CITY OF NEW ELLENTON
NEW ELLENTON, SOUTH CAROLINA

FINANCIAL STATEMENTS

JUNE 30, 2025

CITY OF NEW ELLENTON
NEW ELLENTON, SOUTH CAROLINA
JUNE 30, 2025

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NEW ELLENTON, SOUTH CAROLINA
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of City Council
City of New Ellenton
New Ellenton, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Ellenton, South Carolina, as of and for the year ended June 30, 2025, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

We did not audit the financial statements of the Commission of Public Works, a proprietary fund, specifically the Water Fund, which represents 75 percent, 60 percent, and 93 percent, respectively of the assets, net position, and revenues of the business-type activities as of June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Commission of Public Works, a proprietary fund, specifically the Water Fund, is based solely on the report of the other auditors.

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 *Governmental Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of New Ellenton, 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 10 to the financial statements, in fiscal year 2025, the City of New Ellenton, South Carolina adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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INDEPENDENT AUDITOR'S REPORT
(continued)

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of New Ellenton, South Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of New Ellenton, South Carolina'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, the budgetary comparison schedules, and the pension schedules, as listed in the table of contents, all be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of New Ellenton, South Carolina's basic financial statements. The supplemental schedule of fines and assessments and surcharge revenue for victim's services is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental schedule of fines and assessments and surcharge revenue for victim's services is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule of fines and assessments and surcharge revenue for victim's services is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2026, on our consideration of the City of New Ellenton, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of New Ellenton, South Carolina's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of New Ellenton, South Carolina's internal control over financial reporting and compliance.

McGregor & Company LLP

Barnwell, South Carolina
June 15, 2026

CITY OF NEW ELLENTON
NEW ELLENTON, SOUTH CAROLINA
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

As management of the City of New Ellenton, South Carolina (the City), we offer readers of the City's financial statements this narrative overview and analyses of the financial activities of the City for the fiscal year ended June 30, 2025.

FINANCIAL HIGHLIGHTS

Management believes the City's financial condition is strong. The following are key financial highlights:

- The total government-wide net position at the close of the most recent fiscal year was $8,519,949 of which $1,157,210 was unrestricted.
- The government-wide net position increased by $2,413,185 or 39.6%.
- The total assets of the governmental funds exceeded its liabilities at the close of the 2025 fiscal year by $3,270,297.
- Total fund balances of the governmental funds increased by $357,180 or 13%.
- The total governmental funds revenues were $2,748,037 which was more than total governmental funds expenditures of $2,722,720 by $25,317.
- Net other financing sources and uses for governmental funds totaled $331,863 for the recent fiscal year.
- The net change in the water and sewer enterprise fund was an increase of $2,042,074.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide a broad overview of the City's finances in a manner similar to private businesses. The statements provide both short-term and long-term information about the City's financial position. All assets and liabilities of the City are included in the statement of net position.

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

The *statement of activities* presents information showing how the City's net position changed over the most recent fiscal year. All changes to net position are reported at the time that the underlying event giving rise to the change occurs, regardless of the timing on the related cash flows. This statement also focuses on both the gross and net costs of the various functions of the City, based only on direct functional revenues and expenses. This is designed to show the extent to which the various functions depend on general revenues for support.

The activities of the City are presented in two columns on these statements – governmental activities and business-type activities. A total column for the City is also provided. The governmental activities include the City's basic services including general government, police, fire, public works, administrative, council, legal, judicial, and non-departmental. Taxes, licenses, permits and charges for services generally support these activities. The business-type activities include private sector type activities such as the City's own water and sewer system. These activities are primarily supported by user charges and fees.

Fund Financial Statements
These statements provide more detailed information about the City's most significant funds – not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements as well as for managerial control to demonstrate fiduciary responsibility over the assets of the City. Traditional fund financial statements are presented for governmental funds and proprietary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating the City's near–term financing requirements. Since governmental fund financial statements focus on near-term spendable resources, while the governmental activities on the government-wide financial statements have a longer-term focus, a reconciliation of the differences between the two is provided with the fund financial statements.

Proprietary funds – Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The proprietary fund financial statements are prepared on the same long-term focus as the government-wide financial statements. The proprietary funds provide the same information as the government-wide financial statements, only with more detail.

Notes to the financial statements – The notes to the financial statements provide information that is essential to the full understanding of the data provided in the government-wide and fund financial statements and should be read in conjunction with the financial statements.

Other information – Governments have an option of including the budgetary comparison statements for the General Fund and major special revenue funds as either part of the fund financial statements within the basic financial statements or as required supplementary information after the notes to the financial statements. The City has chosen to present these budgetary statements as part of the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the years ended June 30, 2025 and 2024.

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position for the City. The combined total assets of the City's governmental activities and business-type activities exceeded liabilities by $8,519,949 at the close of the most recent fiscal year.

By far, the largest portion of the City's total net position (63.6%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, and vehicles), less any related debt used to acquire those assets that are still outstanding plus any unspent proceeds of debt. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
		As Restated		As Restated		As Restated
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	$ 1,785,501	$ 1,555,787	$ 1,269,477	$ 962,203	$ 3,054,978	$ 2,517,990
Capital assets, net	2,823,394	3,395,036	5,210,442	3,563,472	8,033,836	6,958,508
Restricted assets	1,500,823	1,382,575	1,323,194	1,106,146	2,824,017	2,488,721
Total assets	6,109,718	6,333,398	7,803,113	5,631,821	13,912,831	11,965,219
Deferred outflows	260,258	399,628	240,242	389,432	500,500	789,060
Total assets and deferred outflows	6,369,976	6,733,026	8,043,355	6,021,253	14,413,331	12,754,279
Liabilities and Net Position						
Current liabilities	123,071	172,760	488,530	304,002	611,601	476,762
Non-current liabilities	2,032,458	2,779,807	2,957,724	3,120,493	4,990,182	5,900,300
Total liabilities	2,155,529	2,952,567	3,446,254	3,424,495	5,601,783	6,377,062
Deferred inflows	227,191	164,314	64,408	106,139	291,599	270,453
Total liabilities and deferred inflows	2,382,720	3,116,881	3,510,662	3,530,634	5,893,382	6,647,515
Net Position						
Net investment in capital assets	2,466,511	1,477,769	2,953,415	1,354,193	5,419,926	2,831,962
Restricted	619,619	520,035	1,323,194	1,106,146	1,942,813	1,626,181
Unrestricted	901,126	1,618,341	256,084	30,280	1,157,210	1,648,621
Total net position	$ 3,987,256	$ 3,616,145	$ 4,532,693	$ 2,490,619	$ 8,519,949	$ 6,106,764

The net position increased $2,413,185 in fiscal year 2025. The governmental activities increased $371,111, while the business-type activities increased $2,042,074. Net position of the City's governmental activities is $3,987,256, while the business-type activity is $4,532,693. $1,942,813 of the City's net position represents resources that are subject to restrictions on how they may be used. Restricted net position is $619,619 for governmental activities and $1,323,194 for business-type activities. The remaining balance of *unrestricted net position,* $1,157,210 may be used to meet the City's ongoing obligations to citizens and creditors.

Change in Net Position

The following table shows the revenues and expenses of the City for the fiscal year ended June 30, 2025 and 2024.

Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ 1,085,447	$ 1,005,648	$ 2,496,292	$ 2,353,917	$ 3,581,739	$ 3,359,565
Operating grants and contributions	148,063	111,453	-	-	148,063	111,453
Capital grants and contributions	-	-	1,542,576	-	1,542,576	-
General revenues:						
Intergovernmental	103,424	81,773	-	-	103,424	81,773
Licenses and permits	401,646	194,326	-	-	401,646	194,326
Property taxes	914,923	693,788	-	-	914,923	693,788
Hospitality taxes	41,753	42,211	-	-	41,753	42,211
Interest income	37,710	10	55,047	14,942	92,757	14,952
Gain/loss on disposal of assets	271,971	-	-	-	271,971	-
Miscellaneous	15,071	536,500	-	37,800	15,071	574,300
Total Revenues	3,020,008	2,665,709	4,093,915	2,406,659	7,113,923	5,072,368
Expenses:						
Civic center	27,209	41,806	-	-	27,209	41,806
Fire department	639,637	722,196	-	-	639,637	722,196
General government	655,338	649,507	-	-	655,338	649,507
Library	41,021	42,032	-	-	41,021	42,032
Police department	669,999	629,583	-	-	669,999	629,583
Recreation	69,984	59,180	-	-	69,984	59,180
Sanitation	156,597	154,957	-	-	156,597	154,957
Streets and grounds	219,340	241,351	-	-	219,340	241,351
Victims assistance	18,912	18,183	-	-	18,912	18,183
Atomic city festival	18,223	28,096	-	-	18,223	28,096
Sewer and water	-	-	2,184,478	2,303,823	2,184,478	2,303,823
Total Expenses	2,516,260	2,586,891	2,184,478	2,303,823	4,700,738	4,890,714
Transfers	(132,637)	(130,703)	132,637	130,703	-	-
Change in Net Position	371,111	(51,885)	2,042,074	233,539	2,413,185	181,654
Net Position at beginning of year(as restated)	3,616,145	3,737,793	2,490,619	2,257,080	6,106,764	5,994,873
Net Position at end of year	$ 3,987,256	$ 3,685,908	$ 4,532,693	$ 2,490,619	$ 8,519,949	$ 6,176,527

Governmental activities

Governmental activities increased the City's net position by $371,111.

Business-type activities

Net position of business-type activities increased in the current year by $2,042,074.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As previously mentioned, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is a brief discussion of the financial highlights from the fund financial statements.

Governmental funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's total governmental funds reported a combined ending fund balance of $3,270,297 an increase of $357,180 in comparison with the prior year. Restricted fund balance of $1,500,823 is considered unavailable for appropriation for general operations. These amounts are restricted for victims' assistance, tourism, capital projects, and other needs of the City.

The General Fund is the chief operating fund of the City and accounts for the major functions of the government including general government, public safety, public works, administrative, council, legal, judicial, and non-departmental. The fund balance increased $357,180 (11%) during the current fiscal year.

Proprietary funds – The City's Proprietary Fund statements provide the same type of information as the government-wide financial statements but in more detail.

The net position of the water and sewer enterprise proprietary fund increased $2,042,074 from the prior fiscal year. The increase is primarily due to receiving grant income for capital projects.

BUDGETARY HIGHLIGHTS

The City's annual budget is the legally adopted expenditure control document of the City. A budgetary comparison statement is included for the General Fund. This statement compares the original adopted budget, the final budget and the actual revenues and expenditures prepared on a budgetary basis. Amendments to the adopted budget may occur throughout the year in a legally permissible manner.

