Net Receivable (Payable)
General fund	\$ 521,514	\$ -	\$ 521,514
Special Revenue funds	561	-	561
Solid Waste Management Enterprise fund	1,464	(184,456)	(182,992)
Utility Enterprise fund	153,702	(492,785)	(339,083)
Total	<u>\$ 677,241</u>	<u>\$ (677,241)</u>	<u>\$ -</u>

Interfund balances must generally be eliminated in the government-wide financial statements, except for net residual amounts due between governmental activities. Any allocations must reduce the expense of the function from which the expenses are being allocated, so that expenses are reported only once – in the function in which they are allocated. The net balance reflected in the government-wide financial statements, therefore, is as follows:

Due to/from other funds:

	<u>Government-wide</u>
Governmental funds	\$ 532,275
Enterprise funds	<u>(532,275)</u>
Total (net)	<u>\$ -</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations. Transfer purposes include matching funds for various grant projects, operating transfers, and debt service transfers. Any budgeted and unbudgeted transfers for the current year are reported in the financial statements.

E. Long-term Liabilities

Governmental Activities Debt

Financed Purchases

\$1,215,262 financed purchases were entered into FY 2022, with annual payments of \$45,866 to \$203,421 (including interest) which includes interest of 1.6 to 1.74%. The proceeds were used to purchase street, police, and fire vehicles.

Business-type Activities Debt

Revenue Bonds and Notes Payable

The government also issues bonds and notes payable where the government pledges income derived from the acquired or constructed assets to pay debt service. The net revenues of the utility system are pledged for the repayment of Combined Public Utility Revenue Bond principal and interest. The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of, and flow of moneys through various restricted assets, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage. The City is in compliance with all such significant financial limitations and restrictions. Revenue bonds and notes payable outstanding at year end are as follows:

2008 Note payable of \$1,593,723 from the SC Water Pollution Control Revolving Fund for waste treatment system improvements. The loan is due in quarterly installments of \$25,051 including interest at 2.25% through May 2029.	\$ 382,280
2010 Note payable of \$2,421,854 from the SC State Revolving Fund for the Meng Creek Wastewater Treatment Plant Closure project. The loan is due in quarterly installments of \$35,005 including interest at 2.25% through December 2031.	844,481
2011 Note payable of \$2,792,906 from the SC State Revenue Revolving Fund for the Tosch's Creek Wastewater Treatment Plant Improvements and Replacement of Three Pump Stations project. The loan is due in quarterly installments of \$43,876 including blended interest at 2.3% through December 2032.	1,153,886
Series 2013A Revenue Bonds totaling \$2,032,260 for Water and Sewer Improvements have an interest rate of 1.9% and are due in quarterly installments of \$30,594 through August 2034.	1,035,575
Series 2013B Revenue Bonds totaling \$1,238,492 for water system and sewer system improvements have an interest rate of 1.5% and are due in quarterly installments of \$17,942 through August 2034.	<u>572,672</u>
	3,988,894
Less current portion	<u>(518,804)</u>
Non-current portion	<u>\$ 3,470,090</u>

Annual debt service requirements to maturity for enterprise fund revenue bonds and notes payable are as follows:

Year Ending June 30,	Business-type Activities	
	Principal	Interest
2026	\$ 518,804	\$ 78,002
2027	529,755	67,049
2028	540,953	55,851
2029	552,407	44,396
2030	463,068	33,534
2031	472,755	23,846
2032	412,458	14,135
2033	265,841	6,824
2034	185,872	2,874
2035	46,981	207
Total	<u>\$ 3,988,894</u>	<u>\$ 326,718</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2025, was as follows:

	Beginning Balances	Additions	Reductions	Ending Balance	Due within one year
Other Liabilities					
Net OPEB obligation	\$ 635,608	\$ -	\$ 216,995	\$ 418,613	\$ -
Net pension liability	5,054,330	-	517,063	4,537,267	-
Financed purchases	633,956	-	194,421	439,535	197,742
Compensated absences	94,213	8,565	-	102,778	-
Total other liabilities	<u>6,418,107</u>	<u>8,565</u>	<u>928,479</u>	<u>5,498,193</u>	<u>197,742</u>
Total governmental activities	<u>\$ 6,418,107</u>	<u>\$ 8,565</u>	<u>\$ 928,479</u>	<u>\$ 5,498,193</u>	<u>\$ 197,742</u>

	Beginning Balances	Additions	Reductions	Ending Balance	Due within one year
Business-type Activities					
Bonds and notes	\$ 4,496,990	\$ -	\$ 508,096	\$ 3,988,894	\$ 518,804
Total bonds and notes	<u>4,496,990</u>	<u>-</u>	<u>508,096</u>	<u>3,988,894</u>	<u>518,804</u>
Other Liabilities					
Net OPEB obligation	792,725	-	270,635	522,090	-
Net pension liability	7,274,696	-	463,081	6,811,615	-
Compensated absences	818,190	-	-	818,190	-
Total other liabilities	<u>8,885,611</u>	<u>-</u>	<u>733,716</u>	<u>8,151,895</u>	<u>-</u>
Total governmental activities	<u>\$ 13,382,601</u>	<u>\$ -</u>	<u>\$ 1,241,812</u>	<u>\$ 12,140,789</u>	<u>\$ 518,804</u>

Advances to/from other funds are not expected to be repaid within the next year.

F. Fund Equity Classifications

Fund balance in the governmental fund financial statements is classified in five categories as follows:

Nonspendable

Nonspendable fund balances include amounts that are not in spendable form or are legally required to remain intact. The City holds a long-term note receivable and a capital asset held for resale that are not in spendable form.

Restricted

Restricted fund balances include amounts that have external restrictions by either grantors, debt covenants, laws, or other governments. Restricted balances represent amounts required to be used for debt service, grant funds to be used for approved expenditures, or specific revenues required to be used for certain expenditures.

Committed

Committed fund balances include amounts that are committed to a specific purpose by council ordinance, as approved by the City Council.

Assigned

Assigned fund balances include amounts that are constrained by limitations resulting from intended uses as established by City Council or by the City Manager.

Unassigned

Unassigned fund balance includes amounts that have not been assigned to any purpose.

Unless specifically designated otherwise, fund expenditures and encumbrances are from restricted fund balance to the extent of restricted fund balance revenue, followed by committed fund balance, assigned fund balance, and unassigned fund balance, respectively.

The government-wide financial statement designates net position that is legally restricted as *Restricted Net Position*. This is net position of the City that is restricted for a specific purpose. "Restricted Net Position's" use is limited to those items that are legally restricted and should not include items that are "earmarked" for specific purposes through commitments or assignments.

The restricted cash, investments and receivables designation, as found in the modified accrual statements, represents those funds that are in the hands of the trustee per debt covenants for the various bond issues or the proceeds of bond issues or grants restricted for construction or grant projects.

The following is a breakdown of yearend governmental fund balance types:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Unassigned</u>
General Fund	\$ -	\$ -	\$ 8,013,336
Economic Development Fund	5,330,699	-	-
Local Hospitality and Accom. Fund	-	191,263	-
Tax Increment District Fund	-	-	16,907
Drug Fund	-	5,523	-
Community Change Fund	-	53,564	-
Main Street Junction Fund	-	82,633	-
Union Events Center Fund	-	1,366	-
Fireman's Fund	-	6,124	-
Total	<u>\$ 5,330,699</u>	<u>\$ 340,473</u>	<u>\$ 8,030,243</u>

G. Major and Nonmajor Special Revenue Funds Activity

Nonmajor Funds

Downtown Redevelopment Project (Tax Increment District)

The balance in this fund balance can be used to enhance City of Union-owned property within the district.

Union Events Center Fund

These funds are used to support the multipurpose center in downtown Union.

Drug Account Fund

This account is derived from confiscated drug money or property by order of the courts. Expenditures are restricted for law enforcement activities.

Community Change Fund

Participating utility customers have their bill rounded up the next dollar. Funds generated from this are maintained in a separate bank account and are restricted to offset utility bills for qualifying customers.

Grant Funds

These funds were received from federal and state grantor agencies and are restricted for the purposes stipulated in the grant agreements.

Main Street Junction Fund

These funds are restricted for tourism.

Firemen's Fund

These funds were received from the State and are restricted by the State for specific fire safety related expenditures.

Local Hospitality and Accommodations Fund

This account is derived from a tax levied on food service and accommodations business within the City limits. These funds are restricted by State law for tourism expenditures.

Major fund

Economic Development Fund

The Economic Development Fund includes \$2,727,949 which represents the investment in the Spec Building located at the Union County Commerce Park. The property is being marketed as an asset for resale. This building has been up fitted to certain standards and is being leased to TIMKEN, LLC until it is sold. The initial lease on this building is for ten years with options to extend or purchase.

This fund is also comprised of several promissory notes receivable from projects rehabilitating buildings in downtown Union. The balance receivable on these notes is \$1,814,456 at June 30, 2025.

NOTE 4 – OTHER INFORMATION

A. Risk Management

The City's risk management combines elements of both self-insurance and purchased insurance policies divided into coverage for comprehensive general liability, automobile liability, automobile physical damage, workers' compensation, property, crime insurance, employee health care insurance, and "all risk" insurance including theft, flood and earthquake. The costs of these policies are accounted for in the General fund and allocated to the proprietary funds.

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries insurance purchased from two of three pools sponsored by the South Carolina Municipal Association. Workers' compensation is carried by the South Carolina Municipal Insurance Trust Fund and has a \$25,000 deductible. Employee health care is carried by the South Carolina Public Employee Benefits Authority. The remaining policies are carried by the South Carolina Municipal Insurance and Risk Financing Fund. The City is subject to a \$1,000 deductible requirement on all insured properties, "all risk" and crime policies only, a \$1,000 deductible per claim for workers compensation, as well as a \$10,000 deductible per claim for general liability and auto liability claims.

The workers' compensation policy provides coverage as required by statute. The automobile liability policy covers up to \$1,000,000 per occurrence. The comprehensive general liability policy covers up to \$1,000,000 per claim, and the crime policy covers up to \$200,000 per occurrence. The other policies essentially cover the amount of the loss. In the event a claim is settled for an amount exceeding the limits of these policies, the City would have to pay the excess. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

B. Related Party Transactions

During the year ended June 30, 2025, the City had no material related party transactions.

C. Commitments and Contingent Liabilities

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

The City is party to civil lawsuits and other legal actions. In the opinion of the City's attorney and management, the ultimate outcome of these suits is not expected to have a significant impact upon the City's financial position.

The construction in progress at yearend comprise \$6,131,034 for utility system improvements.

D. Piedmont Municipal Power Agency

The City of Union is a member of the Piedmont Municipal Power Agency (PMPA) that was formed in 1979. PMPA is a public body corporate and politic of the State of South Carolina consisting of ten municipalities in South Carolina (each, a "Participant"), which purchase electric power from PMPA. PMPA owns a 25% undivided interest in Unit 2 of Duke Power's Catawba Nuclear Station in York County, South Carolina.

The City has agreed pursuant to the Catawba Nuclear Project Power Sales Agreement with PMPA, in exchange for a share of the power and energy from the Catawba Nuclear Station, to take or pay for a cost of its share (10.01%) of the Catawba project output whether or not the Project is operable or operating. Such costs are all of PMPA's costs resulting from or attributable to the ownership, operation, maintenance, termination, retirement from service, decommissioning of, necessary repairs and additions, and amounts required to be

deposited to debt service funds. Upon the failure of any Participant to make any payment resulting in a default under its respective Catawba Project Power Sales Agreement and if such defaulting Participant's share of Catawba project output cannot otherwise be disposed of, the Participant's share of Catawba project output of each non-defaulting Participant shall be automatically increased for the remaining term of the Catawba Project Power Sales Agreements pro rata with those of the other non-defaulting Participants; provided that the sum of such increases for any non-defaulting Participant shall not exceed, without its consent, an accumulated maximum of 25% of its Participant's share of Catawba project output prior to any such increases. The Sales Agreement is in effect until the later of January 1, 2022 or the completion of payment and satisfaction of debt obligations of PMPA under the agreement. In no case may the agreement extend beyond August 1, 2035.

For the year ended June 30, 2025, the City's purchased power expense from PMPA was \$13,048,509.

In 2019, Piedmont Municipal Power Agency ("PMPA"), of which the City is one of 10 participants, was named a defendant in a lawsuit by two participants (cities of Rock Hill and Greer) with respect to the allocation of costs amongst all other participants, including the City. In January 2024, the lawsuit was settled with the two participants receiving a combined cash payment of \$55 million, of which \$10 million is to be paid by PMPA out of working capital funds and \$45 million is to be paid by the remaining eight participants. The City's portion of the settlement balance of \$45 million will be paid in increments of \$342,000 per year each year through 2033. In 2034, which is the year after all of PMPA's existing revenue debt is anticipated to be paid in full, the City agreed to pay a lump sum amount of \$6,542,000. The City anticipates that the settlement funding will be made through incremental rates adjustments to the City's electric power rates. As a condition of the settlement, PMPA's existing all-requirements rate structure, which includes agreed-upon base-billing demand, will remain in place until year-end 2028 when the terminations of the various Supplemental Power Sales Agreements between three participants (Rock Hill, Greer and Westminster, respective) and PMPA become effective.

