

TOWN OF EDISTO BEACH, SOUTH CAROLINA

**GOVERNMENT-WIDE FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

YEAR ENDED JUNE 30, 2025

WITH

INDEPENDENT AUDITORS' REPORT

TOWN OF EDISTO BEACH, SOUTH CAROLINA

GOVERNMENT-WIDE FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

YEAR ENDED JUNE 30, 2025

WITH

INDEPENDENT AUDITORS' REPORT

TOWN OF EDISTO BEACH, SOUTH CAROLINA

GOVERNMENT-WIDE FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

Independent Auditors' Report	1
Management's Discussion and Analysis	4
Financial Section – Basic Financial Statements	
Statement of Net Position.....	13
Statement of Activities	14
Balance Sheet – Governmental Funds.....	15
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual - General Fund	19
Statement of Net Position - Proprietary Fund	20
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund.....	21
Statement of Cash Flows – Proprietary Fund.....	22
Notes to Financial Statements	24
Required Supplementary Information	
Schedule of Proportionate Share of the South Carolina Retirement Systems Net Pension Liabilities	47
Schedule of South Carolina Retirement Systems Contributions.....	48
Other Supplementary Information	
Combining Balance Sheet – Non-major Governmental Funds	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	50
Schedule of Court Fines, Fees, Assessments and Surcharges	51

Other Information – Statistical Section

Schedule of Historical Net Revenues and Debt Service Coverage –
 Water and Sewer Fund 52
System Statistics..... 53

Other Reporting

Independent Auditors’ Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with
Government Auditing Standards..... 59

THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

501 STATE STREET
POST OFFICE BOX 5949
WEST COLUMBIA, SOUTH CAROLINA 29171

PHONE: (803) 739-3090

FAX: (803) 791-0834

INDEPENDENT AUDITORS' REPORT

The Mayor and Town Council
The Town of Edisto Beach
Edisto Beach, 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 Town of Edisto Beach, South Carolina, the ("Town") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town 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 these 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 Town'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.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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:

- x Exercise professional judgment and maintain professional skepticism throughout the audit.
- x 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.
- x Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- x 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.
- x Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 12, the Schedule of Proportionate Share of the South Carolina Retirement Systems Net Pension Liabilities on page 47, and the Schedule of South Carolina Retirement Systems Contributions on page 48, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Balance Sheet – Non-major Governmental Funds, the Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds, and the Schedule of Court Fines, Fees, Assessments, and Surcharges is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Balance Sheet – Non-major Governmental Funds, the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds, and the Schedule of Court Fines, Fees, Assessments, and Surcharges is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Historical Net Revenues and Debt Service Coverage – Water and Sewer Fund, and the System Statistics, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2025, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

The Brittingham Group LLP

West Columbia, South Carolina
November 25, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS

Management of the Town of Edisto Beach submits to the readers of the Town’s financial statements the overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2025.

FINANCIAL HIGHLIGHTS

The combined Governmental Activities and Business Type Activities assets of the Town of Edisto Beach exceeded its combined liabilities at the end of the fiscal year by \$50,302,083 (net position). Of this amount, a balance of \$18,759,941 was considered unrestricted at this time.

The combined Governmental Activities and Business Type Activities revenues and other financial sources totaled \$15,259,675 and combined expenses totaled \$7,902,574. Accordingly, combined revenues exceeded expenses by \$7,357,101.

At the end of fiscal year 2025, the governmental restricted fund balance was \$8,668,934, the committed fund balance was \$1,021,912, the assigned fund balance was \$112,204, and the unassigned fund balance was \$12,725,502. Accordingly, \$12,725,502 was available for spending at the government’s discretion from the unassigned fund balance. The total fund balance was \$13,793,363 for the General Fund, the Town’s principal operating fund.

The Town of Edisto Beach’s Business Type Activity reported an increase in net position at the end of the fiscal year of \$2,318,005.

At the end of fiscal year 2025, the Town’s Business Type Activity reported unrestricted cash and cash equivalents of \$8,132,158.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as a primer on the Town’s basic financial statements. The Town’s basic financial statements have three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with an overview of the Town of Edisto Beach’s finances, in a manner similar to businesses in the private sector.

The Statement of Net Position presents information on all the Town of Edisto Beach’s assets and liabilities, with the difference 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 Town is improving or deteriorating.

The Statement of Activities presents information detailing how the Town of Edisto Beach'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 changes occurs, regardless of the timing of related cash flows. Revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years. (e.g., uncollected taxes and earned but unused compensated absences). A compensated absence is a work absence in which the employee will be paid. (e.g., sick leave, vacation leave and holiday leave).

Both government-wide financial statements distinguish functions of the Town that are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or significant portions of their costs through user fees and charges (business-type activities).

The governmental activities of the Town of Edisto Beach include administration, police, fire, streets and sanitation, recreation, and code enforcement. The business-type activity of the Town of Edisto Beach is the combined utility system which offers water service and sewer service.

The government-wide financial statements include the Town, also known as the primary government. The government-wide financial statements are listed on pages 13 -14 of this document.

Fund financial statements. A fund is a grouping of related accounts that is used to exercise control over resources that have been segregated for specific activities. The Town of Edisto Beach, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Town of Edisto Beach can be divided into these categories:

Governmental funds

Proprietary funds

Governmental funds. Governmental funds are used to account for essentially the same functions as reported in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and near-term 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 financial requirements.

Because the focus of governmental funds is narrower than the focus of 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 financial decisions.

Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Local Accommodations Tax Fund, and Beach Nourishment Fund due to them being considered the material funds of the Town.

The Town adopts an annual operating and capital budget for the General fund. The basic governmental fund financial statements are listed on pages 15 - 19 of this document.

Proprietary funds. The Town maintains one enterprise fund, a type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. The Town uses its enterprise fund to account for its combined utility system, comprised of water and sewer operations. Proprietary funds provide the same types of information as the government-wide financial statements.

The basic proprietary funds financial statements can be found on pages 20 - 23 of this report.

Notes to the financial statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are listed on pages 24 – 46 of this document.

Other information. In addition to the basic financial statements and accompanying notes, the report also represents certain other financial information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The fiscal year 2025 financial statements are issued in compliance with Governmental Accounting Standards Board (GASB) Statement 34, and a continuance of this new era of financial reporting. Prior to the adoption of GASB 34, the Town was required to report fund and account groups separately, with no meaningful consolidated statements to accurately reflect the operation and net position of the Town as an entity. Under the GASB 34 model for fiscal year 2025, the government-wide statements are reported using an economic resource measurement focus and the accrual basis of accounting, as opposed to the cash basis of accounting. The accrual basis of accounting recognizes revenue before cash is received and recognizes expenses before cash is paid. The cash basis of accounting recognizes revenue as cash when it is received and recognizes expenses when cash is paid.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets exceeded liabilities by \$50,302,083 at the close of fiscal year 2025.

Net position is reported in three categories:

Net investment in capital assets	\$ 22,526,999
Restricted	9,015,143
Unrestricted	18,759,941
	<u>\$ 50,302,083</u>

The largest portion of the Town's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital investments to provide services to citizen customers; consequently, these assets are not available for future expenditures. Although the Town'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.

The following tables present a summary of the Town's Statement of Net Position as of June 30, 2025, and 2024:

Town of Edisto Beach's Condensed Statement of Net Position - June 30, 2025

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 31,120,474	\$ 9,665,353	\$ 40,785,827
Capital assets	20,289,920	10,980,610	31,270,530
Total assets	51,410,394	20,645,963	72,056,357
Deferred outflows	494,057	142,878	636,935
Total assets and deferred outflows	51,904,451	20,788,841	72,693,292
Long-term liabilities outstanding	3,508,214	7,706,798	11,215,012
Other liabilities	8,553,019	2,199,510	10,752,529
Total liabilities	12,061,233	9,906,308	21,967,541
Deferred inflows	335,066	88,602	423,668
Total liabilities and deferred inflows	12,396,299	9,994,910	22,391,209
Net position:			
Net investment in capital assets	18,656,294	3,870,705	22,526,999
Restricted	8,668,934	346,209	9,015,143
Unrestricted	12,182,924	6,577,017	18,759,941
Total net position	\$ 39,508,152	\$ 10,793,931	\$ 50,302,083

Town of Edisto Beach's Condensed Statement of Net Position - June 30, 2024

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 27,306,015	\$ 8,765,264	\$ 36,071,279
Capital assets	18,722,988	9,386,612	28,109,600
Total assets	46,029,003	18,151,876	64,180,879
Deferred outflows	437,481	126,712	564,193
Total assets and deferred outflows	46,466,484	18,278,588	64,745,072
Long-term liabilities outstanding	3,867,934	8,002,940	11,870,874
Other liabilities	7,940,395	1,752,829	9,693,224
Total liabilities	11,808,329	9,755,769	21,564,098
Deferred inflows	189,099	46,893	235,992
Total liabilities and deferred inflows	11,997,428	9,802,662	21,800,090
Net position:			
Net investment in capital assets	16,979,060	2,055,220	19,034,280
Restricted	7,310,404	350,587	7,660,991
Unrestricted	10,179,592	6,070,119	16,249,711
Total net position	\$ 34,469,056	\$ 8,475,926	\$ 42,944,982

The following tables are summaries of revenues and expenses for fiscal years 2025 and 2024:

Town of Edisto Beach's Statement of Activities - June 30, 2025

	Governmental Activities	Business-Type Activities	Total
Revenue:			
Charges for services	\$ 1,308,056	\$ 2,314,480	\$ 3,622,536
Operating Grants and Contributions	415,857	-	415,857
Capital Grants and Contributions	-	1,122,316	1,122,316
General revenues	9,473,097	625,869	10,098,966
Total revenue	<u>11,197,010</u>	<u>4,062,665</u>	<u>15,259,675</u>
Expenses:			
General government	2,120,173	-	2,120,173
Public safety	1,790,423	-	1,790,423
Public works	315,799	-	315,799
Recreation and culture	274,678	-	274,678
Beach preservation	1,605,395	-	1,605,395
Water and sewer	-	1,744,660	1,744,660
Interest	51,446	-	51,446
Total expenses	<u>6,157,914</u>	<u>1,744,660</u>	<u>7,902,574</u>
Increase in net position	<u>\$ 5,039,096</u>	<u>\$ 2,318,005</u>	<u>\$ 7,357,101</u>

Town of Edisto Beach's Statement of Activities - June 30, 2024

	Governmental Activities	Business-Type Activities	Total
Revenue:			
Charges for services	\$ 1,301,456	\$ 2,330,730	\$ 3,632,186
Operating Grants and Contributions	527,336	-	527,336
General revenues	7,127,273	409,426	7,536,699
Total revenue	<u>8,956,065</u>	<u>2,740,156</u>	<u>11,696,221</u>
Expenses:			
General government	1,952,703	-	1,952,703
Public safety	1,649,161	-	1,649,161
Public works	336,196	-	336,196
Recreation and culture	280,135	-	280,135
Beach preservation	1,606,607	-	1,606,607
Water and sewer	-	1,815,854	1,815,854
Interest	56,475	-	56,475
Total expenses	<u>5,881,277</u>	<u>1,815,854</u>	<u>7,697,131</u>
Increase in net position	<u>\$ 3,074,788</u>	<u>\$ 924,302</u>	<u>\$ 3,999,090</u>

Governmental activities. Net position for governmental activities increased by \$5,039,096, primarily due to higher tax collections, including \$2.23 million in capital projects sales taxes, and one-time legal settlement proceeds of \$194,634. Both revenues and expenditures rose from fiscal year 2024, with the overall increase reflecting both recurring and one-time sources.

