

Council

Kevin Phillips
Mayor

Jorge Guerrero
Mayor Pro Tempore

Jerry Ashmore
Mary Beth Heyward
Darryl Owens



Van Willis
Town Manager

Brooke Plank-Buccola
Asst. Town Manager

Tim Ogden
Fire Chief

Jeffrey Meyers
Police Chief

AGENDA

DATE: March 11, 2026

TIME: 6:30 PM

SUBJECT: Council Meeting

LOCATION: Yvonne C. Butler Council Chambers, 700 Paris Avenue

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. INVOCATION

IV. APPROVAL OF MINUTES

- A. **Minutes from the Public Hearing of February 4, 2026**
- B. **Minutes from the Council Workshop of February 4, 2026**
- C. **Minutes from the Public Hearing of February 11, 2026**
- D. **Minutes from the Council Meeting of February 11, 2026**
- E. **Minutes from the Council Retreat of February 20, 2026**

V. PROCLAMATIONS

- A. **World Doula Week – Tameka Walker, Energy Evolution Holistic Health and Wellness**
- B. **Disabilities Awareness Month – Beaufort County Disabilities and Special Needs**

VI. PRESENTATIONS

- A. Fire Department
- B. Beaufort Rowing Club
- C. Audit – Lisa Wechsler, CPA, CFE
- D. Beaufort-Jasper Economic Opportunity Commission – James Williams, Executive Director

VII. COUNCIL BRIEFING

VIII. PUBLIC COMMENTS

At this time, the Mayor will recognize members of the audience who have submitted speaker forms to address the Council on agenda items. Each speaker will be limited to three minutes.

IX. SECOND READING

- A. 2026-4. An Ordinance annexing to the Town of Port Royal approximately 8.42 acres of real estate located in Beaufort County described as Beaufort County tax district 600, map 6, parcel 31 (located at 58 Mudbar Road).
- B. 2026-5. An Ordinance to zone approximately 8.42 acres of real estate located in Beaufort County described as Beaufort County tax district 600, map 6, parcel 31 in Beaufort County, South Carolina to be zoned as T3 Neighborhood.

X. RESOLUTION

- A. 1-2026. A Resolution of the Town Council of the Town of Port Royal supporting a proposed Beaufort County Transportation Sales Tax Referendum and identifying transportation projects for consideration by the Transportation Advisory Committee.

XI. COUNCIL ACTION

- A. Approval of Lease Agreement for 1800 Paris Avenue

XII. IMPORTANT DATES

- A. Friday, March 13, 2026 – *Friends of Fort Fremont Oyster Roast* at Live Oaks Park – 5:30 PM to 8:00 PM
- B. Saturday, March 14, 2026 – *Radiance Run 5K* at Live Oaks Park – 9:00 AM
- C. Thursday, March 19, 2026 – *HPRF Third Thursday* at Live Oaks Park – 5:30 PM to 7:30 PM

Council Meeting
March 11, 2026

- D. **Monday, March 23, 2026 – *Planning Commission Meeting* – 5:00 PM**
- E. **Saturday, March 28, 2026 – *Junior Service League Scales & Tails Kids Fishing Tournament* at Henry Robinson Boardwalk at Sands Beach – 10:00 AM**

XIII. PUBLIC COMMENT

At this time, the Mayor will recognize members of the audience who have submitted speaker forms to address the Council on non-agenda items. Each speaker will be limited to three minutes.

XIV. COUNCIL COMMENT

XV. ADJOURNMENT

In accordance with South Carolina Code of Laws, 1976, Section 30-4-80 (a)(d)(e), as amended, notification of regular meetings was given at the beginning of the calendar year. A copy of the agenda was posted on the Town Hall's bulletin board and website www.portroyal.org twenty-four hours prior to the meeting. A copy of the agenda was given to the local news media and requested public on file.

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Minutes

Public Hearing

Port Royal Town Hall, Yvonne C. Butler Council Chambers, 700 Paris Avenue

February 4, 2026

Members Present: Mayor Kevin Phillips, Council Member Mary Beth Heyward, Council Member Jerry Ashmore, Council Member Jorge Guerrero, Council Member Darryl Owens

Staff Present: Fire Chief Tim Ogden, Police Chief Jeffrey Meyers, Town Manager Van Willis, Assistant Town Manager Brooke Plank-Buccola, Town Clerk Lisa Graham

I. CALL TO ORDER

Mayor Phillips called the hearing to order at 6:30 PM.

II. PURPOSE

Mayor Phillips read the following:

- A. 2026-1. An Ordinance to authorize the Town Manager to convey excess real property to facilitate construction of sidewalks within the Town described as Beaufort County Tax district 110, map 11, parcel 359 (810 11th Street – 100 ft).**
- B. 2026-2. An Ordinance to authorize the Town Manager to convey excess real property to facilitate construction of sidewalks within the Town described as Beaufort County tax district 110, map 11, parcel 459 (917 8th Street – 51 ft).**

Public Hearing
February 4, 2026

- C. **2026-3. An Ordinance to authorize the Town Manager to convey excess real property to facilitate construction of sidewalks within the Town described as Beaufort County tax district 110, map 10, parcel 369 (1008C 12th Street – 30 ft).**

III. COMMENTS

At this time, the Mayor will recognize members of the audience who have submitted speaker forms to address the Council on agenda items. Each speaker will be limited to three minutes.

There were no comments at this time

IV. ADJOURNMENT

The hearing adjourned at 6:31 PM.

Respectfully submitted,



Lisa Graham

Town Clerk

In accordance with South Carolina Code of Laws, 1976, Section 30-4-80 (a)(d)(e), as amended, notification of regular meetings was given at the beginning of the calendar year. A copy of the agenda was posted on the Town Hall's bulletin board and website www.portroval.org twenty-four hours prior to the meeting. A copy of the agenda was given to the local news media and requested public on file.

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Asst. Town Manager

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Police Chief

Minutes

Council Workshop

Port Royal Town Hall, Yvonne C. Butler Council Chambers, 700 Paris Avenue

February 4, 2026

Members Present: Mayor Kevin Phillips, Council Member Mary Beth Heyward, Council Member Jerry Ashmore, Council Member Jorge Guerrero, Council Member Darryl Owens

Staff Present: Fire Chief Tim Ogden, Police Chief Jeff Meyers, Town Manager Van Willis, Assistant Town Manager Brooke Plank-Buccola, Planning Director Noah Krepps, Town Clerk Lisa Graham

I. CALL TO ORDER

Mayor Phillips called the workshop to order at 6:31 PM.

II. PRESENTATION

A. Parking Study – MRB Group

See presentation.

The following presentation was added at this time.

B. Beaufort Jasper Housing Trust – Claude Hicks

See presentation.

III. COUNCIL BRIEFING

Manager Willis gave an update on the following:

Drayton and Battery Park Roads – Applications for a speed limit change and installation of speed humps were submitted on January 8. Feedback requesting additional signage was received on January 13, and the materials have been resubmitted. A response on the permits is pending.

Villages (SCIIP) – Layout and depth verifications have been completed, and the project schedule is being finalized. Following a recent meeting with the contractor, work is anticipated to begin in early March with final completion targeted for May 20, 2026, reflecting the tight project timeline. Construction will take place in two alleyways as separate phases, and residents will be notified of the schedule along with anticipated parking accommodations during the work period.

Paris Avenue Streetscape CDBG Grant Project – This CDBG grant project is anticipated to receive a notice to proceed in early to mid-February. A meeting is scheduled for tomorrow with local businesses to review the plan of action moving forward. Given the project's scope, traffic control and signalization will present challenges, and construction logistics will be complex. Emphasis has been placed on proactive, consistent communication through social media, email, and other outreach efforts to keep stakeholders informed.

Sanitary Sewer Ribaut Road Master Plan – The Sanitary Sewer Ribaut Road Master Plan has been completed and was included in the briefing. BJWSA recently inquired about the status of the Ribaut Road project and noted that approximately \$1.3 million has been set aside over five years for Ribaut. In addition, roughly \$15 million is available through another program to address septic system conversions. Reapplication for CDBG funding for the Casablanca Circle/Ribaut Road project is under consideration to leverage these funds. The previous CDBG application for Casablanca was withdrawn due to excessive costs—estimated at more than \$6 million several years ago, likely higher today—but combining available funding sources may improve feasibility. A meeting with Charlie Stone is planned to further evaluate options.

Marsh View Park – Four Waters is coordinating the Phase I environmental assessment required for CDBG. A response is still pending from the second potential grant source that would provide the remaining funds previously discussed. If awarded, CDBG funds could be used as the match,

resulting in minimal out-of-pocket costs. Updates will be provided as information becomes available.

Sands Beach Causeway – No significant updates on the Sands Beach Causeway project; however, installation of the shower rinse-off area remains a priority ahead of the warm season. Coordination with Town Engineer Michael Klink will continue to advance this item.

Splash Pad – Two bids were received and will be discussed later. A preconstruction meeting is scheduled for February 20. Capacity credits previously banked will be applied to satisfy the project's required credits. Coordination efforts with BJWSA have been extensive to address potential utility conflicts, and multiple on-site meetings have taken place alongside ongoing sidewalk work. While every effort has been made to identify and resolve conflicts in advance, unforeseen utilities may still be encountered once excavation begins.

STR & Development Permit GIS Database – The online viewer is currently available to staff. Plans remain in place to make it accessible to the public so projects can be viewed, and final details are still being coordinated.

Cypress Wetlands Path – Phase 1 has been completed, with Phase 2 under review and potential funding being explored. This will continue to be monitored.

Ritter Circle/Spanish Moss Trail Connection – The driveway at Pender is to be addressed, and signalization is nearing completion. Coordination is underway with the engineer to connect the path to Ritter Circle and Appleton Way. The contractor will complete this segment, and discussions with Dean Moss and the trail team are ongoing to finalize signage guiding visitors from Appleton Way through Ritter Circle and into Town.

TIF – A meeting with Safe Harbor was held a few weeks ago to review and update the TIF-associated capital projects and costs. The engineer has been engaged to refine the preliminary list and explore additional public projects that could potentially be funded through the TIF.

Battery Lane Stormwater Outfall – Significant erosion has been observed adjacent to the condominiums, threatening a critical property line. In 2015, work was completed on the outfall ditch off Marina Boulevard, which runs through the property near Integra Apartments and Battery Lane Condominiums. Prior erosion had already led to the removal of a pool at the complex. A pre-Christmas site visit with the engineer resulted in an assessment included in your folder. The HOA and some residents hold differing opinions, but visible cleaving and undermining of lower levels indicate active erosion. The HOA may hire their own professional, and coordination between the engineers could lead to a solution. While the outfall ditch itself is

small, high and low tides are exacerbating the erosion, and the affected area is nearing breach of the former stormwater retention area. Updates will be provided as progress continues.

Naval Hospital Sidewalk Ribbon-Cutting – The silk fencing has been removed, and the ribbon-cutting is scheduled for 4 PM on Wednesday, February 11. The Town Clerk circulated a list of potential invitees, and the public will also be invited.

Safe Harbor – A meeting is scheduled for the 24th to review progress, status updates, and TIF projects. Recent personnel changes have occurred among the project contacts.

Master Plan Effort for Marina Village – A working group was established including impacted property owners, the Town, trail representatives, and other stakeholders to address common issues such as garbage, trail access, roads, and parking. Initial meetings produced notes and a preliminary summary, with discussions focused on developing a concept plan that accommodates all parties while respecting existing obligations and easements. Key considerations include the red-lined development agreement, the Town's Lot G, the bow tie waterfront area, and Safe Harbor's inherited responsibilities for dumpster locations. Engagement of a consultant is underway to determine optimal trail routing, parking impacts, road interfaces, and placement of garbage facilities, including potential compactors, while ensuring space for the rebuilt processing facility to handle larger vehicles for loading and unloading. A draft plan is expected following the next meeting in a few weeks.

E-bikes – Deputy Chief Massey has drafted an ordinance for review and discussion, with staff currently evaluating its provisions. Similar ordinances are being considered in Goose Creek and Mount Pleasant, each adapting lessons learned from the other. The primary focus is addressing vehicles and bikes on sidewalks, aiming to create a practical and effective local ordinance. A proposal is expected to be brought forward in March.

Construction of the Shrimp Dock/Processing Facility – The applications have been submitted, with a request to clarify ownership. The concern was not Lot G itself, but the marsh in front of it. Permission from Safe Harbor, required to build the dock through this marsh section, has been granted, reflecting the original King's Grant associated with property formerly owned by the state port authority.

Capital Sales Tax – Gary Freeman was appointed last month and has expressed enthusiasm for the role. Meetings are planned to review capital project needs, particularly regarding roads, with coordination underway with County staff to schedule and compile relevant information.

Airbnb – Extended discussions with operators and consultation with both in-house and settlement attorneys are ongoing to resolve the remaining items.

Legal – Providing an update on the Gecy lawsuit concerning the road easement adjacent to Integra Apartments and neighboring riverfront properties. The matter is complex, with ongoing correspondence between legal teams. Additionally, Mr. Trask, who previously raised concerns about Forino, has filed suit against the Town and Forino. Progress will be reported as developments occur.

Incubator – The application has been submitted, and the mayor recorded a video to promote it. A few applications have been received so far. Efforts continue to resolve the liability insurance issue—initially quoted at an exorbitant rate by the carrier, alternative options are being explored in the private market, with questions being addressed to finalize coverage soon.

Rear Shed Building – The shed issue is under review, with a business plan expected soon. Updates will be provided as progress continues.

Compensation Study – A meeting was held with MRB to review a compensation study analyzing the organization’s positioning within the County and region. Gaps in the employee classification system are being addressed, and the compensation model is under review, including the current longevity-based structure. Existing employees would remain under the current system, while new hires would follow any updated model. The goal is to maintain competitive market alignment, keeping budgetary considerations in mind.

Plastics Update Ordinance – The two items have been added to the folder for review. Developments at the County and other municipalities are being monitored, as broad participation is important. Previous discussions focused on items such as straws and takeout containers and how they might be addressed—through market forces, regulation, or voluntary business practices. Further action will depend on ongoing discussions.

Shooting Ordinance – This was intended to accompany the discussion on the shooting near neighborhoods. The matter is currently under committee review, and the outcome remains to be seen. There are practical concerns with the proposed ordinance that may not align with local practices, particularly regarding how weapon discharge is handled outside residential areas, even though discharge within neighborhoods is already prohibited. Adjustments may be made when the ordinance reaches the local level.

Council added that the Town is excited about the upcoming VA clinic on Ribaut Road, which will provide convenient services for veterans and their families who previously had to travel to Charleston or Savannah. The site, formerly the Sea Island Apartments, was carefully selected to balance the needs of neighbors while maximizing public benefit. As a clinic, it will not operate 24/7, avoiding ambulances or overnight activity, and construction is expected to begin around May–June 2026 with completion in early 2028, weather permitting.

Council noted the project is anticipated to create 90–100 jobs, boost economic activity, and provide specialty and community care services locally, eliminating the need for veterans and families to travel long distances. Efforts are being made to communicate with surrounding residents about construction impacts, and opportunities to improve nearby infrastructure, such as Smilax access to the Spanish Moss Trail, are being considered while construction is underway.

Overall, Council emphasized that the clinic is a transformational addition to the Town, reflecting strong local support for veterans and thoughtful planning for both community benefit and residential impact.

IV. REVIEW AGENDA FOR THE FEBRUARY 11, 2026 COUNCIL MEETING

Manager Willis reviewed the agenda for the February 11th Council Meeting.

Director Krepps noted that a rezoning ordinance for 1628 West Paris Avenue should be added to the February 11th agenda, following the Planning Commissions recommendation to deny. Owner Randall Riley explained he plans to sell two Paris Avenue parcels and redevelop 1628, his residential homestead, with an addition. While the property does not conform to T5 zoning, expansions within existing setbacks are allowed.

V. IMPORTANT DATES

Manager Willis read the following important date.

- A. Thursday, February 5, 2026 – *Design Review Board Meeting* – 5:00 PM**
- B. Friday, February 6, 2026 – *St. Mark's Episcopal Church Oyster Roast* at Live Oaks Park – 5:00 PM**
- C. Saturday, February 7, 2026 – *Mardi Gras Golf Cart Parade***

VI. PUBLIC COMMENT

There were no comments at this time.

Council Workshop
February 4, 2026

VII. ADJOURNMENT

Mayor Phillips adjourned the meeting at 7:57 PM.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Lisa Graham', with a long, sweeping horizontal line extending to the right.

Lisa Graham
Town Clerk

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Jorge Guerrero
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Van Willis
Town Manager

Jeffrey Meyers
Chief of Police

Jeffrey S. Coppinger
Operations

Noah Krepps
Planning

Minutes

Public Hearing

Port Royal Town Hall, Yvonne C. Butler Council Chambers, 700 Paris Avenue

February 11, 2026

Members Present: Mayor Kevin Phillips, Council Member Mary Beth Heyward, Council Member Jerry Ashmore, Council Member Jorge Guerrero

Member Absent: Council Member Darryl Owens

Staff Present: Fire Chief Tim Ogden, Police Chief Jeffrey Meyers, Town Manager Van Willis, Planning Director Noah Krepps

I. CALL TO ORDER

Mayor Phillips called the hearing to order at 6:30 PM.

II. PURPOSE

A. CDBG & HOME Notice of Public Hearing Concerning Needs Assessment

Alaina Klitzsch with Lowcountry Council of Governments provided an overview of the CDBG opportunities for 2026. See presentation

III. COMMENTS

Public Hearing
February 11, 2026

At this time, the Mayor will recognize members of the audience who have submitted speaker forms to address the Council on agenda items. Each speaker will be limited to three minutes.

There were no comments at this time

IV. ADJOURNMENT

The hearing adjourned at 6:41 PM.