Separately, the City sent a letter to PMPA dated August 5, 2024 informing PMPA that the City does not intend to extend its participation in PMPA beyond the currently planned termination of its Catawba Project Power Sales Agreement ("CPPSA") in 2035. The City further requested an offer by PMPA to buy-out the City as a participant. To date, PMPA has not responded to such request.

Additionally, on December 23, 2024, the City filed a motion to intervene in a Declaratory Judgment filed by the City of Greer (acting on behalf of Greer CPW) on July 26, 2023 seeking an order to declare that PMPA must follow the final accounting procedure set forth in Greer's version of the CPPSA, which is substantially identical to the City's CPPSA. At this time, the City cannot predict the outcome of such proceedings or the impact that its potential intervention will have on the City or its obligations to PMPA.

E. Other Post-employment Benefits

Plan description

The City provides post-retirement health benefits, as per the requirement of a local ordinance, for certain retirees and their dependents. The City of Union OPEB Plan (plan) is approved each year by City Council. The plan is a single member defined benefit OPEB plan administered internally by the City. Participants must be eligible to retire under the South Carolina Retirement System (SCRS or PORS) to receive the benefits upon retirement. In addition, the retiree must meet one of the following criteria:

1. Age 62-65 with 20 years of service with the City
2. 25 years of service with the City
3. 10 years of service with the City and retires under disability
4. An elected official with 20 years of service with the City

The City provides two options to its retirees.

Option 1: Retirees can elect to receive a monthly supplement from the City until age 65 or until Medicare eligible, whichever comes first. The monthly supplement is the cost of the retiree’s insurance premium, not to exceed the amount contributed by the City each month for the employee’s medical insurance coverage at the time of the employee’s retirement and not to exceed the amount actually paid in premium by the retiree. Payments to the retiree are limited to the amount payable for single coverage.

Option 2: Retirees can elect to stay on the City’s group insurance plan until age 65 or until Medicare eligible, whichever is first. This option allows retirees to cover spouses. Coverage for spouses ends when they reach age 65, become Medicare eligible, or retiree coverage ends. Retirees may receive a monthly \$200 supplement but must first pay the remaining portion of the premium cost of coverage for both themselves and their spouses.

The plan includes a disability benefit after 10 years of service the same as the above benefit. The plan does not include a pre-retirement death benefit. The plan does not include a withdrawal benefit. Service is determined from date of hire. The City provides a monthly subsidy of \$200 to retirees under Option 2.

As of July 1, 2024, there were 145 employees enrolled in the plan, of which 29 members were retirees receiving benefits and 109 were active participants in the plan eligible to receive future benefits. There were 7 additional participants who qualified as a beneficiary or spouse of a retiree.

Funding Policy: the City’s funding policy is based on pay-as-you-go financing requirements.

Total OPEB Liability: The City reports the liability for postemployment benefits in accordance with Governmental Accounting Standards No. 75 (GASB 75) which requires employers to determine the total OPEB liability using the entry age normal actuarial funding method and to report a net OPEB liability consisting of the difference between the total OPEB liability and the plan’s fiduciary net position.

Total OPEB Liability

	June 30,		
	2025	2024	2023
Total OPEB liability	\$ (940,703)	\$ 1,428,333	\$ 1,463,987
Covered payroll	6,212,751	5,939,408	5,939,408
Total OPEB liability as a % of covered payroll	-15.14%	24.05%	24.65%

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date.

Discount Rate

	June 30,	
	2025	2024
Discount rate	5.20%	3.93%
20 Year Tax-Exempt Municipal Bond Yield	5.20%	3.93%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Other Key Actuarial Assumptions

The plan has not had a formal actuarial experience study performed.

Valuation date	July 1, 2024	July 1, 2022
Measurement date	June 30, 2025	June 30, 2024
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.30%	2.30%
Medical Trend Rate	5.4%-3.9%	5.4%-3.9%
Salary increases including inflation	Over 54 years Graded Scale; Including Merit Increases	Over 54 years Graded Scale; Including Merit Increases

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about future events and costs. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

Changes in Total OPEB Liability

	Increase (Decrease) Total OPEB Liability
Balance as of June 30, 2024	\$ 1,428,333
Changes for the year	
Service cost	(39,251)
Interest on total OPEB liability	54,157
Effect of plan changes	-
Effect of economic/demographic gains or losses	(2,689,000)
Effect of assumptions changes or inputs	327,293
Benefit payments	(22,235)
Balance as of June 30, 2025	\$ (940,703)

Sensitivity Analysis

The following presents the total OPEB liability of the City, calculated using the discount rate of 5.2%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93%) or 1 percentage point higher (4.93%) than the current rate.

Total OPEB Liability		
1% Decrease 4.20%	Discount Rate 5.20%	1% Increase 6.20%
\$ (1,201,671)	\$ (940,703)	\$ (743,945)

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

Total OPEB Liability		
1% Decrease	Current Trend Rate	1% Increase
\$ (731,530)	\$ (940,703)	\$ (1,216,342)

The calculation of OPEB Expense for the year ended June 30, 2025 is as follows:

OPEB Expense

	July 1, 2024 to June 30, 2025
Service cost	\$ (39,251)
Interest on total OPEB liability	54,157
Effect of plan changes	-
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	(322,129)
Recognition of assumption changes or inputs	43,486
OPEB Expense	\$ (263,737)

As of June 30, 2024, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/Outflows of Resources

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (2,398,783)	\$ 198,692
Changes of assumptions	(91,445)	294,505
Total	\$ (2,490,228)	\$ 493,197

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year Ended June 30,	
2026	\$ (305,858)
2027	(315,421)
2028	(294,575)
2029	(274,332)
2030	(274,332)
Thereafter*	(531,522)

* Note that additional future deferred inflows and outflows of resources may impact these numbers.

Deferred Inflows and Outflows of Resources

	Original Amount	Date Established	Original Rec. Period	Amount	Balance of	Balance of
				Recognized in Expense for FYE June 30, 2025	Deferred Inflows June 30, 2025	Deferred Outflows June 30, 2025
Economic/demographic (gains) or losses	\$ (2,689,000)	June 30, 2025	7.8	\$ (344,744)	\$ (2,344,256)	\$ -
	304,113	June 30, 2023	8.5	35,778	-	196,779
	(168,122)	June 30, 2021	7.4	(22,719)	(54,527)	-
	68,805	June 30, 2019	7.2	9,556	-	1,913
		Total		<u>(322,129)</u>	<u>(2,398,783)</u>	<u>198,692</u>
Assumption changes or inputs	327,293	June 30, 2025	7.8	41,961	-	285,332
	(28,396)	June 30, 2024	7.7	(3,688)	(21,020)	-
	(30,934)	June 30, 2023	8.5	(3,639)	(20,017)	-
	(125,441)	June 30, 2022	6.6	(19,006)	(50,408)	-
	4,703	June 30, 2021	7.4	636	-	1,523
	138,958	June 30, 2020	6.3	22,057	-	6,616
	37,189	June 30, 2019	7.2	5,165	-	1,034
		Total		<u>\$ 43,486</u>	<u>\$ (91,445)</u>	<u>\$ 294,505</u>
Total deferred (inflows)/outflows					<u>\$ (2,490,228)</u>	<u>\$ 493,197</u>
Total net deferrals						<u>\$ (1,997,031)</u>

NOTE 5 – EMPLOYEE RETIREMENT SYSTEMS – PENSION FUNDS

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

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

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the System's Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Descriptions

- The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivision of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.
- The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the S.C. General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party record keepers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, the State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.
- The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefits pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and fire fighters. 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.

- 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.

- State ORP – As an alternative to membership SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly at or after the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member’s account with ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.
- PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of 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 Three members are eligible to receive deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

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

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS & PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020.

If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial values of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

Required employee contributions rates¹ for the following fiscal years are as follows:

	<u>Fiscal Year 2025¹</u>	<u>Fiscal Year 2024¹</u>
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

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

Required employer contributions rates¹ for the following fiscal years are as follows:

	<u>Fiscal Year 2025¹</u>	<u>Fiscal Year 2024¹</u>
SCRS		
Employer Class Two	18.56%	18.56%
Employer Class Three	18.56%	18.56%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	21.24%	21.24%
Employer Class Three	21.24%	21.24%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

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

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The June 30, 2024, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2023. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2024, using generally accepted actuarial

principles. There was no legislation enacted during the 2024 legislative session that had material change in the benefit provisions for any of the systems. In FY 2021, the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

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

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment rate of return ¹	7.00%	7.00%
Projected salary increases	3.0% to 11.00% (varies by service) ¹	3.5% to 10.50% (varies by service) ¹
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually
¹ Includes inflation at 2.25%		

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

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

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

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system’s TPL determined in accordance with GASB No. 67 less that System’s fiduciary net position. NPL totals, as of June 30, 2024, for SCRS and PORS are presented below.

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

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Long-term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2024 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

<u>Allocation/ Exposure</u>	<u>Target Asset Allocation</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 Equity	9.0%	9.60%	0.86%
Private Debt	7.0%	6.9%	0.48%
Real Assets	12.0%		
Real Estate	9.0%	4.30%	0.39%
Infrastructure	3.0%	7.30%	0.22%
Total Expected Real Return	100.0%		5.49%
Inflation for Actuarial Purposes			2.25%
			<u>7.74%</u>

Discount Rate

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

Sensitivity Analysis

The following table presents the City's proportionate share of net pension liability of the plans calculated using the discount rate of 7.00 percent, as well as what the employer's NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

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

System	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
SCRS	\$ 10,887,821	\$ 8,401,829	\$ 6,112,427
PORS	\$ 4,269,715	\$ 2,947,053	\$ 1,863,724

Additional Financial and Actuarial Information

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

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

At June 30, 2025, the City reported a liability of \$11,348,882 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability 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 members, actuarially determined.

For the year ended June 30, 2025, the City recognized pension expense of \$2,298,907 which consisted of contributions to the System of \$1,409,570 and an increase in expense of \$889,337, as a result of the increase in the net pension liability related to GASB 68 requirements. 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		
Differences between expected and actual experience	\$ 276,114	\$ 10,427
Assumption changes	148,123	-
Net difference between projected and actual earnings on pension plan investments	-	323,725
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	-	458,574
City contributions subsequent to the measurement date	969,502	-
Total SCRS	<u>1,393,739</u>	<u>792,726</u>
PORS		
Differences between expected and actual experience	276,767	16,896
Assumption changes	64,163	-
Net difference between projected and actual earnings on pension plan investments	-	165,224
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	-	443,886
City contributions subsequent to the measurement date	440,067	-
Total PORS	<u>780,997</u>	<u>626,006</u>
Total SCRS and PORS	<u>\$ 2,174,736</u>	<u>\$ 1,418,732</u>

The amount of \$969,502 and \$440,067 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the NPL in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ending June 30,	SCRS	PORS	Total
2025	\$ (339,103)	\$ (183,115)	\$ (522,218)
2026	195,642	85,491	281,133
2027	(5,263)	(3,510)	(8,773)
Net Balance of Deferred Outflow/(Inflow) of Resources	<u>\$ (148,724)</u>	<u>\$ (101,134)</u>	<u>\$ (249,858)</u>

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF UNION

SCHEDULE OF CHANGES IN TOTAL OPEB
LIABILITY AND RELATED RATIOS

	Fiscal Year Ended June 30,							
	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	\$ (39,251)	\$ 53,012	\$ 59,864	\$ 63,596	\$ 60,865	\$ 53,116	\$ 48,021	\$ 44,389
Interest on total OPEB liability	54,157	53,316	42,714	28,948	32,983	46,580	46,249	42,675
Effect of plan changes	-	-	-	-	-	-	-	-
Effect of economic/demographic gains or (losses)	(2,689,000)	-	304,113	-	(168,122)	-	68,805	-
Effect of assumption changes or inputs	327,293	(28,396)	(30,934)	(125,441)	4,703	138,958	37,189	(27,276)
Benefit payments	(22,235)	(113,586)	(115,994)	(78,502)	(92,334)	(77,060)	(62,164)	(58,692)
Net change in total OPEB liability	(2,369,036)	(35,654)	259,763	(111,399)	(161,905)	161,594	138,100	1,096
Total OPEB liability, beginning	1,428,333	1,463,987	1,204,224	1,315,623	1,477,528	1,315,934	1,177,834	1,176,738
Total OPEB liability, ending	(940,703)	1,428,333	1,463,987	1,204,224	1,315,623	1,477,528	1,315,934	1,177,834
Covered payroll	\$ 6,212,751	\$ 5,939,408	\$ 5,939,408	\$ 5,939,618	\$ 5,939,618	\$ 5,651,640	\$ 5,651,640	\$ 5,535,300
Total OPEB liability as a % covered payroll	-15.14%	24.05%	24.65%	20.27%	22.15%	26.14%	23.28%	21.28%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

CITY OF UNION, SOUTH CAROLINA

**NOTES TO OPEB REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2023 two years prior to the end of the fiscal year in which contributions are reported. The actuarial methods and assumptions used to determine the contractually required contributions for the year ended June 30, 2025 reported in that schedule can be found in Note 4 of the basic financial statements.