Business-type activities. Business-type activities, consisting of the water and sewer systems, reported revenues of \$4,062,665 and expenses of \$1,744,660, yielding an operating gain of \$2,318,005. Revenues from charges for services were consistent with the prior year, while capital grants and contributions drove most of the increase in net position. Expenses decreased slightly as budget estimates continue to be refined for inflation and supply chain impacts.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds. The focus on the Town's governmental funds is to provide information on inflow, outflow and balances of spendable resources. Such information is useful in assessing the Town's financing requirements.

At the end of fiscal year 2025, the Town's governmental funds reported a combined fund balance of \$22,528,552. The Town's governmental funds consist of the general fund, local accommodations tax, beach nourishment, and other non-major funds.

Proprietary funds. A significant portion of the Town's proprietary fund net position—\$3,870,705, or 35.9%—represents its investment in capital assets, net of related debt.

GENERAL FUND BUDGETARY HIGHLIGHTS

Selected variances between fiscal years 2025 and 2024 General Fund actual revenues were as follows:

Revenue Source	6/30/2025	6/30/2024	Change (\$)	% Change
General property taxes	\$ 1,642,257	\$ 1,584,211	\$ 58,046	3.66%
Capital projects sales taxes	\$ 2,134,066	\$ -	\$ 2,134,066	N/A ¹
Grant revenues	\$ 337,916	\$ 430,991	\$ (93,075)	-21.60%
Legal settlement proceeds	\$ 194,634	\$ -	\$ 194,634	N/A ²

¹ Capital projects sales taxes were not received in fiscal year 2024.

² Legal settlement proceeds represent a one-time payment for previously unpaid accommodations taxes and business license fees.

PROPRIETARY FUNDS BUDGET HIGHLIGHTS

Selected variances between fiscal years 2025 and 2024 Proprietary Fund actual revenues were as follows:

Revenue Source	6/30/2025	6/30/2024	Change (\$)	% Change
Charges for services	\$ 2,314,480	\$ 2,330,730	\$ (16,250)	-0.70%
Investment earnings	\$ 386,084	\$ 409,426	\$ (23,342)	-5.70%
Capital grants	\$ 1,122,316	\$ -	\$ 1,122,316	N/A ³

³ There were no capital grant revenues in the prior year, as the current year marked the start of construction on the wastewater treatment project funded through the SCIIP program.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town of Edisto Beach's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to \$31,270,530 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment. Major capital asset events in the current year included the following (See *Note 6*):

- x To continue meeting the needs of its citizens and providing high-quality services, the Town invested in several improvements, including a 2025 Police Interceptor, a 2024 GMC Sierra, and new radios for the police and fire departments. The Town also made improvements to the Bay Creek Park Dock and began construction on the new town hall complex, along with several other ongoing projects.
- x Under business-type activities, the Town acquired new equipment, including a new utility vehicle and several pieces of water equipment, while also continuing its work on the wastewater treatment plant.

Town of Edisto Beach's Capital Assets - Net of Accumulated Depreciation - 2025

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets	\$ 9,758,827	\$ 3,194,126	\$ 12,952,953
Buildings and structures	738,277	-	738,277
Land Improvements	951,259	-	951,259
Vehicles, furniture and equipment	675,329	232,144	907,473
Infrastructure	8,166,228	7,554,340	15,720,568
	<u>\$ 20,289,920</u>	<u>\$ 10,980,610</u>	<u>\$ 31,270,530</u>

Town of Edisto Beach's Capital Assets - Net of Accumulated Depreciation - 2024

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets	\$ 7,684,435	\$ 1,379,371	\$ 9,063,806
Buildings and structures	785,369	-	785,369
Land Improvements	531,753	-	531,753
Vehicles, furniture and equipment	390,007	184,769	574,776
Infrastructure	9,331,424	7,822,472	17,153,896
	<u>\$ 18,722,988</u>	<u>\$ 9,386,612</u>	<u>\$ 28,109,600</u>

Long-term debt. At the end of the current fiscal year, the Town of Edisto Beach had total bonded debt outstanding of \$8,743,531. \$7,109,905 of the debt is reported in the Water/Sewer Fund and is secured by the gross revenues of the utility system. \$1,633,626 of the debt is reported in the Governmental Activities Fund and is secured by property tax revenues.

The net pension liability was introduced in 2015 with the adoption of GASB Statement number 68 and represents the long-term liabilities for payment to retirees, net of the Town's current pension investments.

For additional information about the Town's outstanding long-term debt as of June 30, 2025, please see *Note 8*.

Town of Edisto Beach's Long-Term Debt - 2025

	Governmental Activities	Business-Type Activities	Total
General obligation bonds	\$ 1,633,626	\$ -	\$ 1,633,626
Revenue bonds	-	7,109,905	7,109,905
Compensated absences	41,972	14,762	56,734
Accrued interest	2,417	103,594	106,011
	<u>\$ 1,678,015</u>	<u>\$ 7,228,261</u>	<u>\$ 8,906,276</u>

Town of Edisto Beach's Long-Term Debt - 2024

	Governmental Activities	Business-Type Activities	Total
General obligation bonds	\$ 1,743,928	\$ -	\$ 1,743,928
Revenue bonds	-	7,331,392	7,331,392
Compensated absences	31,593	9,436	41,029
Accrued interest	2,575	106,025	108,600
	<u>\$ 1,778,096</u>	<u>\$ 7,446,853</u>	<u>\$ 9,224,949</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town remains in a strong financial position entering the upcoming fiscal year. Ongoing operating revenues continue to be supported by steady General Fund performance, strong tourism activity, sustained building permit volume, and the continued strength of the short-term rental market. Real estate values and new construction remain solid, providing a stable property-tax base. Interest income has remained favorable during the current period due to elevated but stabilizing interest rates. However, consistent with the Town's long-standing conservative budgeting philosophy, next year's budget does not rely heavily on interest-rate fluctuations or temporary investment gains to fund operations.

Utility revenues remain stable, and the Town anticipates maintaining current rates for the upcoming fiscal year. The previously completed Combined Utilities Rate Study confirmed that the Town's utility systems are financially healthy and positioned to sustain operations without rate increases in the near term. Any future adjustments are expected to be modest and aligned with inflationary cost trends.

Major Capital and Infrastructure Initiatives

Several major capital projects continue to advance on schedule and within budget:

- x **Town Hall and Emergency Operations Center:** Design and construction remain on schedule and on budget, with completion expected by the end of 2026. The project is being funded through external sources, including Colleton County Capital Project Sales Tax proceeds.

- x **Wastewater Treatment System Upgrades:** This critical infrastructure project is nearing completion and has been largely funded through South Carolina Infrastructure Investment Program (SCIIP) grants, minimizing impacts on the Town's own reserves.
- x **Beach Nourishment and Coastal Storm Risk Management:** The Town continues to work closely with the U.S. Army Corps of Engineers to advance the long-term Coastal Storm Risk Management Project. With prior state funding allocations and in-kind credits in place, the Town remains committed to moving this vital shoreline protection initiative forward in the coming year.
- x **Advanced Metering Infrastructure (AMI) Project:** Implementation of the new AMI metering system is underway, funded by state earmarks. This project will improve water system efficiency, customer service, and long-term operational management.

Looking ahead, the Town will be pursuing funding opportunities for drainage improvements in the coming fiscal year and beyond. These efforts reflect an ongoing commitment to resiliency and infrastructure sustainability in response to increasingly active storm seasons and coastal flooding challenges.

Financial Outlook

The Town's ongoing operating expenses remain well-funded, and capital expenditures continue to be supported primarily by external sources such as grants, earmarks, and intergovernmental contributions. This approach has preserved the Town's strong financial position, allowing it to maintain healthy reserves and flexibility in future planning.

Overall, the Town's prudent financial management, diversified revenue base, and strong external funding partnerships position it well for continued fiscal stability and resilience heading into the next budget year.

REQUESTS FOR INFORMATION

This financial report is designed to provide an overview of the Town of Edisto Beach's finances. Questions concerning any of the information provided in this report or requests for additional information should be forwarded to:

Town Administrator
Town of Edisto Beach
2414 Murray Street
Edisto Island, South Carolina 29438

TOWN OF EDISTO BEACH
STATEMENT OF NET POSITION

JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 14,475,484	\$ 8,132,158	\$ 22,607,642
Receivables			
Taxes	201,691	-	201,691
Accounts	2,760,876	1,076,368	3,837,244
Prepaid expense	57,599	-	57,599
Internal balances	(110,618)	110,618	-
Total current assets	<u>17,385,032</u>	<u>9,319,144</u>	<u>26,704,176</u>
Restricted assets:			
Cash and cash equivalents	<u>13,735,442</u>	<u>346,209</u>	<u>14,081,651</u>
Total restricted assets:	<u>13,735,442</u>	<u>346,209</u>	<u>14,081,651</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable	9,758,827	3,194,126	12,952,953
Depreciable, net of accumulated depreciation	<u>10,531,093</u>	<u>7,786,484</u>	<u>18,317,577</u>
Total noncurrent assets	<u>20,289,920</u>	<u>10,980,610</u>	<u>31,270,530</u>
Total assets	<u>51,410,394</u>	<u>20,645,963</u>	<u>72,056,357</u>
Deferred Outflows of Resources			
Pension plan	494,057	142,878	636,935
Total assets and deferred outflows of resources	<u>51,904,451</u>	<u>20,788,841</u>	<u>72,693,292</u>
Liabilities			
Current liabilities:			
Accounts payable and other accrued liabilities	740,031	90,235	830,266
Interest payable	2,417	103,594	106,011
Unearned revenue	7,653,297	1,764,617	9,417,914
Compensated absences	41,972	14,762	56,734
Bonds payable	<u>115,302</u>	<u>226,302</u>	<u>341,604</u>
Total current liabilities	<u>8,553,019</u>	<u>2,199,510</u>	<u>10,752,529</u>
Long-term liabilities:			
Bonds payable	1,518,324	6,883,603	8,401,927
Net pension obligation	<u>1,989,890</u>	<u>823,195</u>	<u>2,813,085</u>
Total long term liabilities	<u>3,508,214</u>	<u>7,706,798</u>	<u>11,215,012</u>
Total liabilities	<u>12,061,233</u>	<u>9,906,308</u>	<u>21,967,541</u>
Deferred Inflows of Resources			
Pension plan	335,066	88,602	423,668
Total liabilities and deferred inflows of resources	<u>12,396,299</u>	<u>9,994,910</u>	<u>22,391,209</u>
Net Position			
Net investment in capital assets	18,656,294	3,870,705	22,526,999
Restricted	8,668,934	346,209	9,015,143
Unrestricted	<u>12,182,924</u>	<u>6,577,017</u>	<u>18,759,941</u>
Total net position	<u>\$ 39,508,152</u>	<u>\$ 10,793,931</u>	<u>\$ 50,302,083</u>

See accompanying notes.

