CHESTER FIRE DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

Independent Auditor's Report

Honorable Chairman
Members of the Chester Fire District Commission
Chester Fire District
Chester, South Carolina

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Chester Fire District (the "District") (a State Government Special Purpose District of South Carolina), a component unit of Chester County, South Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the District 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 opinion.

Financial Statement Restated

As discussed in Note 8 to the financial statements, the beginning fund balance of the debt service fund and the net position of the governmental activities was restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibility of Management for the Financial Statements

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

Responsibility of Management for the Financial Statements (Continued)

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 Districts' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Districts' 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 District'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 budgetary comparison information on page 19 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
March 18, 2026

CHESTER FIRE DISTRICT
Statement of Net Position
June 30, 2025

Exhibit A

Assets	
Current assets:	
Cash and cash equivalents	$ 409,996
Receivables:	
Property taxes receivable, net	200,508
Due from County	1,702,177
Total current assets	1,902,685
Non current assets:	
Capital assets:	
Buildings and improvements	190,977
Vehicles and equipment	1,707,539
	1,898,516
Less: accumulated depreciation	809,929
Total capital assets, net of depreciation	1,088,587
Total assets	3,401,268
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	384,000
Current portion of long term liabilities	118,533
Total current liabilities	502,533
Long term liabilities:	
Due in more than one year	672,851
Total liabilities	1,175,384
Net Position	
Investment in capital assets, net of related debt	281,770
Unrestricted	1,944,114
Total net position	$ 2,225,884

CHESTER FIRE DISTRICT
Statement of Activities
Year Ended June 30, 2025

Exhibit B

		Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue - Governmental Activities
Function/Programs					
Governmental activities					
Public safety	$ 2,648,433	$ -	$ -	$ -	$ (2,648,433)
Interest and other charges	8,630	-	-	-	(8,630)
Total governmental activities	$ 2,657,063	$ -	$ -	$ -	(2,657,063)
		General Revenues:			
		Taxes:			
		Property taxes levied for general purpose			2,707,107
		Property taxes levied for debt service			-
		Other income			14,497
		Interest income			50,743
		Total general revenues			2,772,347
		Change in net position			115,284
		Net position, beginning of year, as previously reported			1,930,630
		Restatement			179,970
		Net position, beginning of year			2,110,600
		Net position, end of year			$ 2,225,884

See Notes to Financial Statements

CHESTER FIRE DISTRICT **Exhibit C**
Balance Sheet
Governmental Fund
June 30, 2025

	General Fund	Debt Service Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 409,996	$ -	$ 409,996
Receivables:			
Property taxes, net	195,858	4,650	200,508
Due from County	1,663,760	38,417	1,702,177
Total assets	$ 2,269,614	$ 43,067	$ 2,312,681
Liabilities			
Accounts payable and accrued liabilities	$ 384,000	$ -	$ 384,000
Total liabilities	384,000	-	384,000
Deferred Inflows			
Unavailable revenues - property taxes	174,991	4,560	179,551
Total deferred inflows	174,991	4,560	179,551
Fund Balances			
Unassigned	1,710,623	38,507	1,749,130
Total fund balances	1,710,623	38,507	1,749,130
Total liabilities, deferred inflows and fund balances	$ 2,269,614	$ 43,067	$ 2,312,681

CHESTER FIRE DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Exhibit D

Total Fund Balance - Governmental Funds (Exhibit C)	$ 1,749,130
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds:	
Capital assets	1,898,516
Accumulated depreciation	(809,929)
Long term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds:	
Long term debt	(791,384)
Receivables will be collected this year, but are not available soon enough to pay for current period's expenditures and, therefore, are deferred in the funds:	
Property taxes	179,551
Total Net Position - Governmental Activities (Exhibit A)	$ 2,225,884

CHESTER FIRE DISTRICT **Exhibit E**
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
Year Ended June 30, 2025

	General Fund	Debt Service Fund	Total Governmental Funds
Revenues			
Taxes	$ 2,653,963	$ 10,783	$ 2,664,746
Other income	14,497	-	14,497
Interest income	50,743	-	50,743
Total revenues	2,719,203	10,783	2,729,986
Expenditures			
Current:			
Public safety	2,524,697	-	2,524,697
Capital Outlay	880,555	-	880,555
Debt service			
Principal	-	143,616	143,616
Interest	-	8,630	8,630
Total expenditures	3,405,252	152,246	3,557,498
Excess (deficiency) of revenues over (under) expenditures	(686,049)	(141,463)	(827,512)
Other Financing Sources			
Issuance of GO Bonds, net of issuance cost	885,000	-	885,000
Net change in fund balance	198,951	(141,463)	57,488
Fund balance, beginning of year, as previously reported	1,511,672	-	1,511,672
Restatement	-	179,970	179,970
Fund balance, beginning of year	1,511,672	179,970	1,691,642
Fund balance, end of year	$ 1,710,623	$ 38,507	$ 1,749,130