Respectfully submitted,



Lisa Graham
Town Clerk

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Minutes

Council Meeting

Yvonne C. Butler Council Chambers, 700 Paris Avenue

February 11, 2026

Members Present: Mayor Kevin Phillips, Council Member Mary Beth Heyward, Council Member Jerry Ashmore, Council Member Jorge Guerrero

Member Absent: Council Member Darryl Owens

Staff Present: Fire Chief Tim Ogden, Police Chief Jeff Meyers, Town Manager Van Willis, Planning Director Noah Krepps

I. CALL TO ORDER

Mayor Phillips called the meeting to order at 6:41 PM.

II. PLEDGE OF ALLEGIANCE

Council Member Guerrero led everyone in the Pledge of Allegiance.

III. INVOCATION

Council Member Ashmore led the Invocation.

IV. APPROVAL OF MINUTES

- A. Minutes from the Public Hearing of January 7, 2026**
- B. Minutes from the Council Workshop of January 7, 2026**
- C. Minutes from the Council Meeting of January 14, 2026**

Council Member Ashmore made a motion to approve the minutes from the Public Hearing of January 7th, 2026, minutes from the Council Workshop of January 7th, 2026, and minutes from the Council Meeting January 14th, 2026. Seconded by Council Member Heyward. The motion was carried by unanimous vote.

V. PRESENTATION

A. Police Department Swearing in New Officers – Joshua Cavanagh & Bryce Holthus

Police Chief Meyers and Chaplain Russell swore in new officers Cavanagh and Holthus to rank of corporal.

VI. COUNCIL BRIEFING

Manager Willis gave an update on the following:

Drayton/Battery Park Roads - A notification was received from SCDOT indicating that the permit has been issued, presumably related to Drayton and Battery Park Roads. Further details will be confirmed, and an update will be provided once the timeline for proceeding with the work is determined.

VA Clinic - Regarding the VA clinic, a meeting was held with the construction firm to discuss permitting, potential site plans, sewer availability, and ways to help expedite the process, with assurance provided that full cooperation will be extended. The firm was advised of coordination requirements with outside agencies and assistance will be offered as needed. In connection with the previously discussed military enhancement grant opportunity, expansion of sewer service along Ribaut Road is being explored; while an existing network serves the area around the VA clinic, grant funds may potentially support sewer installation for the facility depending on capacity needs, which could also enhance future expansion along the corridor. Coordination with BJWSA, particularly Charlie Stone, has been ongoing and productive, and the project continues to move forward.

Splash Pad - Coordination with BJWSA regarding the splash pad issues is ongoing, and a productive discussion was held with Charlie Stone today to help move the process forward quickly. The importance of having the splash pad operational prior to warmer weather was emphasized. Efforts are underway to have it operational as soon as possible.

Incubator - Several applications have been received for the incubator, generating strong interest. Following the application deadline, submissions will be compiled and circulated for review and feedback, with the goal of onboarding selected participants into the space as promptly as possible.

Council Meeting
February 11, 2026

Spanish Moss Trail - Regarding the Spanish Moss Trail, the engineering firm has coordinated with the current contractor to develop a scope of work and schedule for the connection from the end of the trail to Ritter Circle. The intent is for this construction to align with the full reopening of the trail, including installation of appropriate signage.

VII. PUBLIC COMMENTS

At this time, the Mayor will recognize members of the audience who have submitted speaker forms to address the Council on agenda items. Each speaker will be limited to three minutes.

Dick Stewart and Jen Clementoni added comments regarding the annexation and zoning request for 58 Mudbar Road, noting the intent to transform the property into an educational birding sanctuary similar to Cypress Wetlands.

VIII. SECOND READING

- A. 2026-1. An Ordinance to authorize the Town Manager to convey excess real property to facilitate construction of sidewalks within the Town described as Beaufort County tax district 110, map 11, parcel 359 (810 11th Street – 100 ft).**

Mayor Phillips entertained a motion to approve Ordinance 2026-1 by Council Member Heyward. Seconded by Council Member Guerrero. The motion was carried by unanimous vote.

- B. 2026-2. An Ordinance to authorize the Town Manager to convey excess real property to facilitate construction of sidewalks within the Town described as Beaufort County tax district 110, map 11, parcel 459 (917 8th Street – 51 ft).**

Mayor Phillips entertained a motion to approve Ordinance 2026-2 by Council Member Heyward. Seconded by Council Member Guerrero. The motion was carried by unanimous vote.

- C. 2026-3. An Ordinance to authorize the Town Manager to convey excess real property To facilitate construction of sidewalks within the Town described as Beaufort County tax district 110, map 10, parcel 369 (1008C 12th Street – 30 ft).**

Mayor Phillips entertained a motion to approve Ordinance 2026-3 by Council Member Heyward. Seconded by Council Member Guerrero. The motion was carried by unanimous vote.

IX. FIRST READING

- A. 2026-4. An Ordinance annexing to the Town of Port Royal approximately 8.42 acres of**

Council Meeting
February 11, 2026

real estate located in Beaufort County described as Beaufort County tax district 600, map 6, parcel 31 (located at 58 Mudbar Road).

Council Member Ashmore made a motion to approve ordinance first reading ordinance 2026-4. Seconded by Council Member Heyward. The motion was carried by unanimous vote.

- B. 2026-5. An Ordinance to zone approximately 8.42 acres of real estate located in Beaufort County described as Beaufort County tax district 600, map 6, parcel 31 in Beaufort County, South Carolina to be zoned as T3 Neighborhood.**

Mayor Phillips entertained a motion to approve Ordinance 2026-5 by Council Member Heyward. Seconded by Council Member Guerrero. The motion was carried by unanimous vote.

- C. 2026-6. An Ordinance to rezone approximately 0.54 acres of real estate described as Beaufort County tax district 110, map 10, parcel 125 located in Beaufort County, South Carolina to be rezoned from T5 Main Street to T4 Neighborhood Center (rezone of 1628 West Paris Avenue).**

The applicant Randall Riley withdrew his request.

X. COUNCIL ACTION

- A. Approval of site work contract for the Splash Pad**

Council Member Ashmore made a motion to approve staff's recommendation of JOCO as our contractor in the amount of \$117,194 splash pad project. Seconded by Council Member Heyward. The motion was carried by unanimous vote.

XI. IMPORTANT DATES

Manager Willis read the following important dates:

- A. February 13 -14, 2026 – Bands, Brews & BBQ on Paris Avenue**
- B. Monday, February 16, 2026 – President's Day – Town offices will be closed**
- C. Thursday, February 19, 2026 – HPRF Third Thursday at Live Oaks Park – 5:30 PM to 7:30 PM**
- D. Saturday, February 21, 2026 – YMCA Beast Obstacle Course Event at YMCA – 9:00 PM**
- E. Thursday, February 26, 2026 – Planning Commission Meeting – 5:00 PM**
- F. Saturday, February 28, 2026 – Complete Student 5K Swamp Stomp at Live Oaks Park – 8:00 AM**

XII. PUBLIC COMMENT

At this time, the Mayor will recognize members of the audience who have submitted speaker forms to address the Council on non-agenda items. Each speaker will be limited to three minutes.

Dick Stewart congratulated Council on securing the VA clinic in Port Royal, noting that the collective efforts of staff and Council made it possible to compete for—and ultimately win—the opportunity for the benefit of veterans and Port Royal residents.

XIII. COUNCIL COMMENT

Council requested that Charlie Stone with BJWSA attend the upcoming Council Retreat to provide updated information on available resources and any new funding anticipated for 2026. Council expressed appreciation to Mr. Stewart for his leadership and foresight in advancing projects such as the VA clinic and the Lemon Island development, which will significantly benefit local veterans and the broader community. Enthusiasm was also shared regarding recent progress, including continued coordination on the VA clinic, the addition of two new police officers, and the Fire Department's push-in ceremony for its new 110-foot ladder truck. Mardi Gras was celebrated as a successful community event, drawing more than 500 attendees and reflecting the strong partnership among Town staff, local schools, community organizations, and residents, underscoring the positive momentum in Port Royal.

XVI. ADJOURNMENT

Mayor Phillips entertained a motion to adjourn by Council Member Heyward. Seconded by Council Member Guerrero. The motion was carried by unanimous vote.

The meeting adjourned at 7:29 PM.

Respectfully submitted,



Lisa Graham
Town Clerk

Council Meeting February 11, 2026

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Asst. Town Manager

Fire Chief
Tim Ogden

Police Chief
Jeffrey Meyers

Minutes

Council Retreat

Port Royal Police Department, Training Room, 1748 Paris Avenue

February 20, 2026

Members Present: Mayor Kevin Phillips, Council Member Jorge Guerrero, Council Member Jerry Ashmore, Council Member Mary Beth Heyward, Council Member Darryl Owens

Staff Present: Fire Chief Tim Ogden, Police Chief Jeffrey Meyers, Police Deputy Chief Andre Massey, Town Manager Van Willis

I. CALL TO ORDER

Mayor Phillips called the meeting to order at 9:02 AM.

II. OPENING COMMENTS

A. Introduction of Desirée Fragoso, MASC - Facilitator

Desirée Fragoso, Field Service Manager for the Municipal Association of South Carolina acted as the facilitator.

B. Review progress from goals set last year

Council did a review of their prior year's goals.

Must do:

PO Drawer 9 • Port Royal, SC 29935-0009 • Telephone (843) 986-2200 • Fax (843) 986-2210
www.portroyal.org

Council Retreat

2-20-2026

- **Continue fostering relationships with Port Developers**
- **Promote local businesses by exploring incentives to stimulate economic activity in the downtown area**
- **Complete ongoing Capital Projects**

Council reflected that significant progress has been made in strengthening its relationship with the port developers, laying a solid foundation for continued collaboration. Over the past year, substantial movement was achieved, including completion of nearly all items outlined in the settlement agreement, marking the most productive period of engagement to date. With recent leadership changes on the developer's side, ongoing communication and proactive follow-up remain essential to ensure shared expectations, maintain momentum, and reinforce the Town's priorities. Council emphasized that continued transparency, regular updates, and consistent engagement are critical to sustaining public trust and fostering a strong, accountable partnership moving forward.

Council discussed ongoing efforts to promote local businesses and stimulate economic activity in the downtown area through targeted incentives and direct engagement. Two Town-owned buildings are being positioned as incubator spaces for emerging artists and food entrepreneurs seeking to transition into brick-and-mortar locations, with applications currently under review. Funding was redirected this fiscal year to allow the Town to more directly support business growth along the Paris Avenue and Ribaut Road corridor, complemented by participation in a USDA-supported business incentive study and a well-attended business breakfast that strengthened communication and collaboration. Continued visibility at ribbon cuttings and community events, along with coordination during projects such as the Paris Avenue Streetscape, reflects a commitment to working alongside local businesses to sustain momentum and shared success.

Staff reported that multiple capital projects are currently underway simultaneously, creating a demanding project schedule. Recently completed efforts include improvements at the Sands Beach causeway and boardwalk, as well as the West Paris drainage project. Work is beginning on the Villages drainage project and the entrance improvements to Paris Avenue, with several additional initiatives progressing in parallel. Overall, the Town continues to actively advance and manage a full slate of ongoing infrastructure projects.

Should do:

- **Conduct a downtown parking study**
- **Improve transparency**
- **Design and implement youth-focused events and programs, such as a potential "Family Day" initiative**

A downtown parking study was recently completed and presented to Council, providing a detailed assessment of existing conditions. While approximately 1,200 parking spaces were

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identified, a significant portion is located on side streets and within public rights-of-way adjacent to residential properties, prompting policy considerations regarding long-term use and classification of that inventory. The study confirmed that parking constraints are generally limited to a few peak events each year, with adequate capacity meeting typical daily demand. Planned improvements associated with the Paris Avenue project will include restriping and reconfiguration to optimize parking along the corridor, with some additional utilization of nearby side-street spaces.

Council affirmed its commitment to transparency and noted significant progress in strengthening public communication and trust. Increased visibility at public meetings, including participation from port representatives, along with the resolution of prior legal constraints, has allowed for more open dialogue and clearer updates to the community. The Town's police and fire departments have also played a critical role through consistent public engagement, social media outreach, and community events, reinforcing confidence, accessibility, and shared messaging. Collectively, these efforts have enhanced awareness, improved responsiveness, and strengthened the connection between Town government and residents.

Town leadership acknowledged ongoing discussions at the state level regarding potential limitations on existing local revenue sources, which can create uncertainty for municipalities. In response, the Town remains focused on fiscal responsibility, resourcefulness, and living within its means rather than relying on unpredictable earmarks or one-time funding. The Town has grown to approximately \$11 million while maintaining a disciplined and sustainable financial approach. Staff actively pursue competitive grant opportunities, including branding initiatives, CDBG funds, and Rural Infrastructure Authority programs—to supplement revenues and responsibly advance priority projects.

It was noted that while a formal "Family Day" event was not implemented, meaningful progress has been made in advancing youth-focused initiatives. The upcoming splash pad project represents a significant investment in family-friendly amenities, and the Town has hosted numerous youth-oriented and community-centered events, including high school Battle of the Bands and John Parker Day. Participation across departments, particularly the Police and Fire Departments, has further strengthened engagement through active involvement in community programming. Collectively, these efforts reflect continued commitment to providing events and activities that serve youth and families.

Could do:

- **Explore opportunities for sewer expansion**
- **Develop strategies to make Paris Avenue a key destination**
- **Strengthen community engagement through quadrant meetings and direct interactions**

Council stated that they are always exploring opportunities for sewer expansion and have been developing strategies to make Paris Avenue a key destination.

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Council strengthened community engagement through quadrant meetings and direct outreach, including hosting an off-site meeting at Bridges Preparatory School to bring government into the community setting. While initial attendance was modest, the initiative demonstrated a commitment to accessibility and is viewed as a model worth continuing annually. Engagement efforts have expanded to include school partnerships, youth-focused civic involvement such as a “Mayor for a Day,” exploration of a student recognition initiative, and collaboration with local schools on projects where students will help steward and represent designated portions of the Spanish Moss Trail. These efforts reflect a broader strategy to foster civic awareness, encourage youth participation, and maintain open, productive dialogue with residents across all areas of the community.

C. Establishment of New Goals

Ms. Fragoso walked Council through an exercise to establish their new goals for this year.

Must do:

- **Continue attracting new businesses and support existing business community**
- **Continue engaging Safe Harbor – make world class marina**
- **Communication strategy**
- **Advocate and enhance infrastructure, roadways and sidewalks**

Could do:

- **Intentionally community engagement strategy**
- **Continue sewer infrastructure improvements**
- **Environmental protection and preserving character**

Should do:

- **Engage local military partners**
- **Succession plan for staff and facilities**
- **Identify revenue sources**

III. DEPARTMENT HEAD UPDATES:

Robb Wells delivered his presentation at this time. He gave an overview of the Convention and Visitors Bureau’s role in marketing Port Royal and capturing visitor spending generated through accommodations tax, explaining that state law requires a portion of those funds be reinvested in destination promotion with full transparency and reporting. He shared data showing that roughly one-third of individuals in Town at any given time are visitors — 74% from out of state — driven largely by Marine Corps Recruit Depot Parris Island graduations, with average daily spending of approximately \$106, primarily on fuel and food. He noted that Port Royal successfully captures graduation-related and

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festival traffic, particularly during the Soft-Shell Crab Festival, and that assets such as Sands Beach, the boardwalk, and Cypress Wetlands rank among the most visited destinations in northern Beaufort County due to strong demand for water access and nature-based experiences. Geofence data also reflects significant activity at key commercial centers, highlighting the economic opportunity tied to visitor flow and wayfinding. He concluded that Port Royal's strongest marketing advantages remain with its waterfront access, outdoor recreation, festivals, dining destinations, and authentic historic character, all of which position the Town well for continued tourism growth and expanded public relations efforts.

A. Fire Department

Chief Ogden provided a 2025 overview, noting more than 6,000 calls for service to date — a 342% increase over the past ten years — with no staffing additions since Station 4 opened in 2017. Despite rising demand, response times remain below the five-minute target for service and ISO purposes. The department logged over 1,000 public education hours, 18,000 training hours, more than 400 inspections, and over 100 plan reviews, supported by one fire marshal and one inspector whose workload grows annually with development. Medical capabilities continue to expand, with 23 EMTs, 17 Advanced EMTs, and 11 paramedics on staff. The department maintains its Class 1 ISO rating, a significant asset for commercial recruitment due to potential insurance savings and again earned the Fire Safe South Carolina designation for community risk reduction and engagement efforts. Youth outreach initiatives, including the Sparking Embers Girls Empowerment Boot Camp, are producing recruitment interest, while participation in the military SkillBridge Program has resulted in successful firefighter hires transitioning from active duty. Ongoing challenges include growth, increasing call volume, traffic impacts on response, and securing a formal automatic aid agreement with the Beaufort Air Station, like the existing agreement with Parris Island. Strong automatic aid partnerships remain in place with Bluffton Fire District and others, with no exchange of funds. Planned initiatives include EMS co-location at the busiest stations, expansion of closest-unit response north of the Broad, continued youth programming, headquarters station renovations, replacement of SCBA equipment through grant funding, and expansion of the quick response vehicle program to preserve frontline apparatus availability.

