

TOWN OF McCLELLANVILLE
SOUTH CAROLINA

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2025

POSTON,
MOREE & MOREE, P.A.

Certified Public Accountants

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POSTON,
MOREE & MOREE, P.A.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of Town Council
Town of McClellanville, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of McClellanville, South Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town'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 and each major fund of the Town of McClellanville, South Carolina, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, the Town adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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, budgetary comparison information, and supplementary pension information on pages 4 through 11 and 36 through 42 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2025 on our consideration of the 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 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 the Town's internal control over financial reporting and compliance.

Poston, Moree & Moree, P.A.

Poston, Moree & Moree, P.A.
Certified Public Accountants

Pawleys Island, South Carolina
December 16, 2025

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

The management's discussion and analysis of the Town of McClellanville's (the "Town") financial performance provides an overall review of the Town's financial activities for the year ended June 30, 2025. The intent of this discussion and analysis is to look at the Town's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Town's financial performance.

Financial Highlights

- The Town's assets and deferred outflows exceeded its liabilities and deferred inflows by \$2,799,034 (net position) for the fiscal year reported. The previous year assets and deferred outflows exceeded liabilities and deferred inflows by \$2,636,587.
- Total net position is comprised of the following:
 - Net investment in capital assets of \$2,175,143 includes capital and intangible assets net of accumulated depreciation, amortization, and related debt.
 - Restricted net position of \$204,207 represents the portion available to maintain the Town's continuing obligations for the boat landing. Restricted net position of \$12,315 represents the remaining portion available from grant funds restricted to use for improvements to the McClellanville Community Center.
 - Unrestricted net position of \$407,369 represents the portion available to maintain the Town's continuing obligations to citizens and creditors.
- Total liabilities of the Town increased by \$571,611 to \$1,204,994 during the fiscal year primarily as a result of unspent grant funds for the McClellanville Community Center project.
- The Town's governmental funds reported a total ending fund balance of \$814,495 this year. This includes an increase of \$120,743 over the prior year fund balance, primarily due to the reimbursement of prior year capital outlay improvements for the McClellanville school property from the receipt of state grant funds.
- At the end of the current fiscal year, Unassigned Fund Balance for the General Fund was \$266,007, or 57.3% of total General Fund expenditures, and 53.3% of total General Fund revenues.
- The Town's property tax revenue reported in the General Fund increased by \$37,665 from 2024 to 2025 due to a 2.0 millage increase.
- The Town established a Special Revenue Fund to account for the receipt and reporting of grant funds. During the current fiscal year, the Town received \$750,000 in grant funds from the SC Department of Health and Human Services to convert the McClellanville school property into a multi-purpose community facility that provides rural healthcare. As of year end, the Town had expended \$143,726 of the grant funds.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of McClellanville's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of McClellanville.

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Basic Financial Statements

The first two statements on pages 12 and 13 of this report are the government-wide financial statements. They provide both short and long-term information about the Town's financial status.

The next statements on pages 14 – 17 of this report are fund financial statements. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows and the Town's total liabilities and deferred inflows. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements present the Town's governmental activities, which include all of the Town's basic services such as public safety, public service, planning and development, parks and recreation, boat landing, and general administration. Property taxes and state and local funds finance most of these activities.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of McClellanville, like all other governmental entities in South Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements. All of the funds of the Town of McClellanville are reported as governmental funds.

Governmental Funds

Governmental Funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between the two perspectives may provide insight into the long-term impact of short-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide reconciliations to the government-wide statements to assist in understanding the differences between these two perspectives.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Special Revenue, and Capital Projects Funds, all of which are considered major funds.

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report includes certain required supplementary information. Budgetary comparison schedules have been provided for the General Fund and Special Revenue Fund with legally adopted budgets to demonstrate compliance with the Town's adopted and final revised budget. Pension schedules have been included to provide information regarding the Town's participation in the South Carolina Retirement System. Required supplementary information can be found as listed in the table of contents.

Financial Analysis of the Town as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the Town as a whole.

The Town's net position at fiscal year-end is \$2,799,034. This is a \$162,447 increase over last year's net position of \$2,636,587. The following table provides a summary of the Town's net position at June 30, 2025 as compared to June 30, 2024.

Summary of Net Position Governmental Activities				
	<u>2025</u>	<u>2024 (Restated)</u>	<u>Amount Change</u>	<u>Percentage Change</u>
Current and Other Assets	\$ 1,437,626	\$ 711,437	\$ 726,189	102.07%
Capital Assets, Net	<u>2,541,208</u>	<u>2,530,132</u>	<u>11,076</u>	<u>0.44%</u>
Total Assets	<u>3,978,834</u>	<u>3,241,569</u>	<u>737,265</u>	<u>22.74%</u>
 Total Deferred Outflows	 <u>35,268</u>	 <u>34,214</u>	 <u>1,054</u>	 <u>3.08%</u>
 Current and Other Liabilities	 681,026	 69,627	 611,399	 878.11%
Long-Term Liabilities	<u>523,968</u>	<u>563,756</u>	<u>(39,788)</u>	<u>-7.06%</u>
Total Liabilities	<u>1,204,994</u>	<u>633,383</u>	<u>571,611</u>	<u>90.25%</u>
 Total Deferred Inflows	 <u>10,074</u>	 <u>5,813</u>	 <u>4,261</u>	 <u>73.30%</u>
 Net Position				
Net Investment in Capital Assets	2,175,143	2,120,419	54,724	2.58%
Restricted	216,522	179,695	36,827	20.49%
Unrestricted	<u>407,369</u>	<u>336,473</u>	<u>70,896</u>	<u>21.07%</u>
Total Net Position	<u>\$ 2,799,034</u>	<u>\$ 2,636,587</u>	<u>\$ 162,447</u>	<u>6.16%</u>

The Town reported positive balances in net position for governmental activities. The increase in net position was mainly a result of the receipt of grant funds that reimbursed prior year 2024 improvements made to the McClellanville school property.

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

The above amounts presented for 2024 comparative purposes have been restated as a result of GASB Statement No. 104 implementation. Other than a change in presentation, there was no effect on net position.

The following table provides a summary of the Town's changes in net position for the year ended June 30, 2025 and the year ended June 30, 2024.

Summary of Changes in Net Position Governmental Activities				
	2025	2024	Amount Change	Percentage Change
Revenues:				
Program Revenues:				
Charges for Services	\$ 92,100	\$ 95,775	\$ (3,675)	-3.84%
Operating Grants & Contributions	1,200	600	600	100.00%
Capital Grants & Contributions	143,726	-	143,726	100.00%
General Revenues:				
Property Taxes	69,608	32,844	36,764	111.94%
State Funds	121,733	129,347	(7,614)	-5.89%
Licenses & Permits	169,072	185,542	(16,470)	-8.88%
Franchise Fees	34,065	33,074	991	3.00%
Unrestricted Interest Income	30,104	20,450	9,654	47.21%
Miscellaneous Income	1,020	1,430	(410)	-28.67%
Total Revenues	662,628	499,062	163,566	32.77%
Expenses:				
General Government	311,248	305,068	6,180	2.03%
Public Safety	985	1,093	(108)	-9.88%
Public Service	111,227	169,634	(58,407)	-34.43%
Planning & Development	12,770	15,000	(2,230)	-14.87%
Culture & Recreation	4,833	2,869	1,964	68.46%
Boat Landing	30,279	33,677	(3,398)	-10.09%
Interest & Other Charges	16,378	18,846	(2,468)	-13.10%
Total Expenses	487,720	546,187	(58,467)	-10.70%
Increase (Decrease) in Net Position	174,908	(47,125)	222,033	-471.16%
Net Position, Beginning	2,636,587	2,683,712	(47,125)	-1.76%
Change in Accounting Principle - GASB 101 (See Note 15)	(12,461)	-	(12,461)	-100.00%
Net Position, Ending	\$ 2,799,034	\$ 2,636,587	\$ 162,447	6.16%

The Town also implemented the requirements of GASB Statement No. 101 for compensated absences during the current fiscal year which resulted in a restatement of beginning net position as of July 1, 2024. See Note 15 for additional information related to this change in accounting principle.