See Notes to Financial Statements

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

Total Net Change in Fund Balance - Governmental Funds (Exhibit E)	$	57,488
Amounts reported for governmental activities in the statement of activities are different because of the following:		
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Capital outlays		880,555
Depreciation		(73,736)
Issuance of long term debt provides current financial resources to governmental funds, but does not have an effect on net position:		
New long term debt issued		(935,000)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consisted of:		
Bond principal retirement		143,616
Because some revenues will not be collected for several months after the District's fiscal year ends they are not considered "available" revenues and are deferred in the governmental funds.		
Unavailable revenue - property taxes		42,361
Change in Net Position of Governmental Activities (Exhibit B)	$	115,284

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Governmental Accounting Standards Board (GASB) Statement No. 61, *"The Financial Reporting Entity: Omnibus"* amended GASB Statement No. 14, *"The Financial Reporting Entity"*, which establishes the criteria for inclusion of potential component units in the primary government's financial statements based on the significance of their operational or financial relationships with the primary government.

Based on the criteria of this statement, Chester Fire District (the "District") is reported as a discretely presented component unit of Chester County (the primary government) due to the following:

- Chester County (the "County") levies and collects property taxes for the District. Property tax revenue constitutes approximately ninety-nine percent of the District's operating revenue.
- The County issued bonds to pay for additional vehicles and equipment for the District and assumed responsibility for repayment of those bonds.
- The District is required to submit its budget to County Council for approval, which satisfies the imposition of will criteria.

As a result of the aforementioned, the County has the ability to significantly influence the operations of the District. Therefore, the District is considered to be a component unit of Chester County. Accordingly, the financial position and results of operations of the District have been reported in Chester County's financial statements.

The accompanying basic financial statements present the financial position and changes in financial position of the District and do not include any financial information for the County or any other component unit of Chester County.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. County taxes and state appropriations are recognized as revenue in the year for which they are appropriated by the governmental entity. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is uncured, as under accrual accounting.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements

The government-wide financial statements (statement of net position and statement of activities) report information on all the nonfiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported. Business-type activities, which rely to a significant extent on fees and charges for support, would be reported separately from the governmental activities, however, the District does not have any business-type activities.

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. Program revenues include: 1) charges paid by the recipient or for goods or services offered by the programs, and 2) grants and contributions, including federal and state appropriations that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are reported as general revenues.

Fund financial statements are designed to present financial information of the District at a more detailed level. The focus of governmental fund financial statements is on major funds. The general fund and the debt service fund are the District's only major governmental funds. Nonmajor funds, if applicable, are aggregated and represented in a single column. The debt service fund accounts for the accumulation of resources and payment of principal, interest and related costs of long-term general obligations that are not financed by the general fund. The District believes the debt service fund activity is particularly important to the users of the financial statements and therefore reported as a major fund for the current year.

Fund Balance Reporting

In the fund financial statements, governmental funds report fund balances as nonspendable, restricted, committed, assigned or unassigned, based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent:

- *Nonspendable Fund Balance* - Amounts that cannot be spent because they are either (a) not in spendable form or, (b) legally or contractually required to be maintained intact.
- *Restricted Fund Balance* - Amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or, (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* - Amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Commission) and that remain binding unless removed or changed in the same manner. The underlying action that imposed the limitation needs to occur before the close of the reporting period.
- *Assigned Fund Balance* - Amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established by either the Commission or by a body or an official designated for that purpose.
- *Unassigned Fund Balance* - The residual classification for the District's general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Reporting (Continued)

The Commission establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by unrestricted resources, which include committed assigned and unassigned resources, as they are needed.

Fund Balance Policy

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its District funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature.

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

Budget

The Commission adopts an annual budget for revenues and expenditures prior to the beginning of each fiscal year. During the year, amendments may be made to the budget. The Budgetary Comparison Schedule on page 20 reflects both original and final budgets and actual operating results.

Property Tax Calendar

The County levies and collects property taxes for the District.