B. Police Department

Chief Meyers highlighted several accomplishments from the past fiscal year, emphasizing expanded training and professional development. Mandatory quarterly block training for all officers was implemented, requiring eight hours of instruction every three months focused on operational review, legal updates, emerging technologies, and identified skill gaps. The department also restructured its field training program using the nationally recognized San Jose Field Training Model, creating a more structured and accountable process for evaluating officer readiness. Command staff advanced leadership development through the prestigious LEEDA training program, and Deputy Chief Massey became the department's first graduate of the FBI National Academy. Significant progress was made in equipment and technology, including deployment of a fully operational mobile command trailer, new patrol rifles, Axon body and in-car camera systems funded largely through grants, a mobile camera trailer for crime deterrence, and implementation of PowerDMS and Police1 training platforms. Total

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grant funding secured during the year exceeded \$850,000. Specialty units were expanded with school resource officers in all four schools through grant funding, participation in the county crime scene unit, establishment of a certified drone program, continued K-9 operations funded through forfeiture funds, and ongoing traffic and marine unit initiatives, though efforts are underway to secure funding to replace the marine patrol boat. Organizational improvements included departmental rebranding, restructuring of hiring and promotional processes, and completion of a Department of Justice organizational assessment with 45 actionable recommendations guiding a one- to three-year improvement plan. A DOJ team is now assisting with development of a three-, five-, and ten-year strategic plan that will be presented to Council upon completion. The department currently employs 30 personnel across sworn and civilian roles, including grant-funded school resource and traffic officers. Key priorities for the upcoming year include recruitment and retention, maintaining high training standards, addressing competitive salary gaps with neighboring agencies, and fostering a strong departmental culture. A major operational need is replacement of the department's records management system due to the current platform being discontinued; extensive research has identified several cost-effective options that meet departmental needs. Efforts are also underway to secure legal services to support prosecutorial functions, provide legal guidance, and assist with ongoing officer training.

C. Judicial

Manager Willis reported on Judicial Department operations using information provided by Clerk of Court Traci Haddock. During calendar year 2025, the court disposed of more than 2,100 cases. The court continues to utilize the Pre-Trial Intervention (PTI) Program through the Solicitor's Office, along with alcohol education, traffic education, and the Alive at 25 programs, which provides younger drivers an opportunity for education while helping mitigate long-term penalties associated with traffic violations. Funding remains in place for the municipal judge's required continuing education, and the court is working toward national certification in court management while the Clerk continues required administrative training. A new metal detector was purchased and installed in the lobby to enhance security. Carol Miller is serving as conflict attorney. Public defender services are provided through a local contract, Luke Pollack. Currently, 83 cases are pending, including jury trials, General Sessions matters, conditional discharges, and provisional programs. In the coming year, the court anticipates transitioning to new court management software, likely to be coordinated with the replacement of the LawTrak system. Once the transition occurs, court cases will appear in the Multi-Court Index system, which is not currently available.

D. Planning/Building/Codes

Recent development activity continues to reflect growth trends affecting municipalities across South Carolina, one of the fastest-growing states in the country, and Beaufort County, one of the fastest-growing counties in the state. Approximately 1,160 dwelling units were permitted or under construction prior to the moratorium, with an additional 168 units currently under review since the moratorium was lifted in November, representing a mix of housing types. Additional projects include a permitted 100-room hotel at Midtown, approximately 82,000 square feet of commercial space under review, and potential expansions at both the Bridges and Riverview campuses. A range of projects are currently in

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various stages including permit issuance, construction, completion, and review. Planning staff support ongoing development review, with Planner I Joey Ethem assisting with routine daily items while Planning Director Noah Krepps focuses on larger planning and policy matters. In accordance with state statute, the Comprehensive Plan must be reviewed every five years and fully updated every ten years. The plan addresses key elements including population, economic development, natural resources, cultural resources, community facilities, priority investment, and resiliency initiatives, with the upcoming cycle anticipated to be the five-year review. Near-term departmental goals include finalizing the sidewalk program policy and inventory to identify gaps, drafting a traffic calming policy, preparing a retail district ordinance for Paris Avenue, updating the fee schedule, and applying for assistance from the South Carolina Forestry Commission for tree canopy mapping. Staff also continue to participate in regional transportation and resiliency initiatives, pursue periodic code updates, and maintain professional training.

Recruitment efforts for the Chief Building Official position remain ongoing, though many candidates have presented salary expectations that exceed typical ranges. A qualified candidate with all required certifications has been identified; however, a personal matter has temporarily delayed the hiring process. Additional time has been provided to allow the matter to be addressed, with the expectation that the position may be filled within the next few months. Because the candidate already holds the necessary certifications, completion of the Chief Building Official examination will not be required. Until the position is filled, building code services continue to be supported by Safe Built. Once the role is established in-house, the department will continue working with Safe Built as needed to assist with workload demands while supporting ongoing efforts to streamline the permitting process.

Enforcement activity may increase in the coming year in response to community complaints and identified violations. Not all reported concerns result in violations, and staff often must clarify applicable codes to residents. When violations do occur, ordinances typically provide discretion and allow a reasonable period—generally about ten days—for voluntary compliance before further action is taken. The goal of code enforcement is to achieve compliance and resolve issues rather than generate revenue through citations. While this approach may not satisfy every concern, efforts remain focused on working with residents. When necessary, stronger enforcement measures may be used to achieve compliance; however, the overall philosophy continues to emphasize cooperation and practical solutions whenever possible.

E. Department of Public Works

Public Works operations remain stable, reflecting recent investments in equipment and resources approved in prior years. Department leadership typically focuses on operational needs rather than large funding requests, while continued administrative support from Amber Nieves has improved organization, purchasing coordination, responsiveness, and bulk pickup scheduling. Staff are encouraged to remain attentive when visiting parks and facilities by noting maintenance issues such as damaged equipment or safety concerns so they can be addressed promptly. To support this effort, facility checks are being coordinated to help identify and document maintenance needs across Town properties. The drainage project at the facility has been temporarily deferred due to higher-priority capital projects

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currently underway. As municipal responsibilities continue to expand, consideration is being given to adding a capital projects officer to oversee construction initiatives and provide consistent project management beyond the procurement and RFP process. This role could also assist Public Works with maintenance coordination and asset management. While engineering support remains strong, the loss of a former project management staff member has created additional challenges in maintaining dedicated oversight of multiple projects.

The final item relates to ongoing efforts to bring Town records management up to date. Approximately 400 boxes of records currently require scanning and digital archiving to ensure accessibility and proper preservation. The Town Clerk is working to digitize these records.

From an administrative standpoint, space within the building is becoming an increasing challenge. The anticipated addition of approximately two to three more staff members would largely exhaust available workspace. Despite these limitations, operations remain functional and administrative responsibilities continue to be managed effectively.

IV. PRESENTATION

A. Robb Wells, President & CEO of Visit Beaufort, Port Royal & Sea Islands

See above.

V. DISCUSSION TOPICS:

A. Capital Projects

- i. Sewer**
- ii. Road Projects**
- iii. Sidewalks**

Several infrastructure and capital projects are currently underway or approaching key milestones.

The **Villages project** is preparing to begin construction, while **West Paris Avenue** is substantially complete and moving through the federal close-out process, which requires additional documentation before final removal of remaining construction controls such as fencing. The Villages project, awarded to CBG, has received a notice to proceed and carries a firm completion deadline of **May 20** due to funding requirements. The project combines support from the Rural Infrastructure Authority, ARPA funds, and remaining GEO Bond funds. Contractor coordination with residents is being emphasized, including door hangers and clear communication of timelines, as temporary alley closures will be necessary during construction.

Implementation of the **Stormwater Master Plan** will require continued evaluation of project costs and available funding. Current stormwater fees are significantly lower than those of other municipalities in the County, and adjustments may be necessary to complete the full list of projects identified in the plan, including the larger Casablanca basin improvements that extend across Waddell into adjacent wetlands.

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Work is also advancing on the **Paris Avenue project**, where initial landscape removal and site preparation are underway ahead of major excavation. Ongoing communication with business owners and stakeholders has been maintained throughout the process. A recent change in ownership of a key parcel now allows that property to be incorporated into the project area, which was previously not possible. Regular status updates will continue at Council meetings, and coordination with BJWSA has been completed to avoid the utility conflicts encountered during earlier phases of West Paris Avenue.

The **Splash Pad project** has resolved its required capacity fee and technical coordination with BJWSA. Site planning has been awarded to JOCO, and design work is now underway with the goal of completing the project in time for summer use.

Planning for the **Public Works yard improvements** remains under consideration and is temporarily on hold while options are evaluated.

For the **Marina dock improvements**, the final authorization letter has been secured from Safe Harbor, which owns the marsh surrounding the property. This approval was necessary to allow access across the marsh to complete the improvements. Staff and engineering are also updating the Tax Increment Financing (TIF) project list and evaluating whether additional funds for the shrimp dock could be incorporated. Although approximately \$1.5 million has been set aside, current estimates place the full dock and processing facility project closer to \$3 million. Potential state earmark opportunities may also be explored.

The **Spanish Moss Trail connection** is progressing in coordination with the County's contractor to address the final segment near Appleton Way and Ritter Circle. Planned improvements include resurfacing, restriping, and establishing a shared lane configuration to accommodate the constrained area.

At **Cypress Wetlands**, work continues on the second phase of pathway improvements in partnership with the Friends group supporting the site.

For **Marshview Park**, the required environmental review has begun due to the use of CDBG funding. Additional grant funding is still pending, which could allow the CDBG allocation to serve as the matching portion and complete the overall project financing.

At **The Sands**, work on the shower installation is progressing, with the primary issue being identification of the drainage connection for the dog watering station.

CDBG funding opportunities are also being pursued in several areas. A military enhancement grant application is being coordinated with BJWSA to extend sewer service to the VA facility. In addition, the Town is evaluating a new CDBG application to address sewer connections in the Casablanca neighborhood. Although sewer infrastructure was installed in the past, many homes were never connected to the system. The proposed effort would help address those connections and may allow additional sewer improvements along Ribaut Road if supplemental funding becomes available.

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Sidewalk improvements are also under review following the adoption of updated conveyance ordinances. A second phase of installations is being considered by compiling the required linear footage and preparing cost estimates for potential inclusion in the upcoming budget. Available GEO Bond funding appears sufficient to support these improvements if Council chooses to proceed.

Finally, participation continues in the County **Transportation Advisory Committee** process related to the transportation referendum. For the Town, the primary focus remains intersection improvements rather than major roadway construction. The Town will host the committee's next meeting on the 25th.

B. Council Budgetary Donations

Mayor Phillips raised the Beaufort Jasper Housing Trust's recent request for the Town to consider participating in a housing repair matching program. The organization has approached the Town twice and indicated the program could be tailored to meet the Town's needs and available funding. Preliminary discussion considered a potential Town contribution of \$25,000 as a pilot effort, which could leverage additional funds through the Housing Trust to assist several households with needed repairs, particularly older residents. Unlike state or federal programs, the partnership could allow flexibility in setting eligibility guidelines and project types, potentially including housing such as mobile homes that are often excluded from other funding sources but remain vulnerable to major system failures. Manager Willis indicated that a \$25,000 allocation could be accommodated within the budget and recommended evaluating the program after one year to determine its effectiveness and whether adjustments or expansion are warranted. Council expressed general support for proceeding based on staff's recommendation and further coordination with the Housing Trust to develop program details.

C. Town Hall Policies

Staff raised concerns regarding increasing requests for use of the building. While the space was originally intended to accommodate local HOAs, management companies have increasingly begun requesting use of the facility, sometimes resulting in frequent weekend use and operational challenges, including audiovisual equipment being left disorganized and requiring staff to reset the room at the start of the week. While requests from outside the Town have not been formally denied, the preference is for the space to primarily serve local HOA meetings and for requests to be submitted directly by the HOA president rather than management companies. Council agreed with this approach and supported implementing a refundable deposit requirement to help ensure the space and equipment are left in proper condition after use.

D. Storm Water Utility Fee

The stormwater utility fee was discussed, and a spreadsheet will be prepared to provide Council with updated projections and supporting figures for review.

VI. MISCELLANEOUS

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Under miscellaneous items, Mayor Phillips raised several topics for Council's input before pursuing further action. The first involved a demographic trend discussion and a potential opportunity to engage with the **South Carolina Rural Initiative Program**, a nonprofit organization based in Columbia that works with communities experiencing population decline. The program assists municipalities with targeted marketing campaigns designed to attract new residents by promoting quality of life and relocation opportunities. While Port Royal is not facing population loss, the discussion focused on the importance of maintaining a balanced demographic mix, particularly encouraging younger working families in addition to retirees. Mayor Phillips proposed continuing discussions with program representative Taylor Daniel to learn more about the initiative and explore whether a tailored approach could support messaging aimed at attracting younger families and remote workers. Council supported continuing the conversation to gather additional information.

Mayor Phillips also requested feedback on potential ideas related to the **Street Music** program. Council generally agreed the event has been highly successful and expressed strong support for maintaining the quality of national touring bands that differentiate the program from other local music venues. Discussion included whether to expand the program, incorporate local opening acts, or provide direction regarding music style to encourage more high-energy performances. Some members noted that local musicians already have frequent opportunities to perform at area venues and festivals, while others expressed interest in finding ways to highlight local talent without creating logistical challenges. One concept discussed was the possibility of a separate local performance series—potentially acoustic in nature—at another time or location, such as the amphitheater once improvements are complete. Council supported continuing to explore ideas that maintain the program's unique character while considering additional opportunities for local performers.

Manager Willis added that he received an email from Jared Fralix indicating that, at Council's direction, the **Transportation Advisory Committee (TAC)** has been asked to develop a project list within three categories: roadway widening, safety and intersection improvements, and resurfacing or dirt road paving projects. The categories do not appear to include new road construction, and Council confirmed that safety and intersection improvements remain the Town's primary focus.

Mayor Phillips suggested exploring ways to encourage visitors to travel down Paris Avenue and into Town. On Saturday mornings, the Farmers Market operates from 9:00 a.m. to 12:00 p.m. and functions extremely well. A complementary activity could potentially follow the market, such as a **craft market** located closer to Town—perhaps in the parking lot near the shed or another suitable space. The concept would avoid competition by staggering times; for example, the Farmers Market could operate from 9:00 a.m. to 12:00 p.m., while a craft market might run from 11:00 a.m. to 2:00 p.m. This arrangement could encourage visitors to attend the Farmers Market, then travel into the Village for crafts, lunch, and other activities. The goal would be to create a natural flow of visitors without placing responsibility for organizing such a market on Town staff, as staff are not involved in the Farmers Market's operation. If a private individual or organization expressed interest in managing a craft market.

Mayor Phillips also raised the possibility of approaching **Safe Harbor** about installing a mural on the side of the marina's dry stack structure. A prominent mural visible from the water or bridge could create a

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strong first impression and help establish the Town's identity. Such a proposal would require approval from Safe Harbor and funding for design and installation.

Mayor Phillips also suggested scheduling additional **community meetings** with neighboring municipalities, Beaufort County, and the Board of Education. A joint meeting format could allow for open dialogue rather than formal presentations. Manager Willis noted that staff have already begun similar coordination with SCDOT and BJWSA to share development updates and coordinate projects. Mayor Phillips noted that such meetings could provide an opportunity to discuss shared issues, such as EMS services, directly with County officials. A single joint meeting involving the City of Beaufort, the Town of Port Royal, Beaufort County, and the School Board could allow for collaborative discussion without creating an excessive number of meetings.

Another topic raised was the long-term future of the Harbor Village property, which currently houses the **museum and visitor center associated with the Historic Port Royal Foundation**. Although the property has recently changed ownership and new leases are being signed with businesses, the possibility remains that the site could eventually be redeveloped. It may be beneficial for the Town to consider contingency plans for the museum and visitor center should that occur.

Mayor Phillips also discussed enhancing **holiday decorations** along Paris Avenue. Town Hall received positive feedback for its holiday lighting this year, and a resident has donated a large number of Christmas wreaths to the Town. One idea would be to organize a decorating contest for homes and businesses along Paris Avenue. Participants could decorate for the holiday season beginning in November, with Town Council selecting winners in categories such as first, second, and third place. Prizes could be modest, such as \$500 for the top entry. This initiative could create a festive atmosphere during the annual golf cart parade and encourage more residents and businesses to decorate, making the corridor more visually appealing and attracting visitors. Council also discussed replacing or updating banners on poles throughout Town, potentially with seasonal designs as part of broader beautification efforts along Paris Avenue.

Mayor Phillips also raised the idea of exploring a **trolley or golf cart transportation system** operating on Saturdays. Rather than the Town creating and operating such a system, the service could potentially be contracted through a private operator who already has the necessary licensing, insurance, and equipment. A small shuttle route could connect locations such as The Sands, Shellring Ale Works, the wetlands, and other areas of Town. Manager Willis expressed support for using a third-party vendor model. Council Member Guerrero noted that expectations would need to be carefully managed if the program were introduced as a pilot project, with clear parameters regarding capacity, schedule, and duration. A trial period—such as several months—could help determine whether the concept is viable. Discussion also included whether the Town should establish a dedicated tourism line item within the annual budget to support initiatives such as a pilot transportation program.

Additional budget considerations discussed included potential contributions to the Beaufort Jasper Housing Trust and a new golf cart.

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Council Member Guerrero also suggested expanding the **veterans monument at Naval Heritage Park**. With the addition of the VA clinic, the Town's already significant veteran population may increase. Over time, the monument could be enhanced to include additional elements—such as service emblems or a more formal memorial layout—similar to those seen in other communities. Such projects typically require coordination with military branches because service emblems are trademarked and must be approved.

Manager Willis noted that **Naval Heritage Park** as a whole may benefit from a broader evaluation and potential improvements. Recent work has included sidewalk installation, tree maintenance, storyboards, playground equipment, and other enhancements. There may also be opportunities to add parking or make additional improvements along the roadway adjacent to the park. The skateboard park facility may eventually require upgrades as well, as poured concrete structures are generally more durable than the current wood-based features. With its covered structure and location, the skate park and surrounding park space could become a more prominent community asset.

VII. CLOSING COMMENTS

Council agreed that significant progress had been made during the discussion and that the meeting was productive, with a shared commitment to continuing to move initiatives forward.

VIII. ADJOURNMENT

The meeting adjourned at 3:07 PM.

Respectfully submitted,



Lisa Graham
Town Clerk

In accordance with South Carolina Code of Laws, 1976, Section 30-4-80 (a)(d)(e), as amended, notification of regular meetings was given at the beginning of the calendar year. A copy of the agenda was posted on the Town Hall's bulletin board and website www.portroyal.org twenty-four hours prior to the meeting. A copy of the agenda was given to the local news media and requested public on file.

