



**SOUTH CAROLINA
REVENUE AND FISCAL AFFAIRS OFFICE**

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MEMORANDUM

To: Legislative Council

From: Frank A. Rainwater, Executive Director *FAR*

cc: State Treasurer's Office
Municipal Association of South Carolina

Date: January 28, 2025

Subject: Municipal Audit Revenue Threshold - Inflation Component

This memo is to provide the first annual inflation adjustment to the revenue threshold for the statutory audit requirement for municipalities. Pursuant to §5-7-240(D), beginning with the municipality fiscal year which begins after January 1, 2024, the reporting threshold is \$500,000 of the total recurring revenue of a municipality. As soon as practicable at the beginning of each subsequent calendar year, the recurring revenue threshold must be adjusted based on the increase or decrease in the ratio of the Consumer Price Index for All Urban Consumers published by the U.S. Department of Labor, Bureau of Labor Statistics as of December 31 of the previous calendar year. If the average of the twelve-month consumer price index experiences a negative percentage, the average is deemed to be zero. The average annual index increased by 2.95 percent from a value of 304.702 for 2023 to 313.689 for 2024. With this inflation factor, the revenue threshold above which municipalities in the state must provide for an annual audit of financial statements increases to \$514,748 for years beginning after January 1, 2025.

The attached table displays inflation adjustment to the municipal audit revenue threshold. If we may be of additional assistance, please feel free to contact Mary Katherine Miller at marykatherine.miller@rfa.sc.gov or (803) 734-3322.

Municipal Audit Revenue Threshold Inflation Pursuant to §5-7-240(D)				
Municipal Fiscal Years Beginning After:	Average Annual CPI (All Urban Consumers)		Average Annual Percent Increase	Municipal Revenue Threshold
January 1, 2024	2023	304.702	N/A	\$500,000
January 1, 2025	2024	313.689	2.95%	\$514,748