General Fund expenditures exceeded appropriations by $256,014. The City paid off a long-term debt note which increased the debt service budget variance. However, equipment sales produced $464,500 in proceeds which more than offset the increased spending. General Fund revenues also exceeded budgeted revenues by $264,249.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – The City's investment in capital assets net of accumulated depreciation for its government-wide activities as of June 30, 2025, is $8,033,836. This investment in capital assets includes improvements other than buildings, buildings and systems, and machinery and equipment. The major capital asset additions included the purchase of vehicles and equipment. Additional information on the City's capital assets can be found in the Notes to Financial Statements in Note 6.

Debt administration – At year-end the City had $3,337,482 in notes, leases, and bonds payable for its government-wide activities. Principal paid on long-term debt during the year was $604,727. Interest paid on long-term debt totaled $118,914. Additional information on the City's long-term debt can be found in the Notes to Financial Statements in Note 7.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Inflationary trends in the region compare favorably to national indices. This factor, among others, was considered in preparing the City's budget for the 2026 fiscal year.

SEPARATELY ISSUED FINANCIAL STATEMENTS

The Commission of Public Works is a blended component unit and has separately issue financial statements that do not include the governmental activities of the City and the Sewer Fund of the City, a proprietary fund. The Commission's federal expenditures exceeded the Single Audit threshold of $750,000, which necessitated a Single Audit for the current fiscal year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Maria Tamimi-Bush, City Clerk/ Treasurer, City of New Ellenton, PO Box 459, New Ellenton, South Carolina 29809.

CITY OF NEW ELLENTON
NEW ELLENTON, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 918,919	$ 790,324	$ 1,709,243
Investments	733,123	51,841	784,964
Receivables, net	96,896	190,510	287,406
Grant receivable	-	137,371	137,371
Due from other governments	5,675	-	5,675
Internal balances	30,888	(30,888)	-
Inventory	-	130,319	130,319
Total current assets	1,785,501	1,269,477	3,054,978
Non-current assets:			
Restricted cash and cash equivalents	78,004	1,323,194	1,401,198
Restricted investments	541,615	-	541,615
Restricted funds held in escrow by others	881,204	-	881,204
Capital assets not subject to depreciation	-	2,054,518	2,054,518
Capital assets subject to depreciation, net	2,823,394	3,155,924	5,979,318
Total non-current assets	4,324,217	6,533,636	10,857,853
Total assets	6,109,718	7,803,113	13,912,831
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	260,258	240,242	500,500
Total deferred outflows of resources	260,258	240,242	500,500
LIABILITIES			
Current liabilities:			
Accounts payable and other accrued liabilities	10,749	288,011	298,760
Customer deposits	25	86,567	86,592
Due to other governments	5,253	-	5,253
Accrued interest payable	57,232	-	57,232
Long-term debt - current portion	49,812	113,952	163,764
Total current liabilities	123,071	488,530	611,601
Non-current liabilities:			
Long-term debt	1,213,007	1,985,443	3,198,450
Net pension liability	819,451	972,281	1,791,732
Total non-current liabilities	2,032,458	2,957,724	4,990,182
Total liabilities	2,155,529	3,446,254	5,601,783
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	227,191	64,408	291,599
Total deferred inflows of resources	227,191	64,408	291,599
NET POSITION			
Net investment in capital assets	2,466,511	2,953,415	5,419,926
Restricted for:			
Victim's assistance	9,178	-	9,178
Hospitality tax	177,321	-	177,321
Debt service	-	278,519	278,519
Capital outlay	-	1,044,675	1,044,675
American Rescue Plan	433,120	-	433,120
Unrestricted	901,126	256,084	1,157,210
Total net position	$ 3,987,256	$ 4,532,693	$ 8,519,949

CITY OF NEW ELLENTON
NEW ELLENTON, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Totals**
Governmental activities:							
Civic Center	$ (27,209)	$ 18,254	$ -	$ -	$ (8,955)	$ -	$ (8,955)
Fire Department	(639,637)	693,199	14,050	-	67,612	-	67,612
General Government	(655,338)	15,717	3,000	-	(636,621)	-	(636,621)
Library	(41,021)	-	-	-	(41,021)	-	(41,021)
Police Department	(669,999)	125,629	119,766	-	(424,604)	-	(424,604)
Recreation	(69,984)	43,845	4,497	-	(21,642)	-	(21,642)
Sanitation	(156,597)	167,341	-	-	10,744	-	10,744
Streets and Grounds	(219,340)	9,015	-	-	(210,325)	-	(210,325)
Victims Assistance	(18,912)	7,578	-	-	(11,334)	-	(11,334)
Atomic City Festival	(18,223)	4,869	6,750	-	(6,604)	-	(6,604)
Total governmental activities	(2,516,260)	1,085,447	148,063	-	(1,282,750)	-	(1,282,750)
Business-type activities:							
Sewer and water	(2,184,478)	2,496,292	-	1,542,576	-	1,854,390	1,854,390
Total business-type activities	(2,184,478)	2,496,292	-	1,542,576	-	1,854,390	1,854,390
Total functions and programs	$ (4,700,738)	$ 3,581,739	$ 148,063	$ 1,542,576	(1,282,750)	1,854,390	571,640

	Governmental Activities	Business-type Activities	Totals
General revenues and transfers			
State shared and unallocated intergovernmental	103,424	-	103,424
Licenses, permits and franchise fees	401,646	-	401,646
Property taxes	914,923	-	914,923
Hospitality taxes	41,753	-	41,753
Interest income	37,710	55,047	92,757
Gain (loss) on disposal of assets	271,971	-	271,971
Miscellaneous	15,071	-	15,071
Total general revenues	1,786,498	55,047	1,841,545
Transfers in (out)	(132,637)	132,637	-
Change in net position	371,111	2,042,074	2,413,185
Net position, beginning(as restated)	3,616,145	2,490,619	6,106,764
Net position, ending	$ 3,987,256	$ 4,532,693	$ 8,519,949

See accompanying notes to financial statements.

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

	General Fund	Hospitality Tax Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 918,919	$ -	$ 918,919
Investments	733,123	-	733,123
Receivables, net	96,896	-	96,896
Due from other governments	5,675	-	5,675
Due from other funds	30,888	-	30,888
Restricted assets:			
Cash and cash equivalents	28,745	49,259	78,004
Investments	413,553	128,062	541,615
Funds held in escrow by others	881,204	-	881,204
Total assets	$ 3,109,003	$ 177,321	$ 3,286,324
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	$ 10,749	$ -	$ 10,749
Customer deposits	25	-	25
Due to other governments	5,253	-	5,253
Total liabilities	16,027	-	16,027
FUND BALANCES			
Restricted			
Victims assistance	9,178	-	9,178
Hospitality tax	-	177,321	177,321
American Rescue Plan	433,120	-	433,120
Capital projects	881,204	-	881,204
Unassigned	1,769,474	-	1,769,474
Total fund balances	3,092,976	177,321	3,270,297
Total liabilities and fund balances	$ 3,109,003	$ 177,321	$ 3,286,324

See accompanying notes to financial statements.

CITY OF NEW ELLENTON
NEW ELLENTON, SOUTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Fund Balances - Governmental Funds		$3,270,297
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.		
Cost of capital assets	$7,486,948	
Accumulated depreciation	(4,663,554)	2,823,394
Pension related amounts, including the proportionate share of the collective net pension liability, deferred outflows of resources, and deferred inflows of resources, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Pension amounts at year-end consist of:		
Aggregate proportionate share of collective net pension liability	(819,451)	
Deferred outflows of resources related to pensions	260,258	
Deferred inflows of resources related to pensions	(227,191)	(786,384)
Long-term liabilities are not due and payable in the current period and therefore are not reported in these funds.		
Notes payable	(291,269)	
Capital lease payable	(946,818)	
Accrued interest payable	(57,232)	
Accrued compensated absences	(24,732)	(1,320,051)
Total Net Position of Governmental Activities		$3,987,256

CITY OF NEW ELLENTON
NEW ELLENTON, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Hospitality Tax Fund	Total Governmental Funds
REVENUES			
Local option sales tax	$ 150	$ -	$ 150
Licenses and permits	32,579	-	32,579
State shared revenue	103,423	-	103,423
Franchise fees	170,690	-	170,690
Property taxes	914,924	-	914,924
Hospitality taxes	-	41,753	41,753
Fines and forfeitures	133,207	-	133,207
Fire taxes	693,199	-	693,199
Interest income	35,647	2,062	37,709
Sanitation fees	167,341	-	167,341
Grant revenues	141,313	-	141,313
Other revenue	311,749	-	311,749
Total revenues	2,704,222	43,815	2,748,037
EXPENDITURES			
Civic Center	20,763	2,887	23,650
Fire department	388,617	-	388,617
General government	524,526	-	524,526
Library	5,429	-	5,429
Police department	663,202	-	663,202
Recreation department	39,020	23,846	62,866
Sanitation department	153,038	-	153,038
Streets and grounds	221,687	-	221,687
Victims assistance	20,724	-	20,724
Atomic City Festival	18,223	-	18,223
Debt service			
Principal	494,843	-	494,843
Interest	39,360	-	39,360
Capital outlay	106,555	-	106,555
Total expenditures	2,695,987	26,733	2,722,720
Excess (deficiency) of revenues over expenditures	8,235	17,082	25,317
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(132,637)	-	(132,637)
Proceeds from disposal of assets	464,500	-	464,500
Total other financing sources (uses)	331,863	-	331,863
Net change in fund balance	340,098	17,082	357,180
Fund balance, beginning of year(as restated)	2,752,878	160,239	2,913,117
Fund balance, end of year	$ 3,092,976	$ 177,321	$ 3,270,297

See accompanying notes to financial statements.