Compared to the prior year, total governmental activities revenue increased by \$163,566 or 32.77%. The majority of this increase is related to a capital grant received during the fiscal year from SC State Health and Human Services for improvements made to the McClellanville school property.

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Expenses related to total governmental activities decreased by \$58,467 or 10.70%. Key changes as compared to the prior year were due to costs associated with the Pinckney Street drainage project.

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Unassigned fund balance, in particular, serves as a useful measure of the Town's net resources available for spending at the end of the fiscal year. Unassigned fund balance of the General Fund was \$266,007 at June 30, 2025 and represents approximately 57% of annual operating expenditures, excluding discretionary capital outlay expenditures.

The total ending fund balances of all governmental funds were \$814,495 at June 30, 2025 which shows an increase of \$120,743 over prior year fund balance. This increase is primarily the result of \$94,558 in grant reimbursements received for prior year improvements made to the McClellanville school property. Of this total fund balance amount, \$542,893 constitutes restricted and assigned fund balances to be used for the boat landing, improvements to the McClellanville school property, and future capital projects.

General Fund Budgetary Highlights

The General Fund budget for fiscal year 2025 complied with financial policies approved by Town Council and maintained core city services. The original adopted budget for the General Fund was not amended during the current fiscal year. Revenues exceeded budgetary estimates by \$63,226 primarily due to an increase in property taxes, MASC tax collections, and boat launch fees. Actual expenditures of \$463,885 did not exceed budgeted appropriations of \$510,000.

Capital Assets

The following table provides a comparison of net capital assets as of June 30, 2025.

	2025	2024 (Restated)	Amount Change	Percentage Change
Non-Depreciable Assets:				
Land	\$ 504,917	\$ 504,917	\$ -	0.00%
Construction in Progress	479,855	454,057	25,798	100.00%
Total Non-Depreciable	<u>984,772</u>	<u>958,974</u>	<u>25,798</u>	<u>2.69%</u>
Depreciable Assets, Net				
Buildings & Improvements	1,531,587	1,539,561	(7,974)	-0.52%
Equipment & Furnishings	17,643	21,213	(3,570)	-16.83%
Leased Equipment	7,206	10,384	(3,178)	-30.60%
Total Depreciable	<u>1,556,436</u>	<u>1,571,158</u>	<u>(14,722)</u>	<u>-0.94%</u>
Total Capital Assets, Net	<u>\$ 2,541,208</u>	<u>\$ 2,530,132</u>	<u>\$ 11,076</u>	<u>0.44%</u>

Major additions during the year were a result of completing the vertical lift for Town Hall and continued improvements to the McClellanville school property.

At year end, the Town had an outstanding commitment of \$4,173 for architectural and engineering services for the McClellanville school property. See Note 16 for further details.

Due to implementation of GASB Statement No. 104, prior year comparative amounts for 2024 have been restated.

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Long-Term Liabilities

The Town's long-term obligations were made up of the following for the past two fiscal years.

	2025	2024 (Restated)	Amount Change	Percentage Change
Net Pension Liability	\$ 199,109	\$ 204,682	\$ (5,573)	-2.72%
Direct Borrowing Agreements	358,035	398,584	(40,549)	-10.17%
Compensated Absences	17,634	15,592	2,042	13.10%
Total	<u>\$ 574,778</u>	<u>\$ 618,858</u>	<u>\$ (44,080)</u>	<u>-7.12%</u>

During the 2023 fiscal year, the Town entered into two direct borrowing line of credit arrangements in the total amount of \$443,535 to finance dock improvements. See Note 7 for additional information on long-term liabilities of the Town.

Due to implementation of GASB Statement No. 101, prior year comparative amounts for 2024 have been restated.

Economic Environment and Next Year's Budgets and Rates

McClellanville is a small, rural town located in Charleston County, known for its historical charm, close-knit community, and coastal surroundings. McClellanville's economy remains rooted in its natural resources, eco-tourism, and its enduring appeal as a quiet, historic destination. Between July 2024 and June 2025, McClellanville experienced steady growth, marked by targeted infrastructure improvements, strategic planning, and expanded state investment in community assets.

1. Population and Demographics

Recent census estimates indicate:

- **Population:** Approximately 616 residents across 253 households.
- **Home Value:** The median home value is \$550,847.
- **Average Age of Residents:** 53

While the population remains stable, McClellanville continues to attract seasonal residents, retirees, and eco-tourists drawn to its coastal lifestyle and proximity to Charleston.

2. Key Economic Sectors

- **Tourism and Hospitality:** Eco-tourism remains a cornerstone of the local economy, with visitors drawn to the Francis Marion National Forest, historic district, and seafood culture. Local Inns, restaurants, and shops provide consistent employment and contribute to the town's economic vitality.
- **Fishing and Seafood Industry:** The shrimping and seafood industry continues to define McClellanville's identity. Despite challenges from environmental shifts and market competition, local fisheries remain active contributors to employment and regional supply chains.
- **Agriculture and Forestry:** Surrounding rural areas support small-scale farming and timber operations. While not a major agricultural hub, McClellanville benefits from nearby land use and natural resource management.

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

3. Real Estate and Development

The housing market remains stable, with increased interest from seasonal and retirement buyers. Development is moderate but growing, particularly near the waterfront and historic areas. The Town continues to balance growth with preservation.

4. Employment

Employment is concentrated in tourism, seafood, and small retail. While unemployment remains low, year-round high-wage opportunities are limited due to the rural nature of the economy.

5. Challenges

- **Infrastructure:** Limited road access and aging systems remain barriers to growth.
- **Environmental Vulnerability:** Rising sea levels, flooding, and hurricanes pose long-term risks to tourism and fisheries.

6. Local Government and Initiatives

The Town continues to prioritize sustainable development, infrastructure upgrades, and community engagement. Notable initiatives in FY 2024-2025 include:

- **Town Hall Accessibility:** Installation of a new ADA-compliant lift at Town Hall improves public access and reflects the Town's commitment to inclusive service delivery.
- **Community Center Investment:** Caplea Coe Design Engineers were hired to assess the McClellanville Community Center. The Town received a \$750,000 allocation from the South Carolina State Budget to support renovations and programming at the Center. Of the \$750,000 in grant funds received, \$143,726 has been expended for improvements through June 30, 2025. The remaining unspent grant funds of \$606,274 have been reported as unearned grant revenues in the statement of net position and the balance sheet of governmental funds.
- **Seafood Apprenticeship Program:** Hosted in the old school building, this program funded through a Sea Grant partnership offers training in commercial fishing and mariculture.
- **Emergency Flight Coverage:** The Town renewed its agreement with Meducare, ensuring residents have no out-of-pocket costs for emergency air transport.
- **Old School Redevelopment:** A consultant is actively pursuing anchor tenants and funding opportunities. A new septic system was installed to support future use.
- **Green Space Preservation:** The Town continues to work with Lowcountry Land Trust to secure conservation properties, including the 14-acre tract that was conveyed to the Town subsequent to year end in October 2025.
- **Cape Romain Environmental Education Charter School (CREECS):** Enrollment continues to grow, supporting young families and educational alternatives in the region.

7. Budget Overview FY 2025-2026

- The 2025/2026 operating budget is \$525,000.
- The 2025/2026 boat landing fund budget is \$85,000.

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the resources it receives. If you have any questions about this report or need additional information, contact the Town's Administrator at 405 Pinckney Street, McClellanville, SC 29458.