CITY OF UNION, SOUTH CAROLINA

SCHEDULE OF PENSION PLAN CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM AND POLICE OFFICER RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>SCRS</u>										
Contractually required contribution	\$ 969,502	\$ 913,787	\$ 823,974	\$ 762,997	\$ 700,238	\$ 694,307	\$ 631,639	\$ 575,905	\$ 490,453	\$ 465,797
Contributions in relation to the contractually required contribution	(969,502)	(913,787)	(823,974)	(762,997)	(700,238)	(694,307)	(631,639)	(575,905)	(490,453)	(465,797)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 5,223,614	\$ 4,923,419	\$ 4,692,332	\$ 4,607,482	\$ 4,544,050	\$ 4,505,559	\$ 4,383,337	\$ 4,294,592	\$ 4,298,446	\$ 4,211,558
Contributions as a percentage of covered-employee payroll	18.56%	18.56%	17.56%	16.41%	15.41%	15.41%	14.41%	13.41%	11.41%	13.81%
<u>PORS</u>										
Contractually required contribution	\$ 440,067	\$ 411,589	\$ 388,515	\$ 373,233	\$ 335,609	\$ 345,790	\$ 304,660	\$ 283,654	\$ 252,846	\$ 255,784
Contributions in relation to the contractually required contribution	(440,067)	(411,589)	(388,515)	(373,233)	(335,609)	(345,790)	(304,660)	(283,654)	(252,846)	(255,784)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 2,071,877	\$ 1,937,803	\$ 1,919,544	\$ 1,939,874	\$ 1,881,216	\$ 1,938,287	\$ 1,809,204	\$ 1,790,744	\$ 1,826,923	\$ 1,861,594
Contributions as a percentage of covered-employee payroll	21.24%	21.24%	20.24%	18.84%	17.84%	17.84%	16.84%	15.84%	13.84%	12.65%

CITY OF UNION, SOUTH CAROLINA

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM AND POLICE OFFICER RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>SCRS</u>										
City's proportion of the net pension liability	0.035828%	0.03711%	0.03869%	0.04020%	0.04039%	0.04159%	0.0415%	0.0426%	0.0434%	0.0427%
City's proportionate share of the net pension liability	\$ 8,401,829	\$ 8,973,019	\$ 9,380,123	\$ 8,699,428	\$ 10,319,229	\$ 9,497,068	\$ 9,305,936	\$ 9,590,395	\$ 9,264,622	\$ 8,104,330
City's covered-employee payroll	\$ 5,223,614	\$ 4,923,419	\$ 4,692,332	\$ 4,607,482	\$ 4,505,559	\$ 4,383,337	\$ 4,294,592	\$ 4,298,466	\$ 4,211,558	\$ 4,006,631
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	160.8432%	182.2518%	199.9032%	188.8190%	229.0337%	216.6630%	216.6896%	223.3133%	215.5342%	192.4307%
Plan's fiduciary net position	\$ 37,919,492,371	\$ 34,286,961,942	\$ 32,212,626,932	\$ 33,490,305,970	\$ 26,292,418,682	\$ 27,238,916,370	\$ 26,414,916,370	\$ 25,732,829,268	\$ 23,996,362,354	\$ 25,131,828,101
Plan's total pension liability	\$ 61,369,806,968	\$ 58,464,402,454	\$ 56,454,779,872	\$ 35,131,579,363	\$ 51,844,817,763	\$ 50,073,060,256	\$ 48,821,730,067	\$ 48,244,437,494	\$ 45,356,214,752	\$ 44,097,310,230
Plan fiduciary net position as a percentage of the total pension liability	61.8%	58.6%	57.1%	60.7%	50.7%	54.4%	54.1%	53.3%	52.9%	57.0%
<u>PORS</u>										
City's proportion of the net pension liability	0.098242%	0.1103%	0.1233%	0.1249%	0.1283%	0.1247%	0.1294%	0.1357%	0.1460%	0.1394%
City's proportionate share of the net pension liability	\$ 2,947,053	\$ 3,356,007	\$ 3,696,666	\$ 3,212,911	\$ 4,254,978	\$ 3,574,779	\$ 3,665,896	\$ 3,716,543	\$ 3,703,836	\$ 3,038,436
City's covered-employee payroll	\$ 2,071,877	\$ 1,937,803	\$ 1,919,544	\$ 1,938,287	\$ 1,938,287	\$ 1,809,204	\$ 1,790,744	\$ 1,826,923	\$ 1,861,594	\$ 1,727,093
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	142.2407%	173.1860%	192.5804%	165.6247%	219.5226%	197.5885%	204.7136%	203.4318%	198.9605%	175.9278%
Plan's fiduciary net position	\$ 7,178,118,865	\$ 6,405,925,370	\$ 5,938,707,767	\$ 6,111,672,064	\$ 4,730,174,642	\$ 4,815,808,554	\$ 4,570,430,247	\$ 4,274,123,178	\$ 3,876,035,732	\$ 3,971,824,838
Plan's total pension liability	\$ 10,177,904,231	\$ 9,450,021,576	\$ 8,937,686,946	\$ 8,684,586,488	\$ 8,046,386,629	\$ 7,681,749,768	\$ 7,403,972,673	\$ 7,013,684,001	\$ 6,412,510,458	\$ 6,151,321,222
Plan fiduciary net position as a percentage of the total pension liability	70.50%	67.8%	66.4%	70.4%	58.8%	62.7%	61.7%	60.9%	60.4%	64.6%

CITY OF UNION, SOUTH CAROLINA

NOTES TO PENSION PLAN REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2023, two years prior to the end of the fiscal year in which contributions are reported. The actuarial methods and assumptions used to determine the contractually required contributions for the year ended June 30, 2025 reported in that schedule can be found in Note 5 of the basic financial statements.

OTHER SUPPLEMENTARY INFORMATION

CITY OF UNION, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

	Special Revenue							Total Nonmajor Governmental Funds	
	American Rescue Plan	Local Hospitality and Accommodations	Tax Increment District	Drug Account	Community Change	Union Events Center	Firemen's Fund		Main Street Junction
Assets									
Cash and cash equivalents	\$ -	\$ 193,336	\$ 17,037	\$ 5,523	\$ 52,241	\$ 1,366	\$ 6,124	\$ 97,403	\$ 373,030
Due (to) from other funds	-	-	(130)	-	1,323	-	-	(632)	561
Total Assets	<u>\$ -</u>	<u>\$ 193,336</u>	<u>\$ 16,907</u>	<u>\$ 5,523</u>	<u>\$ 53,564</u>	<u>\$ 1,366</u>	<u>\$ 6,124</u>	<u>\$ 96,771</u>	<u>\$ 373,591</u>
Liabilities and Fund Balances									
Liabilities									
Accounts payable	\$ -	\$ 2,073	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,138	\$ 16,211
Total Liabilities	<u>-</u>	<u>2,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,138</u>	<u>16,211</u>
Fund Balances									
Restricted	-	191,263	-	5,523	53,564	1,366	6,124	82,633	340,473
Unassigned	-	-	16,907	-	-	-	-	-	16,907
Total Fund Balances (deficits)	<u>-</u>	<u>191,263</u>	<u>16,907</u>	<u>5,523</u>	<u>53,564</u>	<u>1,366</u>	<u>6,124</u>	<u>82,633</u>	<u>357,380</u>
Total Liabilities and Fund Balances (deficits)	<u>\$ -</u>	<u>\$ 193,336</u>	<u>\$ 16,907</u>	<u>\$ 5,523</u>	<u>\$ 53,564</u>	<u>\$ 1,366</u>	<u>\$ 6,124</u>	<u>\$ 96,771</u>	<u>\$ 373,591</u>

CITY OF UNION, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2025

	American Rescue Plan	Local Hospitality and Accommodations	Tax Increment District	Special Revenue Drug Account	Community Change	Union Events Center	Firemen's Fund	Main Street Junction	Total Nonmajor Governmental Funds
Revenues									
Property taxes and penalties	\$ -	\$ -	\$ 80,523	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,523
Local hospitality and accommodation tax	-	347,341	-	-	-	-	-	38,000	385,341
Investment earnings	-	104	19	2	22	1	-	33	181
Miscellaneous revenues	-	-	-	-	16,775	-	17,019	42,287	76,081
Total Revenues	<u>-</u>	<u>347,445</u>	<u>80,542</u>	<u>2</u>	<u>16,797</u>	<u>1</u>	<u>17,019</u>	<u>80,320</u>	<u>542,126</u>
Expenditures									
Current									
General government	1,162,342	588,118	-	-	-	-	-	70,075	1,820,535
Public safety	-	-	-	-	19,178	-	18,502	-	37,680
Total Expenditures	<u>1,162,342</u>	<u>588,118</u>	<u>-</u>	<u>-</u>	<u>19,178</u>	<u>-</u>	<u>18,502</u>	<u>70,075</u>	<u>1,858,215</u>
Net Change in Fund Balances	(1,162,342)	(240,673)	80,542	2	(2,381)	1	(1,483)	10,245	(1,316,089)
Fund Balances - beginning	<u>1,162,342</u>	<u>431,936</u>	<u>(63,635)</u>	<u>5,521</u>	<u>55,945</u>	<u>1,365</u>	<u>7,607</u>	<u>72,388</u>	<u>1,673,469</u>
Fund Balances - ending	<u>\$ -</u>	<u>\$ 191,263</u>	<u>\$ 16,907</u>	<u>\$ 5,523</u>	<u>\$ 53,564</u>	<u>\$ 1,366</u>	<u>\$ 6,124</u>	<u>\$ 82,633</u>	<u>\$ 357,380</u>

CITY OF UNION, SOUTH CAROLINA
 COMBINING SCHEDULE OF REVENUES AND EXPENSES BY DIVISION - BUDGET BASIS
 UTILITY ENTERPRISE FUND
 YEAR ENDED JUNE 30, 2025

	Electric Division	Water Division	Sewer Division	Gas Division	Total
Operating revenues					
Sales	\$ 18,293,118	\$ 3,600,165	\$ -	\$ 9,084,577	\$ 30,977,860
Sewer charges	-	-	2,642,375	-	2,642,375
Other revenues	45,620	285,693	7,104	68,253	406,670
Total operating revenues	<u>18,338,738</u>	<u>3,885,858</u>	<u>2,649,479</u>	<u>9,152,830</u>	<u>34,026,905</u>
Operating expenses					
Purchased power and natural gas	13,048,509	-	-	5,670,008	18,718,517
System operations	3,351,021	3,095,732	2,287,633	1,957,106	10,691,492
Payments in lieu of franchise fee	909,228	174,948	134,796	418,464	1,637,436
Depreciation and amortization	538,563	739,579	1,141,511	449,763	2,869,416
Total operating expenses	<u>17,847,321</u>	<u>4,010,259</u>	<u>3,563,940</u>	<u>8,495,341</u>	<u>33,916,861</u>
Operating income (loss)	<u>491,417</u>	<u>(124,401)</u>	<u>(914,461)</u>	<u>657,489</u>	<u>110,044</u>
Nonoperating revenues (expenses)					
Investment earnings	522,173	106,808	83,073	474,703	1,186,757
Other	165,136	40,024	485,762	-	690,922
Interest expense	-	(7,595)	(81,113)	-	(88,708)
Total nonoperating revenues (expenses)	<u>687,309</u>	<u>139,237</u>	<u>487,722</u>	<u>474,703</u>	<u>1,788,971</u>
Net income before contributions and transfers	<u>\$ 1,178,726</u>	<u>\$ 14,836</u>	<u>\$ (426,739)</u>	<u>\$ 1,132,192</u>	<u>\$ 1,899,015</u>

Note to Schedule:

Budget basis excludes the effects of nonbudgeted expenditures which include GASB 68 pension adjustment, GASB 75 OPEB adjustment, and any other nonbudgeted expenditure.