The Town of Port Royal does not discriminate on the basis of disability in the admission to, access to, or operations of programs, services, or activities. Qualified individuals who need accessible communication aids and services or other accommodations to participate in programs and activities are invited to make your needs and preferences known to the Civil Rights Coordinator. If at all possible, please give us at least a three to five day advance notice so we can adequately meet your needs. Civil Rights Coordinator at 843-986-2211.

Council

Kevin Phillips
Mayor

Jorge Guerrero
Mayor Pro Tempore

Jerry Ashmore
Mary Beth Heyward
Darryl Owens



COOL. COASTAL. FAR FROM ORDINARY.

Van Willis
Town Manager

Brooke Plank-Buccola
Asst. Town Manager

Fire Chief
Tim Ogden

Police Chief
Jeffrey Meyers

WORLD DOULA WEEK PROCLAMATION

WHEREAS, doulas are trained professionals who provide continuous physical, emotional, educational, and advocacy support to mothers and families before, during, and after childbirth; and

WHEREAS, research shows that doula care improves maternal and infant health outcomes, reduces unnecessary medical intervention, strengthens breastfeeding success, and enhances overall family wellbeing; and

WHEREAS, the Town of Port Royal recognizes the importance of supporting families through culturally responsive, community-based care that complements medical services; and

WHEREAS, doulas play a vital role in advocating for families, supporting informed decision-making, and helping ensure that mothers and families feel supported, informed, and empowered throughout pregnancy, birth, and postpartum recovery; and

WHEREAS, World Doula Week is observed annually from March 22 through March 28 to recognize and honor the essential contributions of doulas worldwide; and

WHEREAS, doulas and maternal health organizations serving the Port Royal community are committed to strengthening families, improving access to care, and supporting healthy beginnings;

NOW, THEREFORE, I, Kevin Phillips, Mayor of the Town of Port Royal, South Carolina, do hereby proclaim: March 22 -28, 2026 as World Doula Week in the Town of Port Royal, South Carolina and encourage all residents, community organizations, healthcare providers, and partners to recognize and support the vital work of doulas in promoting maternal health, infant wellbeing, and strong families throughout the Town of Port Royal.

IN THE WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the Town of Port Royal to be affixed this 11th day of March, 2026.


Kevin Phillips,
Mayor



Council

Kevin Phillips
Mayor

Jorge Guerrero
Mayor Pro Tempore

Jerry Ashmore
Mary Beth Heyward
Darryl Owens



Van Willis
Town Manager

Brooke Plank-Buccola
Asst. Town Manager

Fire Chief
Tim Ogden

Police Chief
Jeffrey Meyers

**A Proclamation by the Town of Port Royal
2026 Disabilities Awareness Month**

WHEREAS, more than 500,000 South Carolina residents and families are impacted by severe lifelong disabilities, including autism, head injuries, spinal cord injuries, intellectual disability, and related disabilities, without regard to race, culture, geography, age, sex, or economic class; and

WHEREAS, people with lifelong disabilities are productive citizens, neighbors, and family members deserving of respect and opportunities for economic self-sufficiency, independence, and personal growth; and

WHEREAS, the SC Department of Disabilities and Special Needs, the Town of Port Royal and the County Disabilities and Special Needs Board work with families to provide services that promote independence and inclusion; and

WHEREAS, we owe a special debt of gratitude to the caregivers who selflessly provide physical, emotional, and spiritual support to our residents with disabilities and special needs; and

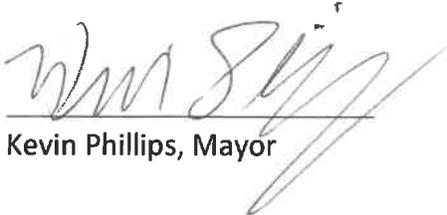
WHEREAS, the 2026 observance of Disabilities Awareness Month celebrates the successful partnership between people with and without disabilities as well as the increasing involvement of people with disabilities in education, employment, and community activities.

NOW, THEREFORE, I, Kevin Phillips, Mayor of the Town of Port Royal, South Carolina, do hereby proclaim March 2026, as

DISABILITIES AWARENESS MONTH IN TOWN OF PORT ROYAL

And encourage our citizens to work together to promote increased opportunities for people with disabilities; to recognize the many contributions made by people with disabilities to our community; and to honor the dedication of the caregivers who bring support and hope to their fellow citizens.

Dated this 11th day of March 2026


Kevin Phillips, Mayor



PORT ROYAL PADDLE CENTER

Port Royal, SC

VISION

1. To establish and maintain a **multipurpose event center** that will enable a return on investment to benefit taxpayers and the town of Port Royal
2. To be a **training center** for local, regional, national and potential international athletes **developed for athletes with disabilities**
3. To promote a better quality of life through health and wellness by providing opportunities to walk, run, bike, row, fish, swim, kayak, paddleboard and more at our **center**
4. To provide an entry point into aquatic and sports programs through **community outreach**
5. Open to **year-round**

with the goal to foster friendship and cooperation between athletes of all levels and all abilities - locally, regionally, nationally, and internationally.

WHAT IS CONSIDERED NON MOTORIZED?



Triathlon

Olympic Distance Swimming: 1.5K



SUP Stand Up Paddleboard
Racing Distance: 1.5K to 52K



Open Water Swimming

Olympic Distance: 10K



Dragon Boat Racing

Racing Distance: 0.5K (0.2K, 1K, 2K)



Rowing

Coastal Sprint Regatta's – will need
Beach access



SUP Yoga



Canoe/Kayak

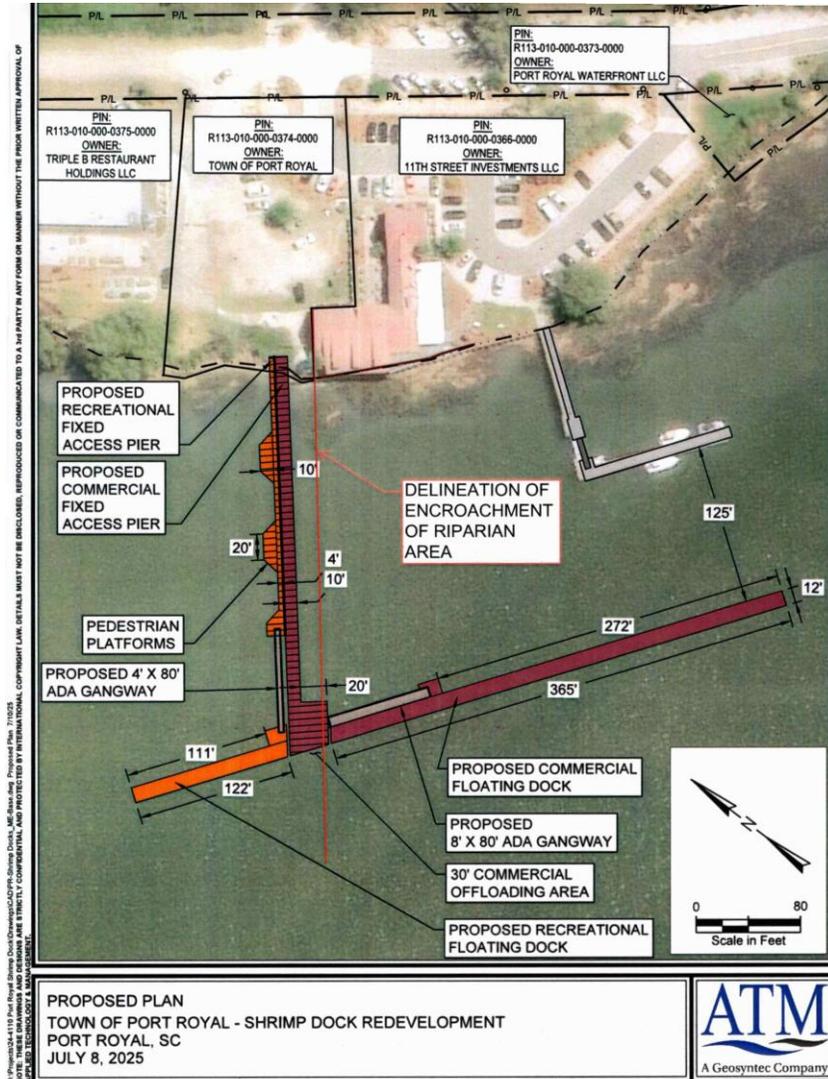
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WHAT'S NEEDED

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- Next step. Central facilities that can store boats, SUP's and sundry equipment
 - As we grow, there will be need for parking, restrooms/ showers all in one building
 - For training, access to longer stretches is of advantage, so not just a competition area but to be a good area for training.

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PORT ROYAL HAS THE ANSWER TO OUR NEEDS RIGHT HERE!

- The location is ideal
 - Zoned development plan
 - Many miles of water available
 - Well protected from NE and SW winds
- Additional benefits
 - Recreation area
 - Mild winters
 - One of the fastest growing areas of the USA
 - Consistently rated as one of the best small towns in the USA

A MULTI-PURPOSE FACILITY

- A facility open to all non-motorized sports.
- Open to all athletes of all levels and abilities
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- Comparatively cheap accommodation (AirBnB's, campgrounds, B&B, hotels) with close proximity to an International Airport (HHI and Charleston)

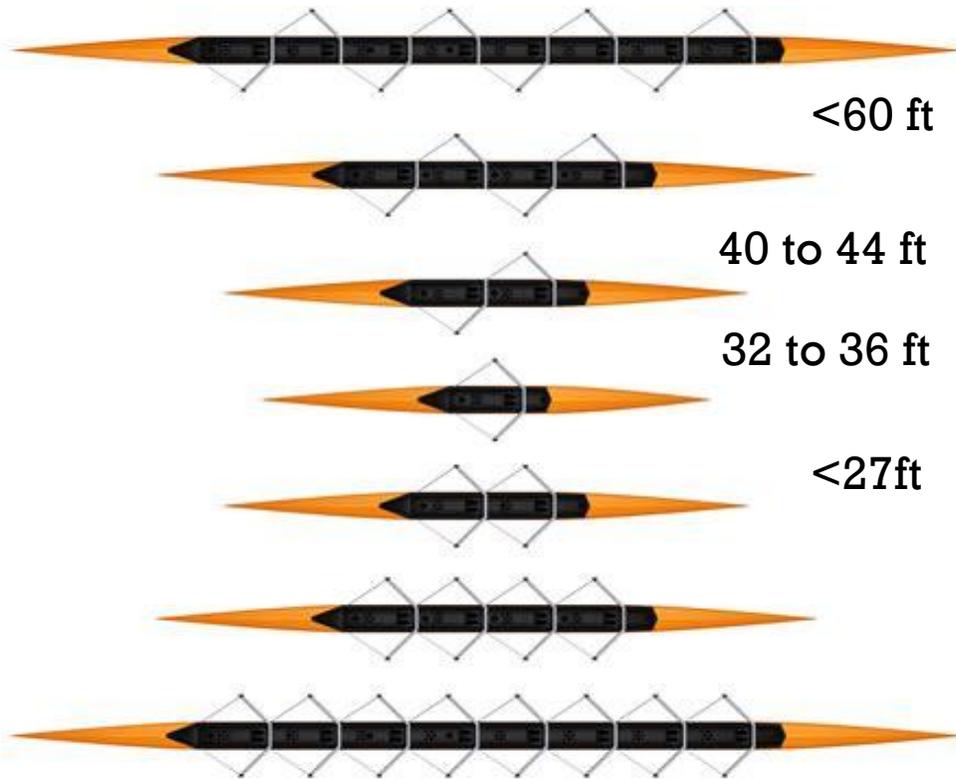
BUSINESS MODEL (VERY, VERY PRELIMINARY)

Day-to-Day	Visiting Teams	Local Events	(Inter)National Events – Years from now
Lease storage spaces / boat houses to local clubs	10-20 Teams a year coming for training with 50-100 persons per team for 6 nights	12 events (2 per sport per year) with a few hundred to several thousand participants	1 event per year with a few thousand participants and spectators
Lease from equipment rental places	6,000 nights in a double room (or on camp ground)	Access fee to venue?	Access fee to venue?
Lease from gym facilities	36,000 meals	Meals and drinks	Accommodation, meals and drinks
Lease from meeting facilities (team building, weddings, etc.)	30 access fees to the water, gym, and meeting rooms	Live stream video app (advertising revenue)	Live stream video app (advertising revenue)
Concessions (300 coffees a day)	Equipment rental/Merchandise	Merchandise	Merchandise
Parking	Parking for trailers and vehicles	Parking for several 100 vehicles	Parking for several hundred + vehicles

SUPPORTING SLIDES

ROWING SHELLS

DRAGON BOATS



- 40 feet (12 to 15 meters) long
- 3 to 4 feet (0.9 to 1.2 meters) wide
- Accommodates 20 paddlers, plus a drummer and steerer.
- Dragon Boating is one of the fastest-growing water sport in the world with more than 2,000,000 people participate in Dragon Boat Festivals globally.
- Traditional construction materials include wood, but modern dragon boats often use fiberglass or carbon fiber to increase speed.

Coastal shells are shorter, wider, stronger and heavier than their equivalent rowing shell ranging from 19 ft (single) to 26 ft coxed four

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- Started 20 years ago as a dream to build a world class center in FL. Hosted World Rowing Championships in 2017, National Championships, etc.
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 - <http://nathanbendersonpark.org/>
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- Annual expected revenue - \$150M
- Most expense incurred in dredging and construction of canals something we will not have to consider.

HEAD OF THE HOOC[®] REGATTA

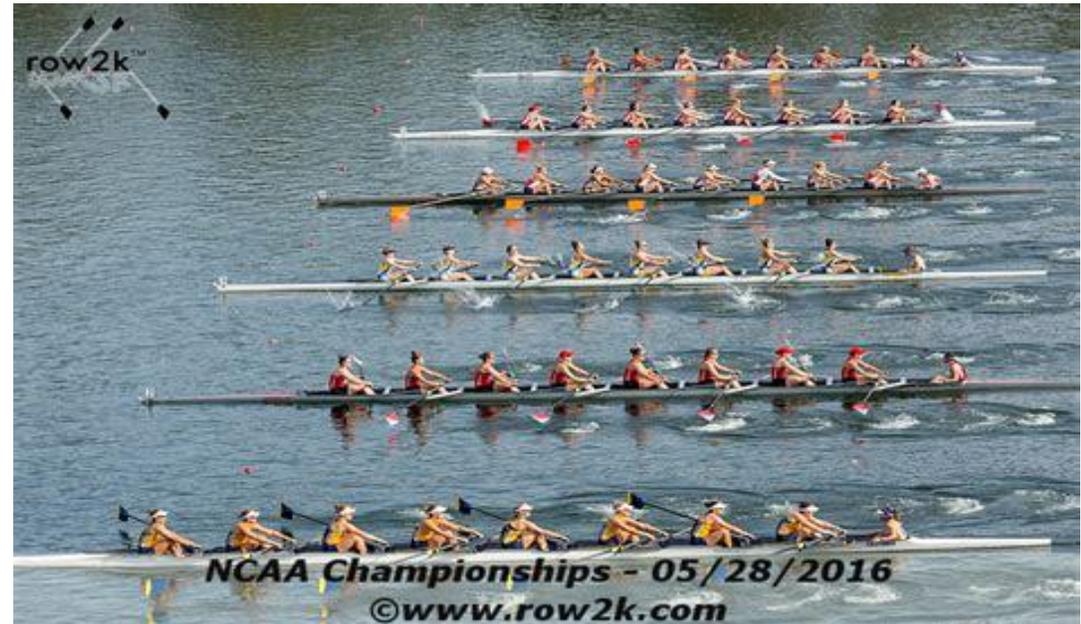
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- Course is 4,500 m long (head race)
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FISA WORLD COASTAL BEACH SPRINTS 2025 — INTERNATIONAL EVENT

- Manavgat, Antalya, Türkiye, from 6 to 9 November, 2025. Athletes and support staff arrive one week prior to the event
- 342 Athletes, and most of their spouses from 55 countries
- Officials, umpires, time keepers, and support staff add another 4-500 additional bodies
- 10 boat classes
- TV, social media, press, etc.
- Roughly 10,000 hotel nights
- <https://worldrowing.com/event/2025-world-rowing-beach-sprint-finals/?tab=overview>
- Sands Beach would be ideal venue for regional or national event.
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- Business sponsored learn to row and race programs similar to other programs hosted around the continent.
- St. Catharines Rowing Club (Canada) managers a weekly event during the summer that attracts 60 to 100 new folk to rowing, with each boat sponsored by local business. Many community rowing centers follow the same plan. Great for schoolkids, adults, etc,
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- E. Get the project approved

PORT ROYAL PADDLE CENTER

Port Royal, SC

VISION

1. To establish and maintain a **multipurpose event center** that will enable a return on investment to benefit taxpayers and the town of Port Royal
2. To be a **training center** for local, regional, national and potential international athletes **developed for athletes with disabilities**
3. To promote a better quality of life through health and wellness by providing opportunities to walk, run, bike, row, fish, swim, kayak, paddleboard and more at our **center**
4. To provide an entry point into aquatic and sports programs through **community outreach**
5. Open to **year-round**

with the goal to foster friendship and cooperation between athletes of all levels and all abilities - locally, regionally, nationally, and internationally.

WHAT IS CONSIDERED NON MOTORIZED?