TOWN OF EDISTO BEACH
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 2,120,173	\$ 1,251,873	\$ 415,857	\$ -	\$ (452,443)	\$ -	\$ (452,443)
Public safety	1,790,423	56,183	-	-	(1,734,240)	-	(1,734,240)
Public works	315,799	-	-	-	(315,799)	-	(315,799)
Recreation and culture	274,678	-	-	-	(274,678)	-	(274,678)
Beach preservation	1,605,395	-	-	-	(1,605,395)	-	(1,605,395)
Interest	51,446	-	-	-	(51,446)	-	(51,446)
Total governmental activities	6,157,914	1,308,056	415,857	-	(4,434,001)	-	(4,434,001)
Business-type activities							
Water and sewer	1,744,660	2,314,480	-	1,122,316	-	1,692,136	1,692,136
Total business-type activities	1,744,660	2,314,480	-	1,122,316	-	1,692,136	1,692,136
Total primary government	\$ 7,902,574	\$ 3,622,536	\$ 415,857	\$ 1,122,316	(4,434,001)	1,692,136	(2,741,865)
General revenues:							
Taxes							
Property tax					1,679,359	-	1,679,359
Local option sales tax					527,834	-	527,834
Accommodations tax					1,444,439	-	1,444,439
Hospitality tax					323,568	-	323,568
Capital projects sales tax					2,234,066	-	2,234,066
Licenses and permits					1,283,228	-	1,283,228
Intergovernmental revenues					455,311	-	455,311
Investment earnings					1,312,593	386,084	1,698,677
Rental revenues					120,663	-	120,663
Donations					68,923	-	68,923
Miscellaneous revenues					43,953	-	43,953
Gain on sale of capital assets					24,311	-	24,311
Legal settlement proceeds					194,634	-	194,634
Transfer in (out)					(239,785)	239,785	-
Total general revenues:					9,473,097	625,869	10,098,966
Change in net position					5,039,096	2,318,005	7,357,101
Net position, at beginning of year					34,469,056	8,475,926	42,944,982
Net position, end of year					\$ 39,508,152	\$ 10,793,931	\$ 50,302,083

See accompanying notes.

TOWN OF EDISTO BEACH

BALANCE SHEET
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2025

	General Fund	Local Accommodations Tax Special Revenue Fund	Beach Nourishments Fund	Nonmajor Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 12,586,749	\$ -	\$ 2,165	\$ 1,886,570	\$ 14,475,484
Cash and cash equivalents - restricted	3,893	13,731,549	-	-	13,735,442
Accounts receivable	2,755,626	-	-	5,250	2,760,876
Taxes receivable	201,691	-	-	-	201,691
Prepaid expense	45,949	-	-	11,650	57,599
Due from other funds	642	47,044	7,855,535	153,336	8,056,557
Total assets	<u>\$ 15,594,550</u>	<u>\$ 13,778,593</u>	<u>\$ 7,857,700</u>	<u>\$ 2,056,806</u>	<u>\$ 39,287,649</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 638,729	\$ -	\$ -	\$ 97,522	\$ 736,251
Accrued liabilities	3,780	-	-	-	3,780
Unearned revenue	675,429	-	6,977,868	-	7,653,297
Due to other funds	284,655	7,871,443	-	11,077	8,167,175
Total liabilities	<u>1,602,593</u>	<u>7,871,443</u>	<u>6,977,868</u>	<u>108,599</u>	<u>16,560,503</u>
Deferred Inflows of Resources					
Unavailable revenue - property taxes	198,594	-	-	-	198,594
Total deferred inflows of resources	<u>198,594</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,594</u>
Fund Balances					
Restricted - non spendable	45,949	-	-	11,650	57,599
Restricted - spendable	-	5,907,150	879,832	1,824,353	8,611,335
Committed	1,021,912	-	-	-	1,021,912
Assigned	-	-	-	112,204	112,204
Unassigned	12,725,502	-	-	-	12,725,502
Total fund balances	<u>13,793,363</u>	<u>5,907,150</u>	<u>879,832</u>	<u>1,948,207</u>	<u>22,528,552</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,594,550</u>	<u>\$ 13,778,593</u>	<u>\$ 7,857,700</u>	<u>\$ 2,056,806</u>	<u>\$ 39,287,649</u>

See accompanying notes.

TOWN OF EDISTO BEACH

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

JUNE 30, 2025

Fund balances - total governmental funds		\$ 22,528,552
Amounts reported for governmental activities in the Statement of Net Position are different due to the following:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Capital assets, cost	32,526,533	
Accumulated depreciation	<u>(12,236,613)</u>	
		20,289,920
Some of the City's taxes and grants will be collected after year end, but are not available soon enough to pay for the current period expenditures, and therefore, are reported as deferred inflows in the funds.		
Property Taxes		198,594
Long-term liabilities, including bonds payable, net pension liabilities, and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.		
Long-term liabilities consist of the following:		
Compensated absences	(41,972)	
Accrued interest	(2,417)	
Bonds payable	(1,450,000)	
Bond premium	(183,626)	
Net pension obligation	<u>(1,989,890)</u>	
		(3,667,905)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and therefore, are not reported in the governmental funds.		
Deferred outflows of resources related to pensions	494,057	
Deferred inflows of resources related to pensions	<u>(335,066)</u>	
		<u>158,991</u>
Net Position of Governmental Activities		<u>\$ 39,508,152</u>

See accompanying notes.

TOWN OF EDISTO BEACH

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2025

	General Fund	Local Accommodations Tax Special Revenue Fund	Beach Nourishment Fund	Non-major Governmental Funds	Total
Revenues					
General property taxes	\$ 1,642,257	\$ -	\$ -	\$ -	\$ 1,642,257
Local option sales taxes	578,239	-	-	-	578,239
Accommodations taxes	64,446	867,191	-	512,802	1,444,439
Hospitality taxes	-	-	-	323,568	323,568
Capital projects sales taxes	2,134,066	-	100,000	-	2,234,066
Licenses and permits	1,283,228	-	-	-	1,283,228
Charges for services	1,251,873	-	-	-	1,251,873
Fines and forfeitures	56,183	-	-	-	56,183
Intergovernmental revenues	361,431	-	-	93,880	455,311
Grant revenues	337,916	-	77,941	-	415,857
Investment earnings	596,922	633,995	21	81,655	1,312,593
Rental revenues	120,663	-	-	-	120,663
Miscellaneous revenues	38,750	-	-	5,203	43,953
Donations	569	-	-	68,354	68,923
Total revenue	8,466,543	1,501,186	177,962	1,085,462	11,231,153
Expenditures					
General government	2,118,491	-	-	-	2,118,491
Public safety	1,636,029	-	-	82,208	1,718,237
Public works	325,207	-	-	-	325,207
Recreation and culture	-	-	-	198,468	198,468
Beach preservation	342,004	55,202	78,027	-	475,233
Debt service					
Principal	95,000	-	-	-	95,000
Interest	51,604	-	-	-	51,604
Capital outlay	2,584,836	-	-	438,352	3,023,188
Total expenditures	7,153,171	55,202	78,027	719,028	8,005,428
Excess of revenue over expenditures	1,313,372	1,445,984	99,935	366,434	3,225,725
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	45,785	-	-	4,000	49,785
Legal settlement proceeds	194,634	-	-	-	194,634
Transfers in	862,420	-	79,000	-	941,420
Transfers out	(526,439)	(329,000)	-	(325,766)	(1,181,205)
Total other financing sources (uses)	576,400	(329,000)	79,000	(321,766)	4,634
Net change in fund balance	1,889,772	1,116,984	178,935	44,668	3,230,359
Fund balance, beginning of year	11,903,591	4,790,166	700,897	1,903,539	19,298,193
Fund balance, end of year	\$ 13,793,363	\$ 5,907,150	\$ 879,832	\$ 1,948,207	\$ 22,528,552

See accompanying notes.

TOWN OF EDISTO BEACH

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 balance - total governmental funds	\$	3,230,359
---	----	-----------

Amounts reported for governmental activities in the Statement of Activities are different due to the following:

Some property taxes and grants will not be collected for several months after the Town's fiscal year end. They are not considered "available" revenue and are deferred in the governmental funds. Tax revenues changed by this amount.

Property taxes	37,102		
Local options sales tax	(50,405)		
			(13,303)

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 expenses in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation expense in the period.

Acquisition of capital assets	3,023,188		
Depreciation	(1,430,782)		
			1,592,406

The net effect of various transactions involving capital assets (i.e., sales and donations) is a decrease in net assets.

Loss on disposal of capital assets	(25,474)
------------------------------------	----------

Repayment of debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Bond payable	95,000		
Bond premium	15,302		
			110,302

In the Statement of Activities, compensated absences and accrued interest are reported by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used.

Compensated absences	(10,379)		
Accrued interest	158		
			(10,221)

Pension expense which is not "due and payable" at year end is not recorded as an expense in the governmental funds. However, all pension expense accrued at year end no matter when it may be due and payable is recorded in the government wide statements

	155,027
--	---------

Change in Net Position - Governmental Activities	\$	5,039,096
--	----	-----------

See accompanying notes.

TOWN OF EDISTO BEACH

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND

YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive or Negative
Revenues				
General property taxes	\$ 1,519,452	\$ 1,564,452	\$ 1,642,257	\$ 77,805
Local option sales taxes	385,000	385,000	578,239	193,239
Accommodations taxes	60,250	60,250	64,446	4,196
Capital projects sales taxes	5,000,000	5,000,000	2,134,066	(2,865,934)
Licenses and permits	1,127,000	1,177,000	1,283,228	106,228
Charges for services	1,155,477	1,212,477	1,251,873	39,396
Fines and forfeitures	67,000	67,000	56,183	(10,817)
Intergovernmental revenues	311,903	311,903	361,431	49,528
Grant revenues	724,658	711,705	337,916	(373,789)
Investment earnings	175,000	425,000	596,922	171,922
Rental revenues	57,924	65,659	120,663	55,004
Miscellaneous revenues	1,500	3,500	38,750	35,250
Donations	-	869	569	(300)
Total revenue	10,585,164	10,984,815	8,466,543	(2,518,272)
Expenditures				
General government	3,070,960	3,385,320	2,118,491	1,266,829
Public safety	2,045,823	2,098,630	1,636,029	462,601
Public works	374,621	395,019	325,207	69,812
Beach preservation	305,034	317,120	342,004	(24,884)
Debt service				-
Principal	95,000	95,000	95,000	-
Interest	50,200	50,200	51,604	(1,404)
Capital outlay	5,211,026	5,211,026	2,584,836	2,626,190
Total expenditures	11,152,664	11,552,315	7,153,171	4,399,144
Excess (deficiency) of revenue over (under) expenditures	(567,500)	(567,500)	1,313,372	1,880,872
Other Financing Sources				
Proceeds from sale of capital assets	-	-	45,785	45,785
Legal settlement proceeds	-	-	194,634	194,634
Transfers in	567,500	567,500	862,420	294,920
Transfers out	-	-	(526,439)	(526,439)
Total other financing sources	567,500	567,500	576,400	8,900
Net change in fund balance	\$ -	\$ -	1,889,772	\$ 1,889,772
Fund balance, beginning of year			11,903,591	
Fund balance, end of year			\$ 13,793,363	

See accompanying notes.