CITY OF NEW ELLENTON
NEW ELLENTON, 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

Net Change in Fund Balances-Total Governmental Funds		$ 357,180
Amounts reported for governmental activities in the statement of activities are different because:		
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. In the current period, these amounts are:		
Capital outlay	$ 80,120	
Capital dispositions(net of gain/loss with proceeds)	(192,529)	
Depreciation expense	(459,233)	
		(571,642)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts are consisted of:		
Principal repayments		494,843
Pension expense in the statement of activities differs from the amount reported in the governmental funds because the proportionate shares of collective net pension expenses are required to be reported and any contributions made subsequent to the measurement date are to be shown as deferred outflows rather expenses.		
Change in aggregate proportionate share of the collective net pension expense	59,056	
Change in contributions made subsequent to the measurement date	32,974	92,030
Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds		
Change in accrued compensated absences	(8,458)	
Change in accrued interest payable	7,158	(1,300)
Change in Net Position of Governmental Activities		$ 371,111

CITY OF NEW ELLENTON
NEW ELLENTON, SOUTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2025

	Business-Type Activities		
	Sewer	**Water**	**Total**
ASSETS			
Current assets			
Cash and cash equivalents	$ 279,298	$ 511,026	$ 790,324
Investments	51,841	-	51,841
Receivables (net)	6,410	184,100	190,510
Grants receivable	-	137,371	137,371
Inventory	-	130,319	130,319
Total current assets	337,549	962,816	1,300,365
Non-current assets			
Restricted cash and cash equivalents	-	1,323,194	1,323,194
Capital assets not subject to depreciation	157,632	1,896,886	2,054,518
Capital assets subject to depreciation, net	1,443,246	1,712,678	3,155,924
Total non-current assets	1,600,878	4,932,758	6,533,636
Total assets	1,938,427	5,895,574	7,834,001
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	9,404	230,838	240,242
Total deferred outflows of resources	9,404	230,838	240,242
LIABILITIES			
Current liabilities			
Accounts payable and other current liabilities	43,402	244,609	288,011
Due to other funds	30,888	-	30,888
Customer deposits	-	86,567	86,567
Current portion of long-term debt	-	113,952	113,952
Total current liabilites	74,290	445,128	519,418
Non-current liabilities			
Long-term debt	-	1,985,443	1,985,443
Net pension liability	34,097	938,184	972,281
Total non-current liabilities	34,097	2,923,627	2,957,724
Total liabilities	108,387	3,368,755	3,477,142
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	10,160	54,248	64,408
Total deferred inflows of resources	10,160	54,248	64,408
NET POSITION			
Net investment in capital assets	1,443,246	1,510,169	2,953,415
Restricted for Debt Service	-	278,519	278,519
Restricted for Capital Projects	-	1,044,675	1,044,675
Unrestricted	386,038	(129,954)	256,084
Total net position	$ 1,829,284	$ 2,703,409	$ 4,532,693

See accompanying notes to financial statements.

CITY OF NEW ELLENTON
NEW ELLENTON, SOUTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	Business-Type Activities		
	Sewer	**Water**	**Total**
Operating revenues			
Charges for services	$ 284,184	$ 2,203,136	$ 2,487,320
Other revenues	8,972	-	8,972
Total operating revenues	293,156	2,203,136	2,496,292
Operating expenses			
Personnel	61,960	694,579	756,539
Payroll taxes	4,687	44,939	49,626
Retirement	22,529	153,777	176,306
Training	-	15,926	15,926
Travel	144	-	144
Amortization	-	324	324
Contract labor	3,725	-	3,725
Equipment rental	6,743	-	6,743
Bank charges	-	11,177	11,177
Postage and delivery	-	26,809	26,809
Repairs and maintenance	10,511	91,472	101,983
Depreciation	187,311	153,996	341,307
Dues and subscriptions	550	18,099	18,649
Purchases	-	172,101	172,101
Insurance	(1,435)	35,105	33,670
License and permits	1,909	-	1,909
Capital outlay	567	-	567
Miscellaneous	411	51,841	52,252
Janitorial	120	-	120
Office supplies	-	72,444	72,444
Professional fees	1,970	7,643	9,613
Supplies	29,801	13,102	42,903
Fuel	-	25,685	25,685
Testing	17,782	10,405	28,187
Uniforms	-	4,572	4,572
Telephone	-	5,768	5,768
Utilities	39,365	106,510	145,875
Total operating expenses	388,650	1,716,274	2,104,924
Operating income (loss)	(95,494)	486,862	391,368
Non-operating revenue (expenses)			
Interest income	841	54,206	55,047
Interest expense	-	(79,554)	(79,554)
Grant income	552	1,542,024	1,542,576
Total Non-operating revenue (expenses)	1,393	1,516,676	1,518,069
Income (loss) before transfers	(94,101)	2,003,538	1,909,437
Transfers in (out)	132,637	-	132,637
Change in net position	38,536	2,003,538	2,042,074
Net position, beginning of year	1,790,748	699,871	2,490,619
Net position, end of year	$ 1,829,284	$ 2,703,409	$ 4,532,693

See accompanying notes to financial statements.

CITY OF NEW ELLENTION
NEW ELLENTON, SOUTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Business-Type Activities		
	Sewer	**Water**	**Total**
Cash Flows from Operating Activities			
Receipts from customers and others	$ 293,156	$ 2,144,182	$ 2,437,338
Payments to suppliers	(85,136)	(733,089)	(818,225)
Payments to employees	(61,960)	(694,579)	(756,539)
Net cash provided (used) by operating activities	146,060	716,514	862,574
Cash Flows from Capital and Related Financing Activities			
Purchases of capital assets	(117,512)	(1,870,766)	(1,988,278)
Principal paid on notes payable	-	(109,884)	(109,884)
Interest paid on notes payable	-	(79,554)	(79,554)
Grant proceeds	552	1,542,024	1,542,576
Net transfers from other funds	132,637	-	132,637
Net cash provided (used) by financing activities	15,677	(518,180)	(502,503)
Cash Flows from Investing Activities			
Investments purchased	(51,841)	-	(51,841)
Interest received	841	54,206	55,047
Net cash provided (used) by investing activities	(51,000)	54,206	3,206
Net increase in cash and cash equivalents	110,737	252,540	363,277
Cash and cash equivalents, beginning of year	168,561	1,581,680	1,750,241
Cash and cash equivalents, end of year	$ 279,298	$ 1,834,220	$ 2,113,518

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (95,494)	$ 486,862	$ 391,368
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Amortization expense	-	324	324
Depreciation expense	187,311	153,996	341,307
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	-	90,651	90,651
(Increase) decrease in grants receivable	-	(137,371)	(137,371)
(Increase) decrease in inventory	-	(62,508)	(62,508)
(Increase) decrease in deferred outflows of resources	17	149,173	149,190
Increase (decrease) in accounts payable	43,402	167,275	210,677
Increase (decrease) in customer deposits	-	(30,231)	(30,231)
Increase (decrease) in net pension liability	4,298	(53,101)	(48,803)
Increase (decrease) in deferred inflows of resources	6,825	(48,556)	(41,731)
Increase (decrease) in due to other funds	(299)	-	(299)
Net cash provided (used) by operating activities	$ 146,060	$ 716,514	$ 862,574

NOTE 1 – DESCRIPTION OF THE ENTITY

The City of New Ellenton, South Carolina (the "City") an incorporated municipality, is located in Aiken County in southwestern South Carolina. The City operates under a Council form of government and provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation, public improvements, planning and zoning, general and administrative services. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, legally separate entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Blended component units are discussed below.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, and the Accounting Principles Board (APB) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Blended Component Unit within the Reporting Entity

The Commission of Public Works ("the Commission"), a legally separate entity, was created to establish and maintain a waterworks system and consists of a five-member Board of Commissioners elected by the citizens of the City. The Commissioners have the authority to set policy and procedures. The Commissioners cannot incur debt without the approval of City Council. Due to the operational and financial relationship with the City, it meets the criteria for blending and is reported as a proprietary fund of the City. The Commission is audited separately from the City. Separate complete financial statements and the accompanying Uniform Guidance Single Audit report for the Commission may be obtained by contacting the Commission's Director at 100 Main St. S, New Ellenton, SC 29809.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City government. 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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual government funds are reported as separate columns in the fund financial statements.

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.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes collected within this sixty-day period is an example of such revenue. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. Expenditures generally are recorded when a liability is incurred, except for debt service expenditures, as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government, or specifically identified.

The government reports the following major governmental funds:

The ***General Fund, a major fund and budgeted fund***, is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

The ***Hospitality tax fund, presented as a major special revenue fund and a budgeted fund***, is used to account for and report the financial resources received and disbursed related to the Town's fee imposed on prepared food and beverage sales (hospitality tax) within the City limits. These funds are restricted and thus can only be spent for tourism related expenditures.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Cash and Cash Equivalents

Cash and cash equivalents as reported in the Statement of Net Position, Balance Sheet, and Statement of Cash Flows includes cash on hand, operating accounts and savings or money market accounts. The City considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased to be cash and cash equivalents. These assets are presented at cost, which reasonably approximates fair value.

Restricted Assets

Restricted assets include cash, cash equivalents, investments, and certain other money and resources, the use of which is restricted by legal or contractual requirements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The State of South Carolina General Statutes permits the City to investment in certificates of deposit, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool (invested in governmental guaranteed securities), obligations of the U.S. Government, and governmental agencies unconditionally guaranteed by the U.S. Government. Investments are recorded at fair value.

Receivables

Property taxes are levied on real and personal properties, except motor vehicles, owned on the preceding December 31, of each County fiscal year ended June 30.

Property taxes become a lien on real and personal property (except vehicles) owned on December 31. These taxes are usually levied on or before October 31 and are due without penalty by January 15. Penalties are added to the taxes depending on the date paid as follows:

January 16 through February 1	3% of tax
February 2 through March 16	10% of tax
March 17 through March 31	15% of tax

Both lien and the collection date for motor vehicles taxes are the last day of the month in which the motor vehicle license expires.

An annual millage rate is established by City council as part of the budget process. All the City's real and personal property taxes are assessed and collected by Aiken County.

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts. Trade receivables are comprised of amounts due from entities and individuals for a variety of types of fees, charges, and services.

Outstanding balances between funds are reported as "due to/from other funds." Advances between funds, as reported in the funds financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Inventory

Water inventory, valued at the lower of cost or market using the first-in, first-out method, consists of materials and supplies for water treatment and repair

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets, which include land, buildings, improvements, machinery and equipment are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Capital assets are defined by the Commission as assets with an initial individual cost of more than $1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Sewer facility and buildings	30
Machinery and equipment	3 - 10

Property, plant, and equipment of the Commission are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Water lines, tanks, etc.	50
Buildings	40
Equipment	10
Vehicles	5
Computers	5

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as on outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources (continued)

acquisition of net position that applies to a future period(s) and so will not be recognized as on inflow of resources (revenue) until that time.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Upon termination of employment, unused vacation leave is payable to the employee. All vacation pay is accrued when incurred in the government-wide financial statements. The City reports compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*. The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts or other commitments for expenditures are recorded to reserve a portion of an applicable appropriation, is utilized in governmental funds, primarily the General Fund. Encumbrances outstanding at year-end are reported as reservations of fund balance as they do not constitute expenditures or liabilities under accounting principles generally accepted.

Net Position and Fund Balances

Net position in government-wide and proprietary fund financial statements are classified in the following categories:

<u>Net investment in capital assets</u> – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt are attributable to the acquisition, construction or improvement of these assets and reduce this category. Any unspent proceeds of related borrowings are added to this category.

