THE PALMETTO SCHOOL
ROCK HILL, SOUTH CAROLINA

REPORT ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

THE PALMETTO SCHOOL
ROCK HILL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

BURKETT
BURKETT & BURKETT
Certified Public Accountants, P.A.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Palmetto School
Rock Hill, South Carolina

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Palmetto School (the "School"), a component unit of Rock Hill School District Three, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Palmetto School (the "School"), a component unit of Rock Hill School District Three, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Management's Responsibility 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 School'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.

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Auditor's Responsibility

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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School'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 School'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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements of the Palmetto School are intended to present the financial position and changes in financial position of only that portion of the financial reporting entity of Rock Hill School District Three that is attributable to transactions of the Palmetto School. These financial statements are not intended to present fairly the financial position of Rock Hill School District Three as of June 30, 2025, and changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America and do not include other agencies, divisions, or component units of the Rock Hill School District Three. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules, OPEB schedules, and budgetary comparison information, as listed in the table of contents 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 School's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information 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 October 16, 2025 on our consideration of the School'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*.

Burkett Burkett & Burkett

BURKETT, BURKETT & BURKETT
Certified Public Accountants, P.A.
Rock Hill, SC

October 16, 2025

THE PALMETTO SCHOOL
ROCK HILL, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2025

As management of the Palmetto School (the "School"), we offer readers of the School's audited financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2025. We encourage readers to read the information presented herein in conjunction with additional information that we have furnished in the School's financial statements, which follow this narrative.

Financial Highlights:

Overall

- The 2024-2025 45-day average daily membership (ADM) was 44.
- The 2024-2025 135-day ADM was 43.

Government-Wide Financial Statements

- The liabilities and deferred inflows of resources of the School exceeded its assets and deferred outflows of resources as of June 30, 2025 by $788,529 ***(net position/deficit)***.
- Governmental activities increased the School's net position (deficit) by $156,923 for the year ended June 30, 2025.
- The School recorded $584,144 and $478,173 for its share of the unfunded pension obligation and OPEB obligation, respectively, as of June 30, 2025.

Fund Financial Statements

- As of June 30, 2025, the School's governmental funds reported combined ending fund balances of $336,223.
- As of June 30, 2025, the unassigned fund balance in the general fund was $336,223.

Overview of the Financial Statements:

Management's Discussion and Analysis serves as an introduction to the School's **Basic Financial Statements**. The School's basic financial statements consist of three components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

The **Basic Financial Statements** present two distinct financial perspectives of the School using ***Government-Wide Financial Statements*** and ***Fund Financial Statements***. In addition to the **Basic Financial Statements**, this report contains **Supplementary Information** that will enhance the reader's understanding of the financial condition of the School.

Overview of the Financial Statements (Continued)

Basic Financial Statements*:*

Government-Wide Financial Statements - Pages 10 and 11

The first two statements in the basic financial statements are the ***Government-Wide Financial Statements***. They provide the reader with a broad overview of the School's finances, similar in format to the financial statements of a private-sector business. They provide both short and long-term information about the School's financial standing.

The two ***Government-Wide Financial Statements*** are the *Statement of Net Position (Deficit)* and the *Statement of Activities*. Measuring net position (deficit) is one way to gauge the School's financial condition and the *Statement of Activities* shows the change in net position (deficit) during the year. Net position (deficit) equals assets plus deferred outflows of resources less liabilities less deferred inflows of resources.

The ***Government-Wide Financial Statements*** include all governmental activities. The governmental activities include the School's instruction and support services. The School does not have any business type activities.

Fund Financial Statements - Pages 12 through 15

The ***Fund Financial Statements*** are more detailed than the ***Government-Wide Financial Statements***. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related requirements, such as the School's budget, where and when applicable. All of the funds of the School are governmental funds. The major governmental funds of the School are: 1) General Fund 2) Special Projects Fund and 3) Education Improvement Act Fund.

Notes to the Financial Statements - Pages 16 through 36

The ***Notes to the Financial Statements*** offer a more detailed explanation of certain data contained in the ***Government-Wide Financial Statements*** and ***Fund Financial Statements***.

Supplementary Information:

Supplementary Information shows detailed information about the School's funds. Budgetary comparison information for the School's general fund is included in the **Required Supplementary Information**.

Overview of the Financial Statements (Continued)

Government-Wide Financial Statement Analysis - Statement of Net Position (Deficit):

As noted earlier, net position (deficit) may serve over time as one useful indicator of the School's financial condition. The liabilities and deferred inflows of resources of the School exceeded its assets and deferred outflows of resources by $731,934 as of June 30, 2025. The School currently has no investment in capital assets. The total net position (deficit) of ($731,934) is unrestricted.

Significant changes on the Statement of Net Position (deficit) are as follows:

- Current assets increased over prior year primarily due to higher balance of cash and cash equivalents. Non-current assets decreased over prior year due to disposition of capital assets.
- Current liabilities decreased over prior year primarily due to a reduction in accounts payable. Long-term liabilities increased over prior year primarily due to increases in Net Pension and OPEB obligations.

Note that deferred outflows and inflows related to pensions will fluctuate from year to year depending on the number of employees, the School's contributions to the plan, changes in actuarial assumptions, and the earnings on investments in the South Carolina Retirement System. See **Note 7** for further details. Also, note that deferred outflows and inflows related to postemployment benefits other than pensions fluctuate based on similar criteria. See **Note 8** for further details.