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

	Governmental Activities
ASSETS	
Cash	\$ 1,198,881
Receivables (Net of Allowance for Uncollectibles)	28,943
Prepaid Items	5,595
Restricted Cash	204,207
Capital Assets:	
Nondepreciable	
Land	504,917
Construction in Progress	479,855
Depreciable Assets (Net of Accumulated Depreciation)	
Buildings and Improvements	1,531,587
Equipment and Furnishings	17,643
Leases	7,206
Total Assets	\$ 3,978,834
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to Pension	\$ 35,268
Total Deferred Outflows of Resources	\$ 35,268
LIABILITIES	
Accounts Payable	\$ 5,295
Salaries and Benefits Payable	10,044
Accrued Interest Payable	573
Unearned Grant Revenues	606,274
Lease Obligations Payable	8,030
Noncurrent Liabilities:	
Due Within One Year	50,810
Due In More Than One Year	523,968
Total Liabilities	\$ 1,204,994
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to Pension	\$ 10,074
Total Deferred Inflows of Resources	\$ 10,074
NET POSITION	
Net Investment In Capital Assets	\$ 2,175,143
Restricted For:	
Boat Landing	204,207
Capital Projects	12,315
Unrestricted	407,369
Total Net Position	\$ 2,799,034

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

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

	Program Revenues				Net (Expense) Revenue and Change in Net Position Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 311,248	\$ -	\$ -	\$ 143,726	\$ (167,522)
Public Safety	985	-	-	-	(985)
Public Service	111,227	-	1,200	-	(110,027)
Planning & Development	12,770	-	-	-	(12,770)
Culture & Recreation	4,833	-	-	-	(4,833)
Boat Landing	30,279	92,100	-	-	61,821
Interest and Other Charges	16,378	-	-	-	(16,378)
Total Governmental Activities	<u>\$ 487,720</u>	<u>\$ 92,100</u>	<u>\$ 1,200</u>	<u>\$ 143,726</u>	<u>\$ (250,694)</u>

GENERAL REVENUES

Property Taxes	\$ 69,608
State Funds	121,733
Licenses & Permits	169,072
Franchise Fees	34,065
Unrestricted Interest Income	30,104
Miscellaneous Income	1,020
Total General Revenues	<u>\$ 425,602</u>

CHANGE IN NET POSITION

\$ 174,908

NET POSITION - BEGINNING, As Previously Reported

\$ 2,636,587

Change in Accounting Principle - GASB 101 Implementation (Note 15)

(12,461)

NET POSITION - BEGINNING, As Restated

\$ 2,624,126

NET POSITION - ENDING

\$ 2,799,034

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash	\$ 253,921	\$ 618,589	\$ 326,371	\$ 1,198,881
Cash - Restricted	204,207	-	-	204,207
Receivables (Net)	28,943	-	-	28,943
Prepays	5,595	-	-	5,595
Total Assets	\$ 492,666	\$ 618,589	\$ 326,371	\$ 1,437,626
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 5,295	\$ -	\$ -	\$ 5,295
Salaries and Benefits Payable	10,044	-	-	10,044
Unearned Grant Revenues	-	606,274	-	606,274
Total Liabilities	\$ 15,339	\$ 606,274	\$ -	\$ 621,613
Deferred Inflows of Resources				
Unavailable Tax Revenues	\$ 1,518	\$ -	\$ -	\$ 1,518
Total Deferred Inflows of Resources	\$ 1,518	\$ -	\$ -	\$ 1,518
Fund Balances				
Nonspendable:				
Prepaid Items	\$ 5,595	\$ -	\$ -	\$ 5,595
Restricted For:				
Boat Landing	204,207	-	-	204,207
Capital Projects	-	12,315	-	12,315
Assigned For:				
Capital Projects	-	-	326,371	326,371
Unassigned	266,007	-	-	266,007
Total Fund Balances	\$ 475,809	\$ 12,315	\$ 326,371	\$ 814,495
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 492,666	\$ 618,589	\$ 326,371	\$ 1,437,626

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

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2025**

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

Ending Fund Balances - Governmental Funds Balance Sheet	\$	814,495
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital Assets		3,233,528
Accumulated Amortization and Depreciation		(692,320)
Other long-term assets that are not available to pay for current period expenditures are not recognized as revenues in the funds:		
Property Taxes		1,518
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued Interest Payable		(573)
Compensated Absences Payable		(17,634)
Lease Liability		(8,030)
Notes Payable		(358,035)
Net Pension Liability		(199,109)
Deferred Outflows of Resources Related to Net Pension Liability		35,268
Deferred Inflows of Resources Related to Net Pension Liability		(10,074)
		(647,913)
Net Position of Governmental Activities	\$	2,799,034

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Property Taxes	\$ 70,564	\$ -	\$ -	\$ 70,564
State Funds	121,733	-	-	121,733
MASC Tax Collections	98,394	-	-	98,394
Business Licenses & Building Permits	70,678	-	-	70,678
Boat Landing Fees & Permits	92,100	-	-	92,100
Franchise Fees	34,065	-	-	34,065
Grants	-	143,726	-	143,726
Donations	1,200	-	-	1,200
Interest Income	9,015	14,240	6,849	30,104
Miscellaneous Income	1,022	-	-	1,022
Total Revenues	\$ 498,771	\$ 157,966	\$ 6,849	\$ 663,586
EXPENDITURES				
Current:				
General Government	\$ 277,826	\$ -	\$ -	\$ 277,826
Public Service	104,927	-	6,300	111,227
Planning & Development	12,770	-	-	12,770
Culture & Recreation	3,740	-	-	3,740
Boat Landing	7,634	-	-	7,634
Capital Outlay	-	40,628	32,030	72,658
Debt Service:				
Principal	40,549	-	-	40,549
Interest and Other Charges	16,439	-	-	16,439
Total Expenditures	\$ 463,885	\$ 40,628	\$ 38,330	\$ 542,843
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 34,886	\$ 117,338	\$ (31,481)	\$ 120,743
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -	\$ -	\$ 287,304	\$ 287,304
Transfers Out	(60,000)	(227,304)	-	(287,304)
Total Other Financing Sources and Financing (Uses)	\$ (60,000)	\$ (227,304)	\$ 287,304	\$ -
NET CHANGE IN FUND BALANCE	\$ (25,114)	\$ (109,966)	\$ 255,823	\$ 120,743
FUND BALANCES - BEGINNING	\$ 500,923	\$ 122,281	\$ 70,548	\$ 693,752
FUND BALANCES - ENDING	\$ 475,809	\$ 12,315	\$ 326,371	\$ 814,495

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

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$	120,743
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital Outlays		72,658
Depreciation Expense		(58,405)
<p>Revenues in the statement of activities, that will not be collected for several months after year end and do not provide for current financial resources, are not reported as revenues in the governmental funds:</p>		
Property Taxes		(956)
<p>Governmental funds report lease payments as expenditures. However, in the statement of activities, the discounted present value of long-term leases is allocated over the term of the lease and reported as amortization expense. Additionally, the repayment of the principal portion of long-term leases has no effect on net position:</p>		
Principal Payments on Lease Liability		3,099
Amortization Expense		(3,177)
Accrued Interest		12
<p>The issuance of long-term liabilities (notes payable) provides current financial resources to the governmental funds, while the repayment of the principal of long-term liabilities consumes the current financial resources of governmental funds. This is the difference between the proceeds and principal retirement of long-term liabilities in the current period:</p>		
Principal Repayments on Long-Term Notes Payable		40,549
Accrued Interest		61
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not recognized as expenditures in the governmental funds:</p>		
Compensated Absences		(2,042)
Pension Expense		2,366
Change in Net Position of Governmental Activities	\$	174,908

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

TOWN OF McCLELLANVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of McClellanville, South Carolina conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

Reporting Entity

The Town of McClellanville, South Carolina (the Town) was incorporated on August 3, 1926 by an act of legislature of the State of South Carolina. The Town's governing body consists of an elected mayor and four-member council. The Town operates under the Council form of government. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. A component unit is included in the reporting entity if it is both fiscally dependent on the primary government and there is potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on the primary government. Based on this criteria the Town has determined it has no component units and is not a component unit of any other organization. Therefore, the Town reports as a primary entity.