<u>Restricted</u> – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulation of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

<u>Unrestricted</u> – This category represents the net assets of the City, which are not restricted for any project or other purpose.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position and Fund Balances (continued)

In the fund financial statements, the City classifies governmental fund balances in accordance with GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*". This Statement established that fund balance for governmental funds should be reported in the classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purpose for which the amounts in these funds can be spent. These classifications may consist of the following:

<u>Non-spendable</u> – generally, amounts that are not expected to be converted to cash, such as inventories or prepaid amounts. This classification also includes some long-term amounts such as property acquired for resale or the long-term portion of loans receivable. However, if the eventual proceeds or collections from these would be restricted, committed, or assigned, these amounts would be included in that other classification.

<u>Legally or Contractually Required to be Maintained Intact</u> – amounts that are required to be maintained intact, such as the principal of a permanent fund.

<u>Restricted</u> – amounts that can be used only for specific purpose because of (a) constitutional provisions of enabling legislation of (b) externally imposed constraints. (External constraints might be imposed by creditors, grantors, contributors, or even the laws or regulations of other governments.

<u>Committed</u> – amounts that can be used only for specific purposes because of a formal action by the government's highest level of decision-making authority. This classification might also include contractual obligation if existing resources have been committed for use in satisfying those contractual requirements. The formal action to establish constraints should be taken before year-end, even if the amount might not be determined until the subsequent period.

<u>Assigned</u> – amounts intended to be used for specific purposes but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a finance committee), or by an official to whom that authority has been given. This is the residual fund balance classification for all governmental funds except the general fund. Assigned fund balances should not be reported in the general fund if doing so causes the government to report a negative unassigned general fund balance.

<u>Unassigned</u> – this is the residual classification for the general fund (i.e., everything that is not in another classification or in another fund). The general fund is the only governmental fund that can report a positive unassigned fund balance. Other governmental funds might have a negative unassigned fund balance as a result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position and Fund Balances (continued)

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets, restricted (distinguished between major categories of restrictions), and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt that has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments. Any remaining balances are reported as unrestricted.

Restricted and Unrestricted Resources

It is the City's policy to apply available resources that meet all criteria of the fund classifications in the following order: 1) restricted funds, 2) committed funds, 3) assigned funds and 4) unassigned.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues, expenses and expenditures during the reporting period. Accordingly, actual results could differ from those estimates and assumptions.

Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the City's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions (continued)

respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Other Post-Employment Benefits

The City currently does not offer any post-employment retirement benefits to its employees and the existence of any implicit rate subsidy would be deemed immaterial.

Leases

The City recognizes a lease liability and an intangible right-to-use lease asset in the governmentwide financial statements. The City recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the City 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 lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position. At June 30, 2025, the City did not have any leases that met the above criteria.

Subscription-Based Technology Arrangements (SBITAs)

GASB Statement No. 96 establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this statement, the City is required to recognize a subscription liability and an intangible right-to-use subscription asset for arrangements that meet certain criteria. The City routinely engages in SBITAs to meet operational needs or serve the general public. However, there are currently no material SBITAs to be reported under this standard.

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. The various departments meet with the City Administrator, Mayor or their respective Council Committees during the last quarter of the fiscal year to discuss their operating budget requests

2. The Council meets to discuss all the department's budgets.

3. The proposed budget is enacted prior to July 1 in the form of an ordinance (with two readings and one public hearing) to raise revenue.

4. City Council must authorize budget transfers between departments and all transfers in/out of personnel line items.

5. Budgets for the General Fund and other funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

For the year ended June 30, 2025, total budgets for the General Fund equaled $2,439,973. Total budgets for the Hospitality Tax Fund equaled $40,000.

General Fund expenditures exceeded appropriations by $256,014 at June 30, 2025.

NOTE 4 – CASH AND CASH EQUIVALENTS

Cash on deposit consists of both interest bearing and non-interest bearing accounts. There were no deposit transactions during the year that were in violation of either state statutes or the policy of the City.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to the City. The City's policy is that all deposits in excess of federal insurance amounts be collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. All deposits were insured by FDIC or collateralized by United States Government securities, Treasury notes held in the financial institution's name, or a bank letter of credit as of June 30, 2025. The City has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on deposits.

As of June 30, 2025, the carrying amount of the City's deposits was $1,276,221 and the bank balance was $1,301,719. Of the total carrying amount, $78,004 was restricted to its use.

As of June 30, 2025, the carrying amount of the Commission's deposits in the Water Fund was $1,834,220 and the bank balance was $1,603,801. Of the total carrying amount, $1,323,194 was restricted to its use.

NOTE 5 – INVESTMENTS

The City's investments are limited by and subject to State Statutes. The statutes provide that all authorized investments shall have maturities consistent with the time or times when the invested monies will be needed in cash. Statutes also allow the State Treasurer to assist local governments in investing funds.

As of June 30, 2025, the City had the following investments and maturities, with fair value amounts reflecting active market values as reported by the various financial institutions and agents holding the investments:

Investment Type	Credit Rating	Fair Value	Weighted Average Maturities
South Carolina Local Government Investment Pool (SCLGIP)	Unrated	$1,326,579	Less than One Year

Of the total investments listed above, $541,615 were restricted at June 30, 2025.

The SCLGIP is subject to oversight by the State Treasurer, although it is not registered with the Securities and Exchange Commission. Audited financial statements can be obtain by contacting the Pool at SC Office of the Treasurer, 1200 Senate St., Suite 214, Wade Hampton Office Building, Columbia, SC 29201.

NOTE 5 – INVESTMENTS (continued)

The fair value measurements listed above are considered Level 1 in the hierarchy of valuation inputs, providing the highest level of reliability and the lowest level of risk in the disclosed values.

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have an investment policy for credit risk, but follows the investment policy statutes of the State of South Carolina.

Concentration of Credit Risk. The City places no limit on the amount the City may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are exempt from concentration of credit risk disclosures.

Interest Rate Risk. The City manages its exposure to declines in fair values by limiting its investments to the State's investment pools which do not normally have maturity dates and can be withdrawn on demand.

Custodial Credit Risk – Investments. Custodial credit risk for investments is the risk that, in the event of a counterparty failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina.

NOTE 6 – CAPITAL ASSETS

A summary of capital assets accounted for in the governmental-type activities is as follows:

	(As Restated) Balance July 1, 2024	Additions	Dispositions	Balance June 30, 2025
Governmental Activities				
Depreciable capital assets:				
Buildings	$ 3,440,684	$ -	$ -	$ 3,440,684
Land improvements	335,040	15,692	-	350,732
Vehicles and equipment	4,194,604	64,428	(563,500)	3,695,532
Total depreciable capital assets	7,970,328	80,120	(563,500)	7,486,948
Less accumulated depreciation	(4,575,292)	(459,233)	370,971	(4,663,554)
Governmental activities capital assets, net	$ 3,395,036	$ (379,113)	$ (192,529)	$ 2,823,394

NOTE 6 – CAPITAL ASSETS (continued)

Depreciation expense for the year ended June 30, 2025 was charged to functions/programs of the primary government as follows:

Governmental Activities	
Civic center	$ 3,559
Fire department	225,911
General	115,676
Library	35,592
Police department	55,361
Parks and recreation	7,118
Sanitation department	3,559
Streets and roads	12,457
Total depreciation expense - governmental activities	$ 459,233

Summaries of capital assets for the Sewer Fund and the Water Fund accounted for in the business-type activities are as follows:

	Balance July 1, 2024	Additions	Dispositions	Balance June 30, 2025
Business-Type Activities - Sewer Fund				
Non-depreciable capital assets:				
Land and land improvements	$ -	$ -	$ -	$ -
Construction in progress	40,121	117,511	-	157,632
Total non-depreciable capital assets	40,121	117,511	-	157,632
Depreciable capital assets:				
Sewer infrastructure	4,758,386	-	-	4,758,386
Buildings and improvements	69,433	-	-	69,433
Machinery and equipment	240,893	-	-	240,893
Office furniture and equipment	-	-	-	-
Vehicles and equipment	-	-	-	-
Total depreciable capital assets	5,068,712	-	-	5,068,712
Less accumulated depreciation	(3,438,155)	(187,311)	-	(3,625,466)
Total capital assets, being depreciated, net	1,630,557	(187,311)	-	1,443,246
Business-type activities capital assets, net	$ 1,670,678	$ (69,800)	$ -	$ 1,600,878

Depreciation expense for business-type activities – Sewer Fund for the year ended June 30, 2025 was $187,311.

NOTE 6 – CAPITAL ASSETS (continued)

	Balance July 1, 2024	Additions	Dispositions	Balance June 30, 2025
Business-Type Activities - Water Fund				
Non-depreciable capital assets:				
Land and land improvements	$ 2,500	$ -	$ -	$ 2,500
Construction in progress	130,002	1,764,384		1,894,386
Total non-depreciable capital assets	132,502	1,764,384	-	1,896,886
Depreciable capital assets:				
Water delivery infrastructure	6,018,727	60,839	-	6,079,566
Buildings and improvements	334,290	-	-	334,290
Machinery and equipment	271,979	2,835	-	274,814
Office furniture and equipment	39,805	-	-	39,805
Vehicles and equipment	267,002	42,708	-	309,710
Total depreciable capital assets	6,931,803	106,382	-	7,038,185
Less accumulated depreciation	(5,171,511)	(153,996)	-	(5,325,507)
Total capital assets, being depreciated, net	1,760,292	(47,614)	-	1,712,678
Business-type activities capital assets, net	$ 1,892,794	$ 1,716,770	$ -	$ 3,609,564

Depreciation expense for business-type activities – Water Fund for the year ended June 30, 2025 was $153,996.

	Balance July 1, 2024	Additions	Dispositions	Balance June 30, 2025
Business-Type Activities - Total				
Non-depreciable capital assets:				
Land and land improvements	$ 2,500	$ -	$ -	$ 2,500
Construction in progress	170,123	1,881,895	-	2,052,018
Total non-depreciable capital assets	172,623	1,881,895	-	2,054,518
Depreciable capital assets:				
Water delivery and sewer infrastructure	10,777,113	60,839	-	10,837,952
Buildings and improvements	403,723	-	-	403,723
Machinery and equipment	512,872	2,835	-	515,707
Office furniture and equipment	39,805	-	-	39,805
Vehicles and equipment	267,002	42,708	-	309,710
Total depreciable capital assets	12,000,515	106,382	-	12,106,897
Less accumulated depreciation	(8,609,666)	(341,307)	-	(8,950,973)
Total capital assets, being depreciated, net	3,390,849	(234,925)	-	3,155,924
Business-type activities capital assets, net	$ 3,563,472	$ 1,646,970	$ -	$ 5,210,442

NOTE 7 – LONG-TERM DEBT

Governmental Activities

The following is a summary of the long-term debt transactions of the City's governmental activities for the year ended June 30, 2025:

	(As Restated) Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Direct Borrowings/Placements					
Notes payable	$ 786,112	$ -	$ 494,843	$ 291,269	$ 21,224
Lease purchase payable	946,818	-	-	946,818	28,588
Other General Long-Term Obligations					
Compensated Absences	16,274	8,458	-	24,732	-
Governmental activities long-term liabilities	$ 1,749,204	$ 8,458	$ 494,843	$ 1,262,819	$ 49,812

Interest on long-term debt totaled $32,202 and was all reported in the Fire Department function.