The Palmetto School's Net Position (Deficit)

	2025	2024
Current assets	$ 396,233	$ 285,277
Capital assets, net of accumulated depreciation	-	334
Total assets	396,233	285,611
Deferred outflows of resources	427,261	272,218
Current liabilities	60,010	62,839
Long-term liabilities	1,118,912	878,243
Total liabilities	1,178,922	941,082
Deferred inflows of resources	433,101	562,199
Net position (deficit)		
Net investment in capital assets	-	334
Unrestricted	(788,529)	(945,786)
Total net position (deficit)	$ (788,529)	$ (945,452)

Overview of the Financial Statements (Continued)

Government-Wide Financial Statement Analysis - Statement of Activities:

Aspects of the School's financial operations that significantly contributed to the change in net position (deficit) are as follows:

- The School adopted an annual budget. The School's performance was measured using this budget on a monthly basis, allowing changes to be made in spending as needed to remain within the confines of the budget.
- State and Federal Revenues are calculated utilizing the 45th and 135th day ADM. The 45th day ADM for 2024/2025 was 44, compared to 38 for 2023/2024. The 135th day ADM for 2024/2025 was 43 compared to 37 for 2023/2024.
- The School had an increase in state revenue primarily due to an increase in Education Finance Act grant funding. The School had a decrease in federal revenue from prior year primarily due to a decrease in Title I revenues.
- The School had an increase in instruction and support expenditures due to an increase in salaries and employee benefits.

The Palmetto School's Changes in Net Position (Deficit)

	2025	2024
Local revenues	$ 26,696	$ 35,697
State and federal revenues	951,549	827,963
Total revenues	978,245	863,660
Instruction	459,729	318,787
Support services	361,593	255,395
Total expenditures	821,322	574,182
Change in net position (deficit)	156,923	289,478
Net position (deficit), July 1	(945,452)	(1,234,930)
Net position (deficit), June 30	$ (788,529)	$ (945,452)

Government-Wide Financial Statement Analysis - Capital Assets:

Capital Assets - The School does not have investment in capital assets for its governmental activities as of June 30, 2025.

Overview of the Financial Statements (Continued)

Government-Wide Financial Statement Analysis - Capital Assets: (Continued)

The Palmetto School's Capital Assets
(net of accumulated depreciation)

	Balance July 1, 2024	Governmental Activities 2025	Balance June 30, 2025
Improvements	$ 334	$ (334)	$ -
Vehicles and equipment	-	-	-
Furniture and fixtures	-	-	-
Total	$ 334	$ (334)	$ -

Additional information about the School's capital assets can be found in **Note 3** of the **Basic Financial Statements**.

Fund Financial Statements Analysis:

As noted earlier, the School uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related requirements. The major governmental funds of the School are: 1) General Fund and 2) Special Revenue Funds.

The General Fund is the chief operating fund of the School. As of June 30, 2025, unassigned fund balance of the General Fund was $336,223.

The General Fund is the only required budgeted fund of the School.

General Fund Budgetary Highlights:

The positive variance in expenditures is primarily due to the School budgeting for all of their expenses in the General Fund versus the separate funds.

Economic Factors:

The following key economic indicators reflect the growth and prosperity of the School:

- The School continues to see community support as evidenced by the volunteerism, local organizations donating classroom and office supplies, private donations, and support through fundraising.
- The School has a returning staff of professionals that are committed to the School.
- The School will continue to seek both federal and private grant funds to supplement its EFA funding.

Requests for Information:

This report is designed to provide an overview of the School's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Principal, the Palmetto School, 1234 Flint Street Ext., Rock Hill, South Carolina, 29730-6329, and telephone number (803) 328-6555.

THE PALMETTO SCHOOL
ROCK HILL, SOUTH CAROLINA

STATEMENT OF NET POSITION (DEFICIT)

AS OF JUNE 30, 2025

		Governmental Activities
ASSETS		
Current assets:		
Cash and cash equivalents	$	390,993
Accounts receivable		5,240
Total current assets		396,233
TOTAL ASSETS		396,233
DEFERRED OUTFLOWS OF RESOURCES		
Deferred ouflows on net pension liability		197,455
Deferred outflows on net OPEB liability		229,806
TOTAL DEFERRED OUTFLOWS OF RESOURCES		427,261
LIABILITIES		
Current liabilities:		
Accounts payable		833
Unearned revenue		27,856
Accrued liabilities		31,321
Total current liabilities		60,010
Long-term liabilities:		
Compensated absences		56,595
Pension obligation		584,144
OPEB obligation		478,173
Total long-term liabilities		1,118,912
TOTAL LIABILITIES		1,178,922
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows on net Pension liability		123,497
Deferred inflows on net OPEB liability		309,604
TOTAL DEFERRED INFLOWS OF RESOURCES		433,101
NET POSITION (DEFICIT)		
Unrestricted		(788,529)
TOTAL NET POSITION (DEFICIT)	$	(788,529)

The accompanying notes to financial statements are an integral part of this exhibit.

THE PALMETTO SCHOOL
ROCK HILL, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2025

Functions / Programs	Expenses	PROGRAM REVENUES Operating grants and contributions	NET REVENUE (EXPENSE) AND CHANGE IN NET POSITION (DEFICIT) Governmental activities
Primary Government:			
Governmental activities:			
Instruction	$ 459,729	$ 951,549	$ 491,820
Support services	361,593	-	(361,593)
Total governmental activities	821,322	951,549	130,227
Total primary government	$ 821,322	$ 951,549	$ 130,227
GENERAL REVENUES:			
Private donations			$ 18,735
Fundraising			7,814
Investment earnings			147
Total general revenues			26,696
CHANGE IN NET POSITION (DEFICIT)			156,923
Net position (deficit), beginning of year			(945,452)
Net position (deficit), end of year			$ (788,529)

The accompanying notes to financial statements are an integral part of this exhibit.