Property taxes are levied on real properties owned on the preceding December 31 of each county fiscal year ended June 30. Liens attach to the property at the time the taxes are levied, which is usually in October of each year ended June 30. These taxes are due without penalty until January 15. Penalties are added to the taxes depending on the date paid as follows:

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

Current year real taxes become delinquent March 17. The levy date for motor vehicle taxes is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the month.

Property tax receivables are shown net of allowance for uncollectible amounts.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an expenditure until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as revenue until that time.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources (Continued)

Property tax revenues in the governmental fund financial statements that are measurable but not available (as previously defined) are reported as defined inflows of resources.

Capital Assets

Capital assets are reported in the government-wide financial statements. A capital asset is defined by the District as an asset with an individual cost of $1,000 or more and an estimated useful life in excess of three years. Purchased or constructed assets are recorded at cost. Donated assets are recorded at estimated fair value at the date of donation.

Depreciation is computed using the straight-line method over the following useful lives:

Buildings	30 years
Building improvements	15 years
Fire trucks	20 years
Vehicles	5 years
Furniture and equipment	3-10 years

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bond using the straight-line method, which approximates the effective interest method. Bond issuance costs are expensed when incurred. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds 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. Insurance costs, whether or not withheld from the actual debt proceeds received, are reports as debt service expenditures. Bond insurance, if incurred, is recognized as an expenditure in the fund financial statements, however, it is recognized as prepaid in the government-wide financial statements and amortized over the life of the bond using the straight-line method. Principal and interest payments are recorded as expenditures when due.

Management Estimates

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

Other Information

The District has no employees; therefore, compensated absences and net pension liability are not recognized, and related footnotes are not necessary for disclosure.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

According to GASB Statement No. 87 ("GASB 87"), a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under new guidelines for accounting and reporting of lease in accordance with GASB 87, which became effective beginning with fiscal year 2022. Any impacts from GASB 87 are to be reflected in the government-wide or proprietary fund statements. There is no impact on the fund financial statements. Based on the applicable criteria, management has determined that the District is not party to any agreement (either as lessee or lessor) that meets the criteria described in GASB 87 as of June 30, 2025.

Subsequent Events

The District has performed an evaluation of subsequent events through March 18, 2026, which is the date the financial statements were available to be issued.

NOTE 2 - CASH

The District's cash consists of demand deposits and cash on hand. The carrying value and the bank balance of the District's cash at June 30, 2025 were $409,996. The bank balance of demand deposits was fully covered by the Federal Depository Insurance Corporation or collateralized. The District did not own any investments as of June 30, 2025.

NOTE 3 - RECEIVABLES

Receivables for the District's general fund, including the applicable allowance for uncollectible amounts, are as follows at June 30, 2025:

Property taxes	$	202,533
Less allowance for:		
Uncollectible amounts		2,025
Net receivable	$	200,508

NOTE 4 - OTHER RECEIVABLES

Other governmental receivables at June 30, 2025, consist of intergovernmental revenues due from the county.

NOTE 5 - CAPITAL ASSETS

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

	Balance July 1, 2024	Additions	Dispositions	Balance June 30, 2025
Governmental Activities				
Capital Assets, Depreciable:				
Buildings	$ 190,977	$ -	$ -	$ 190,977
Vehicles and equipment	826,984	880,555	-	1,707,539
Total capital assets being depreciated	1,017,961	880,555	-	1,898,516
Less accumulated depreciation for				
Buildings	172,564	6,138	-	178,702
Vehicles and equipment	563,629	67,598	-	631,227
Total accumulated depreciation	736,193	73,736	-	809,929
Governmental activities capital assets, net	$ 281,768	$ 954,291	$ -	$ 1,088,587

Depreciation expense was charged as direct expense to programs of the District government as follows for the year ended June 30, 2025:

Governmental Activities:	
Public safety	$ 73,736
	$ 73,736

NOTE 6 - LONG-TERM DEBT

Long-term debt for the year ended June 30, 2025 consists of a general obligation bond for the purchase of a fire/ladder truck as follows:

Governmental Activities	Balance June 30 2024	Additions	Deductions	Balance June 30, 2025	Due Within One Year
Bonds payable					
General obligation bond	$ -	$ 935,000	$ 143,616	$ 791,384	$ 118,533
Governmental activities, long-term debt, net	$ -	$ 935,000	$ 143,616	$ 791,384	$ 118,533