Long-term debt at June 30, 2025 is comprised of the following for governmental activities:

Note payable to financial institution due in semi-annual installments of $30,660 and $70,865 with an interest rate of 3.29% collateralized by a vehicle. Maturity date was March 2029, however, this note was paid off in the current year.	$ -
Note payable to financial institution due in annual installments of $34,754 with an interest rate of 4.195% collateralized by a building. Maturity is August 2036.	291,269
	291,269
Current portion of notes payable	(2,124)
Long-term portion of notes payable	$ 289,145

Lease purchase payable to financial institution due in annual installments of $128,772 with an interest rate of 4.824% collateralized by a building. Maturity is August 2034.	$ 946,818
	946,818
Current portion of lease purchase payable	(28,588)
Long-term portion of lease purchase payable	$ 918,230

NOTE 7 – LONG-TERM DEBT

The remaining debt service requirements for the governmental activities as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Totals
Governmental Activities:			
2026	$ 49,812	$ 113,713	$ 163,525
2027	105,637	57,890	163,527
2028	110,680	52,846	163,526
2029	115,966	47,560	163,526
2030	121,504	42,022	163,526
2031-2035	700,359	117,270	817,629
2036-2040	34,129	4,141	38,270
	$ 1,238,087	$ 435,442	$ 1,673,529

Business-Type Activities

The following are summaries of the long-term debt transactions of the City's business-type activities for the year ended June 30, 2025:

Sewer Fund

The Sewer Fund currently has no outstanding long-term debt.

Water Fund

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025
USDA #2	$ 781,728	$ -	$ 26,187	$ 755,541
USDA #3	284,697	-	10,771	273,926
USDA #4	377,170	-	8,325	368,845
USDA #5	333,436	-	7,925	325,511
Lease-Purchase	432,248	-	56,676	375,572
	$ 2,209,279	$ -	$ 109,884	$ 2,099,395

Long-term debt at June 30, 2025 is comprised of the following for the Water Fund:

The outstanding principal amount due to the USDA Rural Development collateralized by the Waterworks System Revenue in monthly installments of $5,309 (including principal and interest at 4.875%). The final installment is due in year 2043.	$ 755,541

NOTE 7 – LONG-TERM DEBT (continued)

The outstanding principal amount due to the USDA Rural Development collateralized by the Waterworks System Revenue in monthly installments of $2,034 (including principal and interest at 4.875%). The final installment is due in year 2043.	$ 273,926
The outstanding principal amount due to the USDA Rural Development collateralized by the Waterworks System Revenue in monthly installments of $1,977 (including principal and interest at 4.125%). The final installment is due in year 2050.	368,845
The outstanding principal amount due to the USDA Rural Development collateralized by the Waterworks System Revenue in monthly installments of $1,794 (including principal and interest at 4.125%). The final installment is due in year 2050.	325,511
Lease-purchase agreement for water meters with a financial institution, dated December 30, 2020, totaling $600,000, 2.715% interest rate, payable in annual principal and interest installments of $68,561, final payment due August 1, 2030.	375,572
	2,099,395
Current portion of debt	(113,952)
Long-term portion of debt	$ 1,985,443

The remaining debt service requirements for the Water Fund as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 113,952	$ 87,977	$ 201,929
2027	118,198	83,731	201,929
2028	122,615	79,314	201,929
2029	127,209	74,720	201,929
2030	132,020	69,939	201,959
2031-2035	454,317	282,327	736,644
2036-2040	487,502	179,339	666,841
2041-2045	364,127	67,991	432,118
2046-2050	179,455	17,154	196,609
	$ 2,099,395	$ 942,492	$ 3,041,887

The U.S. Department of Agriculture (USDA) revenue bonds listed above are a special obligation of the issuer and are payable solely from the revenues derived from the operation of the waterworks system.

NOTE 7 – LONG-TERM DEBT (continued)

The bond indentures provide that the revenue of the system is to be used in the following order (on a monthly basis):

1. To the Operation and Maintenance Fund the sum determined to be needed as the cost of operating and maintaining the system for the next month.

2. To the Bond and Interest Funds and Cushion Fund as established by the ordinances.

3. To the Depreciation Fund and Contingency Fund the amounts required.

4. Any remaining revenues at the end of the fiscal year may be disposed of as the Board of Commissioners determines for any lawful purpose.

The bond indenture also contains provisions, which restrict the issuance of additional bonds unless certain conditions are met.

The above Revenue Bonds payable were purchased by the United States Department of Agriculture, Farmers Home Administration.

Bonds payable to the USDA require a certain level of cash in a separate account. At June 30, 2025, the restricted cash balance related to the bonds payable was $1,323,194.

NOTE 8 – RETIREMENT PLANS AND OBLIGATIONS

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

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted

NOTE 8 – RETIREMENT PLANS AND OBLIGATIONS (continued)

accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

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

Plan Descriptions

The South Carolina Retirement System (SCRS), a cost-sharing multiple employer defined benefit pension plan, was established 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 employees of the state, its public school districts, and political subdivisions.

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

Membership

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

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

- PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of

NOTE 8 – RETIREMENT PLANS AND OBLIGATIONS (continued)

Membership (continued)

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

Benefits Provided

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

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

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

NOTE 8 – RETIREMENT PLANS AND OBLIGATIONS (continued)

Benefits Provided (continued)

- PORS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

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

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Effective July 1, 2017, employee rates were increased and capped at 9 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS until reaching 18.56 percent for SCRS and 21.24 percent for PORS. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

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

NOTE 8 – RETIREMENT PLANS AND OBLIGATIONS (continued)

Contributions (continued)

Required employee contribution rates (1) are as follows:

	Fiscal Year 2025	Fiscal Year 2024
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contributions rates (1) are as follows:

	Fiscal Year 2025	Fiscal Year 2024
SCRS		
Employer Class Two	18.41%	18.41%
Employer Class Three	18.41%	18.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	20.84%	20.84%
Employer Class Three	20.84%	20.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

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

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 Systems was issued for the period ending June 30, 2023 and will be used for future valuations.

NOTE 8 – RETIREMENT PLANS AND OBLIGATIONS (continued)

Actuarial Assumptions and Methods (continued)

The June 30, 2024, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by PEBA'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 for any of the systems.

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

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment rate of return (1)	7.00%	7.00%
Projected salary increases (1)	3.0% to 11.0% (varies by service)	3.5% to 10.5% (varies by service)
Benefit adjustments	Lesser of 1% or $500 annually	Lesser of 1% or $500 annually

(1) Includes inflation at 2.25%

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

NOTE 8 – RETIREMENT PLANS AND OBLIGATIONS (continued)

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB 67 less that system's fiduciary net position. NPL totals, as of June 30, 2024, for SCRS and PORS are presented below.

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

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 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 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 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. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7 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.

NOTE 8 – RETIREMENT PLANS AND OBLIGATIONS (continued)

Long-Term Expected Rate of Return (continued)

Asset Class	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.23%	2.86%
Bonds	26.0%	2.60%	0.68%
Private Equity	9.0%	9.60%	0.86%
Private Debt	7.0%	6.90%	0.48%
Real Assets	**12.0%**		
Real Estate	9.0%	4.30%	0.39%
Infrastructure	3.0%	7.30%	0.22%
Total Expected Return	100.0%		5.49%
Inflation for Actuarial Purposes			2.25%
Expected Rate of Return			7.74%

Discount Rate

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the City's proportionate share of the collective NPL calculated using the discount rate of 7 percent, as well as what the City's NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6 percent) or 1.00 percent higher (8 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
SCRS	$ 552,471	$ 426,215	$ 310,158
PORS	$ 618,974	$ 427,333	$ 270,181

NOTE 8 – RETIREMENT PLANS AND OBLIGATIONS (continued)

Sensitivity Analysis (continued)

The following table presents the Commission of Public Works' proportionate share of the collective NPL calculated using the discount rate of 7 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6 percent) or 1.00 percent higher (8 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
SCRS	$ 1,208,685	$ 932,709	$ 678,557
PORS	$ 7,932	$ 5,475	$ 3,462

Net Pension Liability

At June 30, 2025, the City reported net pension liabilities of $426,215 and $427,333 for its proportionate shares of the SCRS and PORS net pension liabilities, respectively. The Commission of Public Works, component unit of the City, reported net pension liabilities of $932,709 and $5,475 for its proportionate shares of the SCRS and PORS net pension liabilities respectively. The liabilities above totaled $1,791,732 and of this total, $819,451 was reported in the governmental activities, $34,097 was reported in the Sewer Fund of the business-type activities, and $938,184 was reported in the Water Fund of the business-type activities. The net pension liability of each defined benefit plan was determined based on the most recent actuarial valuation as of July 1, 2023, using membership as of that date projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2024. The proportionate shares of the net pension liabilities were based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2025, the City's proportions were 0.001818% and 0.014242% for SCRS and PORS, respectively. The Commission of Public Works' proportions were 0.003977% and 0.000183% for SCRS and PORS, respectively.

Pension Expense

For the year ended June 30, 2025, the City recognized pension expense of $57,800 after the necessary adjustments to the net pension liability and related deferrals, including $20,470 for SCRS and $37,330 for PORS. The Commission of Public Works recognized pension expense for the SCRS and PORS plan of $152,191 and $1,586, respectively.