TOWN OF EDISTO BEACH

STATEMENT OF NET POSITION

PROPRIETARY FUND

JUNE 30, 2025

Assets

Current assets	
Cash and cash equivalents	\$ 8,132,158
Accounts receivable	1,076,368
Due from other funds	110,618
Total current assets	<u>9,319,144</u>
Restricted assets	
Cash and cash equivalents	<u>346,209</u>
Total restricted assets	<u>346,209</u>
Noncurrent assets	
Capital assets:	
Non-depreciable	3,194,126
Depreciable, net of accumulated depreciation	<u>7,786,484</u>
Total noncurrent assets	<u>10,980,610</u>
Total assets	<u>20,645,963</u>

Deferred Outflows of Resources

Pension plan	<u>142,878</u>
Total assets and deferred outflows of resources	<u>20,788,841</u>

Liabilities

Current liabilities	
Accounts payable and other accrued liabilities	90,235
Interest payable	103,594
Unearned revenue	1,764,617
Compensated absences	14,762
Bonds payable	<u>226,302</u>
Total current liabilities	<u>2,199,510</u>
Long-term liabilities:	
Bonds payable	6,883,603
Net pension obligation	<u>823,195</u>
Total long-term liabilities:	<u>7,706,798</u>
Total liabilities	<u>9,906,308</u>

Deferred Inflows of Resources

Pension plan	<u>88,602</u>
Total liabilities and deferred inflows of resources	<u>9,994,910</u>

Net position

Net investment in capital assets	3,870,705
Restricted	346,209
Unrestricted	<u>6,577,017</u>
Total net position	<u>\$ 10,793,931</u>

See accompanying notes.

TOWN OF EDISTO BEACH

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND

YEAR ENDED JUNE 30, 2025

Operating revenue	
Charges for services	\$ 2,314,480
Total operating revenue	<u>2,314,480</u>
Operating expenses	
Personnel services	592,474
Operating expenses	555,709
Depreciation and amortization	<u>331,268</u>
Total operating expenses	<u>1,479,451</u>
Operating income	<u>835,029</u>
Nonoperating revenue (expenses)	
Investment earnings	386,084
Interest expense	<u>(265,209)</u>
Total nonoperating revenue (expenses)	<u>120,875</u>
Income before contributions and transfers	<u>955,904</u>
Capital grants	1,122,316
Transfers in	<u>239,785</u>
Total contributions and transfers	<u>1,362,101</u>
Change in net position	2,318,005
Total net position, beginning	<u>8,475,926</u>
Total net position, ending	<u><u>\$ 10,793,931</u></u>

See accompanying notes.

TOWN OF EDISTO BEACH

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

YEAR ENDED JUNE 30, 2025

Cash flows from operating activities

Receipts from customers	\$ 2,022,648
Payments to suppliers	(595,709)
Payments to employees	(631,445)
Net cash provided by operating activities	<u>795,494</u>

Cash flows from capital and related financing activities

Acquisition and construction of capital assets	(1,925,266)
Capital contributions	1,122,316
Principal payments on debt	(220,000)
Interest paid on debt	(269,128)
Intergovernmental transfers	239,785
Due to / due from other funds	(38,456)
Net cash used by capital and related financing activities	<u>(1,090,749)</u>

Cash flows from investing activities

Interest and dividends	<u>386,084</u>
Net cash provided by investing activities	<u>386,084</u>

Net increase in cash and cash equivalents	90,829
Cash and cash equivalents, beginning	<u>8,387,538</u>
Cash and cash equivalents, ending	<u>\$ 8,478,367</u>

Classified As:

Unrestricted assets	\$ 8,132,158
Restricted assets	<u>346,209</u>
	<u>\$ 8,478,367</u>

(CONTINUED)

TOWN OF EDISTO BEACH
STATEMENT OF CASH FLOWS
PROPRIETARY FUND

-CONTINUED-

**Reconciliation of operating income to
net cash provided by operating activities**

Operating income	\$ 835,029
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	331,268
Changes in assets	
Accounts receivable	(799,658)
Inventory	28,854
Changes in liabilities	
Accounts payable	(68,854)
Unearned revenue	507,826
Compensated absences	5,326
Pension related assets and liabilities	(44,297)
Net cash provided by operating activities	<u>\$ 795,494</u>

See accompanying notes.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

1. Summary of Significant Accounting Policies

The Town of Edisto Beach (the "Town") is located on a barrier island in southeastern South Carolina, approximately 45 miles southwest of the City of Charleston in Colleton County. Bounded by Charleston County to the north, St. Helena Sound to the southwest, and the Atlantic Ocean to the east, Edisto Beach is the barrier island part of Edisto Island which is located landward in Charleston County. Edisto Beach is a coastal barrier island in Colleton County and is located at Latitude 32.487613N, Longitude 80.324402N in the Eastern Standard Time Zone. The Town covers a length of approximately 4.4 miles long and 1.5 miles in width with an estimated full-time population of 1,033. The Town is a political subdivision and municipal corporation of the State. The Town was incorporated December 18, 1970, under the laws of the State of South Carolina and operates under the Council form of government. The Mayor and four council members establish policy for the Town. Administrative functions are directed by the Town Administrator. The Town's major operations include public safety, water and sewage services, recreational and cultural programs, public works, zoning and building, and general administrative services within the municipality as well as surrounding unincorporated areas of Colleton County.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

Basis of Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities report information about all activities of the primary government. These statements distinguish between the Town's *governmental* and *business-type activities*. Taxes and other non-exchange transactions primarily finance the governmental activities whereas fees charged to external parties' finance, in whole or in part, the business-type activities. All of the Town's governmental funds are reported in the government-wide financial statements as governmental activities and all of its enterprise funds are reported as business-type activities. (See the *Fund Financial Statements* subsection which follows for more information about fund types.)

Statement of Activities

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

Government-wide Financial Statements (continued)

Program revenues include fees, fines, and charges paid by the recipients of goods, services, or privileges offered by the programs. The Town classifies as *general revenues* all revenues that are not program revenues, including all taxes and business license fees.

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its governmental funds and proprietary fund. The Town presents separate statements for each fund category-governmental and proprietary.

Operating and Non-Operating Revenues and Expenses in Proprietary Fund Financial Statements

Enterprise fund distinguishes *operating* revenues and expenses from *non-operating* revenues and expenses. Operating revenues and expenses generally are limited to items resulting from the provision of services and goods in connection with the fund's principal ongoing operations. The Town generally classifies revenues and expenses as operating only if the related cash flows appear in the operating section on the statement of cash flows. Accordingly, grants are reportable as operating revenues only if they are essentially the same as contracts for services (i.e., exchange transactions) and they finance programs that the proprietary fund would not otherwise undertake (i.e., the activity of the grant is inherently part of the operations of the grantor). Conversely, the Town classifies non-exchange transactions as non-operating. This includes all grant revenues except those reportable as operating revenue as described above and those restricted by the grantor for use exclusively for capital purposes. The Town reports as operating most expenses it pays from operating revenues but usually reports interest expense as non-operating.

Fund Accounting

Fund Accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives in accordance with limitations and restrictions imposed by sources outside the entity and in accordance with directives issued by the governing board.

The Town's funds are classified into two categories - governmental and proprietary.

Governmental Funds

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. **Summary of Significant Accounting Policies (continued)**

Local Accommodations Tax Fund – A special revenue fund, used to account for the accumulation of resources from the 2% fee imposed on the rental of any accommodations within the Town. These funds are to be spent only to support tourism and tourist-related services. This is an unbudgeted fund.

Beach Nourishments Fund – A special revenue fund, used to account for the accumulation of resources for the beach nourishment project. These funds are to be spent only to support the approved beach nourishment project. This is an unbudgeted fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally (or donor) restricted to expenditures for specified purposes.

Proprietary Funds

Enterprise Fund - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Accrual Basis

The Town uses the accrual basis of accounting in reporting its government-wide financial statements, as well as its proprietary fund financial statements. Under the accrual basis, the Town generally records revenues when earned and reasonably measurable and records expenses when a liability is incurred, regardless of the timing of related cash flows. Significant non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include taxes, grants, and donations. The Town recognizes grants, donations and similar items as revenue as soon as it meets all eligibility requirements.

Modified Accrual Basis

The Town uses the modified accrual basis of accounting to report its governmental funds. Under the modified accrual basis, revenues, net of estimated uncollectible amounts, are recognized in the fiscal year when they become susceptible to accrual-that is, as soon as they become both measurable and available to finance current operations or to liquidate liabilities existing at fiscal year-end. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Principal revenue sources considered susceptible to accrual include taxes, grants, charges for goods and services, and interest earnings.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

Under the modified accrual basis, expenditures generally are recorded when a liability is incurred, as under accrual accounting. An exception, however, is that principal and interest on general long-term debt, claims and judgments, and compensated absences, are recognized as expenditures only to the extent they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. General capital asset acquisitions are reported as expenditures (rather than as assets) in governmental funds.

The accounting policies of the Town conform to generally accepted accounting principles (GAAP) applicable to its activities as prescribed by the Governmental Accounting Standards Board (GASB), the recognized standard-setting body for GAAP for all state governmental entities. Proprietary fund activities are reported using the accrual basis method of accounting. If measurable, revenue is recognized when earned and expenses when incurred.

Transfers of financial resources among funds are recognized in all affected funds in the period in which the related interfund receivables and payables arise.

Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund and Water and Sewer Enterprise Fund. All annual appropriations lapse at fiscal year-end.

Cash and Cash Equivalents and Investments

Cash includes amounts held in demand deposits. For the purpose of the statement of cash flows, the Town considers all savings and short-term investments purchased with maturities of three months or less to be cash equivalents. State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. Investments, if any, are reported at fair value.

Accounts Receivable

The accounts receivable of the Water and Sewer Enterprise Fund consist of unpaid user charges for the Town's water and sewer system. Unpaid charges are reported net of an allowance for doubtful accounts, when necessary. Property taxes are due and payable between September 30 and January 15 of the following year after assessment. All taxes outstanding for more than ten years are written off. Personal property taxes are levied by the county on a monthly basis.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on their respective financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Additions to capital assets are recorded at cost at the time of purchase. Gifts or contributions are recorded at fair market value at the time received. General infrastructure assets acquired prior to July 1, 2003, are not reported in the basic financial statements.

The Town maintains a \$5,000 threshold for additions to equipment. Buildings are capitalized when the value is \$15,000 or greater. System infrastructure assets represent major expenditures for such items as water and sewer treatment plants and lines. Additions and improvements for water and sewer infrastructure are capitalized when the cost amounts to \$5,000.

Depreciation of exhaustible capital assets has been provided using the straight-line method over the estimated useful lives as follows:

Buildings	40 - 50
Machinery, equipment, and vehicles	5 - 10
Water and sewer system infrastructure	40
Improvements	20
Town infrastructure - sidewalks	50
Town infrastructure - beach nourishment	14

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

Compensated Absences

The Town's general leave policy allows the accumulation of unused vacation leave. Full-time permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Town. Generally, after six months of service, employees are entitled to all accrued vacation leave, subject to the specified maximums, upon termination. Employees are not entitled to unused accrued sick leave at termination.

Accumulated annual leave is accrued when incurred in the government-wide financial statements. A liability is recorded in the governmental fund financial statements only when the payment is due to currently terminating employees.

During fiscal year 2025, the Town adopted GASB Statement No. 101, *Compensated Absences*, retroactively. No accrual was necessary for sick leave under the updated guidance. Vacation accruals continue to be recorded in accordance with Town policy.

Long-Term Obligations

All long-term obligations to be repaid from governmental and business type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for gains/losses is shown as an increase or decrease in the deferred outflows of resources section of the statement of net position. Debt issuance costs are expensed when incurred.

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

Deferred Outflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently reports deferred outflows of resources in the amount of \$636,935 as of June 30, 2025.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently reports deferred inflows of resources in the amount of \$423,668 as of June 30, 2025.