Government-Wide and Fund Financial Statements

The financial statement presentation for the Town meets the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and related amendments, interpretations, and pronouncements. The financial statement presentation provides a comprehensive entity-wide perspective of the Town's net position, revenues, expenses and changes in net position that replaces the fund-group perspective previously required.

During the current year, the Town implemented the following accounting policies:

GASB Statement No. 101, *Compensated Absences*, aligns the recognition and measurement guidance for compensated absences under a unified model which results in a liability that more appropriately reflects when an obligation is incurred. As required by GASB, this statement has been implemented retroactively by restating beginning net position.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, improves financial reporting by providing users of the financial statements with essential information about certain types of assets in order to make informed decisions and assess accountability. This statement has been implemented retroactively, but resulted in a change in presentation only.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expense allocations are eliminated for the statement of activities.

TOWN OF McCLELLANVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Internally dedicated resources are also reported as general revenues.

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and demonstrate legal compliance. Separate fund financial statements are presented for governmental, proprietary, and fiduciary activities (even though the latter are excluded from the government-wide financial statements). The emphasis in the fund financial statements is on *major funds*. Major individual funds are reported as separate columns in the fund financial statements. All nonmajor funds are aggregated and reported in a single column on each of the fund financial statements. Major funds are determined in accordance with criteria established by the Governmental Accounting Standards Board.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town considers taxes, certain licenses, intergovernmental revenues, and interest to be susceptible to accrual. In general, other revenues are recognized when cash is received.

The Town utilizes the following governmental funds:

General Fund: The general fund is the general operating fund of the Town. All general tax revenues and other receipts that 1) are not allocated by law or contractual agreement to other funds, or 2) have not been restricted, committed, or assigned to other funds are accounted for in the general fund.

Special Revenue Grants Fund: The special revenue grants fund accounts for the proceeds of specific revenue sources that are legally or contractually restricted for specified purposes.

Capital Projects Fund: The capital projects fund accounts for major capital expenditures other than the acquisition of machinery, furniture, and vehicles which is usually accounted for in the fund responsible for financing the expenditures.

The Town reports the General Fund, Special Revenue Grants Fund, and the Capital Projects Fund as major governmental funds.

TOWN OF McCLELLANVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. A proposed budget for the ensuing fiscal year is submitted by management to Town Council during June of each year. The passage of an ordinance legally enacts the budget for the ensuing fiscal year subject to amendment or modifications throughout the year. Revenues are budgeted by source and expenditures are budgeted by department. Budget revisions at this level are subject to final review by Town Council. Within these control levels, management may transfer appropriations without Council approval. The legal level of control is by department within a fund.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, and deferred outflows/inflows of resources at the date of the financial statements and revenues, expenditures/expenses, and other sources and uses recognized during the reporting period. Actual results could differ from those amounts.

Cash, Cash Equivalents, and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the United States and its agencies, general obligations of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal depository insurance, certificates of deposit collaterally secured, and repurchase agreements secured by the foregoing obligations.

Receivables

All receivables are shown at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Such allowances are estimated based upon such factors as length of delinquency, historical analysis, and available means for collection enforcement.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Interfund receivables and payables outstanding at year end are eliminated upon consolidation of governmental activities in the government-wide statement of net position.

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

Prepaid Items

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements. The only item of this nature was prepaid insurance.

TOWN OF McCLELLANVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets

Certain assets of the Town are classified as restricted on the balance sheet when specific limitations are placed upon their use.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible right to use assets are reported in the government-wide statements. All assets are capitalized, regardless of cost. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their acquisition value at the date of the donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Capital assets of the Town are depreciated using the straight line method over the following estimated useful lives:

Asset	Years
Buildings	40 - 50
Improvements, Other than Buildings	7 - 50
Furniture, Machinery, and Equipment	5 - 25

Amortization of right to use assets is based on the shorter of the lease/subscription term or the estimated useful life of the asset.

Depreciation for capital assets that can be specifically identified with a function is included in the direct expenses for that function. Depreciation for capital assets that serve essentially all functions is included in the statement of activities as a separate line item “depreciation – unallocated”.

Leases

The Town is a lessee for a noncancelable lease of equipment. The Town recognizes a lease liability and an intangible right-to-use asset in the government-wide statements.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The right-to-use asset is initially measured as the initial lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Right-to-use lease assets useful lives are determined by the length of the lease period and are amortized using the straight-line method. The Town has elected to use the same capitalization thresholds for leased assets that it uses for those assets purchased. See further discussion under the “Capital Assets” section above.

Key estimates and judgments include how the Town determines the discount rate and lease term it uses to discount the expected lease payments to present value. Unless otherwise stated in the contract, the Town uses the market rate of interest at lease inception as the discount rate for leases. Lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease payable are composed of fixed payments as outlined in the lease agreement.

TOWN OF McCLELLANVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

It is the Town's policy to permit employees who work at least one-half of full-time status to accumulate earned but unused leave for vacation and sickness. A liability for compensated absences is recognized in the government-wide financial statements for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used in a future period or paid out. The liability for compensated absences is calculated on the employee's pay or salary rates in effect at the date of the financial statements on a first-in, first-out basis (FIFO). A liability is reported in the governmental funds only if they have matured and will be liquidated with expendable available resources, for example, as a result of employee resignations or retirements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and or balance sheet 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 future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and or balance sheet 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.

Pensions

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position/Fund Balances

The Town's net position in the government-wide financial statements is classified as follows:

Net Investment in Capital Assets: This represents the Town's total investment in capital assets, net of accumulated outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included.

Restricted Net Position: Restricted net position includes resources in which the Town is legally or contractually obligated to spend in accordance with restrictions externally imposed by third parties or imposed by law through constitutional provisions or enabling legislation, including that passed by the government itself.

TOWN OF McCLELLANVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unrestricted Net Position: Any remaining balance of net position is reported as unrestricted, including management assignments and commitments.

In the governmental fund financial statements, equity is classified as fund balance. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

Nonspendable Fund Balance: Consists of amounts that are not in a spendable form (such as prepaid items) or are required to be maintained permanently intact.

Restricted Fund Balance: Consists of amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance: Consists of amounts constrained to specific purposes by a government itself, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned Fund Balance: Consists of amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned Fund Balance: Consists of amounts that are available for any purpose; positive amounts are reported only in the general fund.

Town Council establishes (and modifies and rescinds) fund balance commitments by passage of an ordinance or resolution. Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for a specific purpose.

When fund balance resources are available for a specific purpose in more than one classification it is the Town's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Property Taxes

Property taxes are assessed and collected under a joint billing and collection agreement with Charleston County. Taxes on real property and certain personal property attach as an enforceable lien on the property as of January 1st. Taxes are levied and billed the following September on all property other than vehicles and are payable without penalty until January 15th of the following year. Penalties are assessed at varying rates from January 16th – March 16th. On March 16th, the property tax bills are considered delinquent and the properties are subject to sale. Vehicle taxes are levied monthly and are due within the period they are levied. All property taxes are collected by the Charleston County Treasurer and then distributed to the Town. Property taxes are recognized under the standards established by GASB Statement No. 33 for imposed nonexchange transactions.

TOWN OF McCLELLANVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Nonexchange Transactions

The standards established by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, provide accounting and reporting for the following four categories of nonexchange transactions: 1) derived tax revenues, 2) imposed nonexchange revenues, 3) government-mandated nonexchange transactions, and 4) voluntary nonexchange transactions. Nonexchange transactions involve financial or capital resources in which the government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange.

Assets from derived tax revenues are recognized when the underlying exchange has occurred or when the resources are received, whichever first. Revenues are recognized when the underlying exchange has occurred and resources are available to the government.

Assets from imposed nonexchange revenues are recognized when an enforceable legal claim has arisen or when resources are received, whichever occurs first. Revenues are recognized when resources are required to be used or the first period that use is permitted. Resources must also be available.