THE PALMETTO SCHOOL
ROCK HILL, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

AS OF JUNE 30, 2025

	GENERAL FUND	SPECIAL REVENUE FUNDS: SPECIAL REVENUE	SPECIAL REVENUE FUNDS: SPECIAL REVENUE - EIA	SPECIAL REVENUE FUNDS: SPECIAL REVENUE - FOOD SERVICE	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	$ 390,993	$ -	$ -	$ -	$ 390,993
Accounts receivable, net	5,240	-	-	-	5,240
Due from other funds	-	-	8,587	9,019	17,606
TOTAL ASSETS	$ 396,233	$ -	$ 8,587	$ 9,019	$ 413,839
LIABILITIES					
Accounts payable	$ 833	$ -	$ -	$ -	$ 833
Unearned revenue	10,250	-	8,587	9,019	27,856
Due to other funds	17,606	-	-	-	17,606
Accrued liabilities	31,321	-	-	-	31,321
TOTAL LIABILITIES	60,010	-	8,587	9,019	77,616
FUND BALANCES					
Unassigned	336,223	-	-	-	336,223
TOTAL FUND BALANCES	336,223	-	-	-	336,223
TOTAL LIABILITIES AND FUND BALANCES	$ 396,233	$ -	$ 8,587	$ 9,019	$ 413,839

The accompanying notes to financial statements are an integral part of this exhibit.

THE PALMETTO SCHOOL
ROCK HILL, SOUTH CAROLINA

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION (DEFICIT)

JUNE 30, 2025

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	$	336,223
Amounts reported for governmental activities in the Statement of Net Position (Deficit) are different because:		
The School's proportional shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position (Deficit).		(510,186)
The School's proportionate shares of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State insurance plans are not recorded in the governmental funds but are recorded in the Statement of Net Position (Deficit).		(557,971)
Compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.		(56,595)
TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES	$	(788,529)

The accompanying notes to financial statements are an integral part of this exhibit.

THE PALMETTO SCHOOL
ROCK HILL, SOUTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2025

	GENERAL FUND	SPECIAL REVENUE FUNDS: SPECIAL REVENUE	SPECIAL REVENUE FUNDS: SPECIAL REVENUE - EIA	SPECIAL REVENUE FUNDS: SPECIAL REVENUE - FOOD SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Local	$ 26,696	$ -	$ -	$ -	$ 26,696
State	736,087	10,919	101,789	-	848,795
Federal	-	47,163	-	55,588	102,751
TOTAL REVENUE ALL SOURCES	762,783	58,082	101,789	55,588	978,242
EXPENDITURES					
Instruction	313,131	51,493	101,789	-	466,413
Support services	335,867	-	-	55,588	391,455
Intergovernmental	-	6,589	-	-	6,589
TOTAL EXPENDITURES	648,998	58,082	101,789	55,588	864,457
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	113,785	-	-	-	113,785
NET CHANGES IN FUND BALANCE	113,785	-	-	-	113,785
FUND BALANCES - Beginning of Year	222,438	-	-	-	222,438
FUND BALANCES - End of Year	$ 336,223	$ -	$ -	$ -	$ 336,223

The accompanying notes to the financial statements are an integral part of this exhibit.

THE PALMETTO SCHOOL
ROCK HILL, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2025

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	$ 113,785
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense in the period.	(334)
Contributions to the Pension plan in the current fiscal year are not included in the Statement of Activities but are reported in the governmental funds.	86,541
Contributions to the OPEB plan in the current fiscal year are not included in the Statement of Activities but are reported in the governmental funds.	29,609
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
School's portion of Pension expense	(22,187)
School's portion of OPEB benefit	6,104
Repayment of long-term liabilities, such as compensated absences, is an expenditure in the governmental funds, but merely reduces liabilities in the Statement of Net Position (Deficit)	(56,595)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 156,923

The accompanying notes to financial statements are an integral part of this exhibit.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Charter School

The Palmetto School (the "School") is a nonprofit organization incorporated in the State of South Carolina and organized under the South Carolina Charter School Act. The School was initially formed in January 2004 as Children's Attention Home Charter School. In July of 2012, the School changed its name to The Palmetto School. The School's charter was approved on February 19, 2004 by the Rock Hill School District Three Board of Education and serves a student body that varies in size depending upon community needs. Students served are in grades Pre-K - 8 in York County, South Carolina.

Reporting entity

The School's financial statements include all funds over which the Board of Directors is considered to be financially accountable. The School receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. Board members have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

As required by state law, the School is a component unit of the Rock Hill School District Three. The School has determined that there are no support entities that meet the requirements for inclusion as a discretely presented component unit.

Basis of presentation

The statements of the School are presented as follows:

Government-wide financial statements - The Statement of Net Position (Deficit) and the Statement of Activities display information about the School as a whole. For the most part, the effect of interfund activity has been removed from these statements. The School's activities are governmental activities generally financed through intergovernmental revenues and other non-exchange transactions. Intergovernmental revenue included on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds includes all state sourced revenue and any federal revenue that flows to the School from Rock Hill School District Three.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation (Continued)

Government-wide financial statements (Continued)

Fund financial statements - Fund financial statements report detailed information about the School. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The School has no non-major funds.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are: a Balance Sheet, which generally includes only current assets and current liabilities, and a Statement of Revenues, Expenditures and Changes in Fund Balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Measurement focus and basis of accounting

Fund accounting

The School uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School are grouped into two categories - governmental and proprietary. The School has no proprietary funds.

Governmental funds

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may, or must, be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is separated as fund balance. The following are the School's major governmental funds:

General fund - to account for all financial transactions not properly accounted for in another fund. The School uses this fund to account for expenditures principally for administration, instruction, pupil services, operation and maintenance of facilities, and related fixed charges.