Net Position/Fund Balances

Net position is classified and presented in three components in the government-wide financial statements:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – Consists of Net Position with constraints place on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – All other Net Positions that do not meet the definitions of “restricted” or “net investment in capital assets.”

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

Fund balance is reported as assigned if the fund balance is constrained by the government’s intent to use the funds for a specific purpose. The Town reports amounts as assigned if constrained through appropriations actions of the legislature. The removal of constraints for assigned funds occurs through the budgetary process.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

Net Position/Fund Balances (continued)

Nonspendable fund balance - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.

Restricted fund balance - The restricted fund balance classification includes amounts that are either restricted externally by creditors, grantors, contributors, or laws or regulations of other governments or restricted by law through constitutional provisions or enabling legislation.

Committed fund balance - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balances also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Town recognizes committed fund balances that have been approved for specific purposes by Town Council before the fiscal year end.

Assigned fund balance - The assigned fund balance classification includes amounts that are constrained by the Town’s intent to be used for specific purposes but are not restricted or committed. The authority for making an assignment is not required to be the Town’s highest level of decision-making authority and as such, the nature of the actions necessary to remove or modify an assignment does not require the Town’s highest level of authority. Assigned fund balance amounts in the Town’s financial statements represent amounts approved by Town Council to be transferred and spent after year end. In the special revenue fund, assigned fund balances represent amounts to be spent for specific purposes.

Unassigned fund balance - The unassigned fund balance classification includes amounts that have not been assigned to other funds and have not been restricted, committed, or assigned for specific purposes within the general fund.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

Net Position/Fund Balances (continued)

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position or fund balances are available. Within the unrestricted fund balance, committed resources would be first applied, when available, followed by assigned resources before unassigned resources are used.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used to determine depreciation expense, and the allowance for doubtful accounts among other accounts. Actual results could differ from those estimates.

2. Legal Compliance - Budgets

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year for the General Fund, and the Water and Sewer Enterprise Fund.
2. The combined statement of revenues, expenditures, and changes in fund balance-budget and actual for the General Fund presents comparisons of the legally adopted budget with actual data on a GAAP basis.
3. Unused appropriations lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.
5. Expenditures should not exceed budgeted appropriations at the fund level.

Expenditures approved by Council shall automatically carry amendments to fund appropriations where necessary. Budget amounts reported are as originally adopted, or as amended by the Town Council.

General Fund budgeted revenue exceeded actual revenue by \$2,518,272. General Fund budgeted expenditures exceeded actual expenditures by \$4,399,144.

Reclassifications

Certain amounts in the accompanying financial statement have been reclassified to the current year's presentation. These reclassifications had no effect on the previously reported change in net position or total net position.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

3. Deposits

At June 30, 2025, the carrying amount of the Town's unrestricted and restricted deposits totaled \$36,689,293 and the bank balance was \$36,914,810 all of which was covered by federal depository insurance or appropriately collateralized in accordance with state law.

4. Investments

State statutes authorize the Town to invest in obligations of the United States and agencies thereof, general obligations of the State of South Carolina or any of its political units, savings and loan associations to the extent that the same are insured by an agency of the federal government, certificates of deposit where the certificates are collaterally secured by securities of the type described above, or deposit accounts with banking institutions. The statutes provide that all authorized investments shall have maturities consistent with the time or times when the invested monies will be needed in cash. Statutes also allow the State Treasurer to assist local governments in investing funds. The Town is under no contractual agreements that restrict investment alternatives.

At June 30, 2025, the Town's unrestricted investments consisted of deposits with the South Carolina Local Government Investment Pool (SCLGIP) in the amount of \$35,793,869. It is the policy of the State Treasurer that the weighted average maturity of the LGIP portfolio not to exceed 60 days. For purposes of financial statement presentation, funds deposited with the SCLGIP and certificates of deposit are classified as cash and cash equivalents.

At June 30, 2025, the Town also had investments restricted for payment of its revenue bond obligations in the amounts of \$346,209. The investments comprise direct obligations of the United States government held by the paying agent in the Town's name.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

5. Receivables

Receivables at June 30, 2025, consist of the following:

	Governmental Activities	Business-type Activities	Total
Accounts receivable:			
Property tax	\$ 201,691	\$ -	\$ 201,691
Waste collection billings	305,710	-	305,710
Grant Funds	253,800	426,254	680,054
Other	2,201,366	-	2,201,366
Water and sewer billings	-	650,114	650,114
Gross receivables	2,962,567	1,076,368	4,038,935
Less, allowance for uncollectibles	-	-	-
Net receivables	<u>\$ 2,962,567</u>	<u>\$ 1,076,368</u>	<u>\$ 4,038,935</u>

Property taxes attached as an enforceable lien on real property as of January 1. Tax bills are processed for the Town by Colleton County and are mailed as soon after September 15th of each year as possible. Taxes are payable without penalty until January 15th. Penalties ranging from 3 to 5% become effective on January 16th, and unpaid taxes are turned over to the County Delinquent Tax Collector for execution on March 17th.

Motor vehicle taxes are also processed for the Town by Colleton County and are assessed and billed on a monthly basis based on information furnished to the County by the South Carolina Department of Transportation. Taxes are due when an individual's annual license tag renewal is due and must be paid to the County before obtaining renewal of registration.

In the governmental fund financial statements, property tax revenues are recognized to the extent that they result in current receivables. At fiscal year end, the receivables represent delinquent taxes. If delinquent taxes are not paid within 60 days of year end, they are recorded as deferred inflows of resources.

In the government-wide financial statements, property taxes receivable and related revenue include all amounts due the Town regardless of when cash is received. Over time, substantially all property taxes are collected.

No allowance provision has been made for uncollectible accounts receivable as such an amount is deemed immaterial.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

6. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 7,151,372	\$ -	\$ -	\$ -	\$ 7,151,372
Land Improvements	49,999	-	-	-	49,999
Construction in progress	483,064	2,344,043	-	(269,651)	2,557,456
Total capital assets, not being depreciated	<u>7,684,435</u>	<u>2,344,043</u>	<u>-</u>	<u>(269,651)</u>	<u>9,758,827</u>
Capital assets, being depreciated					
Buildings	1,343,541	-	(108,145)	10,324	1,245,720
Improvements	1,157,764	300,950	(29,600)	166,055	1,595,169
Machinery and Equipment	2,629,509	378,195	(283,292)	93,272	2,817,684
Infrastructure - Sidewalks	1,106,094	-	-	-	1,106,094
Infrastructure - Beach Nourishment	16,003,039	-	-	-	16,003,039
Total capital assets, being depreciated	<u>22,239,947</u>	<u>679,145</u>	<u>(421,037)</u>	<u>269,651</u>	<u>22,767,706</u>
Less accumulated depreciation for:					
Buildings	(558,172)	(34,697)	85,426	-	(507,443)
Land improvements	(626,011)	(47,499)	29,600	-	(643,910)
Machinery and equipment	(2,239,502)	(183,390)	280,537	-	(2,142,355)
Infrastructure	(7,777,709)	(1,165,196)	-	-	(8,942,905)
Total accumulated depreciation	<u>(11,201,394)</u>	<u>(1,430,782)</u>	<u>395,563</u>	<u>-</u>	<u>(12,236,613)</u>
Total capital assets, being depreciated, net	<u>11,038,553</u>	<u>(751,637)</u>	<u>(25,474)</u>	<u>269,651</u>	<u>10,531,093</u>
Governmental activities capital assets, net	<u>\$ 18,722,988</u>	<u>\$ 1,592,406</u>	<u>\$ (25,474)</u>	<u>\$ -</u>	<u>\$ 20,289,920</u>

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

6. Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated					
Land	\$ 290,906	\$ -	\$ -	\$ -	\$ 290,906
Construction in progress	1,088,465	1,814,755	-	-	2,903,220
Total capital assets, not being depreciated	1,379,371	1,814,755	-	-	3,194,126
Capital assets, being depreciated					
Buildings	90,532	-	-	-	90,532
System infrastructure	12,514,009	25,000	-	-	12,539,009
Machinery and equipment	1,024,371	85,511	(38,850)	-	1,071,032
Total capital assets, being depreciated	13,628,912	110,511	(38,850)	-	13,700,573
Less accumulated depreciation for:					
Buildings	(90,532)	-	-	-	(90,532)
System infrastructure	(4,691,537)	(293,132)	-	-	(4,984,669)
Machinery and equipment	(839,602)	(38,136)	38,850	-	(838,888)
Total accumulated depreciation	(5,621,671)	(331,268)	38,850	-	(5,914,089)
Total capital assets, being depreciated, net	8,007,241	(220,757)	-	-	7,786,484
Business-type activities capital assets, net	\$ 9,386,612	\$ 1,593,998	\$ -	\$ -	\$ 10,980,610

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 41,907
Public Safety	164,049
Public Works	1,391
Recreation and culture	76,210
Beach preservation	1,147,225
Total depreciation - governmental activities	<u>\$ 1,430,782</u>
Business type activities:	
Water and sewer	<u>\$ 331,268</u>
Total depreciation - business type activities	<u>\$ 331,268</u>

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

6. Capital Assets (continued)

Property with a carrying value of \$5,562,766 at June 30, 2025, is required to be held by the Town in perpetuity for the use of the public.

The Town also owns property with a carrying value of \$615,000 that is required to remain a recreational area and never to be sold by the Town.

7. Interfund Receivables, Payables and Transfers

Interfund receivable and payable balances at June 30, 2025, were as follows:

	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
General fund	\$ 642	\$ 284,655
Accommodations tax fund	47,044	7,871,443
Beach Nourishments fund	7,855,535	-
Non-major governmental funds	153,336	11,077
Proprietary fund	110,618	-
Total internal balances	<u>\$ 8,167,175</u>	<u>\$ 8,167,175</u>

Interfund balances primarily arise from timing differences between when goods and services are provided, reimbursable expenditures (mainly grants) are incurred, transactions are recorded in the accounting system, and payments between funds are made.

	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 862,420	\$ 526,439
Accommodations tax fund	-	329,000
Beach Nourishments fund	79,000	-
Nonmajor governmental funds	-	325,766
Proprietary fund	239,785	-
Total internal balances	<u>\$ 1,181,205</u>	<u>\$ 1,181,205</u>

Interfund transfers represent the movement of resources between funds without equivalent goods or services exchanged. These transfers are made to support operations, fund capital projects, or comply with legal or budgetary requirements.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

8. Long-Term Debt

The Town has the following long-term debt outstanding as of June 30, 2025:

General Obligation Bonds

\$1,890,000 general obligation bonds of 2021 - due in semi-annual installments beginning in 2021 and concluding in 2037; interest at 2.0% to 5.0%.