NOTE 6 - LONG-TERM DEBT (Continued)

General Obligation Bond

2024 General obligation bond currently outstanding is as follows:

$935,000 general obligation bond due in annual principal and interest installments of $152,246 through March 1, 2031. Interest is accrued at 4.26%	$ 791,384
Total general obligation bond outstanding	$ 791,384

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2026	$ 118,533	$ 33,713	$ 152,246
2027	123,583	28,663	152,246
2028	128,847	23,399	152,246
2029	134,337	17,909	152,246
2030	140,059	12,187	152,246
2031	146,025	6,221	152,246
	$ 791,384	$ 122,092	$ 913,476

NOTE 7 - TAX ABATEMENT PROGRAMS

The District is subject to tax abatements granted by Chester County, South Carolina (the "County"). For the fiscal year ended June 30, 2025, the County had three tax abatement programs pursuant to which the County reduced some taxpayers' property tax liability.

Fee-in-Lieu of Ad Valorem Property Tax Program

One of the County's tax abatement programs is the "Fee-in-Lieu of *Ad Valorem* Property Tax" (FILOT) program. The FILOT program may take one of three forms: (a) a "Little Fee," as authorized by South Carolina Code Annotated section 4-12-10, *et seq.*, (b) a "Simplified Fee," as authorized by South Carolina Code Annotated section 12-44-10, *et seq.*, or (c) a "Big Fee," as authorized by South Carolina Code Annotated section 4-29-67. The FILOT program's purpose is to reduce property tax rates, which have previously impeded new and expanding business from locating in South Carolina, applied to manufacturing and some commercial properties.

A taxpayer receives a property tax reduction under the applicable FILOT program if the taxpayer agrees to make a minimum investment in a project located in the County during an approximately 5-year period. The minimum investment depends on the FILOT program the County and the taxpayer choose. Under the Little Fee and the Simplified Fee, a taxpayer must invest at least $2,500,000. Under the Big Fee, a taxpayer must invest at least $45,000,000.

NOTE 7 - TAX ABATEMENT PROGRAMS (Continued)

Fee-in-Lieu of Ad Valorem Property Tax Program (Continued)

Additionally, before a taxpayer's project is eligible for benefits under the applicable FILOT program, the County's governing body (County Council) must find (i) the project is anticipated to benefit the general public welfare by providing services, employment, recreation or other public benefits not otherwise adequately provided locally; (ii) the project gives rise to no pecuniary liability of the County or a charge against its general credit or taxing power; (iii) the purposes to be accomplished by the project are proper governmental and public purposes; and (iv) the benefits of the project are greater than the costs.

Under the FILOT program, property taxes of economic development property associated with each project are abated by the agreement the County and the taxpayer execute. According to the agreement, a fee-in-lieu of ad valorem property tax payment is calculated using (i) a reduced assessment ration, which may be reduced from 10.5% to as low as 6% (or 4% for enhanced investments as described in state law), and (ii) a millage rate fixed for the entire length of the agreement or a millage rate that is allowed to increase or decrease every fifth year, for the term of not more than 30 years (or 40 years for enhanced investments as described in state law). The FILOT program also permits qualifying taxpayers and the County to negotiate for equalized fee-in-lieu of *ad valorem* property tax payments over the agreement's term.

If a taxpayer fails to invest to statutorily required minimum amount in a project during the approximately 5-year investment period, then the agreement is automatically terminated, and the taxpayer is no longer entitled to any of the FILOT program's benefits. At an agreement's termination, the taxpayer is obligated to pay to the County the difference between (i) the total amount of *ad valorem* property taxes that would have been paid by the tax payer had the economic development property taxes that would have otherwise been available to the taxpayer, and (ii) the total amount of fee-in-lieu of *ad valorem* property tax payments made by the taxpayer with respect to the economic development property.

In addition to the minimum eligibility requirements to receive a property tax reduction under the FILOT program, the taxpayer and the County may also negotiate other taxpayer commitments. For example, the taxpayer may commit (i) to invest amounts exceeding the statutorily required minimum, and (ii) to create a specific number of jobs.

For the tax year 2024, District property taxes abated resulting from active FILOT agreements to which it is a part totaled $922,488. In lieu of standard ad valorem taxes, the District received $229,059 in negotiated FILOT payments from these taxpayers in tax year 2024.

Special Source Revenue Credit Program

The County also abates property taxes through the "Special Source Revenue Credit" (SSRC) program, as authorized, specifically, by South Carolina Code Annotated section 4-1-175. The SSRC program's purpose is to enhance the County's economic development.