Triathlon

Olympic Distance Swimming: 1.5K



SUP Stand Up Paddleboard
Racing Distance: 1.5K to 52K



Open Water Swimming

Olympic Distance: 10K



Dragon Boat Racing
Racing Distance: 0.5K (0.2K, 1K, 2K)



Rowing

Coastal Sprint Regatta's – will need
Beach access



SUP Yoga



Canoe/Kayak

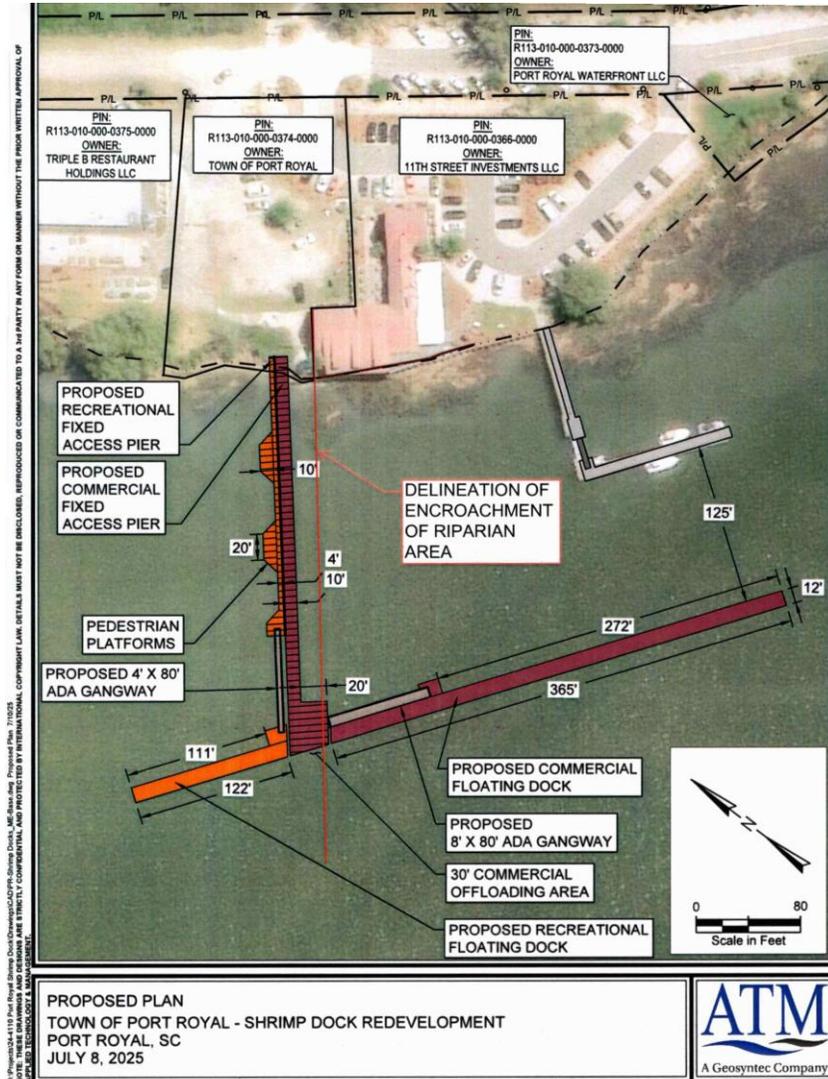
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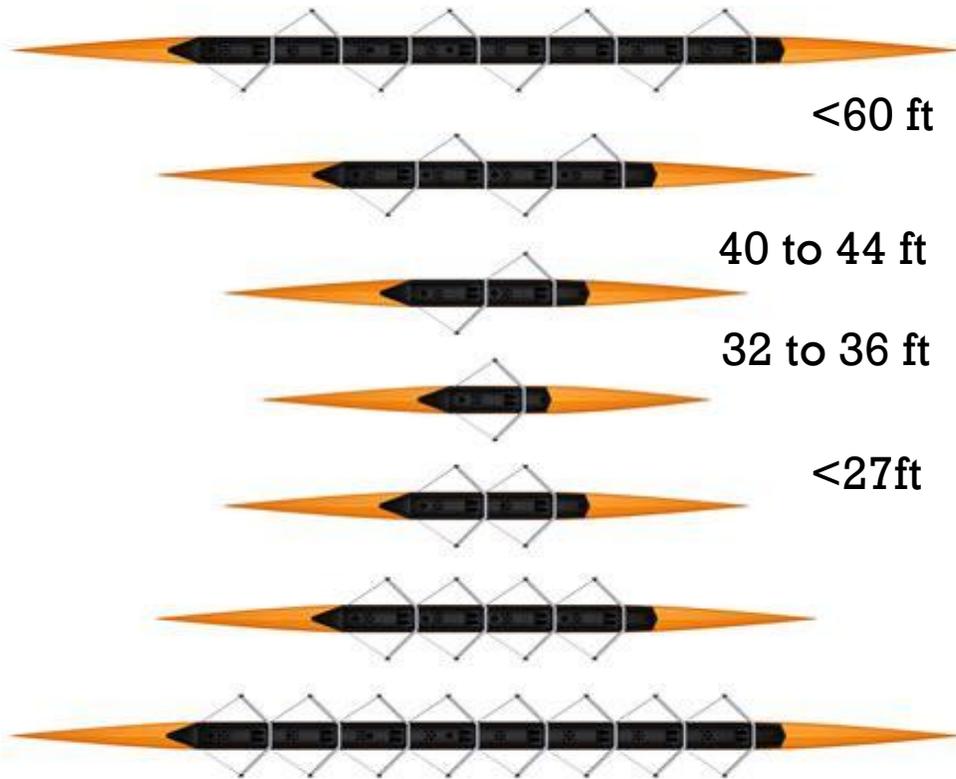
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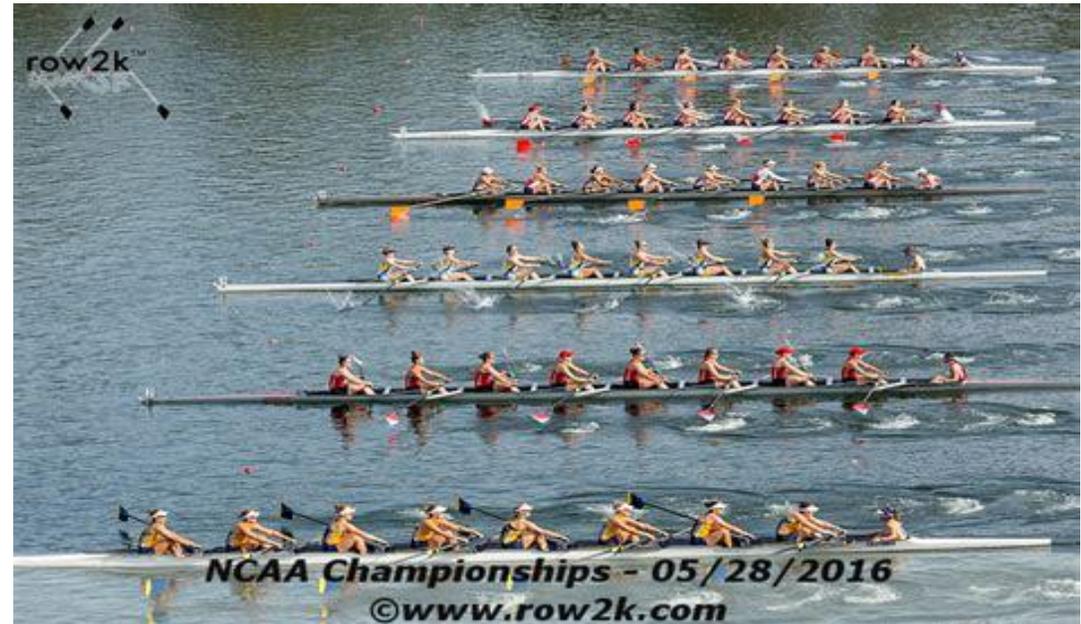
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TOWN OF PORT ROYAL, SOUTH CAROLINA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

**TOWN OF PORT ROYAL, SOUTH CAROLINA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025
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FINANCIAL SECTION



CERTIFIED PUBLIC ACCOUNTANTS

Richard D. Crowley, CPA, CVA
Lisa T. Wechsler, CPA, CFE
Jordan Graham, CPA

Member:
American Institute of CPAs
South Carolina Association of CPAs

INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Port Royal, South Carolina

Report on the Audit of the Financial Statements

Opinions

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Port Royal, South Carolina and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

PO Box 481
1411 Queen Street
Beaufort, SC 29901
TEL (843) 379-1065 FAX (843) 379-1066

www.CWACPs.com

PO Box 80177
706 Orleans Rd, Suite 102
Charleston, SC 29416
TEL (843) 971-0882 FAX (843) 379-1066

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, historical pension and budgetary comparison information on pages 4–10 and 39–41 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Port Royal, South Carolina's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, schedule of fines, assessments, and surcharges and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of fines, assessments, and surcharges and the schedule of expenditures of federal awards are 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 February 3, 2026, on our consideration of the Town of Port Royal, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Port Royal, South Carolina's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Port Royal, South Carolina's internal control over financial reporting and compliance.



Crowley Wechsler & Associates LLC
Beaufort, South Carolina
February 3, 2026

Town of Port Royal, South Carolina Management's Discussion and Analysis

As management of the Town of Port Royal, South Carolina (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2025.

Financial Highlights

- The assets and deferred outflows exceed the liabilities and deferred inflows by \$13,365,709 (net position) at the close of the most recent fiscal year. Of this amount, \$9,150,288 represents the net investment in capital assets less depreciation and debt on those assets. The restricted net position of \$3,237,878 is held for the capital projects fund and other governmental funds. The remaining balance of \$977,543 represents the unrestricted net position. The Town's net position increased by \$4,067,534.
- The Town's beginning net position was restated \$(164,129) for the adoption of GASB Statement No. 101, *Compensated Absences*.
- At the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$8,845,770, an increase of \$1,533,793 in comparison to the prior year. Of this amount, \$5,607,892 is available for spending at the Town's discretion. The remaining fund balance of \$3,237,878, was restricted for specific purposes for the capital projects fund and other governmental funds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of The Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases and decreases in the net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the Town that are supported by taxes and intergovernmental fees (*governmental activities*). The governmental activities of the Town include programs related to legislative, executive, court, police department, fire department, streets and sanitation, safety and building services, stormwater utility, recreation and tourism, and housing rehabilitation. The Town currently has no business type activities.

The government-wide financial statements can be found on pages 11 through 12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other public agencies, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Town can are considered governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. may be useful to compare the two for similar activities and programs. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison of *governmental programs* and *governmental activities*.

The Town maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplemental information section in this report.

The Town adopts an annual budget for the general fund. A schedule comparing actual to budgeted revenues and expenditures has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

Notes to the financial statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 38 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Town's progress in funding its obligations to provide pension benefits to its employees. Additionally, the statement of revenues, expenditures and changes in fund balances – budget and actual – for the general fund is included in the required supplementary information. Required supplementary information can be found on pages 39 through 41 of this report.

The Town's financial report also includes *supplementary* information. This information is not required but is presented to provide additional insight into the Town's financial position. Included in this section is the combining statements for nonmajor funds and the schedule of fines, assessments, and surcharges. Supplementary information can be found on pages 42 through 45 of this report.

Government-wide Overall Financial Analysis. As noted earlier, net position over time may serve as a useful indicator of government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by \$13,365,709 at the close of the most recent fiscal year. Comparative information has been presented for the prior year.

TOWN OF PORT ROYAL, SOUTH CAROLINA NET POSITION		
	Governmental Activities	
	2025	2024
Current and Other Assets	\$ 12,256,330	\$ 15,092,084
Capital Assets, net	11,502,713	9,123,154
Total Assets	23,759,043	24,215,238
 Deferred Outflows of Resources	 1,231,758	 1,043,315
 Current Liabilities	 3,239,111	 7,634,651
Non-current Liabilities	8,093,469	8,019,980
Total Liabilities	11,332,580	15,654,631
 Deferred Inflows of Resources	 292,512	 141,618
 Net Position		
Net Investment in Capital Assets	9,150,288	6,625,143
Restricted	3,237,878	2,307,578
Unrestricted (Deficit)	977,543	529,583
Total Net Position	\$ 13,365,709	\$ 9,462,304

Total assets decreased in governmental activities by \$456,195 from the prior year. The Town acquired \$3,418,714 in capital assets using cash received during the previous years from the Coronavirus State and Local Fiscal Recovery Fund and the Department of Natural Resources that had been reported as unearned revenues until the projects were identified. Overall cash and investment balances are down related to the use of these funds.

Total liabilities in governmental activities decreased by \$4,322,051 from the prior year. The decrease is due to the use of funds previously deemed unearned in the previous year as noted above.

The largest portion of the Town's net position, \$9,150,288, reflects its investment in capital investments, net of accumulated depreciation and any related outstanding debt used to acquire those assets. These capital assets are used to provide a variety of services to its citizens and therefore not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$3,237,878, represents resources that are subject to external restrictions on how they may be used. As of the end of the current year, the Town's unrestricted net position was a balance of \$977,543.

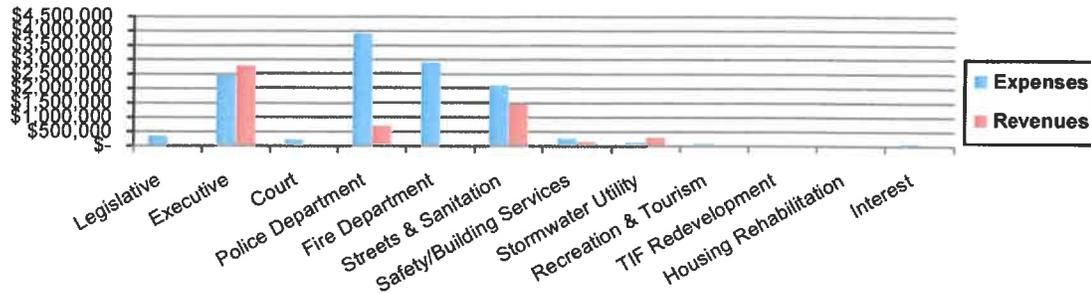
Governmental activities. The Town's overall net position increased by \$4,067,534. Key elements of this increase are as shown in the following table.

TOWN OF PORT ROYAL, SOUTH CAROLINA CHANGE IN NET POSITION		
	Governmental Activities	
	2025	2024
Expenses		
Legislative	\$ 354,090	\$ 351,016
Executive	2,476,980	2,211,222
Court	234,674	230,442
Police Department	3,929,427	3,486,598
Fire Department	2,922,391	2,602,361
Streets and Sanitation	2,141,429	1,176,556
Safety/Building Services	268,894	263,862
Stormwater Utility	127,008	143,437
Recreation and Tourism	100,351	51,176
TIF Redevelopment	32	449,309
Interest	86,651	92,940
Total expenses	<u>12,641,927</u>	<u>11,058,919</u>
Program Revenues		
Charges for Services	596,308	1,002,942
Operating Grants and Contributions	809,770	356,460
Capital Grants and Contributions	4,065,572	672,443
Total program revenues	<u>5,471,650</u>	<u>2,031,845</u>
General Revenues		
Property Taxes	5,487,613	5,494,794
Business Licenses	2,846,414	2,575,952
Accommodation and Hospitality Taxes	926,253	837,147
Franchise Taxes	972,649	914,317
Grants and Contributions not restricted to specific programs	708,529	401,181
Investment Earnings	275,746	300,109
SCRS Refund	18,707	18,707
Disposal of Capital Assets	1,900	35,157
Total general revenues and special items	<u>11,237,811</u>	<u>10,577,364</u>
Change in net position	4,067,534	1,550,290
Net position - beginning	9,462,304	7,912,014
Prior Period Restatement	(164,129)	-
Net position - ending	<u>\$ 13,365,709</u>	<u>\$ 9,462,304</u>

The change in net position of \$4,067,534 is primarily attributable to operating and capital grants utilized during the fiscal year 2025. The majority of these revenues are non-recurring federal financial assistance for the use of the Coronavirus State and Local Fiscal Recovery Fund of \$4,411,663. The decrease of \$406,634 in the charges for services relate to building and permitting fees. General revenues remained fairly consistent with modest increases. Tax millage remained at 74 for operations for the years ended June 30, 2025 and 2024. The increase in assessed valuations for property within the Town for tax year 2024 was 1.22%.

The increase in expenses represents grant purchases that were not capitalized, depreciation of assets put into service during the year, and budgeted costs.

Expenses and Revenues by Program - Governmental Activities



Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Town.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,845,770, an increase of \$1,533,793. Of this amount, \$5,607,892, constitutes the *unassigned fund balance*, which is available for spending at the government's discretion. The remaining fund balance of \$3,237,878 is restricted for particular purposes.

Analysis of individual funds. The Town's governmental funds include the general fund, the capital projects fund, and other nonmajor governmental funds. The changes in the individual governmental funds are discussed in the following paragraphs.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the unassigned fund balance of the general fund is \$5,607,892, which represented 56% of total general fund expenditures. The unassigned fund balance increased \$794,816 during the current fiscal year. The increase is mainly attributable to unbudgeted revenue collected for fines, fees and licenses.

The general fund had a restricted fund balance of \$224,857 at the end of the current fiscal year, which increased \$33,534. This increase is attributable to the collection of impact fire fees in the current fiscal year.

The capital projects fund, a major fund, had a restricted fund balance of \$602,125 at the end of the current fiscal year. There is no change in the fund balance.

The Town has seven other governmental funds that are considered to be nonmajor. The other governmental funds include: the Stormwater Utility Fund increased \$177,461; the Local Hospitality fund increased \$21,633; the Local Accommodation Tax Fund increased \$51,134; the State Accommodation Tax Fund decreased \$26,865; the Housing Rehab Fund increased \$2,400; TIF Fund increased \$184,074; and the Shrimp Dock Fund increased \$295,606.