\$ 1,450,000

Total general obligation bonds for governmental activities

\$ 1,450,000

Debt service requirements to maturity of the general obligation bonds are as follows:

Year Ending June 30,	Interest	Principal	Total
2026	45,450	100,000	145,450
2027	40,450	105,000	145,450
2028	35,200	110,000	145,200
2029	29,700	110,000	139,700
2030	25,300	120,000	145,300
2031-2035	73,100	640,000	713,100
2035-2037	10,600	265,000	275,600
	<u>\$ 259,800</u>	<u>\$ 1,450,000</u>	<u>\$ 1,709,800</u>

Revenue Bonds

Series 2012 bonds - due in annual installments beginning in 2012 to and concluding in 2042; interest at 1.25% to 4.00%

\$ 1,150,000

Series 2017 bonds - due in annual installments beginning in 2018 to and concluding in 2047; interest at 2.00% to 4.00%

5,885,000

Total revenue bonds for business type activities

\$ 7,035,000

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

8. Long-Term Debt (continued)

Debt service requirements to maturity for the revenue bonds are as follows:

June 30,	Interest	Principal	Total
2026	\$ 260,074	\$ 225,000	\$ 485,074
2027	253,225	235,000	488,225
2028	245,050	240,000	485,050
2029	236,525	250,000	486,525
2030	227,556	260,000	487,556
2031-2035	988,691	1,440,000	2,428,691
2036-2040	750,319	1,735,000	2,485,319
2041-2045	418,025	1,905,000	2,323,025
2046-2048	89,000	745,000	834,000
	<u>\$ 3,468,465</u>	<u>\$ 7,035,000</u>	<u>\$ 10,503,465</u>

Changes in long-term liabilities for the year ended June 30, 2025, are as follows:

	Balances as of July 1, 2024	Increases	Decreases	Balances as of June 30, 2025	Due within One Year
Governmental activities:					
General obligation bonds	\$ 1,545,000	\$ -	\$ (95,000)	\$ 1,450,000	\$ 100,000
Bond premiums	198,928	-	(15,302)	183,626	15,302
Compensated absences	31,593	41,972	(31,593)	41,972	41,972
Total governmental activities	<u>\$ 1,775,521</u>	<u>\$ 41,972</u>	<u>\$ (141,895)</u>	<u>\$ 1,675,598</u>	<u>\$ 157,274</u>
Business-type activities:					
Revenue bonds	\$ 7,255,000	\$ -	\$ (220,000)	\$ 7,035,000	\$ 225,000
Bond premiums	108,128	-	(7,834)	100,294	7,649
Bond discounts	(31,736)	-	6,347	(25,389)	(6,347)
Compensated absences	9,436	14,762	(9,436)	14,762	14,762
Total business-type activities	<u>\$ 7,340,828</u>	<u>\$ 14,762</u>	<u>\$ (230,923)</u>	<u>\$ 7,124,667</u>	<u>\$ 241,064</u>
Total activities	<u>\$ 9,116,349</u>	<u>\$ 56,734</u>	<u>\$ (372,818)</u>	<u>\$ 8,800,265</u>	<u>\$ 398,338</u>

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

9. Pension Plan

South Carolina Retirement System

The majority of employees of the Town are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division of the South Carolina Public Employee Benefit Authority (PEBA), a public employee retirement system. Generally, all full-time or part-time equivalent State employees in a permanent position are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws, as amended, or are eligible and elect to participate in the State Optional Retirement Program (ORP). The SCRS plan provides life-time monthly retirement annuity benefits to members as well as disability, survivor options, annual benefit adjustments, death benefits, and incidental benefits to eligible employees and retired members.

The Retirement Division maintains five independent defined benefit plans and issues its own publicly available Annual Comprehensive Financial Report (ACFR) which includes financial statements and required supplementary information. A copy of the separately issued ACFR may be obtained by writing to the South Carolina Public Employee Benefit Authority, P.O. Box 11960, Columbia, South Carolina 29211-1960. Furthermore, the Division and the five pension plans are included in the State of South Carolina's ACFR.

Under the SCRS, Class II members are eligible for a full-service retirement annuity upon reaching age 65 or completion of 28 years of credited service regardless of age. Employees who first became members of the System after June 30, 2012, are considered Class III members and are eligible for a full-service retirement annuity upon reaching age 65 or upon meeting the rule of 90 requirement (i.e., the members age plus the years of service add up to a total of at least 90). The benefit formula for full benefits effective since July 1, 1989, for the SCRS is 1.82 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual earnable compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay at retirement for unused annual leave.

For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. Early retirement options with reduced benefits are available as early as age 55 for Class II members and age 60 for Class III members. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

9. Pension Plan (continued)

Disability annuity benefits are payable to Class II members if they have permanent incapacity to perform regular duties of the member's job and they have at least 5 years of earned service (this requirement does not apply if the disability is a result of a job-related injury). Class III members qualify for disability annuity benefits provided they have a minimum of eight years of credited service. An incidental death benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service or to a working retired contributing member. There is no service requirement for death resulting from actual performance of duties for an active member.

Effective July 1, 2023, employees participating in the SCRS were required to contribute 9.00% of all earnable compensation. The employer contribution rate for SCRS was 18.56%. Included in the total SCRS employer contribution rate is a base retirement contribution of 18.41% and 0.15% contribution rate for the incidental death program. The Town's actual contributions to the SCRS for the years ended June 30, 2025, 2024, and 2023 were approximately \$198,712, \$185,494, and \$177,313, respectively, and equaled the base required retirement contribution rate, excluding surcharge of 18.56% for 2025 and 2024, and 17.56% for 2023.

Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple employer defined benefit public employee retirement system. Generally, all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to PORS as a condition of employment. This plan provides lifetime monthly annuity benefits as well as disability, survivor benefits and incidental benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firefighters killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Under the PORS, Class II members are eligible for a full-service retirement annuity upon reaching age 55 or completion of 25 years of credited service regardless of age. Class III members are eligible for a full-service retirement annuity upon reaching age 55 or 27 years of credited service. The benefit formula for full benefits effective since July 1, 1989, for the PORS is 2.14 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay for unused annual leave.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

9. Pension Plan (continued)

For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. PORS does not have an early retirement option. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Effective July 1, 2023, employees participating in the PORS were required to contribute 9.75% of all earnable compensation. The employer contribution rate for PORS was 21.24%. Included in the total PORS employer contribution rate is a base retirement contribution of 20.84%, .20% for the incidental death benefit, and .20% for the accidental death program. The Town's actual contributions to the PORS for the years ended June 30, 2025, 2024, and 2023 were approximately \$177,395, \$151,694, and \$139,377, respectively, and equaled the base required retirement contribution rate, excluding surcharge of 21.24% for 2025 and 2024, and 20.24% for 2023.

The amounts paid by the Town for pension and incidental death benefit program contributions are reported as employer contribution expenditures within the applicable functional expenditure categories to which the related salaries are charged.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit, and employee/employer contributions for each retirement system. Employee and employer contribution rates to SCRS and PORS are actuarially determined.

At June 30, 2025, the Town reported \$1,707,991 and \$1,105,094 for its proportionate share of the net pension liabilities of SCRS and PORS, respectively. The net pension liability of the SCRS defined benefit pension plan was determined based on the July 1, 2023, actuarial valuations, using most recent membership data, projected forward to June 30, 2024, and financial information of the pension trust funds as of June 30, 2024, using generally accepted actuarial procedures. The Town's portion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2025, the Town's SCRS proportion was 0.007% and its PORS proportion was 0.037%.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

9. Pension Plan (continued)

At June 30, 2025, the state reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

Deferred Outflows of Resources	SCRS	PORS
Differences between expected and actual experience	\$ 56,131	\$ 103,783
Assumption changes	30,112	24,060
Net difference between project and actual investment earnings	-	-
Differences between employer contributions and proportionate share	39,447	7,295
Contributions made from measurement date to June 30, 2025	198,712	177,395
Total deferred outflows of resources	<u>324,402</u>	<u>312,533</u>
Deferred Inflows of Resources		
Differences between expected and actual experience	2,120	6,336
Net difference between projected and actual investment earnings	65,809	61,956
Differences between employer contributions and proportionate share	144,460	142,987
Total deferred inflows of resources	<u>212,389</u>	<u>211,279</u>
Net deferred outflows/(inflows)	<u>\$ 112,013</u>	<u>\$ 101,254</u>

Deferred outflows of \$185,494 and \$151,694 for SCRS and PORS, respectively, reported as resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year ended June 30,	SCRS	PORS	Net
2026	\$ (70,640)	\$ (68,207)	\$ (138,847)
2027	31,306	14,167	45,473
2028	(30,084)	(5,720)	(35,804)
2029	(17,281)	(16,381)	(33,662)
	<u>\$ (86,699)</u>	<u>\$ (76,141)</u>	<u>\$ (162,840)</u>

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

9. Pension Plan (continued)

The total pension liabilities in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	<u>SCRS</u>	<u>PORS</u>
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Investment Rate or Return	7.00%	7.00%
Projected Salary Increases	3.0% to 11.0%	3.5% to 10.5%
Inflation Rate	2.25%	2.25%
Benefit Adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

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

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

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

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30-year capital market assumptions. The long-term expected rate of returns represented assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2024 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.00 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.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

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

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

The discount rate used to measure the total pension liability (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 Systems' 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.

The following table represents the Town's proportionate share of the net SCRS and PORS pension liabilities calculated using the discount rate of 7.00 percent, as well as what the Town's respective net pension liabilities would be if it were calculated using a discount rate of 1.00 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

Plan	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
SCRS	\$ 2,213,363	\$ 1,707,991	\$ 1,242,583
PORS	1,601,069	1,105,094	698,864
	<u>\$ 3,814,432</u>	<u>\$ 2,813,085</u>	<u>\$ 1,941,447</u>

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

10. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to protect against these losses, the Town purchases insurance. There were no significant reductions in insurance coverage from the previous year. Settled claims have not exceeded insurance coverage for the past three fiscal years. The Town also acquires insurance for job related injury and illness (workers' compensation) for its employees. Workers' compensation is insured under a retrospectively rated policy where premiums paid are estimated throughout the year and adjusted subsequent to the policy period based on actual experience. The Town acquires business interruption insurance to cover the loss of revenues. The general fund and the utilities fund each have \$1,000,000 coverage.

11. Commitments and Contingencies

The Town is occasionally involved in legal proceedings (predominately civil suits) and claims with various parties, which arose, in the normal course of business.

Although any litigation has an element of uncertainty, it is management's opinion that the outcome of litigation pending or threatened, or the combination thereof, will not have a materially adverse effect on the financial position of the Town. No provision has been made in these financial statements for losses, if any, which might result from litigation pending, threatened or the combination thereof because there is no evidence to indicate that a loss expenditure and liability should be recorded at year-end.

The Town participates in several state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives periodically.