Assets, liabilities, deferred outflows/inflows of resources, revenues, and expenditures from government-mandated and voluntary nonexchange transactions are generally recognized when all eligibility requirements have been met. Resources received before eligibility requirements are fulfilled are reported as unearned revenues or deferred inflows of resources, as appropriate, depending upon whether time requirements have been met. Eligibility requirements can include one or more of the following:

1. The recipient has the characteristics specified by the provider.
2. Time requirements specified by the provider have been met.
3. The provider offers resources on a reimbursement basis and allowable costs have been incurred.
4. The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred.

Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Town can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

TOWN OF McCLELLANVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The Town believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

NOTE 2 – CASH

At year end, the Town's carrying amount of deposits with financial institutions was \$1,403,088 and the corresponding bank balance was \$1,403,268.

Custodial Credit Risk – For deposits, this is the risk that in the event of a bank failure, the government's deposits may not be recovered. The Town does not have a deposit policy for custodial credit risk, but follows the investment policy statutes of the State of South Carolina. As of June 30, 2025, \$999,167 of the Town's bank balances of \$1,403,268 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institutions trust department or agent, in the Town's name.

NOTE 3 – RESTRICTED ASSETS

The Town's restricted assets at June 30, 2025 consisted of deposits of \$204,207 restricted by enabling legislation for the purpose of improving, operating, and maintaining the boat ramp, the dock, the related parking area, and any other support facilities on the property.

NOTE 4 – RECEIVABLES

Receivables as of year-end including applicable allowances for uncollectible accounts are as follows:

	General Fund	Total
Receivables:		
Property Taxes	\$ 4,819	\$ 4,819
Accommodations Tax	1,012	1,012
Local Option Sales Tax	9,967	9,967
Business Licenses	4,089	4,089
State Aid to Subdivisions	4,102	4,102
MASC Tax Collections	5,255	5,255
Building Permits	631	631
Gross Receivables	\$ 29,875	\$ 29,875
Less: Allowance for Uncollectible		
Property Taxes	(932)	(932)
Net Receivables	\$ 28,943	\$ 28,943

The Town expects to collect all receivables within the subsequent year.

TOWN OF McCLELLANVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 – RECEIVABLES (continued)

The governmental funds report unavailable revenues for collections of receivables that are not considered to be available to liquidate liabilities of the current period because they are expected to be received beyond 60 days after year end. The only item of this nature was unavailable property taxes of \$1,518.

NOTE 5 – REAL ESTATE HELD FOR INVESTMENT IN McCLELLANVILLE COMMUNITY CENTER

During the 2022-2023 fiscal year, the Town purchased the McClellanville Middle School property from the Charleston County School District. As of year-end, the Town has no specific use for the property; but has made improvements to it with plans to possibly convert its use to a medical and community center.

Beginning Balance of Construction in Progress - McClellanville Community Center	\$	430,627
Improvements		49,228
		49,228
Ending Balance of Construction in Progress - McClellanville Community Center	\$	479,855

NOTE 6 – CAPITAL ASSETS

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

	<u>Restated Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 504,917	\$ -	\$ -	\$ 504,917
Construction in Progress	<u>454,057</u>	<u>49,228</u>	<u>(23,430)</u>	<u>479,855</u>
Total Capital Assets, Not Depreciated	<u>\$ 958,974</u>	<u>\$ 49,228</u>	<u>\$ (23,430)</u>	<u>\$ 984,772</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	\$ 2,081,238	\$ 46,859	\$ -	\$ 2,128,097
Equipment and Furnishings	104,774	-	-	104,774
Leased Equipment	<u>15,884</u>	<u>-</u>	<u>-</u>	<u>15,884</u>
Total Capital Assets Being Depreciated	<u>\$ 2,201,896</u>	<u>\$ 46,859</u>	<u>\$ -</u>	<u>\$ 2,248,755</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ (541,677)	\$ (54,833)	\$ -	\$ (596,510)
Equipment and Furnishings	(83,561)	(3,570)	-	(87,131)
Leased Equipment	<u>(5,500)</u>	<u>(3,178)</u>	<u>-</u>	<u>(8,678)</u>
Total Accumulated Depreciation	<u>\$ (630,738)</u>	<u>\$ (61,581)</u>	<u>\$ -</u>	<u>\$ (692,319)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 1,571,158</u>	<u>\$ (14,722)</u>	<u>\$ -</u>	<u>\$ 1,556,436</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,530,132</u>	<u>\$ 34,506</u>	<u>\$ (23,430)</u>	<u>\$ 2,541,208</u>

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 – CAPITAL ASSETS (continued)

Depreciation and amortization expense was charged to functions/programs of the Town as follows:

Governmental Activities:		
General Government	\$	36,858
Public Safety		1,093
Culture & Recreation		985
Boat Landing		<u>22,645</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>61,581</u></u>

NOTE 7 – LONG-TERM LIABILITIES

On February 12, 2021 the Town obtained an unsecured \$250,000 direct borrowing line of credit from their bank. Subsequently, Council authorized the drawdown of funds from the line of credit to fund a portion of the dock construction costs. In the event of default, the bank reserves a right of set-off in all of the Town's bank accounts.

On December 20, 2022 the Town obtained an additional unsecured \$200,000 direct borrowing line of credit from their bank to fund the remaining portion of the dock construction costs. In the event of default, the bank reserves a right of set-off in all of the Town's bank accounts.

Direct borrowing agreements currently outstanding at June 30, 2025 are as follows:

	<u>Outstanding June 30, 2025</u>
\$250,000 direct borrowing line of credit. Interest only payments through September 2023, then principal and interest due in monthly installments of \$2,413 through January 2031 at an annual interest rate of 2.95%, along with a final balloon payment of \$47,335 due February 2031.	\$ 189,142
\$200,000 direct borrowing line of credit. Interest only payments through September 2023, then principal and interest due in monthly installments of \$2,336 through December 2032 at an annual interest rate of 5.75%.	<u>168,893</u>
Total Direct Borrowing Agreements	\$ <u><u>358,035</u></u>

Annual debt service to maturity for direct borrowing agreements are as follows:

Year Ending June 30	Direct Borrowings		
	Principal	Interest	Total
2026	\$ 42,517	\$ 14,470	\$ 56,987
2027	44,336	12,651	56,987
2028	46,243	10,744	56,987
2029	48,240	8,747	56,987
2030	50,334	6,653	56,987
2031-2032	<u>126,365</u>	<u>5,459</u>	<u>131,824</u>
Totals	<u><u>\$ 358,035</u></u>	<u><u>\$ 58,724</u></u>	<u><u>\$ 416,759</u></u>

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – LONG-TERM LIABILITIES (continued)

The following is a summary of changes in long-term liabilities for June 30, 2025.

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Direct Borrowing Agreement	\$ 212,070	\$ -	\$ (22,928)	\$ 189,142	\$ 23,700
Direct Borrowing Agreement	186,514	-	(17,621)	168,893	18,817
Net Pension Liability	204,682	38,714	(44,287)	199,109	-
Compensated Absences	15,592	2,042 *	-	17,634	8,293
Totals	<u>\$ 618,858</u>	<u>\$ 40,756</u>	<u>\$ (84,836)</u>	<u>\$ 574,778</u>	<u>\$ 50,810</u>

*The change in the compensated absences liability is presented as a net change.