Budgetary Highlights. Budget to actual comparison is presented for the general fund on page 39. Overall revenues were more than budget revenues by \$969,552. This is due to unbudgeted activity from fines, fees and licenses revenues of \$544,606. This increase is due to past growth within the Town, resulting in more revenue being generated from business licenses fees. Additionally, the recognition of unearned revenues of \$295,606 reflected as a positive variance in miscellaneous income. Overall expenditures were under budget expenditures by \$154,404. The Executive Department exceeded budgeted expenditures by \$187,732, mainly attributable to excess spending on special contracts for legal and engineering. This was offset by the Police Department and Streets and Sanitation being under budgeted by \$234,040 and \$131,544, respectively. The Police Department and Streets and Sanitation budgeted for capital expenditures that were subsequently paid by grant funds, in lieu of operating funds. No supplemental appropriations were made to the budget during the year.

Capital Assets. The Town's investment in capital assets for its governmental type activities as of June 30, 2025 amounts to \$11,502,713 (net of accumulated depreciation/amortization). This investment in capital assets includes land and improvements, construction in progress, infrastructure, buildings and improvements, furniture and equipment, vehicles, lease assets and subscription assets. The total increases of capital assets for the current fiscal year were \$3,418,714. These additions included construction and land at Cypress Wetlands (\$61,809), building at Ninth Street (\$180,151), park equipment (\$60,747), Town Hall renovations and equipment (\$98,681), Police Department renovations (\$45,195) and leased vehicles (\$342,050), vehicles and equipment for the streets and sanitation department (\$510,074), sidewalk renovations (\$201,028), Sands Beach Causeway (\$1,656,750), police command trailer and equipment (\$136,120), construction in progress for a splashpad (\$120,000) and subscription for video surveillance cameras (\$6,109). There were two vehicles and a trailer disposed of during the fiscal year. Depreciation and amortization expense was \$1,039,155 for the year ended June 30, 2025. Additional information on the Town's capital assets can be found in Note 4 of this report.

TOWN OF PORT ROYAL, SOUTH CAROLINA CAPITAL ASSETS - NET OF DEPRECIATION

	Governmental Activities	
	2025	2024
Land and Improvements	\$ 593,823	\$ 408,507
Construction in Progress	120,000	7,825
Infrastructure	6,008,439	4,439,912
Buildings and Improvements	2,701,941	2,711,853
Furniture and Equipment	396,619	175,662
Vehicles	621,492	417,950
Right-to-Use Assets	1,033,200	928,599
Subscription Assets	27,199	32,846
Total	<u>\$ 11,502,713</u>	<u>\$ 9,123,154</u>

Long-term obligations. At the end of the current fiscal year, the Town had total long-term obligations outstanding in the amount of \$8,093,469. The long-term obligations were attributable to bonds payable, compensated absences, net pension liability, lease liability and subscription liability. New lease liability of \$342,050 acquired during the year included vehicles. Payments on existing debt were made as scheduled. Additional information can be found in Note 5 of this report.

TOWN OF PORT ROYAL, SOUTH CAROLINA LONG-TERM DEBT OUTSTANDING

	Governmental Activities	
	2024	
	2025	(Restated)
Bonds Payable	\$ 2,157,000	\$ 2,434,000
Lease Liability	775,025	631,958
Subscription Liability	22,505	34,158
Compensated Absences	415,281	384,222
Net Pension Liability	4,723,658	4,699,771
Total	<u>\$ 8,093,469</u>	<u>\$ 8,184,109</u>

Implementation of GASB Statement 101, *Compensated Absences*, resulted in the recognition of leave more likely than not to be taken in a future period. In consideration of this, sick leave was evaluated and included on a weighted average basis resulting in a prior period restatement of \$164,129.

Economic Factors and Next Year's Budgets

The Town approved an operating budget for fiscal year 2025-2026 of \$11,161,770. A millage rate of 72 mills was approved to fund the operating budget.

Requests for Information

This financial report is designed to provide a general overview of the Town of Port Royal, South Carolina's finances, for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager, Town of Port Royal, South Carolina, Post Office Box 8, Port Royal, South Carolina, 29935.

**BASIC
FINANCIAL STATEMENTS**

**TOWN OF PORT ROYAL, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Governmental Activities
ASSETS	
Cash	\$ 390,553
Restricted Cash	2,520,345
Investments	7,829,971
Receivables	1,512,651
Notes Receivable	2,810
Capital Assets, not being depreciated/amortized	713,823
Capital Assets, being depreciated/amortized	10,788,890
Total Assets	23,759,043
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pension	1,225,649
Deferred Outflows Related to Subscriptions	6,109
Total Deferred Outflows of Resources	1,231,758
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 24,990,801
LIABILITIES	
Accounts Payable and Accrued Liabilities	\$ 1,171,337
Interest Payable	23,795
Unearned Revenue	2,043,979
Non-current Liabilities	
Due within one year	619,981
Due in more than one year	2,749,830
Net Pension Liability	4,723,658
Total Liabilities	11,332,580
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pension	292,512
Total Deferred Inflows of Resources	292,512
NET POSITION	
Net Investment in Capital Assets	9,150,288
Restricted for:	
Grants and Projects	602,125
Tourism and Related Costs	706,901
TIF Project	856,565
Housing Rehabilitation	91,380
Stormwater Drainage	756,050
Fire Department	224,857
Unrestricted (Deficit)	977,543
Total Net Position	13,365,709
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 24,990,801

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Legislative	\$ 354,090	\$ -	\$ -	\$ -	(354,090)
Executive	2,476,980	-	219,083	2,586,966	329,069
Court	234,674	-	-	-	(234,674)
Police Department	3,929,427	93,296	229,596	395,293	(3,211,242)
Fire Department	2,922,391	-	-	-	(2,922,391)
Streets and Sanitation	2,141,429	-	361,091	1,083,313	(697,025)
Safety/Building Services	268,894	172,932	-	-	(95,962)
Stormwater Utility	127,008	311,515	-	-	184,507
Recreation and Tourism	100,351	18,565	-	-	(81,786)
TIF Redevelopment	32	-	-	-	(32)
Interest Expense	86,651	-	-	-	(86,651)
Total Governmental Activities	\$ 12,641,927	\$ 596,308	\$ 809,770	\$ 4,065,572	(7,170,277)
General Revenues					
Property Taxes					5,487,613
Business Licenses					2,846,414
Accommodation and Hospitality Taxes					926,253
Franchise Fees					972,649
Grants and Contributions not restricted to specific programs					708,529
Investment Earnings					275,746
SCRS Refund					18,707
Gain on Disposal of Capital Assets					1,900
Total General Revenues					11,237,811
Change in Net Position					4,067,534
Net Position, Beginning of Year					9,462,304
Prior Period Restatement					(164,129)
Net Position, End of Year					\$ 13,365,709

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

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

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ -	\$ 922,858	\$ 1,446,267	\$ 2,369,125
Restricted Cash	59,080	1,364,596	1,074,597	2,498,273
Investments	5,873,471	-	-	5,873,471
Receivables	1,157,982	233,638	121,031	1,512,651
Notes Receivable	-	-	2,810	2,810
Due from Other Funds	150,254	-	-	150,254
Total Assets	<u>\$ 7,240,787</u>	<u>\$ 2,521,092</u>	<u>\$ 2,644,705</u>	<u>\$ 12,406,584</u>
LIABILITIES				
Accounts Payable	\$ 612,088	\$ 291,001	\$ 230,999	\$ 1,134,088
Accrued Liabilities	37,249	-	-	37,249
Unearned Revenue	566,267	1,477,712	-	2,043,979
Due to General Funds	-	150,254	-	150,254
Total Liabilities	<u>1,215,604</u>	<u>1,918,967</u>	<u>230,999</u>	<u>3,365,570</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	192,434	-	-	192,434
Unavailable Revenue - Notes Receivable	-	-	2,810	2,810
Total Deferred Inflows of Resources	<u>192,434</u>	<u>-</u>	<u>2,810</u>	<u>195,244</u>
FUND BALANCES				
Restricted	224,857	602,125	2,410,896	3,237,878
Unassigned	5,607,892	-	-	5,607,892
Total Fund Balances	<u>5,832,749</u>	<u>602,125</u>	<u>2,410,896</u>	<u>8,845,770</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,240,787</u>	<u>\$ 2,521,092</u>	<u>\$ 2,644,705</u>	<u>\$ 12,406,584</u>

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

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

Total net position reported for governmental activities in the statement of net position is different because:

Total fund balances for governmental funds		\$ 8,845,770
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land and Improvements	413,672	
Construction in Progress	120,000	
Infrastructure, net of \$2,184,029 accumulated depreciation	6,008,439	
Buildings and Improvements, net of \$2,883,086 accumulated depreciation	2,882,092	
Furniture and Equipment, net of \$591,602 accumulated depreciation	396,619	
Vehicles, net of \$1,159,540 accumulated depreciation	621,492	
Lease Assets, net of \$1,051,988 accumulated amortization	1,033,200	
Subscription Assets, net of \$36,844 accumulated amortization	27,199	
Total Capital Assets	11,502,713	
Some of the Town's receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.		
		195,244
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
		(23,795)
Deferred outflows and inflows of resources represents amounts applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources:		
Related to pensions	1,225,649	
Related to subscriptions	6,109	
Deferred inflows of resources:		
Related to pensions	(292,512)	
Total deferred outflows and inflows of resources	939,246	
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Balances at June 30, 2025 are:		
Net Pension Liability	(4,723,658)	
Bonds, Notes, Leases and Subscriptions Payable	(2,954,530)	
Compensated Absences	(415,281)	
Total Long-Term Liabilities	(8,093,469)	
Total net position of governmental activities		\$ 13,365,709

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

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

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 5,275,114	\$ -	\$ 1,110,359	\$ 6,385,473
Fines, Fees and Licenses	4,103,856	-	311,515	4,415,371
Intergovernmental	389,204	-	-	389,204
Miscellaneous	600,678	4,890,342	2,400	5,493,420
Total Revenues	<u>10,368,852</u>	<u>4,890,342</u>	<u>1,424,274</u>	<u>16,683,468</u>
EXPENDITURES				
Current				
Legislative	351,145	-	-	351,145
Executive	1,542,091	704,024	-	2,246,115
Court	232,637	-	-	232,637
Police Department	3,105,472	531,289	-	3,636,761
Fire Department	2,873,064	-	-	2,873,064
Streets and Sanitation	1,029,653	694,405	-	1,724,058
Safety/Building Services	262,316	-	-	262,316
Stormwater Utility	-	-	72,245	72,245
Recreation and Tourism	-	-	100,351	100,351
TIF Redevelopment	-	-	32	32
Debt Service				
Principal and Interest	487,636	-	-	487,636
Interest	86,651	-	-	86,651
Capital Outlay				
Executive	1,100	2,117,025	-	2,118,125
Police Department	6,109	435,650	-	441,759
Streets and Sanitation	47,022	749,999	-	797,021
Stormwater Utility	-	-	61,809	61,809
Total Expenditures	<u>10,024,896</u>	<u>5,232,392</u>	<u>234,437</u>	<u>15,491,725</u>
Excess (Deficiency) of Revenues Over/Under Expenditures	<u>343,956</u>	<u>(342,050)</u>	<u>1,189,837</u>	<u>1,191,743</u>
OTHER FINANCING SOURCES (USES)				
Lease and Subscription Proceeds	-	342,050	-	342,050
Transfers In	780,000	-	295,606	1,075,606
Transfers Out	(295,606)	-	(780,000)	(1,075,606)
Total Other Financing Sources (Uses)	<u>484,394</u>	<u>342,050</u>	<u>(484,394)</u>	<u>342,050</u>
Change in Fund Balances	828,350	-	705,443	1,533,793
Fund Balances, Beginning	5,004,399	602,125	1,705,453	7,311,977
Fund Balances, Ending	<u>\$ 5,832,749</u>	<u>\$ 602,125</u>	<u>\$ 2,410,896</u>	<u>\$ 8,845,770</u>

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

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

The change in net position reported for governmental activities in the statement of activities is different because:

Net change in fund balances -- total governmental funds	\$	1,533,793
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$3,418,714) exceeded depreciation and amortization expense (\$1,039,155) in the current period.</p>		
		2,379,559
<p>Prepaid expense is recorded as paid in the governmental funds but is accrued as an asset in the governmental statements.</p>		
		6,109
<p>Governmental funds report pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>		
Pension contributions	(617,644)	
Cost of benefits earned net of employee contributions	625,197	
Net change in pension contributions		7,553
<p>Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.</p>		
		487,636
<p>Proceeds of debt are reported as revenue in governmental funds. However, in the government wide statements, proceeds of debt are treated as a liability</p>		
		(342,050)
<p>Revenues in the funds statement that are reported in current financial resources are not reported as revenues in the statement of activities.</p>		
		25,993
<p>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 governmental funds.</p>		
Compensated Absences		(31,059)
Total change in net position of governmental activities	\$	4,067,534

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

**TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Port Royal, South Carolina is a political subdivision of the State of South Carolina, operating under the Council-Administrator form of government to provide services authorized by its charter. It is governed by an elected board (Town Council) which is governed by state statutes and regulations. Its main services are general government, council, building and zoning, Town services, fire department, police department, courts, recreation, and tourism. The Town was organized on March 9, 1874.

Reporting Entity

Generally accepted accounting principles, as established by the Governmental Accounting Standards Board, require that the financial reporting entity's financial statements include the financial operation of the primary government organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The basic criteria for including organizations as component units within the reporting entity include imposition of will, and financial benefit or burden on a primary government and selection of governing authority. Based on the above criteria, the Town has no component units required to be reported in these financial statements.

The accompanying financial statements present the combined financial positions and combined results of operations of the various fund types controlled by the Town Council and the Town Manager.

The Town is primarily funded through taxation, fines, fees and licenses. The operating revenues and expenditures are included in the General Fund. The accounting policies of the Town conform to generally accepted accounting principles, as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting.

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

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

TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The Town is currently not reporting any fiduciary funds.

The Town reports the following major governmental funds:

The *general fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital projects fund* accounts for the financial resources used for the acquisition or construction of capital projects.

During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities (i.e., governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

**TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property taxes, intergovernmental revenues, and other reimbursement type grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Budgetary Information

Prior to the start of each fiscal year, the various departments submit to the Town Manager a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. The Town Manager reviews the budgets and submits them to the Town Council. Two public hearings are conducted to obtain taxpayer comments as required by Section 4-9-130 of the South Carolina statutes. Prior to June 30, the budget is legally enacted through passage of an ordinance. The Town Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council. It is unlawful to expend or contract for an expenditure in any fiscal year more than the amount budgeted in each fund pursuant to Section 4-9-140 of the South Carolina statutes. Budgets are adopted for the general fund. The Town does not prepare a budget for its other funds; accordingly, a budget and actual schedule is omitted for these funds. There were no supplemental appropriations during the year.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, Cash Equivalents and Investments

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

The Town is authorized by state statute to invest in the following:

- Obligations of the United States and its agencies;
- General obligations of the State of South Carolina and its political units;
- Savings and loan associations to the extent that the same are insured by an agency of the Federal Government; certificates of deposit where the certificates are collaterally secured by securities of the type described above and are held by a third party as escrow agent or custodian, at a market value not less than the amounts of the certificates of deposit plus interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

Property tax receivables are shown net of an allowance for uncollectible.

The Town Ordinance provides for the taxation of all real and personal property located within the Town limits on the first day of January. Motor vehicle taxes are billed and collected by the County Treasurer on a monthly basis. Other personal and real property taxes are levied by the Town in October of each year and become due and payable immediately upon receipt by the taxpayer. Real property taxes are delinquent after January 15th with penalties assessed of 3% if paid after January 15th, 10% if paid after January 31st, and 15% if paid after March 15th. Assessed property is subject to lien one year from the levy date if taxes remain unpaid. The property tax rate approved by ordinance for tax year 2024 is 74 mills.

**TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Inventories and Prepaid Items

Inventories of the general fund consist of supplies held for consumption and are immaterial to the financial statements and accordingly are not recorded.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings and Improvements	5-50
Vehicles	5-25
Infrastructure	5-50
Furniture and Equipment	5-15

Leases

The Town has entered into various leasing arrangements as the lessee. The Town recognizes lease liabilities with an initial, individual value of \$5,000 or more with a lease term greater than one year. The Town recognizes a lease liability and a right-to-use lease asset in the government-wide financial statements. At the commencement of the lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Key estimates and judgements related to leases include the discount rate, the lease terms and the lease payments. For the discount rate, the Town uses the interest rate charged by the lessor. If an interest rate is not provided by the lessor, the Town will use its estimated incremental borrowing rate as the discount rate. Lease terms include the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that significantly affect the amount of the lease liabilities.

Subscription Based Information Technology Arrangements (SBITAs)

The Town has entered into various IT software subscriptions arrangements. The Town recognizes subscription liabilities with an initial, individual value of \$5,000 or more with a subscription term greater than one year. The Town recognizes a subscription liability and an intangible subscription asset in the government-wide financial statements. At the commencement of the agreement, the Town initially measures the subscription liability at the present value of payments expected to be made during the agreement term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis. Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

Key estimates and judgements related to subscriptions include the discount rate, the agreement terms and the agreement payments. For the discount rate, the Town uses the interest rate charged by the software vendor. If an interest rate is not provided by the software vendor, the Town will use its estimated incremental borrowing rate as the discount rate. Agreement terms include the noncancellable period of the agreement. Agreement payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its agreements and will remeasure the subscription assets and liabilities if certain changes occur that significantly affect the amount of the subscription liabilities.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. In the fund financial statements, governmental fund types recognize the face amount of debt issued as issuance of debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reported deferred outflows in the statement of net position related to its pension liability.

TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports unavailable revenues from property taxes and notes receivable on the governmental fund balance sheet. The Town reports deferred inflows in the statement of net position related to its pension liability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumptions

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Town Council has by resolution authorized the Town Manager to assign fund balance. The Town Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Compensated Absences

The Town recognizes a liability for compensated absences for leave time that 1) has been earned for services previously rendered by employees 2) accumulates and is allowed to be carried over to subsequent years, and 3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

The Town's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment up to 240 hours at the employee's current pay rate upon separation from employment.