CITY OF UNION, SOUTH CAROLINA
 LOCAL HOSPITALITY AND ACCOMMODATIONS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Local hospitality and accommodations tax	\$ 460,000	\$ 460,000	\$ 347,341	\$ (112,659)
Investment earnings	-	-	104	104
Total revenues	<u>460,000</u>	<u>460,000</u>	<u>347,445</u>	<u>(112,555)</u>
EXPENDITURES				
Current				
General Government	460,000	460,000	588,118	(128,118)
Total expenditures	<u>460,000</u>	<u>460,000</u>	<u>588,118</u>	<u>(128,118)</u>
Excess of revenue over expenditures	-	-	(240,673)	(240,673)
Fund balances - beginning	<u>431,936</u>	<u>431,936</u>	<u>431,936</u>	<u>-</u>
Fund balances - ending	<u>\$ 431,936</u>	<u>\$ 431,936</u>	<u>\$ 191,263</u>	<u>\$ (240,673)</u>

Note to schedule:

The budgetary comparison schedules for governmental funds have been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

CITY OF UNION, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES - BUDGET BASIS
ELECTRIC DIVISION
YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues			
Sales	\$ 17,739,870	\$ 18,293,118	\$ 553,248
Other revenues	16,000	45,620	29,620
Total operating revenues	<u>17,755,870</u>	<u>18,338,738</u>	<u>582,868</u>
Operating expenses			
Purchased power and natural gas	14,269,360	13,048,509	1,220,851
System operations	2,302,730	3,329,462	(1,026,732)
SCADA system	16,000	21,559	(5,559)
Payment in lieu of franchise fee	844,670	909,228	(64,558)
Depreciation and amortization	-	538,563	(538,563)
Total operating expenses	<u>17,432,760</u>	<u>17,847,321</u>	<u>(414,561)</u>
Operating income	<u>323,110</u>	<u>491,417</u>	<u>168,307</u>
Nonoperating revenues (expenses)			
Investment earnings	308,000	522,173	214,173
Other	26,016	165,136	139,120
Total nonoperating revenue (expenses)	<u>334,016</u>	<u>687,309</u>	<u>353,293</u>
Income before contributions and transfers	<u>\$ 657,126</u>	<u>\$ 1,178,726</u>	<u>\$ 521,600</u>

Note to schedule:

Budget basis excludes the effects of nonbudgeted expenditures which include GASB 68 pension adjustment, GASB 75 OPEB adjustment, and any other nonbudgeted expenditure.

CITY OF UNION, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES - BUDGET BASIS
WATER DIVISION
YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues			
Sales - residential	\$ 1,576,477	\$ 1,635,918	\$ 59,441
Sales - commercial	272,916	292,084	19,168
Sales - industrial	432,468	432,034	(434)
Sales - water districts	1,099,606	975,501	(124,105)
Sales - other	189,933	264,628	74,695
Other revenues	<u>12,200</u>	<u>285,693</u>	<u>273,493</u>
Total operating revenues	<u>3,583,600</u>	<u>3,885,858</u>	<u>302,258</u>
Operating expenses			
System operations	2,000,070	1,955,079	44,991
Raw water plant	171,490	183,429	(11,939)
Water treatment	1,268,500	957,224	311,276
Payment in lieu of franchise fee	174,250	174,948	(698)
Depreciation and amortization	<u>-</u>	<u>739,579</u>	<u>(739,579)</u>
Total operating expenses	<u>3,614,310</u>	<u>4,010,259</u>	<u>(395,949)</u>
Operating income (loss)	<u>(30,710)</u>	<u>(124,401)</u>	<u>(93,691)</u>
Nonoperating revenues (expenses)			
Investment earnings	63,000	106,808	43,808
Other	17,344	40,024	22,680
Interest expense	<u>(66,400)</u>	<u>(7,595)</u>	<u>58,805</u>
Total nonoperating revenue (expenses)	<u>13,944</u>	<u>139,237</u>	<u>125,293</u>
Income (loss) before contributions and transfers	<u>\$ (16,766)</u>	<u>\$ 14,836</u>	<u>\$ 31,602</u>

Note to schedule:

Budget basis excludes the effects of nonbudgeted expenditures which include GASB 68 pension adjustment, GASB 75 OPEB adjustment, and any other nonbudgeted expenditure.

CITY OF UNION, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES - BUDGET BASIS
SEWER DIVISION
YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues			
Sewer charges - residential	\$ 2,034,236	\$ 1,804,104	\$ (230,132)
Sewer charges - commercial	566,137	476,465	(89,672)
Sewer charges - industrial	523,757	361,806	(161,951)
Other revenues	4,000	7,104	3,104
Total operating revenues	<u>3,128,130</u>	<u>2,649,479</u>	<u>(478,651)</u>
Operating expenses			
System operations	1,800,200	1,941,635	(141,435)
Sewage pumping	320,000	247,793	72,207
Sewage line maintenance	108,500	98,205	10,295
Payment in lieu of franchise fee	122,230	134,796	(12,566)
Depreciation and amortization	-	1,141,511	(1,141,511)
Total operating expenses	<u>2,350,930</u>	<u>3,563,940</u>	<u>(1,213,010)</u>
Operating income (loss)	<u>777,200</u>	<u>(914,461)</u>	<u>(1,691,661)</u>
Nonoperating revenues (expenses)			
Investment earnings	49,000	83,073	34,073
Other	279,240	485,762	206,522
Interest expense	(530,410)	(81,113)	449,297
Total nonoperating revenue (expenses)	<u>(202,170)</u>	<u>487,722</u>	<u>689,892</u>
Income (loss) before contributions and transfers	<u>\$ 575,030</u>	<u>\$ (426,739)</u>	<u>\$ (1,001,769)</u>

Note to schedule:

Budget basis excludes the effects of nonbudgeted expenditures which include GASB 68 pension adjustment, GASB 75 OPEB adjustment, and any other nonbudgeted expenditure.

CITY OF UNION, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES - BUDGET BASIS
GAS DIVISION
YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues			
Sales - residential	\$ 3,384,022	\$ 3,593,051	\$ 209,029
Sales - commercial	1,920,695	2,367,688	446,993
Sales - interruptible	4,704,769	3,121,219	(1,583,550)
Sales - other	1,594	2,619	1,025
Other revenues	<u>37,000</u>	<u>68,253</u>	<u>31,253</u>
Total operating revenues	<u>10,048,080</u>	<u>9,152,830</u>	<u>(895,250)</u>
Operating expenses			
Purchase power and natural gas	5,125,940	5,670,008	(544,068)
System operations	2,104,460	1,957,106	147,354
Payment in lieu of franchise fee	554,530	418,464	136,066
Depreciation and amortization	-	449,763	(449,763)
Total operating expenses	<u>7,784,930</u>	<u>8,495,341</u>	<u>(710,411)</u>
Operating income	<u>2,263,150</u>	<u>657,489</u>	<u>(1,605,661)</u>
Nonoperating revenues (expenses)			
Investment earnings	280,000	474,703	194,703
Other	-	-	-
Interest expense	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenue (expenses)	<u>280,000</u>	<u>474,703</u>	<u>194,703</u>
Income before contributions and transfers	<u>\$ 2,543,150</u>	<u>\$ 1,132,192</u>	<u>\$ (1,410,958)</u>

Note to schedule:

Budget basis excludes the effects of nonbudgeted expenditures which include GASB 68 pension adjustment, GASB 75 OPEB adjustment, and any other nonbudgeted expenditure.

CITY OF UNION, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES - BUDGET BASIS
SOLID WASTE MANAGEMENT FUND
YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues			
Collection fees	\$ 977,000	\$ 1,051,360	\$ 74,360
Other revenues - net of bad debts	29,500	230	(29,270)
Total operating revenues	<u>1,006,500</u>	<u>1,051,590</u>	<u>45,090</u>
Operating expenses			
System operations	926,420	930,385	(3,965)
Payment in lieu of franchise fee	-	45,780	(45,780)
Depreciation and amortization	-	97,730	(97,730)
Total operating expenses	<u>926,420</u>	<u>1,073,895</u>	<u>(147,475)</u>
Operating income	<u>80,080</u>	<u>(22,305)</u>	<u>(102,385)</u>
Nonoperating revenues (expenses):			
Investment earnings	-	89	89
Interest expense	-	(2,848)	(2,848)
Total nonoperating revenue (expenses)	<u>-</u>	<u>(2,759)</u>	<u>(2,759)</u>
Income before contributions and transfers	<u>\$ 80,080</u>	<u>\$ (25,064)</u>	<u>\$ (105,144)</u>

Note to schedule:

Budget basis excludes the effects of nonbudgeted expenditures which include GASB 68 pension adjustment, GASB 75 OPEB adjustment, and any other nonbudgeted expenditure.

**CITY OF UNION, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
VICTIM'S RIGHTS FUNDS
YEAR ENDED JUNE 30, 2025**

Municipal Court revenue to the City of Union

Court revenue booked in General Fund, excluding		
Victim's rights and other police revenues	\$	-
Court assessment and surcharges to the State of SC		(65,083)
Court refunds		-
		-
Net Court Revenues to the City of Union		(65,083)

Municipal Court revenue to the State of SC

Court assessments to the State Treasurer		49,010
DUI Assessments to the State Treasurer		46
DUI Spinal Cord Research Charges to the State		381
DUI DPS Pullouts to the State		381
DUS DPS Pullouts to the State		2,682
Drug Surcharges to the State		486
Law Enforcement Surcharges to the State		11,179
Criminal Justice Academy Surcharges		(5)
DUI DUAC TEST convictions Fees		23
Municipal Court Discharge Fee		900
Total Court Revenue Sent to State		65,083

Victim Services

Court Assessments allocated to Victim Services		6,157
Court Surcharges allocated to Victim Services		2,064
Funds Allocated to Victim Services		8,221
Victim Services and Expenditures		(8,221)

Excess Revenues Over (Under) Expenditures for Victim Services	\$	-
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NOTES TO THE SCHEDULE:

According to State law, certain municipal court revenues collected by the City are remitted to the State Treasurer.

Per the City's agreement with Union County, 100% of Victim's Assistance assessments and surcharges collected are remitted to the County.

**CITY OF UNION, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
COLLECTED AND REMITTED
YEAR ENDED JUNE 30, 2025**

The following is a schedule of fines, assessments and surcharges collected and remitted on the accrual basis:

Fines collected and retained	\$	53,423
Assessments/surcharges/pullouts collected		73,305
Assessments retained for victim's rights assistance		6,157
Surcharges retained for victim's rights assistance		2,064
Assessments/surcharges/pullouts remitted		65,083
6-30-2024 Fund balance - restricted for victims' rights assistance		-
FY 2024 Victims' assistance assessments and surcharges collected		8,221
FY 2024 Expenditures for victims' rights assistance		(8,221)
6-30-2025 Fund balance - restricted for victims' rights assistance	\$	-

NOTES TO THE SCHEDULE:

According to State law, certain municipal court revenues collected by the City are remitted to the State Treasurer.

Per the City's agreement with Union County, 100% of Victim's Assistance assessments and surcharges collected are remitted to the County.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of City Council
City of Union
Union, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities each major fund, and the aggregate remaining fund information of the City of Union, South Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Union, South Carolina's basic financial statements, and have issued our report thereon dated January 26, 2026.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Union, South Carolina'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.

Members
American Institute of Certified Public Accountants
S.C. Association of Certified Public Accountants



Honorable Mayor and Members of City Council
City of Union
January 26, 2026

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.

Compliance and Other Matters

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

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 result of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McKinley, Cooper & Co., LLC

Greenville, South Carolina
January 26, 2026

STATISTICAL SECTION

This part of the City of Union’s annual 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 government’s overall financial health.

Contents

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the government’s most significant local revenue source, utility system receipts. Additional data is presented on property tax revenue, the most significant general fund revenue source and a traditional revenue source of readers of this report.

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

These schedules contain service and infrastructure data to help the reader understand the environment within which the government’s financial activities take place.