Special revenue funds - to account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action. The School has three special revenue funds:

1. **Special projects fund** - a budgeted fund used to account for financial resources provided by federal, state, and local projects and grants.
2. **The Education Improvement Act (EIA) Fund** – A major fund used to account for the revenue from the South Carolina Education Improvement Act of 1984, which is legally required by the state to be accounted for as a specific revenue source.
3. **The Food Service Fund** – a major fund and an unbudgeted fund used to account for and report the financial resources received that are restricted for the cafeteria operations at school locations. These resources primarily consist of revenues received from (a) breakfast, lunch, and other food sales and (b) the United States Department of Agriculture's ("USDA") approved school breakfast and lunch programs.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
Measurement focus and basis of accounting (Continued)

Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds, if any, use the accrual basis of accounting. On the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when incurred. Under the modified accrual basis of accounting, revenues and expenditures are recognized when they become both measurable and available.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and donations. On the accrual basis, revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include: timing requirements, which specify the year when the resources are required to be used, or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. On governmental fund financial statements, receivables that will not be collected within the available period are also reported as unearned revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities received during the year, if any, is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Assets, liabilities, and equity

Cash and Cash Equivalents

The School may have cash presented on the financial statements which includes cash held in local financial institutions and certificates of deposit held in local financial institutions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
Assets, liabilities and equity (Continued)

Prepaid items

Payments made to vendors for services benefiting future periods are recorded as prepaid items in both government-wide and fund financial statements using the consumption method. A current asset for the prepaid is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Receivables and payables

During the course of operations, numerous transactions occur between the School and vendors and revenue sources or individual funds for goods provided or services rendered. On fund financial statements, these due from other governmental units are classified as accounts receivable, accounts payable, or "due from other funds" / "due to other funds" on the Balance Sheet. The transactions between funds are eliminated in the governmental activities columns of the Statement of Net Position (Deficit).

Capital assets

Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Statement of Net Position (Deficit) but are not reported in the fund financial statements.

Capital assets are stated at cost and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The costs and accumulated depreciation of property sold or retired are removed from the accounts and gains or losses, if any, are reflected in revenue or expenditures/expenses for the year. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extends an asset's life are expensed.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives used in computing depreciation for financial reporting are as follows:

Description	Governmental Activities estimated lives
Improvements	15 years
Vehicles and equipment	3-5 years
Furniture and fixtures	5-10 years

Accrued liabilities and long-term obligations

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources; however, claims and judgments that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Debt and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
Assets, liabilities and equity (Continued)

Compensated Absences

It is the School's policy to permit certain qualified employees to accumulate earned but unused annual leave. A maximum accrual of 90 days is allowed. Employees are paid for their accumulated days at their rate of pay. The School computes its compensated absences liability by multiplying each employee's accumulated leave days, up to a maximum of 90 days, by each employee's daily rate of compensation. The entire compensated absences liability is reported on the government-wide financial statements. No liability has been recorded in the governmental fund financial statements, since compensated absences would only be reported in the governmental funds if they were still outstanding following an employee's resignation or retirement. The School intends to fund the liability from future operations with assets that do not represent expendable available financial resources.

Deferred outflows of resources and deferred inflows of resources

Changes in the net pension and other post-employment benefits ("OPEB") liabilities not included in pension and OPEB expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability and the net OPEB liability are reported as deferred outflows of resources.

Pensions

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

Postemployment benefits other than pensions (OPEB)

For purposes of measuring the School's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the South Carolina Retiree Health Insurance Trust Fund ("SCRHITF"), and additions to/deductions from the SCRHITF fiduciary net position have been determined on the same basis as they are reported by the SCRHITF. For this purpose, the SCRHITF recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Fund balances and net position

There are five classifications of governmental fund balances: nonspendable, restricted, committed, assigned, and unassigned. Where applicable, these classifications are presented on the face of the governmental fund balance sheet.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund balances and net position (continued)

For the government-wide financial statements, the School applies restricted resources when an expenditure is incurred for purposes for which both restricted and unrestricted net position (deficit) are available. For the governmental fund's financial statements, the School applies committed, then assigned, then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net position (deficit) represents the difference between assets and liabilities and deferred outflows and inflows. Net investment in capital assets consists of capital assets reduced by accumulated depreciation and the outstanding balances of any borrowings used for the acquisition, construction, or improvement of the unspent proceeds. Net position (deficit) is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the School's financial position and results of operations and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

The School is authorized by South Carolina state law to invest in the following types of investments:

1. Obligations of the United States and agencies thereof;
2. General obligations of the State of South Carolina or any of its political units;
3. Banks and savings and loan associations to the extent they are guaranteed by the Federal Deposit Insurance Corporation (FDIC);
4. Deposits in certificates of deposit, where the certificates are collaterally secured by securities of the type described in (1) and (2) above, held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificate of deposit so secured, including interest;
5. The State Treasurer's Local Government Investment Pool (monitored by the State Treasurer for investments invested in government guaranteed securities in accordance with South Carolina State laws);
6. Repurchase agreements.

At June 30, 2025, the carrying amount of the School's deposits was $390,993 and the bank balance was $410,479.

Custodial credit risk:

Custodial credit risk is the risk that the School's deposits will not be returned to it. The School has no formal policy regarding custodial credit risk. The total cash balances are insured by the FDIC up to $250,000 per bank. As of June 30, 2025 the School had $160,479 in excess of federally insured limits.

NOTE 2 – CASH AND INVESTMENTS (Continued)

Credit risk:

South Carolina statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool, obligations of the U.S. Government and government agencies unconditionally guaranteed by the U.S. Government. The School had no investment balances outstanding as of June 30, 2025.

Interest rate risk:

The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of credit risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of the School's investments in a single issuer. The School does not have a policy that limits the amount that may be invested in any one issuer.

Fair value of financial instruments:

The School has adopted applicable accounting standards for its financial assets and liabilities which clarify that fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The School utilizes market data or assumptions that market participants would use in pricing the asset or liability. The standards establish a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs for similar or identical assets in active and inactive markets, or corroborated by observable market data by correlation or other means; Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The School had no investment balances outstanding as of June 30, 2025.