The Town's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employment of the Town and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2025, the Town's balance was \$3,763,408 of which \$250,000 was covered by FDIC insurance and the remaining balance was covered by assets pledged by the financial institution.

**TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS – CONTINUED

In addition, South Carolina statutes authorize the Town to invest in the South Carolina Local Government Investment Pool (SCLGIP). The SCLGIP is an investment trust fund created by state legislation, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The SCLGIP is considered to be a 2a7-like pool that operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The pool is managed by the Treasurer's Office of the State of South Carolina. The pool is not registered with the SEC as an investment company. The fair value of the balance in the SCLGIP represents the same value as the pool shares. The amount invested at June 30, 2025 was \$7,829,971.

NOTE 3 RECEIVABLES

Taxes receivable consist of delinquent taxes on hand at June 30, 2025. Taxes not collected within 60 days of year-end are treated as deferred revenues. An allowance for doubtful accounts of two percent in the amount of \$5,737 has been applied to the taxes receivable in the general fund.

The following details receivables - net by fund:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Receivables</u>
Taxes Receivable, net	\$ 343,120	\$ -	\$ 120,498	\$ 463,618
Fines, Fees, and Licenses	618,738	-	533	619,271
Miscellaneous	196,124	233,638	-	429,762
Total	<u>\$ 1,157,982</u>	<u>\$ 233,638</u>	<u>\$ 121,031</u>	<u>\$ 1,512,651</u>

Government funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Government funds also defer revenue recognition in connection with resources that have been received but not yet earned.

At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent Property Taxes Receivable	\$ 192,434	\$ -
Drug Funds	-	60,961
Victims Assistance	-	2,375
Insurance proceeds	-	192,451
Mascaro Road	-	59,080
Tree Fund	-	251,400
Housing Loans	2,810	-
SC Department of Public Safety	-	14,931
SC Department of Veteran Affairs	-	783
South Carolina DNR Grant	-	765,050
American Rescue Plan Act (ARPA)	-	696,948
Total	<u>\$ 195,244</u>	<u>\$ 2,043,979</u>

**TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 RECEIVABLES – CONTINUED

Notes Receivables

	Balance
Revolving loan fund for rehabilitation of homes within the Town. These funds were originally loaned to rehabilitate or contract homes in the Town for economically disadvantaged individuals.	\$ 48,265
Allowance for Uncollectible of Rehab Loans	(45,455)
Total Notes Receivable - Net	\$ 2,810

NOTE 4 PROPERTY AND EQUIPMENT

A summary of changes in the Town's property and equipment is as follows:

	June 30, 2024	Increases	Decreases	Transfers In (Out)	June 30, 2025
<i>Capital assets not being depreciated/amortized</i>					
Land	\$ 408,507	\$ 5,165	\$ -	\$ -	\$ 413,672
Construction in progress	7,825	120,000	-	(7,825)	120,000
Total assets not being depreciated/amortized	416,332	125,165	-	(7,825)	533,672
<i>Capital assets being depreciated/amortized:</i>					
Building and improvements	5,404,456	352,897	-	7,825	5,765,178
Infrastructure	6,217,300	1,975,169	-	-	8,192,469
Furniture and equipment	775,212	191,884	65,750	-	901,346
Vehicles	1,491,948	425,440	49,481	-	1,867,907
Lease assets	1,743,137	342,050	-	-	2,085,187
Subscription assets	57,934	6,109	-	-	64,043
Total assets being depreciated/amortized	15,689,987	3,293,549	115,231	7,825	18,876,130
<i>Accumulated depreciation/amortization for:</i>					
Building and improvements	2,692,603	190,483	-	-	2,883,086
Infrastructure	1,777,387	406,642	-	-	2,184,029
Furniture and equipment	599,550	57,802	65,750	-	591,602
Vehicles	1,073,998	135,023	49,481	-	1,159,540
Lease assets	814,539	237,449	-	-	1,051,988
Subscription assets	25,088	11,756	-	-	36,844
Total accumulated depreciation/amortization	6,983,165	1,039,155	115,231	-	7,907,089
Total capital assets being depreciated/amortized, net	8,706,822	2,254,394	-	7,825	10,969,041
Governmental activities capital assets, net	\$ 9,123,154	\$2,379,559	\$ -	\$ -	\$ 11,502,713

Depreciation and amortization expense was \$1,039,155 for the year ended June 30, 2025. This amount was allocated to the functional departments as follows:

Governmental activities	
Legislative	\$ 2,793
Executive	220,098
Fire Department	49,327
Streets and Sanitation	416,940
Safety and Building Services	2,121
Stormwater	54,763
Police Department	293,113
	\$ 1,039,155

**TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 LONG-TERM OBLIGATIONS

A schedule of changes on long-term indebtedness follows:

	Restated Balance			June 30, 2025	Due Within One Year
	June 30, 2024	Increases	Decreases		
Bonds Payable	\$ 2,434,000	\$ -	\$ 277,000	\$ 2,157,000	\$ 284,000
Lease Liability	631,958	342,050	198,983	775,025	219,998
Subscription Liability	34,158	-	11,653	22,505	12,163
Compensated Absences*	384,222	31,059	-	415,281	103,820
	3,484,338	373,109	487,636	3,369,811	619,981
Net Pension Liability	4,699,771	23,887	-	4,723,658	-
	<u>\$ 8,184,109</u>	<u>\$ 396,996</u>	<u>\$ 487,636</u>	<u>\$ 8,093,469</u>	<u>\$ 619,981</u>

*The change in compensated absences above is a net change for the year.

Compensated Absences

Liabilities for compensated absences are reported in the applicable governmental type activities in the government-wide financial statements. Compensated absences are paid from the general fund. The liability for compensated absences at June 30, 2025, is \$415,281 and includes 17% for employee benefits.

General Bond Obligation Bonds

General Bond Obligations bonds payable at June 30, 2025 are comprised of the following:

Series 2022 General Obligations Bond in the amount of \$3,000,000 obtained August 2022, for the purpose of improving and repairing sidewalks and roadways in the Town. The bond is payable in 10 annual installments ranging from \$340,945 to \$341,818 and bears interest at 2.64%. As of June 30, 2025, the balance was \$2,157,000.

As of June 30, 2025, the future debt service requirements for the general obligation bonds were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 284,000	\$ 56,945	\$ 340,945
2027	292,000	49,447	341,447
2028	300,000	41,738	341,738
2029	308,000	33,818	341,818
2030	316,000	25,687	341,687
2031-2032	657,000	26,136	683,136
Total	<u>\$ 2,157,000</u>	<u>\$ 233,771</u>	<u>\$ 2,390,771</u>

Debt Limitation

The Town's general obligation debt is limited by law to eight percent of the total assessed value of all taxable real and personal property of the district. The latest assessed value was \$71,579,050. The computation of legal debt limits is as follows:

Assessed value (\$71,579,050 x 8%)	\$ 5,726,324
General obligation debt at June 30, 2025	(2,157,000)
Excess of general obligation debt over debt limit	<u>\$ 3,569,324</u>

**TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 LONG-TERM OBLIGATIONS – CONTINUED

Leases

The Town has various agreements for the right to use equipment and vehicles that include multiple optional renewal periods and contain purchase options for fair market value. Generally, the Town does not consider the additional renewal periods or purchase options to be reasonably certain of being exercised. All the leases included fixed rental payments, but many of the leases also include variable rental payments. The variable rental payments are determined by usage, and therefore, are excluded from the lease liability. For operating leases, a lease liability and right-to-use asset were established for each of these agreements and are being amortized over the terms of the lease. For financing leases, the lease liability is amortized over the term of the lease while the right-to-use asset is amortized over the useful life of the asset. The terms of the leases vary and are outlined below:

<u>Leases</u>	<u>Balance</u>
\$1,991,263 leases for right-to-use vehicles with annual payments between \$2,710 and \$17,740 including interest ranging between 2.60% and 4.29%	\$ 720,794
\$93,926 lease for right-to-use equipment with annual payments ranging between \$3,091 and \$17,740 including interest of 4.29%.	54,231
Total Lease Liability	<u>\$ 775,025</u>

The annual requirements to amortize the lease liabilities are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 219,998	\$ 26,856	\$ 246,854
2027	206,429	18,427	224,856
2028	174,309	10,733	185,042
2029	109,887	4,610	114,497
2030	64,402	1,247	65,649
Total	<u>\$ 775,025</u>	<u>\$ 61,873</u>	<u>\$ 836,898</u>

Subscriptions

The Town has SBITAs for software programs. As of June 30, 2025, the value of the subscription liability was \$22,505. The value of the subscription asset at the end of the current fiscal year was \$27,199, net of accumulated amortization of \$36,844. The SBITAs are paid by the general fund. The terms of the subscriptions are outlined below:

<u>Subscriptions</u>	<u>Balance</u>
\$57,934 subscription for software with annual payments of \$12,900 including interest of 4.29%.	\$ 22,505
Total Subscription Liability	<u>\$ 22,505</u>

The annual requirements to amortize the subscription liability are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 12,163	\$ 737	\$ 12,900
2027	10,342	208	10,550
Total	<u>\$ 22,505</u>	<u>\$ 945</u>	<u>\$ 23,450</u>

TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 LONG-TERM OBLIGATIONS – CONTINUED

Pension Plan

Description of the Entity

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

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted 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 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 a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR for the state.

Plan Descriptions

- The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established 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 its political subdivisions. SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and individuals first elected to the South Carolina General Assembly at or after the general election in November 2012.
- The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

**TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 LONG-TERM OBLIGATIONS – CONTINUED

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

- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

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

**TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 LONG-TERM OBLIGATIONS – CONTINUED

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

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

Contributions

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

Effective July 1, 2017, employee rates were increased and capped at 9 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS until reaching 18.56 percent for SCRS and 21.24 percent for PORS. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

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

Required employee contribution rates¹ are as follows:

	<u>Fiscal Year 2025¹</u>	<u>Fiscal Year 2024¹</u>
SCRS		
Employee class two	9.00%	9.00%
Employee class three	9.00%	9.00%
PORS		
Employee class two	9.75%	9.75%
Employee class three	9.75%	9.75%

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

**TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 LONG-TERM OBLIGATIONS – CONTINUED

Required employer contribution rates¹ are as follows:

	<u>Fiscal Year 2025¹</u>	<u>Fiscal Year 2024¹</u>
SCRS		
Employer class two	18.56% ²	18.56%
Employer class three	18.56% ²	18.56%
PORS		
Employer class two	21.24% ³	21.24%
Employer class three	21.24% ³	21.24%

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

²Includes incidental death benefit contribution rate of 0.15%.

³Includes incidental death benefit and accidental death benefit contribution rate of 0.20% each.

Actuarial Assumptions and Methods

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

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

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

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

¹ includes inflation at 2.25%

**TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 LONG-TERM OBLIGATIONS – CONTINUED

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

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

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General employees and members of the general assembly	2020 PRSC Males multiplied by 97%	2020 PRSC 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 67 less that system's fiduciary net position. NPL totals, as of June 30, 2024, for SCRS and PORS are presented below.

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
SCRS	\$ 4,751,864	\$ 2,936,171	\$ 1,815,693	61.8%
PORS	9,866,359	6,958,394	2,907,965	70.5%
Total	\$ 14,618,223	\$ 9,894,565	\$ 4,723,658	

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

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2024 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

**TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 LONG-TERM OBLIGATIONS – CONTINUED

<u>Allocation/Exposure</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	46.0%	6.23%	2.86%
Bonds	26.0%	2.60%	0.68%
Private Equity¹	9.0%	9.60%	0.86%
Private Debt¹	7.0%	6.90%	0.48%
Real Assets	12.0%		
Real Estate ¹	9.0%	4.30%	0.39%
Infrastructure ¹	3.0%	7.30%	0.22%
Total expected return ²	100.0%		5.49%
Inflation for actuarial purposes			2.25%
Expected rate of return			7.74%

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

²Portable Alpha Strategies, which utilizes 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.

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
<u>System</u>	<u>1% Decrease (6%)</u>	<u>Current Discount Rate (7%)</u>	<u>1% Increase (8%)</u>
SCRS	\$ 2,353,017	\$ 1,815,693	\$ 1,320,985
PORS	4,213,080	2,907,965	1,839,003
	<u>\$ 6,566,097</u>	<u>\$ 4,723,658</u>	<u>\$ 3,159,988</u>

**TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 LONG-TERM OBLIGATIONS – CONTINUED

Pension Expense

The aggregate amount of pension expense for SCRS and PORS is \$544,354. Components of collective pension expense reported in the Schedules of Pension Amounts by Employer for the fiscal year ended June 30, 2024, are presented below.

<u>Description</u>	<u>SCRS</u>	<u>PORS</u>
Service cost (annual cost of current service)	\$ 91,560	\$ 233,520
Interest on the total pension liability	310,318	631,850
Plan administrative costs	1,406	3,266
Plan member contributions	(86,521)	(191,646)
Expected return on plan assets	(185,959)	(438,014)
Recognition of current year amortization - difference between expected and actual experience & assumption changes	68,777	189,384
Recognition of current year amortization - difference between projected and actual investment earnings	(24,464)	(57,560)
Other	134	(1,697)
Total	\$ 175,251	\$ 369,103

Additional items included in Total Employer Pension Expense in the Schedules of Pension Amounts by Employer are the current period amortized portions of deferred outflows and/or inflows of resources related to changes in employers' proportionate share of the collective NPL and differences between actual employer contributions and proportionate share of total plan employer contributions. These two deferrals are specific to cost-sharing multiple-employer defined benefit pension plans as discussed in paragraphs 54 and 55 of GASB 68.

**TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 LONG-TERM OBLIGATIONS – CONTINUED

Deferred Outflows of Resources and Deferred Inflows of Resources

The following schedules reflect the amortization of collective deferred outflows/(inflows) of resources related to pensions outstanding at June 30, 2024.

<u>SCRS</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 59,670	\$ 2,253
Assumption changes	32,010	-
Net difference between projected and actual investment earnings	-	69,959
Deferred amounts from changes in proportionate share and differences between employer contributions & proportionate share of total plan employer contributions	109,252	-
Contributions subsequent to the measurement date	214,905	-
Total	<u>\$ 415,837</u>	<u>\$ 72,212</u>

<u>PORS</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 273,096	\$ 16,672
Assumption changes	63,312	-
Net difference between projected and actual investment earnings	-	163,032
Deferred amounts from changes in proportionate share and differences between employer contributions & proportionate share of total plan employer contributions	63,112	40,596
Contributions subsequent to the measurement date	410,292	-
Total	<u>\$ 809,812</u>	<u>\$ 220,300</u>
Total All Plans	<u>\$ 1,225,649</u>	<u>\$ 292,512</u>

As discussed in paragraph 71b of GASB 68, collective deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual pension plan investment earnings in different measurement periods should be aggregated and included as a net collective deferred outflow of resources related to pensions or a net collective deferred inflow of resources related to pensions. Accordingly, the Outstanding Balance of Deferred Outflows of Resources in the Schedules of Pension Amounts by Employer reflects the current net difference between projected and actual pension plan investment earnings.

**TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 LONG-TERM OBLIGATIONS – CONTINUED

Additional items reported within the Outstanding Balance of Deferred Outflows and Inflows of Resources in the Schedules of Pension Amounts by Employer result from the two cost-sharing multiple-employer defined benefit pension plan-specific deferrals previously discussed.

The amounts of \$214,905 and \$410,292 reported as deferred outflows of resources relate to the contributions subsequent to the measurement date of the SCRS and PORS, respectively, and will be recognized as a reduction of the net pension liabilities for the year ended June 30, 2026.

Amortization of Deferred Outflows/(Inflows) of Resources			
Amortized period ending June 30,	SCRS	PORS	Total
2025	\$ 2,296	\$ (8,339)	\$ (6,043)
2026	92,229	196,753	288,982
2027	25,251	28,282	53,533
2028	8,944	(37,476)	(28,532)
Net balance of deferred outflows/(inflows) of resources	\$ 128,720	\$ 179,220	\$ 307,940

Employer and Nonemployer Contributions

Employers' proportionate shares were calculated on the basis of employer and nonemployer contributions remitted to the plan. In an effort to help offset a portion 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 and PORS employers for fiscal year 2024 who then applied the credit invoices towards contributions otherwise due to the Systems. The amount of credit invoices issued in fiscal year 2024 totaled \$88.7 million and \$12.5 million for SCRS and PORS, respectively.

Employer contributions recognized by the Systems that are not representative of future contribution effort are excluded in the determination of employers' proportionate shares. Examples of employer contributions not representative of future contribution effort are contributions towards the purchase of employee service purchases and employer contributions paid by employees.

The following table provides a reconciliation of Employer and Nonemployer contributions in the plans' Statement of Changes in Fiduciary Net Position (per the Systems' separately issued financial statements) to the Employer and Nonemployer contributions used in the determination of employers' proportionate shares of collective pension amounts reported in the Schedules of Employer and Nonemployer Allocations.

	SCRS	PORS
Employer contributions reported in statement of changes in net position for the fiscal year ended June 30, 2024	\$ 190,728	\$ 395,018
Nonemployer contributions reported in statement of changes in net position for the fiscal year ended June 30, 2024	6,868	12,089
Employer contributions not representative of future contribution effort	(120)	(977)
Employer and nonemployer contributions used as the basis for allocating employers' proportionate shares of collective pension amounts - June 30, 2024 measurement date	\$ 197,476	\$ 406,130

**TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 LONG-TERM OBLIGATIONS – CONTINUED

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2025, and the accounting valuation report as of June 30, 2025. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' ACFR.

Payable to the Pension Plan

At June 30, 2025, the amount reported for payables was \$110,519. The liability for pension-related obligations is fully liquidated by the general fund.