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

**City of Union, South Carolina
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)**

	<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>
Governmental activities										
Invested in capital assets, net of related debt	\$ 4,390,797	\$ 4,699,992	\$ 4,700,732	\$ 5,038,002	\$ 5,561,182	\$ 5,601,458	\$ 5,790,238	\$ 6,067,579	\$ 6,010,284	\$ 5,803,679
Restricted	4,334,743	4,311,363	4,863,997	4,923,832	5,039,419	5,123,354	5,273,676	5,569,371	5,759,239	5,671,172
Unrestricted	<u>(578,302)</u>	<u>(927,663)</u>	<u>(1,142,476)</u>	<u>(1,270,739)</u>	<u>(1,015,641)</u>	<u>(595,160)</u>	<u>482,432</u>	<u>2,670,558</u>	<u>3,390,125</u>	<u>2,996,677</u>
Total governmental activities net assets	<u>\$ 8,147,238</u>	<u>\$ 8,083,692</u>	<u>\$ 8,422,253</u>	<u>\$ 8,691,095</u>	<u>\$ 9,584,960</u>	<u>\$ 10,129,652</u>	<u>\$ 11,546,346</u>	<u>\$ 14,307,508</u>	<u>\$ 15,159,648</u>	<u>\$ 14,471,528</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 53,443,659	\$ 54,163,348	\$ 55,945,231	\$ 57,541,787	\$ 59,516,541	\$ 61,776,560	\$ 63,700,264	\$ 66,721,451	\$ 71,721,997	\$ 78,637,329
Restricted	1,143,975	1,157,559	966,997	557,564	529,773	76,619	76,649	78,219	77,997	101,987
Unrestricted	<u>10,034,060</u>	<u>11,588,916</u>	<u>12,877,342</u>	<u>16,085,598</u>	<u>15,943,241</u>	<u>17,161,464</u>	<u>18,605,376</u>	<u>18,372,129</u>	<u>21,741,120</u>	<u>22,699,598</u>
Total business-type activities net assets	<u>\$ 64,621,694</u>	<u>\$ 66,909,823</u>	<u>\$ 69,789,570</u>	<u>\$ 74,184,949</u>	<u>\$ 75,989,555</u>	<u>\$ 79,014,643</u>	<u>\$ 82,382,289</u>	<u>\$ 85,171,799</u>	<u>\$ 93,541,114</u>	<u>\$ 101,438,914</u>
Primary Government										
Invested in capital assets, net of related debt	\$ 57,834,456	\$ 58,863,340	\$ 60,645,963	\$ 62,579,789	\$ 65,077,723	\$ 67,378,018	\$ 69,490,502	\$ 72,789,030	\$ 77,732,281	84,441,008
Restricted	5,478,718	5,468,922	5,830,994	5,481,396	5,569,192	5,199,973	5,350,325	5,647,590	5,837,236	5,773,159
Unrestricted	<u>9,455,758</u>	<u>10,661,253</u>	<u>11,734,866</u>	<u>14,814,859</u>	<u>14,927,600</u>	<u>16,566,304</u>	<u>19,087,808</u>	<u>21,042,687</u>	<u>25,131,245</u>	<u>25,696,275</u>
Total primary government net assets	<u>\$ 72,768,932</u>	<u>\$ 74,993,515</u>	<u>\$ 78,211,823</u>	<u>\$ 82,876,044</u>	<u>\$ 85,574,515</u>	<u>\$ 89,144,295</u>	<u>\$ 93,928,635</u>	<u>\$ 99,479,307</u>	<u>\$ 108,700,762</u>	<u>\$ 115,910,442</u>

City of Union, South Carolina
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	<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>
Expenses										
Governmental activities:										
General government	\$1,498,067	\$1,926,311	\$1,681,474	\$1,865,753	\$ 1,653,616	\$ 1,868,438	\$ 3,336,446	\$ 2,187,894	\$ 2,542,926	\$ 3,600,564
Facilities maintenance	59,213	76,270	185,151	164,916	139,177	113,221	133,058	238,181	145,348	214,583
Public safety	3,432,105	3,544,002	3,376,558	3,635,589	3,668,197	3,538,511	3,506,965	3,536,129	3,433,722	4,422,794
Public service	719,011	590,480	1,115,376	648,130	642,254	523,954	563,297	633,514	661,724	810,608
Planning	269,719	323,240	309,059	385,174	324,852	409,398	241,886	389,302	316,989	414,275
Interest on long-term debt	0	0	0	17,832	14,078	8,291	10,378	24,057	17,464	12,148
Total governmental activities expenses	<u>5,978,115</u>	<u>6,460,303</u>	<u>6,667,618</u>	<u>6,717,394</u>	<u>6,442,174</u>	<u>6,461,813</u>	<u>7,792,030</u>	<u>7,009,077</u>	<u>7,118,173</u>	<u>9,474,972</u>
Business-type activities										
Solid waste management	728,587	747,419	944,908	768,747	901,051	871,000	867,041	593,311	735,207	1,073,895
Combined utilities	31,403,841	32,812,936	33,373,027	31,694,410	30,792,726	30,672,047	33,160,748	35,059,101	30,600,566	33,916,861
Total business type activities expenses	<u>32,132,428</u>	<u>33,560,355</u>	<u>34,317,935</u>	<u>32,463,157</u>	<u>31,693,777</u>	<u>31,543,047</u>	<u>34,027,789</u>	<u>35,652,412</u>	<u>31,335,773</u>	<u>34,990,756</u>
Total primary government expenses	<u>\$38,110,543</u>	<u>\$40,020,658</u>	<u>\$40,985,553</u>	<u>\$39,180,551</u>	<u>\$ 38,135,951</u>	<u>\$ 38,004,860</u>	<u>\$41,819,819</u>	<u>\$ 42,661,489</u>	<u>\$ 38,453,946</u>	<u>\$44,465,728</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Public safety	\$172,060	\$180,389	\$133,126	\$128,711	137,117	188,332	52,374	98,701	57,047	66,245
Planning	42,177	1,243,864	1,313,170	1,472,152	1,518,409	1,402,884	1,478,648	1,593,719	1,595,046	2,005,521
Operating grants and contributions	13,448	190,169	435,035	8,875	9,785	21,266	1,926,764	1,901,764	-	-
Capital grants and contributions	49,950	0	0	0	342,090	-	-	-	-	-
Total governmental activities program revenues	<u>277,635</u>	<u>1,614,422</u>	<u>1,881,331</u>	<u>1,609,738</u>	<u>2,007,401</u>	<u>1,612,482</u>	<u>3,457,786</u>	<u>3,594,184</u>	<u>1,652,093</u>	<u>2,071,766</u>
Business-type activities:										
Charges for services-solid waste mgt.	761,075	761,049	769,890	783,755	834,556	844,837	909,895	897,293	915,282	1,051,590
Charges for services-combined utilities	33,392,697	34,617,654	35,445,686	34,649,291	32,147,468	32,973,902	34,463,416	33,727,766	32,599,127	33,620,235
Capital grants and contributions	834,587	346,201	959,279	1,135,159	124,394	672,976	1,197,799	2,297,447	4,323,700	5,998,849
Total business-type activities program revenues	<u>34,988,359</u>	<u>35,724,904</u>	<u>37,174,855</u>	<u>36,568,205</u>	<u>33,106,418</u>	<u>34,491,715</u>	<u>36,571,110</u>	<u>36,922,506</u>	<u>37,838,109</u>	<u>40,670,674</u>
Total primary government program revenues	<u>\$35,265,994</u>	<u>\$37,339,326</u>	<u>\$39,056,186</u>	<u>\$38,177,943</u>	<u>\$ 35,113,819</u>	<u>\$ 36,104,197</u>	<u>\$40,028,896</u>	<u>\$ 40,516,690</u>	<u>\$ 39,490,202</u>	<u>\$42,742,440</u>

(Continued)

	<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>
Net (expense)/revenue										
Governmental activities	-\$5,700,479	-\$4,845,881	-\$4,786,287	-\$5,107,656	-\$4,434,773	-\$4,849,331	-\$4,334,244	-\$3,414,893	-\$5,466,080	-\$7,403,206
Business-type activities	<u>2,855,932</u>	<u>2,164,549</u>	<u>2,856,920</u>	<u>4,105,048</u>	<u>1,412,641</u>	<u>2,948,668</u>	<u>2,543,321</u>	<u>1,270,094</u>	<u>6,502,336</u>	<u>5,679,918</u>
Total primary government net expense	<u>-\$2,844,547</u>	<u>-\$2,681,332</u>	<u>-\$1,929,367</u>	<u>-\$1,002,608</u>	<u>-\$3,022,132</u>	<u>-\$1,900,663</u>	<u>-\$1,790,923</u>	<u>-\$2,144,799</u>	<u>\$1,036,256</u>	<u>-\$1,723,288</u>
General Revenues and Other Changes in Net Position										
Governmental activities										
Property taxes	\$1,272,330	\$1,433,458	\$1,889,671	\$1,676,747	\$1,796,565	\$1,907,076	\$1,986,021	\$2,091,976	\$2,297,640	\$2,624,156
Fee in lieu of property taxes	1,769,964	1,721,980	1,777,414	1,790,208	1,788,499	1,659,636	1,693,484	1,805,305	1,781,511	1,730,870
Local hospitality and accommodations tax	237,766	233,149	240,779	343,093	282,978	326,446	326,934	364,128	387,495	385,341
Other taxes	436,368	469,341	461,768	475,814	459,858	505,676	514,177	504,521	513,444	571,644
Occupational Licenses and Franchise Fees	1,156,557	0	0	0	0	0	0	0	0	0
Miscellaneous	576,531	398,038	287,484	325,978	290,018	318,097	359,809	373,926	360,734	294,589
Unrestricted investment earnings	14,737	11,126	4,342	60,532	2,732	43,296	1,478	15,578	4,499	4,389
Intergovernmental revenue	492,050	515,243	603,319	704,126	707,988	633,796	869,035	1,020,621	997,897	1,129,097
Transfers	0	0	0	0	0	0	0	0	-25,000	-25,000
Total governmental activities	<u>5,956,303</u>	<u>4,782,335</u>	<u>5,264,777</u>	<u>5,376,498</u>	<u>5,328,638</u>	<u>5,394,023</u>	<u>5,750,938</u>	<u>6,176,055</u>	<u>6,318,220</u>	<u>6,715,086</u>
Business-type activities-Utility system										
Interest revenue	91,434	123,581	197,480	290,331	236,649	61,541	84,117	651,722	1,244,115	1,186,846
Loss on sale/discontinuance of capital assets	-560,879	0	0	0	0	0	0	0	0	0
Miscellaneous revenue					155,316	14,879	740,208	867,694	597,864	1,006,036
Transfers	0	0	0	0	0	0	0	0	25,000	25,000
Total business-type activities	<u>-469,445</u>	<u>123,581</u>	<u>197,480</u>	<u>290,331</u>	<u>391,965</u>	<u>76,420</u>	<u>824,325</u>	<u>1,519,416</u>	<u>1,866,979</u>	<u>2,217,882</u>
Total primary government	<u>5,486,858</u>	<u>4,905,916</u>	<u>5,462,257</u>	<u>5,666,829</u>	<u>5,720,603</u>	<u>5,470,443</u>	<u>6,575,263</u>	<u>7,695,471</u>	<u>8,185,199</u>	<u>8,932,968</u>
Changes in Net Position										
Government activities	255,824	-63,546	478,490	268,842	893,865	544,692	1,416,694	2,761,162	852,140	-688,120
Business-type activities	<u>2,386,487</u>	<u>2,288,130</u>	<u>3,054,400</u>	<u>4,395,379</u>	<u>1,804,606</u>	<u>3,025,088</u>	<u>3,367,646</u>	<u>2,789,510</u>	<u>8,369,315</u>	<u>7,897,800</u>
Total primary government	<u>\$2,642,311</u>	<u>\$2,224,584</u>	<u>\$3,532,890</u>	<u>\$4,664,221</u>	<u>\$2,698,471</u>	<u>\$3,569,780</u>	<u>\$4,784,340</u>	<u>\$5,550,672</u>	<u>\$9,221,455</u>	<u>\$7,209,680</u>

City of Union, South Carolina
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal YEAR	General Fund Property Tax(1)	Local Option Sales Tax(2)	Licenses, Permits, (3)
2016	1,234,853		1,291,773
2017	1,257,359	53,699	1,249,734
2018	834,931	993,259	1,313,170
2019	519,361	920,881	1,472,152
2020	760,455	951,793	1,394,949
2021	400,123	1,321,757	1,412,816
2022	445,799	1,450,225	1,478,648
2023	401,500	1,609,917	1,593,719
2024	1,057,940	1,156,338	1,595,046
2025	1,533,235	1,010,398	2,005,521

(1) Totals include vehicles tax and penalties paid on delinquents property taxes collected. Vehicle taxes are collected by Union County and remitted to City monthly.

(2) The effective date of the local option sales tax was May 1, 2017.

(3) Major source of this revenue is business license.