A taxpayer is eligible to receive an SSRC, thereby reducing its property taxes, if (i) the taxpayer's property is located in a multicounty industrial or business park, and (ii) the taxpayer uses the SSRC to pay the cost of designing, acquiring, constructing, improving, or expanding (a) infrastructure serving the County or the taxpayer's property, or (b) improved or unimproved real estate and personal property, including machinery and equipment used in the operation of a manufacturing or commercial enterprise.

NOTE 7 - TAX ABATEMENT PROGRAMS (Continued)

Special Source Revenue Credit Program (Continued)

Property taxes are abated under the SSRC program by the County's providing a credit (of a specific dollar amount or a percentage) against a taxpayer's property tax liability. Although not required by state law, often, the County and the taxpayer enter into an agreement pursuant to which the County agrees to provide the credit against a taxpayer's property tax liability for a specific period, and the taxpayer commits (i) to invest a specific amount in a project, (ii) to create a specific number of jobs at a project, or (iii) both. When the County and the taxpayer have executed an agreement to affect the SSRC program, if the taxpayer does not comply with the agreement's requirements, then the County may have the right to require the taxpayer to repay a portion, determined by formula, of the credit received by the taxpayer to the County.

The County may use the SSRC program and the FILOT program in conjunction. Following the calculation of a taxpayer's fee-in-lieu of *ad valorem* property tax payment under the FILOT program, the County may then apply a credit to further abate the taxpayer's property tax liability. To receive a property tax abatement under the SSRC program and the FILOT program, the taxpayer must meet the eligibility criteria for both programs.

For tax year 2024, District property taxes abated resulting from SSRC agreements to which it is a party totaled $320,145 including taxes abated via stand-alone SSRC agreements and those in connection with active FILOT agreements. During tax year 2024, no fees-in-lieu of standard *ad valorem* taxes were received by the District from taxpayers within the County's SSRC program.

Multicounty Industrial or Business Park

The County uses the "multicounty industrial or business park" designation in connection with the SSRC program and the FILOT program. Specifically, as described above, to receive a property tax abatement under the SSRC program, a taxpayer's property must be designated as "multicounty industrial or business park" property. Additionally, the County may designate a taxpayer's property in a multicounty industrial or business park at the taxpayer's request, so the taxpayer may obtain additional or enhanced State incentives. To be able to designate a taxpayer's property as a "multicounty industrial or business park" property, the County must execute an agreement with one or more contiguous counties, which set forth how the member counties will share expenses and revenues from the designated multicounty industrial or business park property. The agreement must specify how revenues collected from property designated as "multicounty industrial or business park" property will be distributed to each taxing entity in each member county's jurisdiction.

During the tax year 2024, District property taxes abated as a result of the County's multicounty industrial park agreements, in which it is a party, totaled $57,861, including taxes abated via stand-alone SSRC agreements and those in connection with active FILOT agreements. During tax year 2024, no fees-in-lieu of standard *ad valorem* taxes were received by the District from taxpayers within the County's multicounty industrial park.

NOTE 8 - RESTATEMENT

Management determined that the debt service fund's net position was misstated by $179,970 as of July 1, 2025 for other governmental receivables due from the county.

CHESTER FIRE DISTRICT
Budgetary Comparison Schedule
Year Ended June 30, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Revenues -				
Property taxes	$ 2,420,915	$ 2,420,915	$ 2,653,963	$ 233,048
Other income	-	-	14,497	14,497
Interest income	-	-	50,743	50,743
Total revenues	2,420,915	2,420,915	2,719,203	298,288
Expenditures -				
Current:				
Public safety				
Contracted services	2,235,915	2,235,915	2,389,357	(153,442)
Insurance	16,000	16,000	1,203	14,797
Repairs and maintenance	50,000	50,000	106,650	(56,650)
Audit	5,000	5,000	7,000	(2,000)
Miscellaneous	-	-	20,487	(20,487)
Total public safety	2,306,915	2,306,915	2,524,697	(217,782)
Capital outlay	114,000	114,000	880,555	(766,555)
Total expenditures	2,420,915	2,420,915	3,405,252	(984,337)
Other Financing Sources -				
Issuance of GO Bonds, net of issuance cost	-	-	885,000	885,000
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	198,951	$ 198,951
Fund balance, beginning of year			1,511,672	
Fund balance, end of year			$ 1,710,623	