NOTE 8 – RETIREMENT PLANS AND OBLIGATIONS (continued)

Deferred Outflows/Inflows of Resources Related to Pensions

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

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 14,007	$ 529
Assumption Changes	7,514	-
Net Difference Between Projected and Actual Earnings On Pension Plan Investments	-	16,423
Deferred Amounts from Changes in Proportionate Share and Differences Between Employer Contributions & Proportionate Share of Total Plan Employer Contributions	36,937	110,044
Contributions Subsequent to the Measurement Date	54,356	-
Totals	**$ 112,814**	**$ 126,996**

PORS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 40,123	$ 2,449
Assumption Changes	9,302	-
Net Difference Between Projected and Actual Earnings On Pension Plan Investments	-	23,952
Deferred Amounts from Changes in Proportionate Share and Differences Between Employer Contributions & Proportionate Share of Total Plan Employer Contributions	19,918	83,953
Contributions Subsequent to the Measurement Date	82,778	-
Totals	**$ 152,121**	**$ 110,354**

The amounts of $54,356 (SCRS) and $82,778 (PORS) reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

NOTE 8 – RETIREMENT PLANS AND OBLIGATIONS (continued)

Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the City's pension plans will be recognized in pension expense as follows:

Year ending June 30:	SCRS	PORS	TOTAL
2025	$ (22,399)	$ (13,871)	$ (36,270)
2026	(15,429)	(2,441)	(17,870)
2027	(26,395)	(18,367)	(44,762)
2028	(4,314)	(6,332)	(10,646)
Total	$ (68,537)	$ (41,011)	$ (109,548)

At June 30, 2025, the Commission of Public Works reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SCRS	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences Between Expected and Actual Experience	$ 30,652	$ 1,158
Assumption Changes	16,443	-
Net Difference Between Projected and Actual Earnings On Pension Plan Investments	-	35,937
Deferred Amounts from Changes in Proportionate Share and Differences Between Employer Contributions & Proportionate Share of Total Plan Employer Contributions	66,626	4,554
Contributions Subsequent to the Measurement Date	105,408	-
Totals	**$ 219,129**	**$ 41,649**

PORS	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences Between Expected and Actual Experience	$ 514	$ 31
Assumption Changes	119	-
Net Difference Between Projected and Actual Earnings On Pension Plan Investments	-	306
Deferred Amounts from Changes in Proportionate Share and Differences Between Employer Contributions & Proportionate Share of Total Plan Employer Contributions	10,326	12,262
Contributions Subsequent to the Measurement Date	750	-
Totals	**$ 11,709**	**$ 12,599**

NOTE 8 – RETIREMENT PLANS AND OBLIGATIONS (continued)

Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Commission of Public Works' pension plans will be recognized in pension expense as follows:

Year ending June 30:	SCRS	PORS	TOTAL
2025	$ 28,928	$ -	$ 28,928
2026	56,470	-	56,470
2027	(5,446)	-	(5,446)
2028	(9,520)	-	(9,520)
Total	$ 70,432	$ -	$ 70,432

NOTE 9 – RISK MANAGEMENT

The City is exposed to various risks of loss relating to liability, theft or impairment of assets, errors or omissions, injuries to employees and natural disasters. Commercial liability and property insurance coverage is purchased to protect against losses from these risks. The City does not maintain a self-insurance fund.

During the fiscal year ended June 30, 2025, the City did not experience any significant uninsured claims. Accordingly, there was no liability or expense recorded for actual claims, and management does not believe any provision for unasserted claims is necessary.

NOTE 10 – RECENTLY IMPLEMENTED PRONOUNCEMENT

The City adopted and implemented GASB Statement No. 101, "Compensated Absences" during the fiscal year. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

NOTE 11 – SUBSEQUENT EVENTS

At its regularly scheduled council meeting in May 2025, the City of New Ellenton accepted a bid from Haren Construction Company, Inc. for construction on the wastewater treatment facility pond liners totaling $1,363,250. The City later entered into a contract on August 18, 2025 with said company for said amount. Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued. Events after the date of the auditor's report have been evaluated to determine whether a change in the financial statements would be required.

NOTE 12 – RESTATEMENTS

Fund balance and net position at June 30, 2024 were restated for several reasons. The City implemented GASB Statement No. 101, "Compensated Absences" during the fiscal year. Governments must restate the balances of their government-wide statements to include the newly recognized liability for compensated absences, such as sick leave that was previously not recognized. During our auditing procedures we noted that no balance was included for compensated absences at June 30, 2024. During our auditing procedures we discovered a lease purchase contract that had not been recognized. The proceeds related to this lease purchase contract were not recognized and the funds placed in escrow were not recognized along with interest earnings on those funds. Equipment purchased with a portion of these proceeds was not recognized and accumulated depreciation had to also be adjusted for these assets. Accrued interest payable on long-term debt was not recognized in the prior period.

Net position for governmental activities at June 30, 2024 was restated as follows:

Previous balance at June 30, 2024	$ 3,685,908
Adjustment for compensated absences balance not reported	(11,734)
Adjustment for compensated absences (GASB Statement No. 101)	(4,540)
Adjustment for unrecognized lease purchase liability	(946,818)
Adjustment for unrecognized escrow balance held by others	843,127
Adjustment for unrecognized interest earned on escrow balance	19,412
Adjustment for unrecognized equipment purchase with lease proceeds	103,691
Adjustment to accumulated depreciation	(7,406)
Adjustment for unrecognized accrued interest payable on long-term debt	(64,391)
Other adjustments for prior year variance with records	(1,104)
Restated balance at June 30, 2024	$ 3,616,145

Fund balance for governmental funds at June 30, 2024 was restated as follows:

Previous balance at June 30, 2024	$ 2,051,682
Adjustment for unrecognized lease purchase proceeds	946,818
Adjustment for unrecognized equipment purchase with lease proceeds	(103,691)
Adjustment for unrecognized interest earned on escrow balance	19,412
Other adjustments for prior year variance with records	(1,104)
Restated balance at June 30, 2024	$ 2,913,117

NOTE 13 – CONSTRUCTION COMMITMENTS

The City has a contract with Turnipseed Engineers for engineering services provided for the design of plans and specifications, assistance with bid opening, bid tabulation, letter of recommendation of contract award, and preparation of contract documents for sewerage system improvements of pond liner replacement. The contract fee totals \$116,558 (8.55% of estimated construction costs of \$1,363,250). A total of \$99,074 has been incurred through June 30, 2025, leaving a remaining balance to completion of \$17,484. No actual construction costs have been incurred on this project through June 30, 2025.

The City has a contract with Turnipseed Engineers for engineering services provided for the design of plans and specifications for Land Application Site – Sprayfields 1 and 2. The contract fee totals \$93,615 (9% of estimated construction costs of \$1,040,165). A total of \$21,063 has been incurred through June 30, 2025, leaving a remaining balance to completion of \$72,552. No actual construction costs have been incurred on this project through June 30, 2025.

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

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance With Final Budget
REVENUES				
Local option sales tax	$ 155,000	$ 155,000	$ 150	$ (154,850)
Licenses and permits	32,300	32,300	32,579	279
State shared revenue	97,921	97,921	103,423	5,502
Franchise fees	151,050	151,050	170,690	19,640
Property taxes	787,152	787,152	914,924	127,772
Fines and forfeitures	101,300	101,300	133,207	31,907
Fire taxes	685,875	685,875	693,199	7,324
Interest income	5	5	35,647	35,642
Sanitation fees	156,000	156,000	167,341	11,341
Grant revenues	85,421	85,421	141,313	55,892
Other revenue and appropriation of fund balance	187,949	187,949	311,749	123,800
Total revenues	2,439,973	2,439,973	2,704,222	264,249
EXPENDITURES				
Civic Center	10,000	10,000	20,763	(10,763)
Fire department	397,022	397,022	388,617	8,405
General government	477,728	477,728	524,526	(46,798)
Library	5,614	5,614	5,429	185
Police department	661,045	661,045	663,202	(2,157)
Recreation department	15,000	15,000	39,020	(24,020)
Sanitation department	140,481	140,481	153,038	(12,557)
Streets and grounds	234,525	234,525	221,687	12,838
Victims assistance	16,300	16,300	20,724	(4,424)
Atomic City Festival	-	-	18,223	(18,223)
Debt service				
Principal	305,258	305,258	494,843	(189,585)
Interest	-	-	39,360	(39,360)
Capital outlay	177,000	177,000	106,555	70,445
Total expenditures	2,439,973	2,439,973	2,695,987	(256,014)
Excess of revenues over expenditures	-	-	8,235	8,235
OTHER FINANCING SOURCES(USES)				
Transfers in (out)	-	-	(132,637)	(132,637)
Proceeds from disposal of assets	-	-	464,500	464,500
Total financing sources(uses)	-	-	331,863	331,863
Net change in fund balances	-	-	340,098	340,098
Fund balance, beginning of year(as restated)	2,752,878	2,752,878	2,752,878	-
Fund Balance, end of year	$ 2,752,878	$ 2,752,878	$ 3,092,976	$ 340,098

CITY OF NEW ELLENTON
NEW ELLENTON, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - HOSPITALITY TAX FUND - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance With Final Budget**
REVENUES				
Hospitality taxes	$ 40,000	$ 40,000	$ 41,753	$ 1,753
Interest income	-	-	2,062	2,062
Total revenues	40,000	40,000	43,815	3,815
EXPENDITURES				
Civic Center	15,000	15,000	2,887	12,113
Recreation department	25,000	25,000	23,846	1,154
Total expenditures	40,000	40,000	26,733	13,267
Net change in fund balances	-	-	17,082	17,082
Fund balance, beginning of year(as restated)	160,239	160,239	160,239	-
Fund balance, end of year	$ 160,239	$ 160,239	$ 177,321	$ 17,082

CITY OF NEW ELLENTON
NEW ELLENTON, SOUTH CAROLINA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY
LAST 10 FISCAL YEARS
YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
SCRS										
City's proportion of the net pension liability (asset)	0.001818%	0.002465%	0.002200%	0.002015%	0.002119%	0.002135%	0.002243%	0.001520%	0.001432%	0.001499%
City's proportionate share of the net pension liability (asset)	$ 426,215	$ 595,982	$ 533,249	$ 436,144	$ 541,494	$ 487,477	$ 502,575	$ 342,176	$ 305,873	$ 284,293
City's covered-employee payroll	$ 245,701	$ 336,003	$ 257,926	$ 231,681	$ 236,158	$ 220,728	$ 235,032	$ 162,796	$ 140,571	$ 147,580
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	173.47%	177.37%	206.74%	188.25%	229.29%	220.85%	213.83%	210.19%	217.59%	192.64%
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%	56.90%
PORS										
City's proportion of the net pension liability (asset)	0.014242%	0.017987%	0.018287%	0.015148%	0.015926%	0.018051%	0.015233%	0.014160%	0.012290%	0.013820%
City's proportionate share of the net pension liability (asset)	$ 427,333	$ 547,545	$ 548,417	$ 389,743	$ 528,126	$ 517,341	$ 431,630	$ 387,977	$ 311,707	$ 301,228
City's covered-employee payroll	$ 278,221	$ 293,607	$ 333,510	$ 297,105	$ 231,235	$ 248,542	$ 286,956	$ 216,170	$ 188,777	$ 161,361
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	153.59%	186.49%	164.44%	131.18%	228.39%	208.15%	150.42%	179.48%	165.12%	186.68%
Plan fiduciary net position as a percentage of the total pension liability	70.50%	67.80%	66.40%	70.40%	55.80%	62.70%	61.70%	60.90%	60.40%	64.57%

This schedule is presented to illustrate the requirement to show information for 10 years. Information presented above was determined as of the measurement date of the collective net pension liability.