Source: City of Union Finance Department

City of Union, South Carolina
Fund Balances of Governmental Funds
Last Ten Fiscal Years(1)
(modified accrual basis of accounting)

	<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 fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted:										
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	<u>3,077,439</u>	<u>3,345,770</u>	<u>3,866,438</u>	<u>3,959,806</u>	<u>4,115,583</u>	<u>4,813,149</u>	<u>5,305,960</u>	<u>6,109,635</u>	<u>7,007,984</u>	<u>8,013,336</u>
Total general fund	<u>3,077,439</u>	<u>3,345,770</u>	<u>3,866,438</u>	<u>3,959,806</u>	<u>4,115,583</u>	<u>4,813,149</u>	<u>5,305,960</u>	<u>6,109,635</u>	<u>7,007,984</u>	<u>8,013,336</u>
All other governmental funds										
Nonspendable	3,926,693	4,080,180	4,237,259	4,394,036	4,532,623	4,542,405	4,905,738	5,040,030	5,184,477	5,330,699
Reserved	-	-	-	-	-	-	-	-	-	-
Restricted	317,983	696,331	626,738	377,938	505,796	580,949	748,882	2,041,062	1,737,104	340,473
Unreserved, reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Unrestricted:										
Committed	282,101	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	151,858	-	-	-	-	-	-
Unassigned	<u>430,007</u>	<u>(4,211)</u>	<u>(18,332)</u>	<u>(40,544)</u>	<u>(45,530)</u>	<u>(49,637)</u>	<u>(48,943)</u>	<u>31,643</u>	<u>(63,635)</u>	<u>16,907</u>
Total all other governmental funds	<u>4,956,784</u>	<u>4,772,300</u>	<u>4,845,665</u>	<u>4,883,288</u>	<u>4,992,889</u>	<u>5,073,717</u>	<u>5,605,677</u>	<u>7,112,735</u>	<u>6,857,946</u>	<u>5,688,079</u>
Total all governmental funds	<u>\$ 8,034,223</u>	<u>\$ 8,118,070</u>	<u>\$ 8,712,103</u>	<u>\$ 8,843,094</u>	<u>\$ 9,108,472</u>	<u>\$ 9,886,866</u>	<u>\$ 10,911,637</u>	<u>\$ 13,222,370</u>	<u>\$ 13,865,930</u>	<u>\$ 13,701,415</u>

(1) Reporting coincides with GASB 54 implementation in 2011. GASB 54 eliminated the reserved and unreserved classifications and replaced them with Nonspendable, Restricted, and Unrestricted. Within the Unrestricted category three classifications of fund balance were created: Committed, Assigned, and Unassigned.

City of Union, South Carolina
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<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>
Revenues										
Taxes	\$1,272,525	\$1,395,579	\$1,903,356	\$1,507,320	1,796,565	1,907,076	1,986,021	2,091,976	2,297,640	2,624,156
Fee in lieu of taxes	1,769,964	1,721,980	1,777,414	1,790,208	1,788,499	1,659,636	1,693,484	1,805,305	1,781,511	1,730,870
Local hospitality and accommodations tax	237,766	233,149	240,779	343,093	282,978	326,446	326,934	364,128	387,495	385,341
Licenses, permits and franchise fees	1,291,773	1,249,734	1,313,170	1,472,152	1,394,949	1,412,816	1,478,648	1,593,719	1,595,046	2,005,521
Fines and forfeitures	97,343	91,588	55,038	42,440	45,811	57,894	52,374	98,701	57,047	66,245
Intergovernmental	580,216	794,213	1,116,442	799,272	1,151,169	785,500	2,795,799	2,922,385	997,897	1,129,097
State collected revenues	436,368	469,341	461,768	475,814	459,858	505,676	514,177	504,521	513,444	571,644
Investment earnings	14,737	11,126	4,342	60,532	2,732	43,296	1,478	15,578	4,499	4,389
Miscellaneous	537,388	398,038	287,484	325,978	290,018	318,097	359,809	373,926	346,002	278,487
Total revenues	<u>6,238,080</u>	<u>6,364,748</u>	<u>7,159,793</u>	<u>6,816,809</u>	<u>7,212,579</u>	<u>7,016,437</u>	<u>9,208,724</u>	<u>9,770,239</u>	<u>7,980,581</u>	<u>8,795,750</u>
Expenditures										
General government	2,739,369	1,522,719	1,580,012	1,662,974	1,537,341	1,493,937	3,269,602	2,108,901	2,482,574	3,434,341
Facilities Maintenance	67,339	76,270	185,151	164,916	139,177	113,221	133,058	243,544	145,348	214,583
Public Safety	3,171,826	3,181,420	3,132,167	3,261,163	3,534,384	3,394,528	3,431,398	3,471,315	3,385,160	3,934,170
Public service	678,752	585,320	1,101,424	636,245	626,633	506,836	537,385	611,467	658,254	716,716
Planning	261,764	323,240	309,059	385,174	324,852	409,398	307,637	397,347	340,731	397,818
Capital outlay	91,866	402,230	68,244	385,643	595,111	155,513	1,424,235	424,735	108,117	47,173
Debt Service	0	0								
Principal	279,089	163,410	167,586	178,082	175,625	155,679	291,535	187,946	191,156	193,006
Interest	31,616	26,293	22,117	11,621	14,078	8,931	4,365	18,623	15,413	13,563
Total expenditures, including capital	<u>7,321,621</u>	<u>6,280,902</u>	<u>6,565,760</u>	<u>6,685,818</u>	<u>6,947,201</u>	<u>6,238,043</u>	<u>9,399,215</u>	<u>7,463,878</u>	<u>7,326,753</u>	<u>8,951,370</u>
Excess of revenues over (under) expenditures	-1,083,541	83,846	594,033	130,991	265,378	778,394	-190,491	2,306,361	653,828	-155,620
Other financing sources (uses)										
Contributed capital										
Loan and lease purchase proceeds										
Insurance proceeds	39,143	0	0	0	0	0	0	4,372	14,732	16,102
Transfer- In (Out)	0	0	0	0	0	0	0	0	-25,000	-25,000
Total other financing sources (uses)	<u>39,143</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,372</u>	<u>-10,268</u>	<u>-8,898</u>
Net change in fund balances	<u>-\$1,044,398</u>	<u>\$83,846</u>	<u>\$594,033</u>	<u>\$130,991</u>	<u>\$265,378</u>	<u>\$778,394</u>	<u>-\$190,491</u>	<u>\$2,310,733</u>	<u>\$643,560</u>	<u>-\$164,518</u>
Debt service as a percentage of noncapital expenditures	4.5%	3.3%	3.0%	3.1%	3.1%	2.8%	3.9%	3.0%	2.9%	2.4%

City of Union, South Carolina
Utility Enterprise System Operating Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Electric Receipts	Percent of Total	Water Receipts	Percent of Total	Sewer Receipts	Percent of Total	Gas Receipts	Percent of Total	Other Operating Revenue	Percent of Total	Total Combined Public Utility Operating Revenue
2016	17,329,402	52.3%	3,449,583	10.4%	2,850,108	8.6%	9,483,096	28.6%	21,326	0.1%	33,133,515
2017	17,645,542	51.4%	3,525,388	10.3%	2,860,365	8.3%	10,178,446	29.7%	95,336	0.3%	34,305,077
2018	17,964,220	51.3%	3,507,152	10.0%	2,934,131	8.4%	10,590,065	30.2%	38,631	0.1%	35,034,199
2019	16,832,814	48.8%	3,536,495	10.2%	2,971,410	8.6%	10,917,290	31.6%	264,218	0.8%	34,522,227
2020	16,637,836	52.3%	3,530,515	11.1%	2,871,628	9.0%	8,466,696	26.6%	278,472	0.9%	31,785,147
2021	17,710,237	54.7%	3,424,719	10.6%	2,448,903	7.6%	8,538,995	26.4%	273,521	0.8%	32,396,375
2022	17,327,780	50.3%	3,517,182	10.2%	2,423,467	7.0%	10,987,702	31.9%	207,285	0.6%	34,463,416
2023	16,789,957	49.5%	3,452,493	10.2%	2,442,182	7.2%	11,043,134	32.6%	185,637	0.5%	33,913,403
2024	18,116,675	55.3%	3,480,969	10.6%	2,634,744	8.0%	8,366,739	25.5%	149,628	0.5%	32,748,755
2025	18,293,118	53.8%	3,600,165	10.6%	2,642,375	7.8%	9,084,577	26.7%	406,670	1.2%	34,026,905

**City of Union
Electric Largest Users
For the Year Ended June 30, 2025**

<u>USER NAME</u>	<u>USER SERVICE OR BUSINESS</u>	<u>CONSUMPTION-kWh</u>	<u>% of Total 2025 Billed Usage</u>	<u>BILLED REVENUES</u>	<u>% of Total 2025 Billed Revenue</u>
CSL PLASMA	PHARMACEUTICAL	6,953,613	5.73%	\$694,026	3.78%
CITY OF UNION	GOVERNMENT	5,031,946	4.15%	\$559,696	3.05%
DALCO GFT NONWOVENS, LLC	SPECIALTY PRODUCTS	4,158,420	3.43%	\$429,180	2.34%
UNION HOSP DIST CREDITOR(OLD UNION)	HOSPITAL	3,694,918	3.04%	\$377,356	2.06%
UNION COUNTY SCHOOLS	EDUCATION	3,162,918	2.61%	\$363,446	1.98%
WAL-MART #01-0629	GROCERY/MERCHANDISE	3,078,960	2.54%	\$302,290	1.65%
UNION COUNTY SUPERVISOR	GOVERNMENT	1,755,605	1.45%	\$238,181	1.30%
KJ'S MARKET	GROCERY	1,674,600	1.38%	\$166,912	0.91%
UNION POST ACUTE	MEDICAL	1,242,360	1.02%	\$125,976	0.69%
FRESH AIR GALAXY	GROCERY	864,793	0.71%	\$92,062	0.50%
TOTAL LARGEST USER		<u>31,618,133</u>	26.05%	<u>\$3,349,127</u>	18.26%
TOTAL USAGE BILLED		121,371,844 *****			
USAGE NOT BILLED(STREET LIGHTS)		<u>2,524,860</u>			
TOTAL USAGE NET OF LOSSES		123,896,704			
TOTAL AUDITED REVENUE				\$18,338,738	

(1) Source: City of Union utility records.

(2) Users with less kWh usage but higher billed revenue have a higher demand charge that is included in billed revenue.

**City of Union, South Carolina
Natural Gas Largest Users
For the Year ended June 30, 2025**

<u>USER NAME</u>	<u>USER SERVICE OR BUSINESS</u>	<u>CONSUMPTION-CCF</u>	<u>% of Total 2025 Billed Usage</u>	<u>BILLED REVENUES</u>	<u>% of Total 2025 Billed Revenue</u>
BASF WYANDOTTE CORP.	CHEMICAL	1,912,728	17.10%	\$1,010,261	11.04%
STANDARD TEXTILE COMPANY	TEXTILES	1,448,273	12.95%	\$687,689	7.51%
THE TIMKEN CO	BEARINGS	869,760	7.77%	\$441,770	4.83%
SOUTHEAST EMULSIONS INC	ASPHALT PREPARATION	425,810	3.81%	\$216,561	2.37%
GEORGIA PACIFIC-SHARED CT	PAPER PRODUCTS	414,530	3.71%	\$210,952	2.30%
CSL PLASMA	PHARMACEUTICAL	403,401	3.61%	\$409,660	4.48%
KINGS ASPHALT	ASPHALT	368,700	3.30%	\$186,026	2.03%
CEDAR HILL PLANT	TEXTILES	357,580	3.20%	\$180,287	1.97%
SLOAN CONSTRUCTION CO.	ASPHALT/PAVING	335,633	3.00%	\$169,076	1.85%
TYGER RIVER CORRECTIONAL	PRISON	207,301	1.85%	\$209,178	2.29%
TOTAL LARGEST USER		<u>6,743,716</u>	60.28%	<u>\$3,721,459</u>	40.66%
TOTAL USAGE BILLED		11,186,829 ****			
TOTAL AUDITED REVENUE				\$9,152,830	

(1) Source: City of Union utility records.

**City of Union
Water Largest User
For the Year Ended June 30, 2025**

<u>USER NAME</u>	<u>USER SERVICE OR BUSINESS</u>	<u>CONSUMPTION-GAL</u>	<u>% of Total 2025 Billed Usage</u>	<u>BILLED REVENUES</u>	<u>% of Total 2025 Billed Revenue</u>
MEANSVILLE RILEY WATER DIST	WATER DISTRICT	120,761,600	14.70%	\$183,772	4.73%
SANTUC-HEBRON WATER DIST	WATER DISTRICT	91,788,000	11.17%	\$277,526	7.14%
BROWNS CREEK WATER DIST	WATER DISTRICT	90,401,500	11.00%	\$273,644	7.04%
ROCKY CREEK WATER DIST	WATER DISTRICT	66,987,900	8.15%	\$208,086	5.35%
STANDARD TEXTILE COMPANY	TEXTILE	62,616,400	7.62%	\$177,508	4.57%
CEDAR HILL PLANT	TEXTILE	22,552,700	2.74%	\$105,466	2.71%
CITY OF UNION	GOVERNMENT	17,967,700	2.19%	\$91,911	2.37%
THE TIMKEN COMPANY	BEARINGS	12,551,000	1.53%	\$62,583	1.61%
GESTAMP SOUTH CAROLINA LLC	AUTOMOTIVE	10,760,200	1.31%	\$48,725	1.25%
TOWN OF CARLISLE	WATER DISTRICT	10,666,000	1.30%	\$35,055	0.90%
TOTAL LARGEST USER		<u>507,053,000</u>	61.71%	<u>\$1,464,276</u>	37.68%
TOTAL USAGE BILLED		821,667,503			
TOTAL AUDITED REVENUE				\$3,885,858	

(1) Source: City of Union utility records.