NOTE 3 – CAPITAL ASSETS

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

NOTE 3 – CAPITAL ASSETS (Continued)

	Balance, June 30, 2024	Additions/ Transfers	Deletions/ Transfers	Balance, June 30, 2025
Governmental Activities				
Depreciable capital assets				
Improvements	$ 4,011	$ -	$ (4,011)	$ -
Vehicles and equipment	144,379	-	(144,379)	-
Furniture and fixtures	22,821	-	(22,821)	-
Total capital assets, being depreciated, at historical cost	171,211	-	(171,211)	-
Less accumulated depreciation				
Improvements	(3,677)	(227)	3,904	-
Vehicles and equipment	(144,379)	-	144,379	-
Furniture and fixtures	(22,821)	-	22,821	-
Total accumulated depreciation	(170,877)	(227)	171,104	-
Total depreciable capital assets, net	334	(227)	(107)	-
Governmental activities capital assets, net	$ 334	$ (227)	$ (107)	$ -

Loss on disposal of capital assets and depreciation expense were charged to governmental functions as follows:

Instruction	$ 177
Support services	157
Total depreciation expense	$ 334

NOTE 4 – FUND BALANCES AND NET POSITION (DEFICIT)

The fund balances/net position (deficit) and other credits have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

Governmental fund financial statements

Fund balances - Nonspendable - balances that by their nature are unable to be spent.

Fund balances - Restricted - balances that can only be spent for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation.

Fund balances - Committed - balances that can only be used for the specific purpose determined by the School's Board of Directors. The Board of Directors must take a formal action during one of its meetings to establish, modify, or commit funds under the committed classification.

Fund balances - Assigned - balances meant to be used for a specific purpose but do not meet the criteria as restricted or committed. For the School, the Board of Directors, or any other governing authority above the Board of Directors, may assign fund balances by formal action such as Board of Directors vote, ordinance, or law.

Fund balances - Unassigned - balances that are spendable amounts not contained in other classifications.

NOTE 4 – FUND BALANCES AND NET POSITION (DEFICIT) (Continued)

Government-wide financial statements

Net investment in capital assets - represents the net cost less accumulated depreciation and outstanding debt attributable to the School's capital assets.

Restricted - represents net position restricted externally by creditors, grantors, contributors, laws and regulations of other governments, or restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted - represents the remainder of the School's net position in government-wide activities.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

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

The School is by law a public school. The operations of the School are subject to administrative directives, rules, and regulations of its federal and state funding services. Such directions and funding levels are subject to change with little notice. If the School's funding levels are significantly impacted by reductions in federal and state funding, it may adversely affect the School's ability to continue to operate.

NOTE 6 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets and errors and omissions. The School pays premiums to a private insurance carrier for all forms of coverage. The insurance carrier promises to pay to, or on behalf of, the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There has been no significant reduction in coverage and amounts of settlements have not exceeded coverage in any of the last three years.

NOTE 7 – PENSION PLANS

Description of the entity:

The School participates in the South Carolina Retirement System (SCRS). The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, is the state agency responsible for the administration and management of the retirement systems and benefit programs of the state of South Carolina, 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 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 South Carolina Retirement Systems (Systems).

NOTE 7 – PENSION PLANS (Continued)

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

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR 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 and other benefits for teachers and employees of the state, and political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the general election in November 2012.

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state, institutions of higher education, public school districts and individuals first elected to the S.C. General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third-party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

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 at or after the general election in November 2012. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

State ORP – As an alternative to membership in SCRS, certain newly hired state, public school, and higher education employees and individuals first elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

NOTE 7 – PENSION PLANS (Continued)

Benefits:

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

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

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

Plan Contributions:

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. 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 7 – PENSION PLANS (Continued)

Plan 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%
State ORP		
Employee	9.00%	9.00%

Required **employer** contribution 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	.15%	.15%
State ORP		
Employer Contribution[2]	18.41%	18.41%
Employer Incidental Death Benefit	.15%	.15%

[1] Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.
[2] Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

Contributions to the SCRS pension plans from the School were $86,541 for the year ended June 30, 2025.

Net pension liability:

At June 30, 2025, the School reported a liability of $584,144 for its proportionate share of the SCRS net pension liability ("NPL"). The net pension liability of the defined benefit plan was determined based on the most recent actuarial valuation as of July 1, 2024, using membership as of that date projected forward to the end of the retirement plan's fiscal year, and financial information of the pension trust funds as of June 30, 2025. The School's proportionate share of the NPL was based on a projection of the School's long-term share of contributions to the pension plans relative to the projected contributions of all participating governmental units, actuarially determined. At June 30, 2025, the School's proportionate share of the SCRS plan was 0.002491%, an increase of 0.000294% from June 30, 2024.

Non-employer contributions:

Employer's proportionate shares were calculated on the basis of employer and non-employer contributions remitted to the plan. In an effort to help offset a portion of the burden of the increased contribution requirements for employers, the General Assembly again provided nonemployer contributions to PEBA. Based on the criteria provided by the General Assembly, PEBA issued credit invoices to certain SCRS employers for fiscal year 2025 who then applied the credit invoices towards contributions otherwise due to the Systems. For the year ended June 30, 2025 measurement period, PEBA provided non-employer contributions to the School in the amount of $6,519 which is shown as a reduction of net pension liability and other grant revenue in the year ended June 30, 2025 which are presented on the economic resources measurement focus and accrual basis of accounting.

Pension expense:

For the year ended June 30, 2025, the School recognized pension expense for the SCRS plan of $22,187.

NOTE 7 – PENSION PLANS (Continued)

Deferred inflows of resources and deferred outflows of resources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences between expected and actual experience	$ 19,198	$ 725
Assumption changes	10,298	-
Net difference between projected and actual earnings on pension plan investments	31,497	54,004
Deferred amounts from changes in proportionate share and differences between District contributions and proportionate share of contributions	49,921	68,768
District contributions subsequent to the measurement date	86,541	-
Total SCRS	$ 197,455	$ 123,497

The $86,541 reported as of June 30, 2025 as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date for the SCRS plan will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS plan:

Year Ended June 30,	
2025	$ (38,971)
2026	21,205
2027	11,093
2028	(5,911)
Total	$ (12,584)

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, 2025 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, 2024 and will be used for future valuations.