12. Subsequent events

Subsequent events were evaluated through November 25, 2025, which is the date the financial statements were available for issue. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF EDISTO BEACH

SCHEDULE OF PROPORTIONATE SHARE OF THE SOUTH CAROLINA
RETIREMENT SYSTEMS NET PENSION LIABILITIES
LAST 10 YEARS*

YEAR ENDED JUNE 30, 2025

	June 30									
<u>South Carolina Retirement System</u>	<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>
Town's proportion of the net pension liability	0.007283%	0.007986%	0.007615%	0.008141%	0.008293%	0.008064%	0.007981%	0.008282%	0.007958%	0.008010%
Town's proportionate share of the net pension liability	\$ 1,707,991	\$ 1,930,930	\$ 1,846,051	\$ 1,761,796	\$ 2,118,887	\$ 1,841,412	\$ 1,788,374	\$ 1,864,411	\$ 1,699,817	\$ 1,519,135
Town's covered - employee payroll	\$ 999,434	\$ 1,009,755	\$ 905,622	\$ 917,641	\$ 911,266	\$ 850,450	\$ 827,093	\$ 835,614	\$ 770,629	\$ 751,015
Town's proportionate share of the net pension liability as percentage of covered-employee payroll	170.90%	191.23%	203.84%	191.99%	232.52%	216.52%	216.22%	223.12%	220.58%	202.28%
Plan fiduciary net position as a percentage of the total pension liability	61.80%	58.60%	57.10%	60.70%	50.71%	54.40%	54.10%	53.30%	52.90%	57.00%
	June 30									
<u>Police Officer's Retirement System</u>	<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>
Town's proportion of the net pension liability	0.036839%	0.039303%	0.045964%	0.044810%	0.045379%	0.043003%	0.042748%	0.046030%	0.043020%	0.045880%
Town's proportionate share of the net pension liability	\$ 1,105,094	\$ 1,196,413	\$ 1,378,447	\$ 1,152,913	\$ 1,504,858	\$ 1,232,448	\$ 1,211,271	\$ 1,260,992	\$ 1,091,115	\$ 999,866
Town's covered - employee payroll	\$ 714,190	\$ 688,622	\$ 727,422	\$ 676,371	\$ 685,515	\$ 632,182	\$ 599,069	\$ 628,696	\$ 556,508	\$ 576,940
Town's proportionate share of the net pension liability as percentage of covered-employee payroll	154.73%	173.74%	189.50%	170.46%	219.52%	194.95%	191.60%	210.49%	173.55%	179.67%
Plan fiduciary net position as a percentage of the total pension liability	70.50%	67.80%	58.79%	70.40%	58.80%	62.70%	61.70%	60.90%	60.40%	64.60%

* - The amounts presented for each fiscal year were determined as of July 1 of three years prior, using membership data as of the day, projected forward to June 30 of the previous year.

See accompanying notes.

TOWN OF EDISTO BEACH

SCHEDULE OF SOUTH CAROLINA RETIREMENT
SYSTEMS CONTRIBUTIONS
LAST 10 YEARS *

YEAR ENDED JUNE 30, 2025

	June 30									
<u>South Carolina Retirement System</u>	<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>
Contractually required contribution (actuarially determined)	\$ 198,712	\$ 185,495	\$ 177,313	\$ 149,971	\$ 142,785	\$ 141,793	\$ 123,826	\$ 112,154	\$ 95,344	\$ 85,232
Contributions in relation to the actuarially determined contributions	(198,712)	(185,495)	(177,313)	(149,971)	(142,785)	(141,793)	(123,826)	(112,154)	(95,344)	(85,232)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 1,070,647	\$ 999,434	\$ 1,009,755	\$ 905,622	\$ 917,641	\$ 911,266	\$ 850,450	\$ 827,093	\$ 835,614	\$ 770,629
Contributions as a percentage of covered-employee payroll	18.56%	18.56%	17.56%	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%
	June 30									
<u>Police Officer's Retirement System</u>	<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>
Contractually required contribution (actuarially determined)	\$ 177,395	\$ 151,694	\$ 139,377	\$ 139,956	\$ 123,370	\$ 125,038	\$ 107,724	\$ 97,289	\$ 87,012	\$ 75,351
Contributions in relation to the actuarially determined contributions	(177,395)	(151,694)	(139,377)	(139,956)	(123,370)	(125,038)	(107,724)	(97,289)	(87,012)	(75,351)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 835,193	\$ 714,190	\$ 688,622	\$ 727,422	\$ 676,371	\$ 685,515	\$ 632,182	\$ 599,069	\$ 628,696	\$ 556,508
Contributions as a percentage of covered-employee payroll	21.24%	21.24%	20.24%	19.24%	18.24%	18.24%	17.24%	16.24%	14.24%	13.74%

* - The amounts presented for each fiscal year were determined as of July 1 of three years prior, using membership data as of the day, projected forward to June 30 of the previous year.

See accompanying notes.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF EDISTO BEACH
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2025

	Special Revenue Funds					
	Hospitality Tax	Tourism Fund	Alcohol Permit Fund	Fire Department I&I Fund	Volunteer Fire Department Fund	Total Non-Major Governmental Funds
Assets						
Cash and cash equivalents	\$ 457,038	\$ 1,184,961	\$ 31,634	\$ 102,250	\$ 110,687	\$ 1,886,570
Accounts receivable	-	-	5,250	-	-	5,250
Accounts receivable	11,650	-	-	-	-	11,650
Due from	17,890	133,929	-	-	1,517	153,336
Total assets	<u>\$ 486,578</u>	<u>\$ 1,318,890</u>	<u>\$ 36,884</u>	<u>\$ 102,250</u>	<u>\$ 112,204</u>	<u>\$ 2,056,806</u>
Liabilities						
Accounts payable	\$ 11,840	\$ 85,682	\$ -	\$ -	\$ -	\$ 97,522
Due to	-	11,009	-	68	-	11,077
Total liabilities	<u>11,840</u>	<u>96,691</u>	<u>-</u>	<u>68</u>	<u>-</u>	<u>108,599</u>
Fund Balances						
Restricted - non spendable	11,650	-	-	-	-	11,650
Restricted - spendable	463,088	1,222,199	36,884	102,182	-	1,824,353
Assigned	-	-	-	-	112,204	112,204
Total fund balances	<u>474,738</u>	<u>1,222,199</u>	<u>36,884</u>	<u>102,182</u>	<u>112,204</u>	<u>1,948,207</u>
Total liabilities and fund balances	<u>\$ 486,578</u>	<u>\$ 1,318,890</u>	<u>\$ 36,884</u>	<u>\$ 102,250</u>	<u>\$ 112,204</u>	<u>\$ 2,056,806</u>

See accompanying notes.

TOWN OF EDISTO BEACH

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2025

	Special Revenue Funds					
	Hospitality Tax	Tourism Fund	Alcohol Permit Fund	Fire Department I&I Fund	Volunteer Fire Department Fund	Total Non-Major Governmental Funds
Revenues						
Accommodations taxes	\$ -	\$ 512,802	\$ -	\$ -	\$ -	\$ 512,802
Hospitality taxes	323,568	-	-	-	-	323,568
Intergovernmental revenues	-	-	35,700	58,180	-	93,880
Donations and special events	-	-	-	-	68,354	68,354
Interest revenues	28,315	49,736	186	461	2,957	81,655
Miscellaneous revenues	-	-	-	-	5,203	5,203
Total revenue	351,883	562,538	35,886	58,641	76,514	1,085,462
Expenditures						
Public safety	-	-	-	33,700	48,508	82,208
Recreation and culture	114,624	63,844	20,000	-	-	198,468
Capital outlay	300,950	137,402	-	-	-	438,352
Total expenditures	415,574	201,246	20,000	33,700	48,508	719,028
Excess (deficiency) of revenues over expenditures	(63,691)	361,292	15,886	24,941	28,006	366,434
Other Financing Uses						
Proceeds from sale of capital assets	-	4,000	-	-	-	4,000
Transfers out	(186,784)	(138,982)	-	-	-	(325,766)
Total other financing uses	(186,784)	(134,982)	-	-	-	(321,766)
Net change in fund balance	(250,475)	226,310	15,886	24,941	28,006	44,668
Fund Balances, beginning of year	725,213	995,889	20,998	77,241	84,198	1,903,539
Fund balance, end of year	\$ 474,738	\$ 1,222,199	\$ 36,884	\$ 102,182	\$ 112,204	\$ 1,948,207

See accompanying notes.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

SCHEDULE OF COURT FINES, FEES, ASSESSMENTS AND SURCHARGES

JUNE 30, 2025

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED	General	Magistrate	Municipal	Total
Court Fines and Assessments:				
Court fines and assessments collected	-	-	48,166	48,166
Court fines and assessments remitted to State Treasurer	-	-	(8,070)	(8,070)
Total Court Fines and Assessments retained	-	-	40,096	40,096
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	-	-	475	475
Assessments retained	-	-	957	957
Total Surcharges and Assessments retained for victim services	-	-	1,432	1,432

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	-	-	-
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer	-		-
Victim Service Assessments Retained by City/County Treasurer	957		957
Victim Service Surcharges Retained by City/County Treasurer	475		475
Grant Funds Received	-		-
Grant from:			-
General Funds Transferred to Victim Service Fund	-		-
(1) Town of	-		-
(2) Town of	-		-
(3) City of	-		-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	1,432	-	1,432
Expenditures for Victim Service Program:	Municipal	County	Total
Operating Expenditures	-	-	-
Victim Service Contract(s):			
(1) Colleton County Sheriff's Office	1,432	-	1,432
(2) Entity's Name	-	-	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	-	-	-
(2) Rape Crisis Center:	-	-	-
(3) Other local direct crime victims service agency: CASA Family Services	-	-	-
Transferred to General Fund	-	-	-
Total Expenditures from Victim Service Fund/Program (B)	1,432	-	1,432
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	-	-	-
Less: Prior Year Fund Deficit Repayment	-	-	-
Carryforward Funds – End of Year	-	-	-

OTHER INFORMATION - STATISTICAL SECTION

TOWN OF EDISTO BEACH

SCHEDULE OF HISTORICAL NET REVENUES AND DEBT SERVICE COVERAGE - WATER AND SEWER FUND

JUNE 30, 2025

	Year ended June 30,												
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Charges for Services	\$ 2,314,480	\$ 2,330,730	\$ 2,310,731	\$ 2,361,759	\$ 2,308,204	\$ 2,032,106	\$ 1,791,832	\$ 1,669,287	\$ 1,503,099	\$ 1,421,099	\$ 1,437,149	\$ 1,394,240	\$ 1,401,371
Interest Income	386,084	409,426	256,391	19,825	9,183	92,265	183,192	91,919	23,461	13,701	5,756	4,224	5,859
Miscellaneous Income	-	-	-	-	-	-	-	150	13,175	-	-	-	13,060
Less: Expenses	(1,479,451)	(1,542,685)	(1,545,574)	(1,510,557)	(1,464,989)	(1,106,922)	(1,177,996)	(1,155,906)	(1,351,884)	(1,057,653)	(1,112,031)	(1,083,391)	(1,286,512)
Plus: Depreciation and amortization	331,268	338,924	348,791	357,540	361,063	223,630	182,750	197,393	211,587	199,253	204,234	235,031	232,973
Revenues, Net of Expenses	1,221,113	1,197,471	1,021,548	871,027	852,398	1,017,449	797,028	605,300	187,851	377,147	330,874	315,073	133,778
Net Revenues	1,552,381	1,536,395	1,370,339	1,228,567	1,213,461	1,241,079	979,778	802,693	399,438	576,400	535,108	550,104	366,751
Total Debt Service / Parity Bonds	488.183	489.836	486.257	484.416	485.245	486.075	486.265	467.315	92.450	87.919	88.356	88.794	104.325
Debt Service Coverage Ratio	3.18	3.14	2.82	2.54	2.50	2.55	2.01	1.72	4.32	6.56	6.06	6.20	3.52

See accompanying notes.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

SYSTEM STATISTICS

JUNE 30, 2025

General

The Town operates a combined water treatment and distribution system and a wastewater collection and treatment system (the “System”). The water system component of the System consists of three new wells, three reverse osmosis skids, a 300,000-gallon ground storage tank in the water plant, a 100,000-gallon elevated storage tank, a 200,000-gallon ground storage tank, two booster pump stations, and approximately 26 miles of waterline piping.

The Town serves drinking water to approximately 2,476 water customers. The Town also operates a 350,000 gallon per day wastewater treatment lagoon, 13 individual lift stations, and approximately 13 miles of sewer piping. There are approximately 1,089 customers served by the Town’s sewer system.