CITY OF NEW ELLENTON
NEW ELLENTON, SOUTH CAROLINA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY
COMMISSION OF PUBLIC WORKS
LAST 10 FISCAL YEARS
YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
SCRS										
City's proportion of the net pension liability (asset)	0.004%	0.004%	0.003%	0.003%	0.003%	0.003%	0.003%	0.003%	0.003%	0.003%
City's proportionate share of the net pension liability (asset)	$ 932,709	$ 968,049	$ 832,774	$ 715,282	$ 751,473	$ 665,211	$ 652,770	$ 673,772	$ 674,117	$ 595,326
City's covered-employee payroll	$ 546,561	$ 506,530	$ 409,055	$ 373,620	$ 329,407	$ 307,628	$ 301,895	$ 302,031	$ 305,602	$ 298,593
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	170.65%	191.11%	203.58%	191.45%	228.13%	216.24%	216.22%	223.08%	220.59%	199.38%
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%	56.90%
PORS										
City's proportion of the net pension liability (asset)	0.000000%	0.0008%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
City's proportionate share of the net pension liability (asset)	$ 5,475	$ 23,236	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 3,600	$ 3,600	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	152.08%	645.44%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	70.50%	67.80%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

This schedule is presented to illustrate the requirement to show information for 10 years. Information presented above was determined as of the measurement date of the collective net pension liability.

CITY OF NEW ELLENTON
NEW ELLENTON, SOUTH CAROLINA
SCHEDULE OF CONTRIBUTIONS TO THE EMPLOYEE PENSION PLANS
YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
SCRS										
Contractually required contribution	$ 59,083	$ 45,234	$ 58,498	$ 42,326	$ 35,702	$ 36,392	$ 31,807	$ 33,516	$ 21,587	$ 18,415
Contributions in relation to the contractually required contribution	(59,083)	(45,234)	(58,498)	(42,326)	(35,702)	(36,392)	(31,807)	(33,516)	(21,587)	(18,415)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 320,926	$ 245,701	$ 336,003	$ 257,926	$ 231,681	$ 236,158	$ 220,728	$ 235,032	$ 162,796	$ 140,571
Contributions as a percentage of covered payroll	18.41%	18.41%	17.41%	16.41%	15.41%	15.41%	14.41%	14.26%	13.26%	13.10%
PORS										
Contractually required contribution	$ 82,778	$ 61,188	$ 66,168	$ 55,975	$ 41,252	$ 44,340	$ 48,323	$ 34,241	$ 26,127	$ 21,526
Contributions in relation to the contractually required contribution	(82,778)	(61,188)	(66,168)	(55,975)	(41,252)	(44,340)	(48,323)	(34,241)	(26,127)	(21,526)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 397,207	$ 293,607	$ 333,510	$ 297,105	$ 231,235	$ 248,542	$ 286,956	$ 216,170	$ 188,777	$ 161,361
Contributions as a percentage of covered payroll	20.84%	20.84%	19.84%	18.84%	17.84%	17.84%	16.84%	15.84%	13.84%	13.34%

This schedule is presented to illustrate the requirement to show information for 10 years. Information presented above was determined as of the employer's fiscal year end.

See accompanying notes to Required Supplementary Information.

CITY OF NEW ELLENTON
NEW ELLENTON, SOUTH CAROLINA
SCHEDULE OF CONTRIBUTIONS TO THE EMPLOYEE PENSION PLANS
COMMISSION OF PUBLIC WORKS
YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
SCRS										
Contractually required contribution	$ 105,408	$ 100,622	$ 133,775	$ 103,941	$ 91,201	$ 80,229	$ 72,016	$ 67,655	$ 60,590	$ 58,223
Contributions in relation to the contractually required contribution	(105,408)	(100,622)	(133,775)	(103,941)	(91,201)	(80,229)	(72,016)	(67,655)	(60,590)	(58,223)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 572,560	$ 546,561	$ 506,530	$ 409,055	$ 373,620	$ 329,407	$ 307,628	$ 301,895	$ 302,031	$ 305,602
Contributions as a percentage of covered payroll	18.41%	18.41%	26.41%	25.41%	24.41%	24.36%	23.41%	22.41%	20.06%	19.05%
PORS										
Contractually required contribution	$ 750	$ 750	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	(750)	(750)	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,600	$ 3,600	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered payroll	20.83%	20.83%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

This schedule is presented to illustrate the requirement to show information for 10 years. Information presented above was determined as of the employer's fiscal year end.

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The approved budget and amendments are legally enacted through passage of an ordinance authorizing the City Administrator to administer the budget and to transfer necessary appropriations among departments. Additional budget appropriations must be approved by Council.

Formal budgetary integration is employed as a management control device during the year for the General and Public Works Funds.

The legal level of budget is at the fund level for the City of New Ellenton. The budgetary comparison schedule displays detail at the department level as additional information.

NOTE 2 – PENSIONS

No changes were made to the benefit terms during the fiscal year ended June 30, 2024 (the measurement year).

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. There were no changes in assumptions.

More information related benefit terms, contributions, and assumptions can be found in Note 8 of the basic financial statements.

CITY OF NEW ELLENTON
NEW ELLENTON, SOUTH CAROLINA
SUPPLEMENTARY SCHEDULE OF FINES AND ASSESSMENTS AND
SURCHARGE REVENUE FOR VICTIM SERVICES
YEAR ENDED JUNE 30, 2025

FOR THE STATE TREASURER'S OFFICE

COUNTY/MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected	$ -	$ -	$ 123,577	$ 123,577
Court fines and assessments remitted to State Treasurer	-	-	(69,097)	(69,097)
Total Court Fines and Assessments retained	$ -	$ -	$ 54,480	$ 54,480
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	$ -	$ -	$ 701	$ 701
Assessments retained	-	-	6,556	6,556
Total Surcharges and Assessments retained for victim ser	$ -	$ -	$ 7,257	$ 7,257

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from previous year - beginning balance	$ 4,530	$ -	$ 4,530
Victim Service revenue			
Victim Service Fines Retained by City/County Treasurer	-	-	-
Victim Service Assessments Retained by City/County Treasurer	6,556	-	6,556
Victim Service Surcharges Retained by City/County Treasurer	701	-	701
Interest Earned	-	-	-
Grant Funds Received			
Grant from:	-	-	-
General Funds Transferred to Victim Service Fund	-	-	-
Contribution Received from Victim Service Contracts:			
(1) Town of	-	-	-
(2) Town of	-	-	-
(3) City of	-	-	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A	$ 11,787	$ -	$ 11,787
Expenditures for Victim Service Program			
Salaries and Benefits	$ -	$ -	$ -
Operating Expenditures	2,609	-	2,609
Victim Service Contract(s):			
(1) Entity's Name	-	-	-
(2) Entity's Name	-	-	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	-	-	-
(2) Rape Crisis Center:	-	-	-
(3) Other local direct crime victims service agency:	-	-	-
Transferred to General Fund	-	-	-
Total Expenditures from Victim Service Fund/Program(B)	$ 2,609	$ -	$ 2,609
Total Victim Service Funds Retained by Municipal/County Treasurer (A-I	9,178	-	9,178
Less: Prior Year Fund Deficit Repayment	-	-	-
Carryforward Funds - End of Year	$ 9,178	$ -	$ 9,178

McGregor & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS | SINCE 1930

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**Active Retired*

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*

The Honorable Mayor and
Members of City Council
City of New Ellenton
New Ellenton, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Ellenton, South Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of New Ellenton, South Carolina's basic financial statements and have issued our report thereon dated June 15, 2026. Our report includes a reference to other auditors who audited the financial statements of the Commission of Public Works, a proprietary fund, more specifically the Water Fund, as described in our report on the City of New Ellenton, South Carolina's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and response, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2025-01, 2025-02, and 2025-03 to be material weaknesses.

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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*
(Continued)

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2025-04 and 2025-05 to be significant deficiencies.

Report on Compliance and Other Matters

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

City of New Ellenton, South Carolina's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of New Ellenton, South Carolina's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. City of New Ellenton, South Carolina's response was not subjected to the other 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.

McGregor & Company LLP

Barnwell, South Carolina
June 15, 2026

FINANCIAL STATEMENT FINDINGS:

MATERIAL WEAKNESSES

2025-01: **Material Restatement of Beginning Fund Balance and Net Position Due to Improper Fund Balance Classification**

Criteria: Governmental accounting standards require fund balance to be classified based on the constraints placed on the use of resources. Resources derived from hospitality taxes are legally restricted by state law and local ordinances for specific tourism-related and qualifying expenditures. Fund balance classifications should accurately reflect these legal restrictions in accordance with GAAP.

Condition: During the audit, it was determined that a portion of the beginning fund balance associated with hospitality tax revenues had been improperly classified in prior years. Amounts that were legally restricted for specific purposes were reported as unassigned fund balance. As a result, a material restatement of beginning fund balance and governmental activities net position was required to properly present the financial statements.

Cause: Management did not adequately evaluate the legal restrictions governing hospitality tax revenues when determining fund balance classifications. In addition, review procedures over year-end financial reporting were not sufficient to identify the improper classification before issuance of the financial statements.

Effect: The financial statements issued in the prior year materially misstated the classification of fund balance and net position. Audit adjustments were required to restate beginning balances and properly classify resources as restricted in accordance with applicable accounting standards and legal requirements.

Recommendation: We recommend that management establish formal procedures to review all revenue sources subject to statutory or contractual restrictions and document the basis for fund balance classifications annually. Management should also implement an independent review of fund balance classifications during the year-end financial reporting process to ensure compliance with GAAP and applicable legal restrictions.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the finding. Procedures will be implemented to annually evaluate all restricted revenue sources, including hospitality taxes, and to document the basis for fund balance classifications. Additional supervisory review procedures will be performed as part of the year-end financial reporting process to ensure proper classification and presentation in future financial statements.

2025-02: Material Restatement of Beginning Fund Balance and Net Position Related to Lease-Purchase Proceeds/Liability, Escrow Account Activity, and Capital Assets

Criteria: Management is responsible for establishing and maintaining effective internal controls over financial reporting to ensure transactions are properly recorded and reported in accordance with generally accepted accounting principles (GAAP). Proceeds from lease-purchase agreements in the fund financial statements, lease-purchase liabilities in the government-wide

FINANCIAL STATEMENT FINDINGS: (continued)

MATERIAL WEAKNESSES (continued)

2025-02: Material Restatement of Beginning Fund Balance and Net Position Related to Lease-Purchase Proceeds/Liability, Escrow Account Activity, and Capital Assets (continued)

Criteria: (continued)

financial statements, related escrow accounts and activity, and capital asset acquisitions with lease proceeds should be accurately recorded, reconciled, and reported in the financial statements. Capital assets acquired with financing proceeds should be capitalized and depreciated in accordance with the entity's capitalization policy and applicable accounting standards.