NOTE 8 – RIGHT-TO-USE LEASE OBLIGATIONS

Right-to-use lease obligations currently outstanding at June 30, 2025 are as follows:

	Outstanding June 30, 2025
<i>Copier</i> : Lease entered into on October 7, 2012, with a 60 month non-cancellable lease term. Monthly payments are \$308.94 plus applicable taxes. Historical prime rate in effect of 6.25% used for purposes of discounting future payments. The value of the right to use asset as of June 30, 2025 is \$15,884 with accumulated amortization of \$8,678 for a net value of \$7,206.	\$ 8,030
Total Right-to-Use Lease Liabilities	<u>\$ 8,030</u>

Future minimum lease payments are as follows:

Year Ending June 30	Right-to-Use Lease Obligations		
	Principal	Interest	Total
2026	\$ 3,299	\$ 408	\$ 3,707
2027	3,511	196	3,707
2028	1,220	16	1,236
Totals	<u>\$ 8,030</u>	<u>\$ 620</u>	<u>\$ 8,650</u>

NOTE 9 – PENSION AND RETIREMENT PLAN

Plan Description

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

TOWN OF McCLELLANVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – PENSION AND RETIREMENT PLAN (continued)

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals first elected to the South Carolina General Assembly at or after the general election in November 2012. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

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

A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable services equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five-year or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active or retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Effective July 1, 2017, employee rates were increased and capped at 9.00 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017 for SCRS until reaching 18.56 percent. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

Pension reform legislation modified statute such that the employer contribution rates for SCRS to be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS may not be decreased until the plans are at least 85 percent funded.

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – PENSION AND RETIREMENT PLAN (continued)

- Required employee contribution rates¹ for fiscal year 2024-2025 are as follows:

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

- Required employer contribution rates¹ for fiscal year 2024-2025 are as follows:

Employer Class Two	18.41% of earnable compensation
Employer Class Three	18.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

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

Contributions to the pension plan from the Town for the year ended June 30, 2025 were \$23,430.

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

At June 30, 2025, the Town reported a liability of \$199,109 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 that was projected forward to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. The Town's proportionate share at June 30, 2025 was .000849%, which was a .000002% increase from its proportionate share of .000847% at June 30, 2024.

For the year ended June 30, 2025, the Town recognized pension expense of \$21,063. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,543	\$ 247
Assumption changes	3,510	-
Net difference between projected and actual earnings on pension plan investments	-	7,672
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	1,785	2,155
Town contributions subsequent to the measurement date	23,430	-
Total	\$ 35,268	\$ 10,074

Town contributions subsequent to the measurement date of \$23,430 reported as deferred outflows will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – PENSION AND RETIREMENT PLAN (continued)

Year Ending June 30:	Amount
2026	\$ (3,922)
2027	7,830
2028	(129)
2029	(2,015)
Thereafter	-
Total	\$ 1,764

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The GASB Statement No. 67 valuation report prepared as of June 30, 2024 is based on the experience study report for the period ending June 30, 2019. A more recent experience report on the System was issued for the period ending June 30, 2023 and will be used for future valuations.

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

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

Actuarial Assumptions	
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return ¹	7.00%
Projected salary increases	3.0% to 11.0% (varies by service) ¹
Benefit adjustments	lesser of 1% or \$500 annually
¹ <i>Includes inflation at 2.25%</i>	

The post-retiree mortality assumption is dependent upon the member’s job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems’ mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020. Assumptions used in the determination of the June 30, 2024, TPL are as follows.

Former Job Class	Males	Females
General Employees	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%

TOWN OF McCLELLANVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – PENSION AND RETIREMENT PLAN (continued)

Net Pension Liability

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

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability(Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
SCRS	\$ 61,369,806,968	\$ 37,919,492,371	\$ 23,450,314,597	61.8%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB Statement No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Statements No. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Discount Rate

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

Sensitivity Analysis

The following table presents the collective NPL of the Town calculated using the discount rate of 7.00 percent, as well as what the Towns' NPL 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.

	<u>1.00% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1.00% Increase (8.00%)</u>
Town's proportionate share of the net pension liability	\$ 258,002	\$ 199,109	\$ 144,843

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based on 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2024 fiscal year.

TOWN OF McCLELLANVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – PENSION AND RETIREMENT PLAN (continued)

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 the expected inflation and is summarized in the table below. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

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 Equity¹	9.0%	9.60%	0.86%
Private Debt¹	7.0%	6.90%	0.48%
Real Assets	12.0%		
Real Estate ¹	9.0%	4.30%	0.39%
Infrastructure ¹	3.0%	7.30%	0.22%
Total Expected Real Return ²	<u>100.0%</u>		<u>5.49%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u><u>7.74%</u></u>

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

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

Pension Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued Annual Comprehensive Financial Report containing financial statements and required supplementary information for SCRS. The financial statements of the Pension Trust Funds is publically available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

Payables to the Pension Plan

At June 30, 2025, the Town had \$2,686 in outstanding payables to the plan for legally required contributions, which is reported in the statement of net position and the balance sheet with accrued liabilities.

NOTE 10 – INTERFUND TRANSFERS

Transfers between funds are used to move certain revenues to finance various program costs that the government must account for in other funds in accordance with budgetary authorizations. A schedule of interfund transfers is as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 60,000
Special Revenue Fund	-	227,304
Capital Projects Fund	287,304	-
Total	<u>\$ 287,304</u>	<u>\$ 287,304</u>

TOWN OF McCLELLANVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 – INTERFUND TRANSFERS (continued)

The Town made the following non-routine transfers during the current fiscal year:

- Transfer of \$124,146 from the Special Revenue Fund to the Capital Projects Fund to fund future capital projects.
- Transfer of \$103,158 from the Special Revenue Fund to the Capital Projects Fund to reimburse the costs of sewer improvements made to the McClellanville School property from state grant funds.

NOTE 11 – NET POSITION RESTRICTED BY ENABLING LEGISLATION

The Town has restricted total net position of its governmental activities in the amount of \$204,207 through enabling legislation for the boat landing.

NOTE 12 – RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To insure against casualty risks, the Town is a member of the State of South Carolina Insurance Reserve Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments in South Carolina. The Town pays annual premiums to the State Insurance Reserve Fund for its general insurance. The State Insurance Reserve Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims.

The Town acquires insurance for job related injury and illness (workers' compensation). 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. General blanket and fidelity bond insurance was also maintained.

There were no significant reductions in coverage from the previous year and no settlements have exceeded insurance coverage for the past three years ended June 30, 2025, 2024, and 2023.

NOTE 13 – CONTINGENCIES

The Town participates in certain federal and/or state assisted grant programs. These programs are subject to program compliance audits by grantors or their representatives. Liability for reimbursement, if any, which may arise as a result of these audits is not believed to be material.

The Town is involved in a lawsuit arising in the ordinary course of operations. No outcome can presently be determined at this time.

NOTE 14 – TAX ABATEMENTS

The Town is subject to tax abatements entered into by Charleston County. The County has the following tax abatement program:

Fee in Lieu of Tax Program – Multi County Park Program: The Fee in Lieu of Tax Program is a tax abatement tool designed to encourage economic development in the state and is administered by Charleston County's Economic Development Department. The Fee in Lieu of Tax Program retains, expands, and attracts commercial and industrial businesses, and the related economic benefits and job creation and retention associated with them. The Fee in Lieu of Tax Program is identified under state statute and is authorized under the SC Code Title 12 – Chapter 44, Title 4 – Chapter 29, or Title 4 – Chapter 12 as well as SC Code Section 4-29-68, Section 4-1-170, and Section 12-44-70 for any eligible special source revenue credits.

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 14 – TAX ABATEMENTS (continued)

Special source revenue credits offset funding of cost in design, acquisition, constructing, improving, or expanding real estate and personal property used in the operations of manufacturing or commercial enterprise, and the infrastructure serving the project. The entity must file annual state property tax forms to the state to receive the tax reduction and the entity must certify to the County eligibility requirements have been met to receive special source revenue credits, if applicable. As of June 30, 2025, the Town did not have any properties that qualify for tax abatement under the County's Fee in Lieu of Tax Program.