NOTE 7 – PENSION PLANS (Continued)

Actuarial assumptions and methods (continued):

The June 30, 2025, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by the Systems' consulting actuary, Gabriel Roeder Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2024. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2025, using generally accepted actuarial principles. There was no legislation enacted during the 2025 legislative session that had a material change in the benefit provisions for SCRS.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2025.

	SCRS
Actuarial cost method	Entry age normal
Investment rate of return[1]	7%
Projected salary increases	3.0% to 11% (varies by service)[1]
Benefit adjustments	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, 2025, TPL are as follows:

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

Net pension liability:

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2025, for SCRS is 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%

NOTE 7 – PENSION PLANS (Continued)

Net pension liability (continued):

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

Long-term expected rate of return:

The long-term expected rate of return on pension plan investments is based upon 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 2025 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.23%	2.86%
Bonds	26.0%	2.60%	0.68%
Private Equity[1]	9.0%	9.60%	0.86%
Private Debt[1]	7.0%	6.90%	0.48%
Real Assets	**12.0%**		
Real Estate[1]	9.0%	4.30%	0.39%
Infrastructure[1]	3.0%	7.30%	0.22%
Total Expected Real Return[2]	100.0%		5.49%
Inflation for Actuarial Purposes			2.25%
			7.74%

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

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

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.

NOTE 7 – PENSION PLANS (Continued)

Sensitivity analysis:

The following table presents the collective NPL of the School calculated using the discount rate of 7 percent, as well as what the School'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%)	Discount Rate (7%)	1.00% Increase (8%)
SCRS	$ 756,987	$ 584,144	$ 424,973

Additional financial and actuarial information

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2025 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2025.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

General information:

The School also participates in the State of South Carolina's employee insurance programs. As previously discussed, PEBA is a state agency responsible for the administration and management of the State of South Carolina's employee insurance programs, other post-employment benefit trusts and retirement systems and is part of the State of South Carolina primary government. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions in administering the State Health Plan and OPEB.

PEBA issues audited financial statements and required supplementary information for the other post-employment benefits trusts ("OPEB Trusts"). This information is publicly available through PEBA's website at www.peba.sc.gov or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina, and therefore, the financial information of the Trust is also included in the annual comprehensive financial report of the State.

Plan description:

The Other Post-Employment Benefits Trust Funds (OPEB Trusts), collectively refers to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), were established by the State of South Carolina as Act 195, which became effective in May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan.

In accordance with Act 195, the OPEB Trusts are administered by the PEBA - Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

Plan description: (Continued)

The OPEB Trusts are cost-sharing multiple-employer defined benefit OPEB plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

Benefits:

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

Contributions:

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the post-employment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The School District's covered payroll surcharge for the year ended June 30, 2024 was 6.35 percent. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves. However, due to the COVID-19 pandemic and the impact it has had on the PEBA – Insurance Benefits reserves, the General Assembly has indefinitely suspended the statutorily required transfer until further notice. It is also funded through investment income.

Employer contributions also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions include the mandatory transfer of accumulated PEBA - Insurance Benefits' reserves and the annual appropriation budgeted by the General Assembly. It is also funded through investment income. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

Contributions to the SCRHITF plan from the School were $29,609 for the year ended June 30, 2025.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

OPEB liabilities and OPEB expense:

At June 30, 2025, the School reported a liability of $478,173 for its proportionate share of the SCRHITF net OPEB liability, measured at June 30, 2025. The net SCRHITF liability represents the Trust's total OPEB liability determined in accordance with GASB No. 74, less the Trust's fiduciary net position. The net OPEB liabilities were measured as of June 30, 2025 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liabilities was based on a projection of the School District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2025, the School's proportionate share of the SCRHITF plan's net OPEB liability was .002966 percent, which was an increase of 0.000315 percent from its proportionate share measured as of June 30, 2024.

For the year ended June 30, 2025, the School recognized OPEB benefit of $(6,104) for the SCRHITF plan.

Deferred outflows of resources and deferred inflows of resources related to OPEB:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 24,857	$ 70,773
Assumption changes	102,413	98,184
Net difference between projected and actual earnings on pension plan investments	2,848	515
Deferred amounts from changes in proportionate share and differences between District contributions and proportionate share of contributions	70,079	140,132
District contributions subsequent to the measurement date	29,609	-
Total SCRS	$ 229,806	$ 309,604

Of the total amount reported as deferred outflows of resources related to OPEB, $29,609 resulting from School contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the School's OPEB expense as follows:

Year Ended June 30,	
2025	$ (31,051)
2026	(16,692)
2027	(33,963)
2028	(42,806)
2028	(1,361)
Thereafter	16,466
Total	$ (109,407)

Actuarial assumptions:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

Actuarial assumptions: (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2024
Actuarial Cost Method:	Individual Entry – Age Normal
Inflation:	2.25%
Investment Rate of Return:	2.75%, net of OPEB plan investment expense; including inflation
Single Discount Rate:	3.97% as of June 30, 2025
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019.
Mortality:	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with multipliers based on plan experience; the rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2019 to account for future mortality improvements.
Health Care Trend Rate:	Initial trend starting at 6.50% and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years
Aging Factors:	Based on plan specific experience
Retiree Participation:	79% for retirees who are eligible for funded premiums; 59% participation for retirees who are eligible for Partial Funded Premiums; 20% participation for retirees who are eligible for Non-Funded Premiums;
Notes:	The discount rate changed from 3.86% as of June 30, 2024 to 3.97% as of June 30, 2025.

The total OPEB liability was determined by actuarial valuations performed as of June 30, 2024. Update procedures were used to roll forward the total OPEB liability to June 30, 2025.