**City of Union
Sewer Largest Users
For the Year Ended June 30, 2025**

<u>USER NAME</u>	<u>USER SERVICE OR BUSINESS</u>	<u>CONSUMPTION-GAL</u>	<u>% of Total 2025 Billed Usage</u>	<u>BILLED REVENUES</u>	<u>% of Total 2025 Billed Revenue</u>
STANDARD TEXTILE COMPANY	TEXTILE	40,673,300	12.61%	\$131,566	4.97%
THE TIMKEN CO	BEARINGS	9,560,500	2.96%	\$71,109	2.68%
CEDAR HILL PLANT	TEXTILE	9,486,040	2.94%	\$73,787	2.78%
TOWN OF CARLISLE	WATER DISTRICT	9,033,000	2.80%	\$82,211	3.10%
UNION COUNTY SCHOOLS	EDUCATION	6,350,600	1.97%	\$43,455	1.64%
CITY OF UNION	GOVERNMENT	5,416,200	1.68%	\$27,720	1.05%
MYCOWORKS INC	GOODS	5,397,200	1.67%	\$20,273	0.77%
UNION POST ACTURE	MEDICAL	4,733,300	1.47%	\$23,322	0.88%
GESTAMP OF SOUTH CAROLINA	AUTOMOTIVE	4,652,300	1.44%	\$33,590	1.27%
UNION HOSP DIST CREDITOR (OLD UNIK)	HOSPITAL	4,325,400	1.34%	\$12,079	0.46%
TOTAL LARGEST USER		<u>99,627,840</u>	30.89%	<u>\$519,110</u>	19.59%
TOTAL USAGE USED TO CALCULATE SEWER CHARGES		322,553,441			
TOTAL AUDITED REVENUE				\$2,649,479	

(1) Source: City of Union utility records.

(2) Variances in consumption to billed revenue is due to different rate classes and some customers have multiple meters.

**City of Union, South Carolina
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Fiscal Year	City of Union			Union County			Union County School District				Total Direct & Overlapping Rates	
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Special Levies	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		Special Districts
2016	84.2		84.2	111.0	4.0	24.7	139.7	119.9	48.0	167.9		391.8
2017	86.8		86.8	111.0	6.2	30.2	147.4	119.9	48.0	167.9		402.1
2018	86.8		86.8	112.4	6.2	30.4	149.0	124.9	48.0	172.9		408.7
2019	86.8		86.8	117.9	5.9	30.9	154.7	124.9	48.0	172.9		414.4
2020	89.8		89.8	121.0	8.9	32.3	162.2	127.9	48.0	175.9		427.9
2021	89.8		89.8	124.0	8.9	34.0	166.9	127.9	48.0	175.9		432.6
2022	93.5		93.5	126.0	8.9	34.0	168.9	127.9	48.0	175.9		438.3
2023	93.5		93.5	126.0	8.9	34.0	168.9	127.9	48.0	175.9		438.3
2024	99.0		99.0	132.0	8.9	34.0	174.9	138.1	48.0	186.1		460.0
2025	112.7		112.7	132.0	8.9	34.0	174.9	138.1	48.0	186.1		473.7

(1) Source: Union County Auditor

City of Union, South Carolina
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Tax Year	Real Property \$	Personal Property			Total Taxable Assessed Value \$	Total Direct Tax Rate \$	Estimated Actual Taxable Value \$	Assessed Value as a Percentage of Actual Value
			Motor Vehicles \$	Other Personal Property \$	Total Personal Property \$				
2016	2015	11,992,510	2,107,553	2,142,900	4,250,453	16,242,963	84.2	277,674,153	5.85%
2017	2016	12,286,920	1,982,834	1,841,930	3,824,764	16,111,684	86.8	272,371,122	5.92%
2018	2017	12,353,960	1,993,023	1,770,570	3,763,593	16,117,553	86.8	271,118,712	5.94%
2019	2018	12,410,040	1,940,307	1,770,570	3,710,877	16,120,917	86.8	271,243,045	5.94%
2020	2019	12,440,660	1,848,781	1,956,810	3,805,591	16,246,251	89.8	271,333,421	5.99%
2021	2020	12,450,820	1,897,601	1,774,130	3,671,731	16,122,551	89.8	270,891,616	5.95%
2022	2021	12,382,600	2,083,510	1,430,086	3,513,596	15,896,196	93.5	274,012,000	5.80%
2023	2022	12,909,550	2,304,284	1,352,950	3,657,234	16,566,784	93.5	278,582,916	5.95%
2024	2023	13,718,400	2,411,916	1,636,430	4,048,346	17,766,746	99.0	282,658,248	6.29%
2025	2024	14,371,930	2,538,941	1,804,760	4,343,701	18,715,631	112.7	302,010,860	6.20%

**CITY OF UNION, SOUTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
SEPTEMBER 30, 2025**

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>2024 TAXABLE ASSESSED VALUE</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL ASSESSED</u>	<u>2015 TAXABLE ASSESSED VALUE</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL ASSESSED</u>
HAEMONETICS/CSL PLASMA	INDUSTRIAL	604,000	1	4.20%	630,940	1	5.14%
WALMART REAL ESTATE	COMMERCIAL	446,840	2	3.11%	458,200	3	3.73%
LOCKHART POWER COMPANY	UTILITIES	300,100	3	2.09%	172,990	4	1.41%
CHARTER/SPECTRUM	COMMUNICATIONS	224,700	4	1.56%	159,460	7	1.30%
ENCORE UNION LLC	COMMERCIAL	171,370	5	1.19%			
UNION STATION LLC	COMMUNICATIONS	167,290	6	1.16%	165,150	5	1.35%
WILLIAM MARTIN GRAHAM	COMMERCIAL	128,580	7	0.89%	121,740	8	0.99%
317 BUFFALO WEST	COMMERCIAL	121,990	8	0.85%			
VERDUYN JOOST (TRUSTEE)	COMMERCIAL	121,510	9	0.85%			
ORGANIC DYES AND PIGMENTS LLC	INDUSTRIAL	115,100	10	0.80%			
BELLSOUTH COMMUNICATIONS	COMMUNICATIONS				570,980	2	4.65%
WALMART STORE	COMMERCIAL				163,420	6	1.33%
UNION II ELDERLY HOUSING	RESIDENTIAL				109,410	8	0.89%
ARTHUR STATE BANK	FINANCIAL				94,770	10	0.77%
TOTAL OF LARGEST TAXPAYERS		<u>2,401,480</u>		<u>16.71%</u>	<u>2,647,060</u>		<u>21.57%</u>
TOTAL TAXABLE ASSESSED VALUE		<u>14,371,930</u> *		<u>100.00%</u>	<u>12,271,330</u> *		<u>100.00%</u>

*EXCLUDES HOMESTEAD EXEMPTION, ABATEMENTS AND VEHICLES

Source: City of Union Tax Department

16.71%

21.57%

City of Union, South Carolina
City Property Tax Levy and Collections
Last Ten Years

Fiscal Year ended <u>June 30,</u>	Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		Collections in Subsequent <u>Years</u>	<u>Tax Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2017	1,082,484	1,030,677	95.21%	30,955	1,061,632	98.07%
2018	757,853	697,440	92.03%	32,704	730,144	96.34%
2019	419,231	388,570	92.69%	23,746	412,316	98.35%
2020	668,908	556,150	83.14%	51,427	607,577	90.83%
2021	385,422	340,100	88.24%	20,121	360,221	93.46%
2022	350,555	324,910	92.68%	5,785	330,695	94.33%
2023	328,539	273,603	83.28%	17,522	291,125	88.61%
2024	402,516	300,780	74.72%	17,924	318,704	79.18%
2025	879,634	830,470	94.41%	28,220	858,690	97.62%

(1) Category includes tax collections for real and personal property as reflected in the general fund , for taxes and delinquent taxes respectively.

(2) Total tax levy includes the Tax Increment Financing (TIF) debt service collected for the City, but excludes Union County and Union County School District.

(3) Fiscal year ended June 30, 2017 is the first year the City has reported City property tax levy and collections. Information before fiscal year 2017 is not available.

(4) Fiscal year 2018 levy includes the first year of the Local Option Sales Tax credit.

Source: Union County Auditor

City of Union Tax Department

**City of Union, South Carolina
Computation of Legal Debt Margin
Last Ten Fiscal Years**

Legal Debt Margin Calculation For Fiscal Year 2022

Assessed value	<u>\$18,715,631</u>
Debt limit (8% of total assessed value)	<u>\$1,497,250</u>
Debt applicable to limit	<u>0</u>
Legal Debt Margin	<u>\$1,497,250</u>

	Fiscal Years									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Debt Limit	\$1,497,250	\$1,421,340	\$1,325,343	\$1,272,015	\$1,289,804	\$1,299,700	\$1,289,673	\$1,289,404	\$1,288,935	\$1,299,437
Total Net Debt Applicable to limit	<u>0</u>									
Legal Debt Margin	<u>\$1,497,250</u>	<u>\$1,421,340</u>	<u>\$1,325,343</u>	<u>\$1,272,015</u>	<u>\$1,289,804</u>	<u>\$1,299,700</u>	<u>\$1,289,673</u>	<u>\$1,289,404</u>	<u>\$1,288,935</u>	<u>\$1,299,437</u>
Total net Debt Applicable to the Limit as a % of Debt Limit	0	0	0	0	0	0	0	0	0	0
Total General Bonded Debt as a Percentage of Actual Taxable Value	0	0	0	0	0	0	0	0	0	0
Total Net General Bonded Debt per Capita	0	0	0	0	0	0	0	0	0	0

Notes: 1 Property value data can be found in th "Assessed Value of Taxable Property and Actual Value of Property Schedule."

2 The legal debt limit is 8% of total assessed value.

3 The legal debt margin is the government's available borrowing under SC Code of Laws and is calculated by subtracting the debt applicable to the legal debt from the legal debt limit.

City of Union, South Carolina
Ratios of Outstanding Debt by Type(1)
Last Ten Fiscal Years

Fiscal Year Ended <u>June, 30</u>	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation <u>Bonds</u>	Special Assessment Bonds(2)	Capital Leases	Revenue <u>Bonds(3)</u>	Deferred and Unamortized Loss on <u>Refunding</u>	Capital <u>Leases</u>			
2016	0	644,631	446,052	13,026,925	0	187,281	14,304,889	9.5	1,788
2017	0	570,449	356,825	11,573,872	0	124,020	12,625,166	8.4	1,578
2018	0	494,524	265,164	10,198,282	0	59,792	11,017,762	7.3	1,377
2019	0	416,814	171,003	8,791,156	0	20,085	9,399,058	6.5	1,211
2020	0	337,278	74,914	7,357,212	0	0	7,769,404	5.4	1,017
2021	0	255,873	0	5,959,374	0	0	6,215,247	3.6	760
2022	0	172,555	1,013,058	5,482,001	0	0	6,667,614	3.7	828
2023	0	87,279	825,112	4,994,614	0	0	5,907,005	3.2	744
2024	0	0	633,956	4,496,990	0	0	5,130,946	2.5	651
2025	0	0	439,535	3,988,894	0	0	4,428,429	2.2	554

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

(2) Composed of Brownsfield Loan that was paid in full in FY 2016 and a Tax increment Financing Bond that was paid in full in 2024.

(3) Composed of Combined Public Utility(CPU) as detailed in the notes to the financial statements.

**City of Union, South Carolina
 Combined Utility System Bonds
 Pledge Revenue Coverage
 Last Ten Fiscal Years**

FISCAL YEAR	GROSS REVENUES (1)	OPERATING EXPENSES (2)	NET REVENUES AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			TIMES COVERAGE(3)
				PRINCIPAL	INTEREST	TOTAL	
2016	33,484,049	27,682,685	5,801,364	1,454,406	279,493	1,733,899	3.35
2017	34,741,144	28,246,812	6,494,332	1,453,053	250,770	1,703,823	3.81
2018	35,643,029	28,527,855	7,115,174	1,375,590	224,441	1,600,031	4.45
2019	34,939,489	26,999,894	7,939,595	1,407,126	195,858	1,602,984	4.95
2020	32,539,293	26,244,743	6,294,550	1,433,944	167,261	1,601,205	3.93
2021	32,922,418	26,212,303	6,710,115	1,397,838	138,615	1,536,453	4.37
2022	35,407,670	28,872,538	6,535,132	477,373	119,446	596,819	10.95
2023	35,362,849	30,626,263	4,736,586	487,387	109,419	596,806	7.94
2024	34,543,488	26,116,906	8,426,582	497,624	99,179	596,803	14.12
2025	35,904,584	29,410,009	6,494,575	508,097	88,708	596,805	10.88

Note: (1) Gross revenues (including investment earnings and other.)