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLE

During the current fiscal year, the Town implemented the provisions of GASB Statement No. 101, *Compensated Absences*. The Town now recognizes a compensated absence liability for all accumulated leave that is related to services already rendered and is more likely than not to be used in a future period or paid out. The implementation of GASB Statement No. 101 resulted in an adjustment to beginning net position as follows:

	June 30, 2024, As Previously Reported	Change in Accounting Principle	June 30, 2024, As Restated
Governmental Activities	\$ 2,636,587	\$ (12,461)	\$ 2,624,126
Totals	\$ 2,636,587	\$ (12,461)	\$ 2,624,126

NOTE 16 – COMMITMENTS

The Town has entered into a contract for architectural and engineering services related to improvements of the McClellanville School Property. The total contractual commitment is \$41,209. As of year end, \$4,173 is still outstanding on the contract.

NOTE 17 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, to provide clarity and to improve the quality and comparability of financial information by enhancing key components of the financial reporting model. This standard is effective for periods beginning after June 15, 2025.

NOTE 18 – SUBSEQUENT EVENTS

In October 2025, the Town was deeded 14.67 acres of land, located on Highway 17, which was valued at \$850,000 from the Lowcountry Land Trust, Inc. This property was purchased by the Lowcountry Land Trust, Inc. with eligible Charleston County Greenbelt funding from a company that is owned 100% by the Town's Mayor, Rutledge B. Leland, III. As required by the Greenbelt agreement, the property may not be developed for any purpose other than passive park use.

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 59,345	\$ 59,345	\$ 70,564	\$ 11,219
State Funds	117,700	117,700	121,733	4,033
MASC Tax Collections	70,000	70,000	98,394	28,394
Business Licenses & Building Permits	62,200	62,200	70,678	8,478
Boat Landing Fees & Permits	80,000	80,000	92,100	12,100
Franchise Fees	31,000	31,000	34,065	3,065
Grants	10,000	10,000	-	(10,000)
Donations	-	-	1,200	1,200
Interest Income	3,000	3,000	9,015	6,015
Miscellaneous Income	2,300	2,300	1,022	(1,278)
Total Revenues	<u>\$ 435,545</u>	<u>\$ 435,545</u>	<u>\$ 498,771</u>	<u>\$ 63,226</u>
EXPENDITURES				
General Government				
Advertising	\$ 1,000	\$ 1,000	\$ 2,488	\$ (1,488)
Computer	2,000	2,000	70	1,930
Copier	400	400	10	390
Donations	2,000	2,000	1,150	850
Equipment Lease Payments	6,000	6,000	6,086	(86)
Grant Expense	10,000	10,000	-	10,000
Insurance	44,700	44,700	37,233	7,467
Janitorial Supplies	500	500	92	408
Maintenance Supplies	500	500	119	381
Memberships, Dues & Subscriptions	3,600	3,600	700	2,900
McClellanville School Expenses	28,000	28,000	16,638	11,362
Miscellaneous	1,000	1,000	995	5
Office Supplies	2,000	2,000	2,493	(493)
Payroll & Related Benefits	166,500	166,500	161,022	5,478
Postage	1,500	1,500	697	803
Printing	200	200	-	200
Professional Fees	21,100	21,100	19,736	1,364
Sales Tax	100	100	-	100
Town Office Maintenance	8,000	8,000	11,981	(3,981)
Town Office Security	3,000	3,000	3,952	(952)
Town Office Utilities	12,600	12,600	11,392	1,208
Travel & Training	1,000	1,000	972	28
Total General Government	<u>\$ 315,700</u>	<u>\$ 315,700</u>	<u>\$ 277,826</u>	<u>\$ 37,874</u>
Public Service				
Contract Labor - Trash Removal	\$ 72,000	\$ 72,000	\$ 72,000	\$ -
Public Works	20,600	20,600	17,000	3,600
Street Lights	12,000	12,000	14,693	(2,693)
Tree Committee	1,500	1,500	799	701
User Fees	450	450	435	15
Total Public Service	<u>\$ 106,550</u>	<u>\$ 106,550</u>	<u>\$ 104,927</u>	<u>\$ 1,623</u>

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (continued)				
Planning & Development				
Professional Fees	\$ 15,000	\$ 15,000	\$ 12,770	\$ 2,230
Total Planning & Development	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 12,770</u>	<u>\$ 2,230</u>
Culture & Recreation				
Greenspace Acquisition	\$ 500	\$ 500	\$ -	\$ 500
Parks & Recreation	2,250	2,250	3,740	(1,490)
Total Culture & Recreation	<u>\$ 2,750</u>	<u>\$ 2,750</u>	<u>\$ 3,740</u>	<u>\$ (990)</u>
Boat Landing				
Maintenance	\$ 6,113	\$ 6,113	\$ 1,653	\$ 4,460
Payroll	5,400	5,400	5,400	-
Printing	1,500	1,500	581	919
Total Boat Landing	<u>\$ 13,013</u>	<u>\$ 13,013</u>	<u>\$ 7,634</u>	<u>\$ 5,379</u>
Debt Service				
Principal	\$ 40,547	\$ 40,547	\$ 40,549	\$ (2)
Interest	16,440	16,440	16,439	1
Total Debt Service	<u>\$ 56,987</u>	<u>\$ 56,987</u>	<u>\$ 56,988</u>	<u>\$ (1)</u>
Total Expenditures	<u>\$ 510,000</u>	<u>\$ 510,000</u>	<u>\$ 463,885</u>	<u>\$ 46,115</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (74,455)</u>	<u>\$ (74,455)</u>	<u>\$ 34,886</u>	<u>\$ 109,341</u>
OTHER FINANCING SOURCES (USES)				
Transfer Out to Capital Projects	\$ (60,000)	\$ (60,000)	\$ (60,000)	\$ -
Total Financing Sources (Uses)	<u>\$ (60,000)</u>	<u>\$ (60,000)</u>	<u>\$ (60,000)</u>	<u>\$ -</u>
NET CHANGE IN FUND BALANCE	<u>\$ (134,455)</u>	<u>\$ (134,455)</u>	<u>\$ (25,114)</u>	<u>\$ 109,341</u>
FUND BALANCE - BEGINNING	<u>500,923</u>	<u>500,923</u>	<u>500,923</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ 366,468</u></u>	<u><u>\$ 366,468</u></u>	<u><u>\$ 475,809</u></u>	<u><u>\$ 109,341</u></u>

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Grants	\$ 121,097	\$ 121,097	\$ 143,726	\$ 22,629
Interest Income	-	-	14,240	14,240
Total Revenues	<u>\$ 121,097</u>	<u>\$ 121,097</u>	<u>\$ 157,966</u>	<u>\$ 36,869</u>
EXPENDITURES				
Capital Outlay	\$ -	\$ -	\$ 40,628	\$ (40,628)
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,628</u>	<u>\$ (40,628)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 121,097</u>	<u>\$ 121,097</u>	<u>\$ 117,338</u>	<u>\$ (3,759)</u>
OTHER FINANCING SOURCES (USES)				
Transfer Out to Capital Projects	\$ (121,097)	\$ (121,097)	\$ (227,304)	\$ (106,207)
Total Other Financing Sources (Uses)	<u>\$ (121,097)</u>	<u>\$ (121,097)</u>	<u>\$ (227,304)</u>	<u>\$ (106,207)</u>
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ (109,966)	\$ (109,966)
FUND BALANCE - BEGINNING	<u>122,281</u>	<u>122,281</u>	<u>122,281</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ 122,281</u></u>	<u><u>\$ 122,281</u></u>	<u><u>\$ 12,315</u></u>	<u><u>\$ (109,966)</u></u>

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP) as applicable to governments. Amounts presented in the “*Original*” budget column in the budgetary comparison schedule reflect amounts originally adopted by ordinance. Amounts presented in the “*Final*” budget column include any supplemental appropriations or amendments formally authorized by Town Council. All annual appropriations lapse at year end.

In establishing the budget, the Town Administrator submits a proposed budget for the fiscal year commencing July 1. The passage of an ordinance legally enacts the budget. Public readings allow individual citizens of the Town an opportunity to have input in the budgetary process. Expenditures are budgeted by department and class. The legal level of control is by department within a fund and expenditures may not exceed appropriations at this level. Management has the authority to amend line item transfers within a department in the budget without Council’s approval; however, any change to total budgeted revenues or departmental expenditures requires Council’s authorization.