Long-term expected rate of returns:

The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 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. This information is summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	0.95%	0.76%
Cash	20.00%	0.35%	0.07%
Total	100.00%		0.83%
Expected Inflation			2.25%
Total Return			3.08%
Investment Return Assumption			**2.75%**

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

Discount rate:

A Single Discount Rate of 3.97% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

Sensitivity analysis:

The following table presents the School's SCRHITF net OPEB liability calculated using a Single Discount Rate of 3.97% as well as what the District's SCRHITF net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease 2.97%	Current Discount Rate 3.97%	1% Increase 4.97%
SCRHITF Net OPEB Liability	$ 567,627	$ 478,173	$ 406,565

Regarding the sensitivity of the School's SCRHITF net OPEB liability to changes in the healthcare cost trend rates, the following table presents the District's SCRHITF net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
SCRHITF Net OPEB Liability	$ 393,207	$ 478,173	$ 588,378

Net OPEB Liability:

The Net OPEB Liability (NOL) is calculated separately for each OPEB Trust Fund and represents that particular Trust's Total OPEB Liability (TOL) determined in accordance with GASB No. 74 less that Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective Net OPEB Liability and collective OPEB Expense was determined using the employer's payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors.

The following table represents the components of the net OPEB liability as of June 30, 2025:

Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Plan Fiduciary Net Position as a % of Total OPEB Liability
$ 17,894,389,610	$ 1,722,587,512	$ 16,121,802,098	9.91%

OPEB plan fiduciary net position:

Detailed information about the SCRHITF's fiduciary net position is available in the separately issued PEBA financial report which can be obtained as noted above.

NOTE 9 – LEASES

The School leases space from Rock Hill Schools, a related party, under an annual lease agreement requiring payments of $1 per month. Management has evaluated this arrangement and determined that the impact is immaterial to the financial statements. Accordingly, no lease liability or right-to-use asset has been recorded for this lease.

NOTE 10 – COMPENSATED ABSENCES

Compensated absences of $143,010 are reflected in the government-wide Statement of Net Position.

NOTE 11 – SUBSEQUENT EVENTS

In preparing these financial statements, the School has considered subsequent events and transactions for potential recognition or disclosure through October 16, 2025, the date the financial statements were available to be issued.

THE PALMETTO SCHOOL
ROCK HILL, SOUTH CAROLINA

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF NET PENSION LIABILITY

LAST EIGHT FISCAL YEARS

	Year Ended June 30,							
South Carolina Retirement System (SCRS)	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Proportion of the Net Pension Liability	0.002491%	0.002197%	0.002633%	0.003105%	0.003040%	0.002669%	0.003392%	0.004122%
Proportionate Share of the Net Pension Liability	$ 584,144	$ 531,188	$ 638,355	$ 671,893	$ 776,748	$ 609,380	$ 760,113	$ 927,928
Covered Employee Payroll During the Measurement Period	$ 342,306	$ 269,173	$ 313,558	$ 346,772	$ 339,142	$ 281,810	$ 351,539	$ 368,997
Proportionate Share of the Net Liability as a Percentage of its Covered Employee Payroll	170.65%	197.34%	203.58%	193.76%	229.03%	216.24%	216.22%	251.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.8%	58.6%	57.1%	60.7%	54.4%	54.4%	54.1%	53.3%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School will present information for those years for which information is available.

THE PALMETTO SCHOOL
ROCK HILL, SOUTH CAROLINA

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS TO SOUTH CAROLINA RETIREMENT SYSTEMS

LAST TEN FISCAL YEARS

For the Year	Statutorily Required Contribution	Contributions Recognized by the Plan	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2025	$ 86,541	$ 86,541	$ -	$ 466,277	18.56%
2024	63,531	63,531	-	342,306	18.56%
2023	47,267	47,267	-	269,173	17.56%
2022	51,925	51,925	-	313,558	16.56%
2021	53,958	53,958	-	346,772	15.56%
2020	52,770	52,770	-	339,142	15.56%
2019	41,032	41,032	-	281,810	14.56%
2018	47,671	47,671	-	351,539	13.56%
2017	48,072	48,072	-	368,997	13.03%
2016	$ 70,729	$ 70,729	$ -	$ 281,468	25.13%

THE PALMETTO SCHOOL
ROCK HILL, SOUTH CAROLINA

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF NET OPEB LIABILITY

LAST EIGHT FISCAL YEARS

	Year Ended June 30,							
South Carolina Retiree Health Insurance Trust Fund (SCRHITF)	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Proportion of the Net OPEB Liability	0.002966%	0.002651%	0.003190%	0.003718%	0.003679%	0.003222%	0.004076%	0.004376%
Proportionate Share of the Net OPEB Liability	$ 478,173	$ 347,055	$ 485,258	$ 774,206	$ 664,113	$ 487,216	$ 577,593	$ 592,723
Covered Employee Payroll During the Measurement Period	$ 342,306	$ 269,173	$ 313,558	$ 346,772	$ 339,142	$ 281,810	$ 351,539	$ 368,997
Proportionate Share of the Net Liability as a Percentage of its Covered Employee Payroll	139.69%	128.93%	154.76%	223.26%	195.82%	172.89%	164.30%	160.63%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	9.91%	11.24%	9.64%	7.48%	8.39%	8.44%	7.91%	7.60%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School will present information for those years for which information is available.

THE PALMETTO SCHOOL
ROCK HILL, SOUTH CAROLINA

SCHEDULE OF THE SCHOOL'S SCRHITF CONTRIBUTIONS

LAST NINE FISCAL YEARS

For the Year	Statutorily Required Contribution	Contributions Recognized by the Plan	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2025	$ 29,609	$ 29,609	-	$ 466,277	6.35%
2024	21,736	21,736	-	342,306	6.35%
2023	16,823	16,823	-	269,173	6.25%
2022	19,597	19,597	-	313,558	6.25%
2021	21,673	21,673	-	346,772	6.25%
2020	21,196	21,196	-	339,142	6.25%
2019	17,050	17,050	-	281,810	6.05%
2018	19,334	19,334	-	351,539	5.50%
2017	$ 19,668	$ 19,668	-	$ 368,997	5.33%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School will present information for those years for which information is available.