The service area for water and sewer is the entire municipal limits of the Town, which is four square miles, plus the Edisto Beach State Park and limited other outlying service areas. The Town Council reviews each request for service outside of the municipal limits. There is currently a total of 20 water taps outside of the municipal limits. The service area is comprised mainly of residential dwellings used as vacation homes or rented on a short-term basis during the summer months along with 30 commercial establishments serving the needs of the tourism industry. Also included in the service area is the Edisto Beach State Park which is one of the most heavily visited of the South Carolina State Parks with approximately 372,540 recorded visitors in 2019.

Description of the Water System

The Town began operation of its water system (the “Water System”) in 1970 through the acquisition and consolidation of four privately owned water systems that had previously provided water in its service area. The Town’s Water System has been upgraded, improved, and expanded since that time to serve the growing Town as well as some outside areas. Within the Town, connections to the Water System are mandatory for homes and businesses that are located within 100 feet of the Town’s water main.

The Town maintains and manages its Water System with 6 full-time employees assigned to its operation.

Currently, water services are provided directly to all of the Town’s residences within its incorporated Town limits and several commercial facilities in the adjoining unincorporated areas. There are no wholesale customers of the Water System.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

SYSTEM STATISTICS

-CONTINUED-

Present Water Service Area

The Town's present water service area includes approximately 7.2 square miles, and consists of Edisto Beach, Edisto Beach State Park, and other unincorporated portions of Colleton County on adjoining Edisto Island.

Water Supply

Prior to the project, the Town had a 100,000-gallon elevated storage tank that was supplied by four wells and two booster pumps. These wells were replaced with three new wells with high service pressure pumps. The Town also has a 200,000-gallon ground storage tank and two additional wells that help meet fluctuating water demands produced by the tourist population. The demand for water in 2017 fluctuated in range from 241,000 gallons per day to 1.6 million gallons per day. The Town is permitted by the South Carolina Department of Environmental Services ("SCDES") to extract 256 million gallons per year from the six wells. The Water System consists of 138,516 linear feet, or 28.23 miles, of pipe. Pipe widths vary and range from 10-inch water mains (7,336 feet), 8-inch water mains (39,108 feet), 6-inch water mains (67,622 feet), to 2 and 3-inch water lines (35,200 feet). In 2013, the Town added 5,380 linear feet of water line and 6 fire hydrants. In 2016, the Town added 5,370 linear feet of water line and 11 fire hydrants.

The Town's water supply problems were twofold. The Town's water is produced from groundwater wells in the Santee Limestone aquifer which contain elevated chloride, fluoride, and sodium concentrations that affect taste and may cause corrosion in the distribution system and residential plumbing and appliances. In addition, the Water System is subjected to high seasonal demands during the summer tourist season which far exceed the demands during winter months. Combining reverse osmosis water treatment with additional supply and storage was the recommended solution to the dual problems of water quality and water supply for the Town.

The following table sets forth the average daily flow for the Water System in each of the last five Fiscal Years.

Fiscal Year	MGD
2021	0.565
2022	0.543
2023	0.526
2024	0.503
2025	0.514

TOWN OF EDISTO BEACH, SOUTH CAROLINA

SYSTEM STATISTICS

-CONTINUED-

The Town's well water supply exceeded State of South Carolina recommended limits on naturally occurring fluoride content of drinking water. The Water System does not, however, exceed U. S. Environmental Protection Agency ("EPA") limits on fluoride in drinking water. Consequently, the Town is under no order or other regulatory action of either the State or federal authorities regarding the fluoride content of its drinking water.

Water System Improvements Funded by Series 2017 Bonds

The new water system was completed in 2020 and consists of three new 10-inch wells approximately 580 feet deep with submersible pumps and variable frequency drive motors and new transmission water main to connect the wells to the treatment plant providing additional water supply and the water supply needed to account for loss of water during the treatment process. Previous drinking water quality was improved by removing fluoride, sodium, and chloride. The new water plant constructed in 2020 houses a new water treatment plant consisting of three reverse osmosis treatment skids each with a permeate capacity of 400 gallons per minute for a combined treatment capacity of 1,600 gallons per minute, including a 20% blend with raw well water, chemical systems, motor control center, emergency generator, high service pumps, control room including a supervisory control, and data acquisition (SCADA) computer control system, office, and restroom. The water treatment discharge line consists of approximately 1,900 feet of line into the Atlantic Ocean. A concrete clearwell was constructed under the treatment plant building providing additional storage of 300,000 gallons. Automatic control valves were installed on the fill line of both the existing elevated storage tank and the ground storage tank to control the filling of the tanks for water demand.

During construction, value engineering led to some modifications. Instead of installing two new 10-inch wells and adding 10,000 feet of new transmission water main to connect older wells to the system, three new 10-inch wells were installed, and the length of the transmission water main was reduced. The clear well was increased from 290,000 to 300,000 gallons.

Description of the Sewer System

Sewer System

The wastewater treatment facility on Edisto Beach was constructed in 1986. Funding was provided through a HUD Community Development Grant and private developers in the Town (Fairfield Ocean Ridge and Marian Associates). The facility consists of an influent static screen, a multi-celled dual power level aerated lagoon consisting of one (1) complete mixed cell, three (3) partially mixed cells, and one (1) settling cell. Following the aerated lagoon, the effluent is disinfected via liquid chlorine and routed through a "V" notch weir for flow measurement to an effluent holding pond. From the effluent holding pond, the water is used for irrigation of the Fairfield Ocean Ridge golf course.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

SYSTEM STATISTICS

-CONTINUED-

Sewer service is provided directly to homes and businesses within the Town's incorporated limits at the option, where feasible, of the home or business owner. Property owners that are being provided sewer service from existing septic tank and tile field systems are not required to tie to the Town's Sewer System if the septic tank and tile field system is operable and being maintained in good working order.

There are currently approximately 1,300 lots served by septic tank and tile field systems, most of which are residential lots. Most of the residential lots are currently served by septic tanks. Property owners who obtain new connections to the Sewer System are required to pay the costs of connection, including the cost of any extension of the Town's wastewater collection lines to accommodate the subject property. There are no wholesale customers of the Sewer System.

Service Area

The Town currently provides sewer service within the approximately 7.2 square miles of its incorporated limits. At this time, the Town has no plans to provide sewer service beyond its present sewer service area.

Wastewater Collection and Treatment Facilities

The Town has 13 lift stations at various locations on the beach. All are pumped via force mains to the wastewater treatment facility located at 2417 Holmes Street. The wastewater facility is a biological aerated lagoon. Microorganisms digest the waste, and the effluent is treated with chlorine and used by Plantation Golf Course (formerly the Fairfield Ocean Ridge Golf Course) for irrigation. The Sewer System's total length of force mains is 23,175 linear feet or 4.38 miles. Of this total, there are 17,275 feet of 4-inch force mains and 5,900 feet of 6-inch force mains. The total length of gravity sewer lines extends 47,999 feet or 9.09 miles. Of this total, there are 3,160 feet of 10-inch gravity mains and 44,839 feet of 8-inch gravity mains. The system contains 269 manholes for servicing. The wastewater system is permitted to treat 350,000 gallons per day. The Town maintains and manages its Sewer System with 6 full-time employees assigned to its operations.

Sewer Moratorium

On April 8, 2021, the Town implemented a sewer tap moratorium for properties that do not have existing sewer certificates until two lift stations are upgraded. This will address deficiencies in the collection system.

Both lift stations have been constructed and the sewer moratorium has been lifted, effective October 10, 2024. The Town has also installed a new force main, are updating the remaining 11 lift stations and making a significant investment in improving various components of the wastewater treatment facility. Funding for these improvements has come, in large part, from the South Carolina

TOWN OF EDISTO BEACH, SOUTH CAROLINA

SYSTEM STATISTICS

-CONTINUED-

Infrastructure Investment Program (SCIIP).

The following table sets forth the average daily flow for the Sewer System and the peak daily flow in each of the last five Fiscal Years.

Fiscal Year	Average Daily Flow (MGD)	Peak Flow (MGD)
2021	0.120335	0.382375
2022	0.092561	0.235464
2023	0.124000	0.328000
2024	0.143000	0.383000
2025	0.129000	0.370000

The wastewater treatment facilities are currently reaching about 65% of treatment capacity. The Town does not expect Sewer System usage to require an expansion of the wastewater treatment facilities in the next five Fiscal Years.

Customers

Set forth below are the historical number of water and sewer customers (measured by number of accounts) of the System and the growth during the period of Fiscal Year 2021 through Fiscal Year 2025.

Historical Customer Account				
Fiscal Year	Water	% Increase	Sewer	% Increase
2021	2,414	0.84%	1,066	0.57%
2022	2,445	1.28%	1,073	0.66%
2023	2,462	0.70%	1,078	0.47%
2024	2,464	0.08%	1,081	0.28%
2025	2476	0.49%	1089	0.74%

TOWN OF EDISTO BEACH, SOUTH CAROLINA

SYSTEM STATISTICS

-CONTINUED-

Largest Customers

Set forth below is information relating to the ten largest water and sewer customers of the System for the Fiscal Year 2025.

Ten Largest Water Customers (For Fiscal Year 2025)

Ten Largest Water Customers			
Customer	Product/Use	Approx Annual Water Consumption (Gallons)	Water System Annual Revenues
The Marina at Edisto Beach	Marina	876,100	\$ 6,445
Whaley's	Restaurant	861,340	\$ 6,337
Food Lion, LLC	Grocery Store	714,770	\$ 5,270
Bennett, LE	Residence	665,870	\$ 2,714
Koenig, Mark and Susan	Residence	653,340	\$ 2,669
Davis, JR, Jud	Residence	609,944	\$ 2,515
Redfearn - Ice Machine	Ice Machine	569,720	\$ 4,214
Waterfront Restaurant	Restaurant	555,250	\$ 5,207
Crooked reek Farm of Edisto	Residence	533,080	\$ 2,232
Nouria Energy / Enmark	Gas Station	533,500	\$ 4,474
	Total	6,572,914	\$ 42,079

The top ten water customers accounted for 2.7% of current charges for the System in Fiscal Year 2025.

Ten Largest Sewer Customers (For Fiscal Year 2025)

Ten Largest Sewer Customers		
Customer	Annual Sewer Consumption	System Annual Revenues
Whaley's	861,340	\$ 3,936
Food Lion	714,770	\$ 3,341
Redfearn - Ice Machine	569,720	\$ 2,752
Waterfront Restaurant	555,250	\$ 2,693
Nouria Energy / Enmark	533,500	\$ 2,605
Town of Edisto Beach - Park	393,440	\$ 2,036
Candy, Buster	383,030	\$ 1,994
Plantation Course at Edisto	348,990	\$ 1,856
Seacow Eatery	344,787	\$ 1,839
Recreation Center	326,430	\$ 1,764
Total	5,031,257	\$ 24,814

The top ten sewer customers accounted for 3.6% of current charges for the System in Fiscal Year 2025.

OTHER REPORTING

THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

501 STATE STREET
POST OFFICE BOX 5949
WEST COLUMBIA, SOUTH CAROLINA 29171

PHONE: (803) 739-3090

FAX: (803) 791-0834

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

The Mayor and Town Council
The Town of Edisto Beach
Edisto Beach, 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 Town of Edisto Beach, South Carolina (the "Town"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 25, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

The Brittingham Group LLP

West Columbia, South Carolina
November 25, 2025