Formal budgetary accounting is employed as a management control for funds of the Town. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of money are recorded in order to reserve that portion of the applicable appropriations, is not utilized by the Town and is not part of budgetary integration.

NOTE 2 - PRESENTATION

The budgetary comparison schedule presents the general fund and each major individual special revenue fund for which an annual budget is legally adopted.

NOTE 3 - EXPENDITURES IN EXCESS OF BUDGET

For the fiscal year ended June 30, 2025, actual expenditures exceeded budgeted appropriations by \$40,628 in the Special Revenue Fund due to unbudgeted capital outlay improvements for the McClellanville School project funded by state grant funds.

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

South Carolina Retirement System (SCRS)

Fiscal Year

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town's proportion of the net pension liability (asset)	0.000849%	0.000847%	0.000834%	0.000879%	0.000812%	0.000739%	0.000679%	0.000710%	0.000690%	
Town's proportionate share of the net pension liability (asset)	\$ 199,109	\$ 204,682	\$ 202,085	\$ 190,244	\$ 207,358	\$ 168,676	\$ 152,190	\$ 159,832	\$ 147,383	
Town's covered payroll	\$ 93,738	\$ 88,338	\$ 82,781	\$ 86,042	\$ 99,371	\$ 90,535	\$ 70,248	\$ 71,635	\$ 66,690	
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	212.41%	231.70%	244.12%	221.11%	208.67%	186.31%	216.65%	223.12%	221.00%	
Plan fiduciary net position as a percentage of the total pension liability	61.80%	58.60%	57.10%	60.70%	50.70%	54.40%	54.10%	53.30%	52.90%	

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Notes: The amounts presented above for each fiscal year were determined as of the measurement date of the plan's fiscal year end.

Information on the proportionate share of net pension liability is not available prior to the 2017 fiscal year.

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S CONTRIBUTIONS - PENSION PLAN
SOUTH CAROLINA RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

	<i>South Carolina Retirement System (SCRS)</i>									
	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 23,430	\$ 21,655	\$ 18,795	\$ 16,438	\$ 15,462	\$ 14,087	\$ 11,357	\$ 9,544	\$ 8,281	
Contributions in relation to the contractually required contribution	<u>(23,430)</u>	<u>(21,655)</u>	<u>(18,795)</u>	<u>(16,438)</u>	<u>(15,462)</u>	<u>(14,087)</u>	<u>(11,357)</u>	<u>(9,544)</u>	<u>(8,281)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Town's covered payroll	\$ 126,240	\$ 116,677	\$ 107,036	\$ 99,263	\$ 99,371	\$ 90,535	\$ 78,004	\$ 70,384	\$ 71,635	
Contributions as a percentage of covered payroll	18.56%	18.56%	17.56%	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	

Notes: Information on retirement contributions is not available prior to the 2017 fiscal year.

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
NOTES TO THE PENSION PLAN SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 - ACTUARIAL METHODS & ASSUMPTIONS USED

The table below provides a summary of the changes in actuarial methods and assumptions used in calculations of the total pension liability for the South Carolina Retirement System (SCRS). This information was obtained from the financial statements of the SCRS, which is administered by the retirement division of the South Carolina Public Employee Benefit Authority (PEBA).

Summary of Actuarial Methods and Significant Assumptions		
	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Valuation date	07/01/23	07/01/22
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percentage of payroll	Level percentage of payroll
Amortization period	24 years maximum, closed period ¹	25 years maximum, closed period ¹
Actuarial Assumptions:		
Inflation rate	2.25%	2.25%
Projected salary increases	3.0% to 11.0% (varies by service)	3.0% to 11.0% (varies by service)
Investment rate of return ²	7.00%	7.00%
Benefit adjustments ³	1.00%	1.00%
Mortality	2020 PRSC Table	2020 PRSC Table

¹The employer and member contribution rates are determined in accordance with Section 9-1-1085 of the South Carolina Code. For 2023, the funding period determined on an actuarial value of asset basis may not exceed 24 years. Contribution rates are not permitted to decrease until the ratio of the actuarial value of assets and the actuarial accrued liability is at least 85%.

²This is a prescribed assumption in Section 9-16-335 of the South Carolina State Code.

³The benefit increase is the lesser of 1.00% or \$500 annually.

POSTON,
MOREE & MOREE, P.A.

Certified Public Accountants

Robin B. Poston CPA

Stacey C. Moree CPA
Wyndie B. Moree CPA

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

To the Mayor and Members of Town Council
Town of McClellanville, South Carolina

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

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified the deficiency, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a material weakness.

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 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*.

Auditee's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Poston, Moree & Moree, P.A.

Poston, Moree & Moree, P.A.
Certified Public Accountants

Pawleys Island, South Carolina
December 16, 2025

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2025**

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements.
2. One control deficiency was disclosed during the audit of the basic financial statements. This deficiency is reported as a material weakness.
3. No instances of material noncompliance were disclosed during the audit of the financial statements.
4. There were no major federal award programs for the year ended June 30, 2025; therefore, no control deficiencies were disclosed for major federal award programs.
5. There were no major federal award programs for the year ended June 30, 2025; therefore, no auditor's report on compliance for major federal award programs was issued.
6. There were no major federal award programs for the year ended June 30, 2025; therefore, no audit findings relative to major federal award programs are disclosed in the following schedule.
7. No federal award programs were required to be tested as major programs.
8. The Town did not fall under the requirements of OMB's Uniform Guidance; therefore, there was no threshold for distinguishing between Types A and B programs.
9. Risk relative to major federal award programs was not required to be assessed.

B. Findings - Financial Statement Audit

2025-001 Financial Statement Preparation

Material Weakness: The Town's accounting staff does not prepare the financial statements and related note disclosures. *Government Auditing Standards* requires management to take responsibility for the preparation of the government's financial statements.

Criteria: Controls over the preparation of financial statements by management are necessary in preventing and detecting misstatements that could occur in the financial statements.

Cause: The Town's accounting staff does not prepare the year-end entries necessary to convert its cash basis records to the accrual basis of accounting and does not prepare the financial statements and related note disclosures.

Effect: Errors or misstatements could occur and not be detected by management.

Repeat Audit Finding: This finding was reported in the prior audit period as finding 2024-001.

Recommendation: Management should continue to consult with outside accountants on significant accounting matters and take steps towards gaining the experience needed to prepare financial statements that are presented in accordance with generally accepted accounting principles.

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2025**

B. Findings - Financial Statement Audit (continued)

2025-001 Financial Statement Preparation (continued)

Management's Response and Planned Corrective Action: Management has evaluated the cost/benefit of employing personnel with the technical skills necessary to prepare financial statements on the full accrual basis of accounting and has determined that the cost to the Town outweighs its benefit at the present time. Management will ensure that all journal entries prepared as part of non-audit services will be reviewed prior to posting and the financial statements will be approved prior to issuance.

C. Findings and Questioned Costs - Federal Award Program Audit

Not applicable.

**TOWN OF McCLELLANVILLE, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

Findings – Financial Statement Audit

Finding 2024-001: Financial Statement Preparation

Condition: This finding was a significant deficiency that the Town's accounting staff does not prepare its financial statements and related note disclosures.

Recommendation: The auditor recommended that management continue to consult with outside accountants on significant accounting matters and consider gaining the experience needed to prepare financial statements that are presented in accordance with generally accepted accounting principles. Management concurred with the recommendation and agreed to evaluate the cost/benefit of taking the necessary steps to prepare the financial statements and related note disclosures.

Current Status: This finding was reported as a material weakness for the year ended June 30, 2025. Due to cost/benefit considerations, the Town has not taken corrective action.

Findings – Major Federal Awards Program Audit

Not applicable.