(2) Operating and maintenance expenses excluding depreciation, interest expense and fee in lieu of franchise fee paid to General Fund.

(3) Minimum net revenue requirement per bond ordinance is 1.20%, but per City's financial Policy the minimum is set at 1.35%.

**CITY OF UNION
PRINCIPAL EMPLOYERS
CURRENT YEAR**

AS OF DECEMBER, 2023

EMPLOYER(1)	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY ACTIVE EMPLOYMENT *
GESTAMP SOUTH CAROLINA, LLC	988	1	9.22%
DOLLAR GENERAL DISTRIBUTION	827	2	7.72%
UNION COUNTY SCHOOLS	508	3	4.74%
UNION MEDICAL CENTER	404	4	3.77%
TIMKEN	271	5	2.53%
COUNTY OF UNION	261	6	2.44%
MILLIKEN - CEDAR HILL PLANT	246	7	2.30%
S.C. STATE GOVERNMENT	230	8	2.15%
CSL PLASMA	208	9	1.94%
STANDARD TEXTILE CAROLINA	148	10	1.38%
CITY OF UNION	137	11	1.28%
GONVAUTO SOUTH CAROLINA	86	12	0.80%
MILLIKEN - GILLESPIE PLANT	85	13	0.79%
TIGER SUPPLIES	61	14	0.57%
SONOCO PRODUCTS	56	15	0.52%
TOTAL PRINCIPAL EMPLOYERS	4516		42.16%
TOTAL LABOR FORCE	11325		

(1) Most employers are not within the City limits but are served by the City's utility system

* Union County labor force as of 6/2025 is total labor pool of 11,325 with 10,601 employed and 724 unemployed resulting in an unemployment rate of 6.4%

Source: Union County Development Board/Labor Profile/December, 2023

SC Department of Employment and Workforce/June, 2025

City of Union, South Carolina
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

-	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>
<u>CLASSIFICATION</u>										
LEGISLATIVE	9	9	9	9	10	11	10	10	10	10 (1)
CITY COURT	2	2	2	2	2	2	2	2	2	2
THE UNION CONNECTION	3	3	3	3	0	0	0	0	0	0
PUBLIC SAFETY	41	41	38	38	39	40	40	43	43	43
PUBLIC SERVICE - STREET DEPT.	8	8	7	7	7	6	6	7	7	7
PUBLIC SERVICE - SOLID WASTE	5	5	5	5	6	6	6	5	5	5
BUILDING & ZONING	3	4	4	3	3	2	2	2	2	2
MAIN STREET JUNCTION	0	0	1	1	4	4	4	4	4	4
VEHICLE MAINTENANCE	4	4	4	4	4	4	4	4	4	4
ACCOUNTING	5	5	5	5	5	5	5	5	4	4
UTILITY BILLING	9	9	8	8	8	8	8	8	8	8
UTILITIES - ADMINISTRATION	4	4	4	4	3	3	3	3	3	3
UTILITIES - SUPPORT SERVICES	4	4	4	4	4	4	4	4	5	5 (2)
UTILITIES - ELECTRIC	8	9	8	8	9	9	9	9	9	9
UTILITIES - WATER	14	15	14	14	14	15	15	15	16	16
UTILITIES - WASTEWATER	6	6	5	5	5	5	5	5	5	5
UTILITIES - GAS	10	10	10	11	12	11	11	11	11	11
TOTAL	135	138	131	131	135	135	134	137	138	138
LESS ELECTED OFFICIALS	7									
	128	131	124	124	128	128	127	130	131	131

1. The Mayor, six councilmembers, the City Administrator, the Municipal Clerk/HR Director, and the Management Services Secretary/Main Street Junction Director are budgeted in this account.
2. A Temporary SCADA Technician has been removed from this account. A Locator position has been added to this account.

**City of Union, South Carolina
Demographics and Economic Statistics**

<u>FISCAL YEAR</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Income (1)</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>	<u>Public School Enrollment (4)</u>	<u>Percent of Unemployment Rate (3)</u>
2016	8,000	150,176,000	18,772	25,862	39.0	3,500	5.2
2017	8,000	150,176,000	18,772	25,862	39.0	3,500	5.0
2018	8,000	150,176,000	18,772	25,862	39.0	3,500	3.4
2019	7,764	145,171,272	18,698	28,087	39.3	3,500	4.1
2020	7,640	144,693,960	18,939	27,180	43.7	3,828	4.2
2021	8,174	174,850,034	21,391	33,218	41.5	4,004	9.0
2022	8,054	180,345,168	22,392	33,148	44.5	3,814	6.5
2023	7,939	184,915,188	23,292	32,548	44.5	3,859	4.7
2024	7,881	209,106,573	26,533	34,112	44.5	3,788	4.1
2025	7,988	204,349,016	25,582	31,914	46.8	3,788	6.4

- Sources:
1. U.S. Census Bureau.
 2. Mathematical computation of per capita personal income multiplied by population.
 3. Unemployment information from the SC Department of Employment and Workforce
 4. Estimates by City of Union Finance Department for fiscal years 2016 through 2019, and 2024 through 2025 for this category.

**City of Union, South Carolina
Operating Indicators by Function**

DATE OF INCORPORATION - December , 1837

FORM OF GOVERNMENT - Council

AREA-SQUARE MILES (INCORPORATED)-8

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
ELECTRIC SYSTEM-Established 1898						
Number of Customer Billing per Month	6,970	6,986	7,000	6,955	6,988	7,041
Substations	3	3	3	3	3	3
Circuits	12	12	12	12	12	12
Security Lights	2,901	2,949	2,994	2,995	3,044	2,859
Street Lights	1,809	1,812	1,812	1,810	1,807	1,835
Number of Miles of Electric Lines Owned by City	165	165	165	165	165	165
WATER SYSTEM - Established 1898						
Number of Customer Billing per Month	6,102	6,121	6,133	6,101	6,141	6,204
Number of Water Districts Served	5	5	5	5	5	5
Maximum Filtration Plant Capacity per day-Gallons	10,400,000	10,400,000	10,400,000	10,400,000	10,400,000	10,400,000
Number of Water Tanks	6	6	6	6	6	6
Number of Miles of Water Line Owned by City	183	183	183	183	183	183
WASTEWATER SYSTEM-Established 1917						
Number of Customer Billing per Month	4,908	4,923	4,934	4,906	4,936	4,989
Maximum Plant Capacity per Day						
Tosch Creek	6,000	6,000	6,000	6,000	6,000	6,000
Number of Pump Stations	14	14	14	23	23	23
Number of Wastewater Miles Owned by City	123	123	123	135	135	135
NATURAL GAS SYSTEM-Established 1956						
Number of Customer Billing per Month	6,325	6,385	6,395	6,381	6,368	6,403
Maximum Capacity Available on Pipeline in dekatherms- Transco	10,147	10,147	10,147	10,147	10,147	10,147
Number of Miles of Main Gas Line Owned by City	424	427	427	437	437	474
PUBLIC SAFETY						
Number of Stations	1	1	1	1	1	1
Number of Public Safety Officers	29	30	30	31	31	31
Number of Firefighters	7	7	7	9	9	9
BUILDINGS						
Permits Issued	354	455	467	488	704	896
Estimated Cost of Construction	7,516,196	10,914,910	9,882,586	15,145,247	18,399,374	32,722,909
Streets and Sanitation						
Streets(in miles)	20	20	20	20	20	20
Transfer Station	1	1	1	1	1	1
MSW Tons Transferred to landfill	3,395	3,601	3,320	4,732	4,856	3,457
Brush Pit	1,353	1,257	1,383	1,420	1,457	1,468

CITY OF UNION, South Carolina
Customer Count and Sales in Units by Utility Class

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Electric Customers:							
Residential	5,815	5,832	5,850	5,848	5,804	5,848	5,893
Commercial	1,142	1,126	1,124	1,139	1,130	1,126	1,078
Industrial	<u>12</u>	<u>12</u>	<u>12</u>	<u>13</u>	<u>13</u>	<u>14</u>	<u>14</u>
Total Customers	<u>6,969</u>	<u>6,970</u>	<u>6,986</u>	<u>7,000</u>	<u>6,947</u>	<u>6,988</u>	<u>6,985</u>
Kilowatts Hour Sales (thousands):							
Residential	66,679	64,212	64,181	63,023	60,914	62,468	63,267
Commercial	50,103	47,836	46,855	47,609	47,111	48,428	47,134
Industrial	11,063	10,807	9,978	9,928	9,744	9,893	9,843
Other	<u>5,094</u>	<u>5,016</u>	<u>4,781</u>	<u>4,928</u>	<u>4,992</u>	<u>4,760</u>	<u>5,124</u>
Total Kilowatt Hours (thousands)	<u>132,939</u>	<u>127,871</u>	<u>125,795</u>	<u>125,488</u>	<u>122,761</u>	<u>125,549</u>	<u>125,368</u>
Water Customers:							
Residential	5,306	5,311	5,322	5,315	5,291	5,332	5,383
Commercial	760	752	758	773	766	768	774
Industrial(38 meters)	33	34	35	33	33	36	34
Water Districts(11 meters)	<u>5</u>						
Total Customers	<u>6,104</u>	<u>6,102</u>	<u>6,120</u>	<u>6,126</u>	<u>6,095</u>	<u>6,141</u>	<u>6,196</u>
Water Sales-gallons in thousands)							
Residential	220,281	223,838	222,540	216,183	220,712	220,295	217,803
Commercial	98,881	94,339	90,715	90,733	94,280	96,456	95,083
Industrial	141,378	124,119	100,989	133,492	126,477	120,332	128,175
Water Districts	<u>380,695</u>	<u>383,789</u>	<u>370,180</u>	<u>400,418</u>	<u>378,181</u>	<u>361,888</u>	<u>380,604</u>
Total Water Sales (thousands)	<u>841,235</u>	<u>826,085</u>	<u>784,424</u>	<u>840,826</u>	<u>819,650</u>	<u>798,971</u>	<u>821,665</u>
Sewer Customers:							
Residential	4,323	4,336	4,352	4,353	4,335	4,366	4,415
Commercial	563	554	553	563	553	551	554
Industrial	<u>19</u>	<u>18</u>	<u>18</u>	<u>18</u>	<u>18</u>	<u>19</u>	<u>19</u>
Total Customers	<u>4,905</u>	<u>4,908</u>	<u>4,923</u>	<u>4,934</u>	<u>4,906</u>	<u>4,936</u>	<u>4,988</u>
Sewer Charges- Based on Water Sales(Thousands)							
Residential	177,464	180,970	182,198	176,212	180,061	178,500	178,473
Commercial	75,468	71,253	68,708	70,750	71,070	72,981	68,341
Industrial	<u>89,215</u>	<u>78,635</u>	<u>64,688</u>	<u>88,914</u>	<u>79,420</u>	<u>82,266</u>	<u>75,738</u>
Total Sales (thousands)	<u>342,147</u>	<u>330,858</u>	<u>315,594</u>	<u>335,876</u>	<u>330,551</u>	<u>333,747</u>	<u>322,552</u>
Natural Gas Customers							
Residential	5,573	5,659	5,724	5,723	5,739	5,709	5,735
Commercial	642	645	640	651	646	640	650
Industrial(23 Meters)	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>19</u>	<u>18</u>
Total Customers	<u>6,236</u>	<u>6,325</u>	<u>6,385</u>	<u>6,395</u>	<u>6,406</u>	<u>6,368</u>	<u>6,403</u>
Natural Gas Sales(MCF)							
Residential	291,577	268,750	288,631	268,721	262,411	270,568	273,496
Commercial	215,644	202,632	200,526	189,674	201,678	223,828	222,314
Industrial	<u>1,221,211</u>	<u>953,954</u>	<u>830,914</u>	<u>924,199</u>	<u>676,899</u>	<u>614,579</u>	<u>622,872</u>
Total Natural Gas Sales(MCF)	<u>1,728,432</u>	<u>1,425,336</u>	<u>1,320,071</u>	<u>1,382,594</u>	<u>1,140,988</u>	<u>1,108,975</u>	<u>1,118,682</u>