Condition: During the audit, material errors were identified related to the accounting and reporting of proceeds received from a lease-purchase agreement and the related escrow account. Specifically, the following items were not properly recorded in prior periods:

- Proceeds received under the lease purchase agreement and held in the related escrow account were not fully recorded or reconciled;
- Interest earnings associated with the escrow account were not captured in the accounting records;
- Equipment purchased with the lease-purchase proceeds held in the escrow account was not recorded and capitalized in the capital asset records; and
- Related capital asset activity and depreciation were not properly reflected in the financial statements.

As a result, beginning balances for other assets, capital assets, accumulated depreciation, liabilities, fund balance, revenues, expenditures, and net position required material restatement.

Cause: Management's internal controls and financial reporting procedures over debt proceeds, escrow account activity, and capital asset accounting were not sufficient to ensure transactions were properly recorded and reported in accordance with GAAP. Specifically:

- Procedures were not in place to adequately monitor and reconcile escrow account activity;
- Interest earnings on restricted funds were not routinely reviewed or recorded;
- Capital expenditures funded through escrow disbursements were not consistently tracked and reviewed for capitalization;
- Capital asset subsidiary records were not reconciled to expenditures and financing activity; and
- Supervisory review controls over year-end financial reporting were insufficient to identify the errors prior to issuance of the financial statements.

FINANCIAL STATEMENT FINDINGS: (continued)

MATERIAL WEAKNESSES (continued)

2025-02: Material Restatement of Beginning Fund Balance and Net Position Related to Lease-Purchase Proceeds/Liability, Escrow Account Activity, and Capital Assets (continued)

Effect: As a result of these deficiencies, the prior year financial statements materially misstated restricted fund balance, interest revenue, capital assets, expenditures, fund balance, and net position. Beginning balances in the current year financial statements required restatement to properly present the entity's financial position and results of operations in conformity with GAAP.

Recommendation: We recommend management strengthen internal controls and accounting procedures related to debt proceeds, escrow accounts, and capital asset reporting. Specifically, management should:

- Perform periodic reconciliations of all escrow and restricted cash accounts;
- Establish procedures to identify and record all interest earnings associated with restricted accounts;
- Maintain detailed tracking of expenditures funded through lease-purchase or financing arrangements;
- Review all capital expenditures for proper capitalization in accordance with established capitalization policies;
- Reconcile capital asset subsidiary ledgers to the general ledger and financing activity on a regular basis; and
- Implement a comprehensive supervisory review of year-end financial statements and supporting schedules prior to issuance.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the finding and will implement enhanced procedures for monitoring lease-purchase proceeds, escrow account activity, and capital asset acquisitions. Additional reconciliation and supervisory review procedures will be implemented to ensure restricted assets, interest earnings, capital assets, and related balances are properly recorded and reported in future financial statements.

2025-03: Material Restatement of Beginning Fund Balance and Net Position Due to Accrued Interest Payable on Long-Term Debt

Criteria: Management is responsible for establishing and maintaining effective internal controls over financial reporting to ensure liabilities and related expenditures are properly recorded and reported in accordance with generally accepted accounting principles (GAAP). Interest incurred on long-term debt should be accrued and reported in the appropriate accounting period, and related liabilities should be accurately reflected in the financial statements.

FINANCIAL STATEMENT FINDINGS: (continued)

MATERIAL WEAKNESSES (continued)

2025-03: Material Restatement of Beginning Fund Balance and Net Position Due to Accrued Interest Payable on Long-Term Debt (continued)

Condition: During the audit, material errors were identified in the accounting and reporting of accrued interest payable associated with long-term debt obligations. Specifically, accrued interest payable was not properly calculated and recorded in prior periods for certain debt issuances and financing arrangements. As a result, liabilities, expenses, and net position were materially misstated.

Audit adjustments were required to record accrued interest payable and restate beginning balances in the governmental activities.

Cause: Management's internal controls and year-end financial reporting procedures over long-term debt and related interest accruals were not sufficient to ensure interest payable balances were accurately calculated and recorded. Specifically:

- Debt amortization schedules and interest payment requirements were not adequately reviewed at year-end;
- Procedures were not in place to calculate and record accrued interest between payment dates;
- Reconciliations of debt-related balances and supporting schedules were not consistently performed; and
- Supervisory review procedures over year-end liabilities and related financial statement balances were insufficient to identify the errors prior to issuance.

Effect: As a result of these deficiencies, the prior year financial statements materially understated accrued interest payable and related expenses, resulting in material misstatements to net position. Beginning balances in the current year financial statements required restatement to properly present the entity's financial position and results of operations in conformity with GAAP.

Recommendation: We recommend management strengthen internal controls and financial reporting procedures related to long-term debt and interest accruals. Specifically, management should:

- Maintain complete and current debt amortization schedules for all debt obligations;
- Calculate accrued interest payable at each reporting date using the terms of debt agreements;
- Reconcile debt-related balances and interest calculations to the general ledger periodically;
- Develop standardized year-end closing procedures for recording accrued liabilities; and

FINANCIAL STATEMENT FINDINGS: (continued)

MATERIAL WEAKNESSES (continued)

2025-03: Material Restatement of Beginning Fund Balance and Net Position Due to Accrued Interest Payable on Long-Term Debt (continued)

Recommendation: (continued)

- Implement an independent supervisory review of debt schedules and related financial statement disclosures prior to issuance.

Management should also review all debt agreements annually to ensure interest obligations and related accrual requirements are properly understood and recorded.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the finding and plans to implement enhanced procedures for calculating and reviewing accrued interest payable on long-term debt. Additional reconciliation and supervisory review controls will be implemented to ensure liabilities and related expenditures are accurately recorded and reported in future financial statements.

SIGNIFICANT DEFICIENCIES

2024-04: Significant Deficiency – Inadequate Segregation of Duties

Criteria: Management is responsible for establishing and maintaining effective internal controls over financial reporting and safeguarding assets. Appropriate segregation of duties is a fundamental element of internal control and should be designed to reduce the risk that errors or irregularities could occur and not be detected in a timely manner. Key financial duties, including authorization, recordkeeping, custody of assets, and reconciliation functions, should be separated among different individuals whenever practical.

Condition: During the audit, we noted inadequate segregation of duties within certain accounting and financial processes. Specifically, one or a limited number of employees were responsible for multiple incompatible duties related to cash receipts, disbursements, journal entries, bank reconciliations, and/or adjustments to accounting records without sufficient independent review or oversight.

Cause: The deficiency is primarily due to limited staffing levels and the lack of compensating monitoring controls. Management has not implemented sufficient independent review procedures to mitigate the risks associated with incompatible duties being performed by the same individuals.

Effect: Inadequate segregation of duties increases the risk that errors, misstatements, or unauthorized transactions could occur and not be detected in a timely manner. Although no instances of fraud or misuse were identified during the audit, the existing control structure does not provide adequate safeguards over financial transactions and reporting.

FINANCIAL STATEMENT FINDINGS: (continued)

SIGNIFICANT DEFICIENCIES (continued)

2024-04: Significant Deficiency – Inadequate Segregation of Duties (continued)

Recommendation: We recommend management evaluate current accounting procedures and segregate incompatible duties to the extent practical. Where staffing limitations prevent complete segregation, management should implement compensating controls such as:

- Increased supervisory review and approval of transactions;
- Independent review of bank reconciliations and journal entries;
- Periodic review of detailed transaction reports;
- Dual authorization requirements for disbursements; and
- Enhanced oversight by governing officials or management personnel not involved in day-to-day transaction processing.

Views of Responsible Officials and Planned Corrective Action: Management acknowledges the limitations in staffing that contribute to the segregation of duties concerns and agrees that additional compensating controls are necessary. Management plans to enhance supervisory review procedures, strengthen monitoring controls, and evaluate opportunities to further segregate accounting responsibilities where feasible.

2025-05: Nonmaterial Restatement of Beginning Fund Balance and Net Position Due to Compensated Absences Record-Keeping Deficiencies

Criteria: Management is responsible for establishing and maintaining effective internal controls over financial reporting, including maintaining complete and accurate records supporting compensated absences liabilities in accordance with generally accepted accounting principles (GAAP). Employee leave balances and related accruals should be properly tracked, reconciled, and reviewed to ensure liabilities are accurately reported in the financial statements.

Condition: During the audit, adjustments were identified related to compensated absences liabilities due to insufficient record-keeping and tracking of employee leave balances. Specifically, management did not maintain complete and accurate records supporting accrued vacation and other eligible leave balances for certain employees. As a result, compensated absences liabilities reported in prior periods required adjustment during the current year audit.

The resulting adjustments caused a nonmaterial restatement of beginning liabilities and net position.

Cause: Management's procedures and controls over compensated absences tracking and record retention were not sufficient to ensure employee leave balances were accurately maintained and reconciled. Specifically:

- Leave balances were not consistently updated or reviewed;

FINANCIAL STATEMENT FINDINGS: (continued)

SIGNIFICANT DEFICIENCIES (continued)

2025-05: Nonmaterial Restatement of Beginning Fund Balance and Net Position Due to Compensated Absences Record-Keeping Deficiencies

Cause: (continued)

- Supporting documentation for accrued leave balances was incomplete or not retained;
- Reconciliations between payroll records, leave reports, and general ledger balances were not consistently performed; and
- Supervisory review procedures over year-end accrual calculations were limited.

Effect: As a result of these deficiencies, compensated absences liabilities and related expenditures were understated in the prior year financial statements. Although the errors were not material individually or in the aggregate, beginning net position required adjustment in the current year financial statements.

Recommendation: We recommend management strengthen internal controls and record-keeping procedures related to compensated absences by:

- Maintaining complete and accurate employee leave records;
- Implementing periodic reconciliations of leave balances to payroll and accounting records;
- Retaining adequate supporting documentation for accrued leave calculations;
- Developing standardized year-end accrual procedures; and
- Performing supervisory review of compensated absences calculations prior to financial statement issuance.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the finding and plans to improve record-keeping and reconciliation procedures related to employee leave balances. Additional review controls and documentation procedures will be implemented to improve the accuracy and completeness of compensated absences reporting in future periods.

CITY OF NEW ELLENTON
NEW ELLENTON, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2025

FINANCIAL STATEMENT FINDINGS:

SIGNIFICANT DEFICIENCIES

2024-1 Lack of Segregation of Duties

Condition: There is a lack of segregation of accounting duties that enables the same individuals to have access to both physical assets and the related accounting records or to all phases of a transaction.

Current Status: Finding sustained in the current year.