THE PALMETTO SCHOOL
ROCK HILL, SOUTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2025

	BUDGET	ACTUAL	VARIANCE
REVENUES			
1000 Revenue from local sources:			
1500 Earnings on investments			
1530 Gain or loss on sale of investments	$ -	$ 147	$ 147
1900 Other revenue from local sources			
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	-	26,549	26,549
Total revenue from local sources	-	26,696	26,696
3000 Revenue from state sources			
3300 Education Finance Act (EFA)			
3312 Primary	707,000	736,087	29,087
Total revenue from state sources	707,000	736,087	29,087
TOTAL REVENUE ALL SOURCES	707,000	762,783	55,783
EXPENDITURES			
100 Instruction			
110 General instruction			
112 Primary programs			
100 Salaries	209,000	206,528	2,472
200 Employee benefits	96,900	94,158	2,742
300 Purchased services	3,500	2,884	616
400 Supplies and materials	5,840	9,561	(3,721)
Total instruction	315,240	313,131	2,109
200 Support services			
230 General administrative services			
233 School administration			
100 Salaries	190,000	199,515	(9,515)
200 Employee benefits	82,500	94,474	(11,974)
300 Purchased services	51,786	27,357	24,429
400 Supplies and materials	7,400	1,364	6,036
600 Other objects	11,094	11,791	(697)
270 Support services - pupil activity			
271 Pupil service activities			
660 Pupil activity	-	1,366	(1,366)
Total support services	342,780	335,867	6,913
TOTAL EXPENDITURES	658,020	648,998	9,022
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	$ 48,980	$ 113,785	$ 64,806
FUND BALANCE - Beginning of Year		222,438	
FUND BALANCE - End of Year		$ 336,223	

THE PALMETTO SCHOOL
ROCK HILL, SOUTH CAROLINA

SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2025

	Title I BA Projects (201)	Other designated restricted state grants (900s)	Total
REVENUES			
3000 Revenue from state sources			
3130 Special programs			
3134 Child Early Reading Development and Education Program	$ -	$ 4,330	$ 4,330
3994 PEBA nonemployer contribution	-	6,589	6,589
Total revenue from state sources	-	10,919	10,919
4000 Revenue from federal sources			
4300 Elementary and Secondary Education Act of 1965 (ESEA)			
4310 Title I, basic state grant programs	47,163	-	47,163
Total revenue from federal sources	47,163	-	47,163
TOTAL REVENUE ALL SOURCES	47,163	10,919	58,082
EXPENDITURES			
100 Instruction			
110 General instruction			
112 Primary programs			
100 Salaries	32,133	-	32,133
200 Employee benefits	15,030	-	15,030
400 Supplies and materials	-	4,330	4,330
Total instruction:	47,163	4,330	51,493
410 Intergovernmental expenditures			
419 Payments to PEBA nonemployer contributions	-	6,589	6,589
Total intergovernmental expenditures	-	6,589	6,589
TOTAL EXPENDITURES	47,163	10,919	58,082
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	$ -	$ -	$ -

THE PALMETTO SCHOOL AT THE CHILDREN'S ATTENTION HOME
ROCK HILL, SOUTH CAROLINA

EDUCATION IMPROVEMENT ACT - COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2025

REVENUES	
3000 Revenue from state sources	
3500 Education Improvement Act	
3541 Child Early Reading Development and Education Program	$ 101,789
Total revenue from state sources	101,789
TOTAL REVENUE ALL SOURCES	101,789
EXPENDITURES	
100 Instruction	
110 General instruction	
112 Primary programs	
100 Salaries	67,141
200 Employee benefits	34,648
Total instruction	101,789
TOTAL EXPENDITURES	101,789
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-
Fund Balances - Beginning of Year	-
Fund Balances - End of Year	$ -

THE PALMETTO SCHOOL AT THE CHILDREN'S ATTENTION HOME
ROCK HILL, SOUTH CAROLINA

EDUCATION IMPROVEMENT ACT
SUMMARY SCHEDULE BY PROGRAM

FOR THE YEAR ENDED JUNE 30, 2025

Program	Revenues	Expenditures	Other Fund Transfers In/(Out)	EIA Fund Unearned Revenue
3500 Education Improvement Act				
3541 Child Early Reading Development and Education Program	$ 101,789	$ 101,789	$ -	$ 8,587
Total	$ 101,789	$ 101,789	$ -	$ 8,587

ROCK HILL, SOUTH CAROLINA

FOOD SERVICE - COMBINING
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2025

REVENUES	
4000 Revenue from federal sources	
4800 USDA Reimbursement:	
4810 School Lunch Program	$ 32,334
4830 School Breakfast Program	23,254
Total revenue from federal sources	55,588
TOTAL REVENUE ALL SOURCES	55,588
EXPENDITURES	
250 Finance and Operations Services	
256 Food Service	
400 Supplies and materials	55,588
Total Support Services	55,588
TOTAL EXPENDITURES	55,588
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-
Fund Balances - Beginning of Year	-
Fund Balances - End of Year	$ -

THE PALMETTO SCHOOL
ROCK HILL, SOUTH CAROLINA

DETAILED SCHEDULE OF DUE TO SOUTH CAROLINA DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT

FOR THE YEAR ENDED JUNE 30, 2025

Program	Grant or project number	Revenue code	Description	Amount due	Status of Amount due
None					

BURKETT
BURKETT & BURKETT
Certified Public Accountants, P.A.

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

To the Board of Directors of
The Palmetto School
Rock Hill, 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 and each major fund of The Palmetto School (the "School") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated October 16, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Burkett Burkett & Burkett

BURKETT, BURKETT & BURKETT
Certified Public Accountants, P.A.
Rock Hill, SC

October 16, 2025