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2025, is as follows:

<i>Due to/from Other Funds:</i>		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Funds	\$ 150,254

The amount payable to the general fund is related to the operating funds utilized to pay for grant activities.

The composition of interfund transfers as of June 30, 2025, is as follows:

	<u>General Fund</u>	<u>Local Hospitality Fund</u>	<u>Local Accommodations Fund</u>	<u>State Accommodations Fund</u>	<u>Shrimp Dock Fund</u>	<u>Total</u>
Transfers In	\$ 780,000	\$ -	\$ -	\$ -	\$ 295,606	\$ 1,075,606
Transfers Out	(295,606)	(650,000)	(80,000)	(50,000)	-	(1,075,606)

Transfers between funds included the budgeted revenues from local hospitality taxes of \$650,000 from local accommodations tax of \$80,000, from state accommodations tax of \$50,000, and insurance proceeds used to pay for the activities of the Shrimp Dock.

NOTE 7 RISK MANAGEMENT

The Town purchases insurance policies divided into coverage of workers' compensation, property and casualty, and employee health insurance from the State of South Carolina under various policies. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The State of South Carolina promises to pay to or on behalf of the insured for covered economic losses sustained during the policy in accordance with insurance policy and benefit program limits.

The Town has recorded insurance premium expenditures in the applicable functional expenditure categories of the general fund. These expenditures do not include estimated claim losses and estimable premium adjustments. There have not been any significant reductions in insurance coverage from the prior year.

**TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Town is subject to various claims and assessments, most of which would be covered by insurance.

The Town has been awarded several federal grants. These funds are subject to audit for federal awarding agencies and may be subject to repayment if conditions have not been met with the parties involved. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town received Coronavirus State and Local Fiscal Recovery Funds (SLFRF) through the American Rescue Plan Act during the fiscal years ended June 30, 2021 and 2022. As part of the compliance requirements established by the U.S. Department of Treasury, all funds must be obligated by December 31, 2024 and expended by December 31, 2026. As of June 30, 2025, unspent SLFRF were \$696,948. As of the date this report was available to be issued, all remaining funds were fully obligated.

The Town is a participant in a tax increment financing (TIF) program, intending to subsidize funds for redevelopment, infrastructure and other community-improvement projects. As of June 30, 2025, a liability of \$218,032 has been accrued that represents the portion of TIF funds to be paid to the Beaufort County School District.

NOTE 9 RESTATEMENT OF BEGINNING BALANCE

During the current year, the Town implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the Town now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences.

	Net Position/Fund Balance June 30, 2024 As Previously Reported	Restatement - GASB 101 Implementation	Net Position/Fund Balance June 30, 2024 As Restated
Government-Wide			
Governmental Activities	\$ 9,462,304	\$ (164,129)	\$ 9,298,175
Total Government-Wide	<u>\$ 9,462,304</u>	<u>\$ (164,129)</u>	<u>\$ 9,298,175</u>

NOTE 10 SUBSEQUENT EVENTS

Management has evaluated subsequent events as of February 3, 2026, the date the financial statements were issued. No material subsequent events have occurred that require disclosure in the financial statements.

**REQUIRED
SUPPLEMENTARY INFORMATION**

**TOWN OF PORT ROYAL, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	General Fund				
	Original Budget	Final Budget	Actual	Variance with Final Budget	
REVENUES					
Taxes	\$ 5,136,050	\$ 5,136,050	\$ 5,275,114	\$ 139,064	
Fines, Fees and Licenses	3,559,250	3,559,250	4,103,856	544,606	
Intergovernmental	389,000	389,000	389,204	204	
Miscellaneous	315,000	315,000	600,678	285,678	
Total Revenues	<u>9,399,300</u>	<u>9,399,300</u>	<u>10,368,852</u>	<u>969,552</u>	
EXPENDITURES					
Legislative	333,663	333,663	351,145	(17,482)	
Executive	1,371,450	1,371,450	1,559,182	(187,732)	
Court	227,670	227,670	232,637	(4,967)	
Police Department	3,563,036	3,563,036	3,328,996	234,040	
Fire Department	2,874,571	2,874,571	2,873,064	1,507	
Streets and Sanitation	1,549,100	1,549,100	1,417,556	131,544	
Safety/Building Services	259,810	259,810	262,316	(2,506)	
Total Expenditures	<u>10,179,300</u>	<u>10,179,300</u>	<u>10,024,896</u>	<u>154,404</u>	
Excess (Deficiency) of Revenues Over Expenditures	<u>(780,000)</u>	<u>(780,000)</u>	<u>343,956</u>	<u>1,123,956</u>	
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	780,000	780,000	780,000	-	
Operating Transfers Out	-	-	(295,606)	(295,606)	
Total Other Financing Sources (Uses)	<u>780,000</u>	<u>780,000</u>	<u>484,394</u>	<u>(295,606)</u>	
Net Change in Fund Balances	-	-	828,350	828,350	
Fund Balances, Beginning	5,004,399	5,004,399	5,004,399	-	
Fund Balances, Ending	<u>\$ 5,004,399</u>	<u>\$ 5,004,399</u>	<u>\$ 5,832,749</u>	<u>\$ 828,350</u>	

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

TOWN OF PORT ROYAL, SOUTH CAROLINA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE PENSION PLAN
LAST TEN FISCAL YEARS

	SCRS									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Proportion of the Net Pension Liability	0.006850%	0.006552%	0.006336%	0.006237%	0.006428%	0.006585%	0.006499%	0.007269%	0.007388%	0.007743%
Proportionate Share of the Net Pension Liability	\$ 1,299,136	\$ 1,399,498	\$ 1,426,335	\$ 1,397,423	\$ 1,467,665	\$ 1,682,476	\$ 1,406,456	\$ 1,762,232	\$ 1,786,115	\$ 1,815,693
Covered Payroll	\$ 642,255	\$ 634,479	\$ 639,249	\$ 646,285	\$ 678,727	\$ 734,599	\$ 734,646	\$ 865,601	\$ 1,002,964	\$ 1,063,984
Proportionate Share of the New Pension Liability as a Percentage of Its Covered Payroll	202.28%	220.57%	223.13%	216.22%	216.24%	229.03%	191.45%	203.58%	178.08%	170.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.00%	52.90%	53.30%	54.10%	54.40%	50.70%	60.70%	57.10%	58.60%	61.80%

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	PORS									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Proportion of the Net Pension Liability (Asset)	0.095770%	0.093340%	0.095140%	0.091659%	0.093551%	0.097348%	0.099416%	0.093034%	0.095715%	0.096939%
Proportionate Share of the Net Pension Liability	\$ 2,087,282	\$ 2,367,647	\$ 2,606,528	\$ 2,597,192	\$ 2,681,113	\$ 3,228,280	\$ 2,557,901	\$ 2,790,079	\$ 2,913,656	\$ 2,907,965
Covered Payroll	\$ 1,186,445	\$ 1,190,011	\$ 1,281,279	\$ 1,269,887	\$ 1,244,685	\$ 1,470,591	\$ 1,494,916	\$ 1,472,357	\$ 1,615,962	\$ 1,912,101
Proportionate Share of the New Pension Liability as a Percentage of Its Covered Payroll	175.93%	198.96%	203.43%	204.52%	215.40%	219.52%	171.11%	189.50%	180.30%	152.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.60%	60.40%	60.90%	61.70%	62.70%	58.80%	70.40%	66.40%	67.80%	70.50%

**TOWN OF PORT ROYAL, SOUTH CAROLINA
SCHEDULE OF CONTRIBUTIONS
STATE PENSION PLAN
LAST TEN FISCAL YEARS**

SCRS

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually Required Contribution	\$ 70,173	\$ 73,897	\$ 87,636	\$ 98,823	\$ 114,304	\$ 114,311	\$ 143,344	\$ 176,120	\$ 197,476	\$ 214,905
Contributions in Relation to the Contractually Required Contribution	70,173	73,897	87,636	98,823	114,304	114,311	143,344	176,120	197,476	214,905
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 634,479	\$ 639,249	\$ 646,285	\$ 678,727	\$ 734,599	\$ 734,646	\$ 865,601	\$ 1,002,964	\$ 1,063,984	\$ 1,157,895
Contributions as a Percentage of Covered Payroll	11.06%	11.56%	13.56%	14.56%	15.56%	15.56%	16.56%	17.56%	18.56%	18.56%

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PORS

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually Required Contribution	\$ 163,507	\$ 182,454	\$ 206,230	\$ 233,933	\$ 268,236	\$ 272,673	\$ 283,281	\$ 327,071	\$ 406,130	\$ 410,292
Contributions in Relation to the Contractually Required Contribution	163,507	182,454	206,230	233,933	268,236	272,673	283,281	327,071	406,130	410,292
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,190,011	\$ 1,281,279	\$ 1,269,887	\$ 1,356,917	\$ 1,470,591	\$ 1,494,916	\$ 1,472,357	\$ 1,615,962	\$ 1,912,101	\$ 1,931,694
Contributions as a Percentage of Covered Payroll	13.74%	14.24%	16.24%	17.24%	18.24%	18.24%	19.24%	20.24%	21.24%	21.24%

SUPPLEMENTARY INFORMATION

**TOWN OF PORT ROYAL, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025**

	Stormwater Utility Fund	Local Hospitality Fund	Local Accom Tax Fund	State Accom Tax Fund	Housing Rehab Fund	TIF Fund	Shrimp Dock Fund	Total Nonmajor Governmental Funds
ASSETS								
Cash	\$ 766,464	\$ 530,172	\$ 65,045	\$ (6,794)	\$ 91,380	\$ -	\$ -	\$ 1,446,267
Restricted Cash	-	-	-	-	-	1,074,597	-	1,074,597
Receivables	533	69,857	25,044	25,597	-	-	-	121,031
Notes Receivable	-	-	-	-	2,810	-	-	2,810
Total Assets	\$ 766,997	\$ 600,029	\$ 90,089	\$ 18,803	\$ 94,190	\$ 1,074,597	\$ -	\$ 2,644,705
LIABILITIES								
Accounts Payable	\$ 10,947	-	\$ 2,020	-	-	\$ 218,032	\$ -	\$ 230,999
Total Liabilities	10,947	-	2,020	-	-	218,032	-	230,999
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Notes Receivable	-	-	-	-	2,810	-	-	2,810
Total Deferred Inflows of Resources	-	-	-	-	2,810	-	-	2,810
FUND BALANCES								
Restricted	756,050	600,029	88,069	18,803	91,380	856,565	-	2,410,896
Total Fund Balances	756,050	600,029	88,069	18,803	91,380	856,565	-	2,410,896
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 766,997	\$ 600,029	\$ 90,089	\$ 18,803	\$ 94,190	\$ 1,074,597	\$ -	\$ 2,644,705

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

**TOWN OF PORT ROYAL, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	Stormwater Utility Fund	Local Hospitality Fund	Local Accom Tax Fund	State Accom Tax Fund	Housing Rehab Fund	TIF Fund	Shrimp Dock Fund	Total Nonmajor Governmental Funds
REVENUES								
Taxes	\$ -	\$ 706,706	\$ 148,805	\$ 70,742	\$ -	\$ 184,106	\$ -	\$ 1,110,359
Fines, Fees and Licenses	311,515	-	-	-	-	-	-	311,515
Miscellaneous	-	-	-	-	2,400	-	-	2,400
Total Revenues	311,515	706,706	148,805	70,742	2,400	184,106	-	1,424,274
EXPENDITURES								
Current								
Stormwater Utility	72,245	-	-	-	-	-	-	72,245
Recreation and Tourism	-	35,073	17,671	47,607	-	-	-	100,351
TIF Redevelopment	-	-	-	-	-	32	-	32
Capital Outlay								
Stormwater Utility	61,809	-	-	-	-	-	-	61,809
Total Expenditures	134,054	35,073	17,671	47,607	-	32	-	234,437
Excess (Deficiency) of Revenues Over/(Under) Expenditures	177,461	671,633	131,134	23,135	2,400	184,074	-	1,189,837
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	-	295,606	295,606
Transfers Out	-	(650,000)	(60,000)	(50,000)	-	-	-	(780,000)
Total Other Financing Sources (Uses)	-	(650,000)	(60,000)	(50,000)	-	-	295,606	(484,394)
Net Change in Fund Balances	177,461	21,633	51,134	(26,865)	2,400	184,074	295,606	705,443
Fund Balances, Beginning	578,589	578,386	36,935	45,668	88,980	672,491	(295,606)	1,705,453
Fund Balances, Ending	\$ 756,050	\$ 600,029	\$ 88,069	\$ 18,803	\$ 91,380	\$ 856,565	\$ -	\$ 2,410,896

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

**TOWN OF PORT ROYAL, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS, AND SURCHARGES (per ACT 96)
FOR THE YEAR ENDED JUNE 30, 2025**

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court Fines and Assessments Collected	-	-	193,607	193,607
Court Fines and Assessments Remitted to State Treasurer	-	-	108,946	108,946
Total Court Fines and Assessments Retained	-	-	84,661	84,661
Surcharges and Assessments Retained for Victim Services:				
Surcharges Collected and Retained	-	-	2,544	2,544
Assessments Retained	-	-	9,206	9,206
Total Surcharges and Assessments Retained for Victim Services	-	-	11,750	11,750

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED		Municipal	County	Total
Carryforward from Previous Year – Beginning Balance		9,516	-	9,516
Victim Service Revenue:				
Victim Service Fines Retained by City/County Treasurer		-	-	-
Victim Service Assessments Retained by City/County Treasurer		9,206	-	9,206
Victim Service Surcharges Retained by City/County Treasurer		2,544	-	2,544
Interest Earned		-	-	-
Grant Funds Received		-	-	-
Grant from:		-	-	-
General Funds Transferred to Victim Service Fund		-	-	-
Contribution Received from Victim Service Contracts:		-	-	-
(1) Town of		-	-	-
(2) Town of		-	-	-
(3) City of		-	-	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)		21,266	-	21,266

**TOWN OF PORT ROYAL, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS, AND SURCHARGES (per ACT 96)
FOR THE YEAR ENDED JUNE 30, 2025**

Expenditures for Victim Service Program:	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	18,891	-	18,891
Operating Expenditures	-	-	-
Victim Service Contract(s):			
(1) Entity's Name	-	-	-
(2) Entity's Name	-	-	-
Victim Service Donation(s):	-	-	-
(1) Domestic Violence Shelter:	-	-	-
(2) Rape Crisis Center:	-	-	-
(3) Other Local Direct Crime Victims Service Agency:	-	-	-
Transferred to General Fund	-	-	-
Total Expenditures from Victim Service Fund/Program (B)	18,891	-	18,891
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	2,375	-	2,375
Less: Prior Year Fund Deficit Repayment	-	-	-
Carryforward Funds – End of Year	2,375	-	2,375

COMPLIANCE SECTION

**TOWN OF PORT ROYAL, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Grant / Contract Number	Pass-Through to Sub-Recipients	Total Federal Expenditures
U.S. Department of Housing and Urban Development				
<i>Passed through SC Department of Commerce</i>				
Community Development Block Grant				
Paris Avenue Streetscape Improvement	14.228	4-CE-20-011	\$ -	\$ 15,000
Total Community Development Block Grant			-	15,000
Total U.S. Department of Housing and Urban Development			-	15,000
U.S. Department of Transportation				
Highway Safety Cluster				
<i>Passed through SC Department of Public Safety</i>				
Highway Safety Grant				
Police Department Traffic Unit	20.600	PT-2024-HS-13-24	-	41,538
Police Department Traffic Unit	20.600	PT-2025-HS-13-25	-	49,435
Total Highway Safety Cluster			-	90,973
Total U.S. Department of Transportation			-	90,973
U.S. Department of Treasury				
Coronavirus State and Local Fiscal Recovery Fund	21.027		-	4,065,572
<i>Passed through SC Rural Infrastructure Authority</i>				
South Carolina Infrastructure Investment Program				
Coronavirus State and Local Fiscal Recovery Fund	21.027		-	346,091
Total U.S. Department of Treasury			-	4,411,663
Total Expenditures of Federal Awards			\$ -	\$ 4,517,636

**TOWN OF PORT ROYAL, SOUTH CAROLINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the Town of Port Royal, South Carolina under programs of the federal government for the year ended June 30, 2025. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

The Town has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



Richard D. Crowley, CPA, CVA
Lisa T. Wechsler, CPA, CFE
Jordan Graham, CPA

Member:
American Institute of CPAs
South Carolina Association of CPAs

**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 Town Council
Town of Port Royal, 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, each major fund, and the aggregate remaining fund information of the Town of Port Royal, South Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Port Royal, South Carolina's basic financial statements, and have issued our report thereon dated February 3, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Crowley Wechsler & Associates LLC
Beaufort, South Carolina
February 3, 2026



Richard D. Crowley, CPA, CVA
Lisa T. Wechsler, CPA, CFE
Jordan Graham, CPA

Member:
American Institute of CPAs
South Carolina Association of CPAs

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Town Council
Town of Port Royal, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Port Royal, South Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Town of Port Royal, South Carolina's major federal programs for the year ended June 30, 2025. The Town of Port Royal, South Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Port Royal, South Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Port Royal, South Carolina and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Port Royal, South Carolina's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Town of Port Royal, South Carolina's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Port Royal, South Carolina's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Port Royal, South Carolina's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town of Port Royal, South Carolina's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Port Royal, South Carolina's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Port Royal, South Carolina's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Crowley Wechsler & Associates LLC
Beaufort, South Carolina
February 3, 2026

**TOWN OF PORT ROYAL, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> No
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?

	_____ Yes	_____ <u>X</u> No
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Identification of Major Programs:

Assistance Listing Number	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? _____ Yes X No

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

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

Summary of Auditors' Results

1. The independent auditor's report expressed an unmodified opinion.
2. There was no financial statement finding in the audit of the financial statements.

Financial Statement Findings

None noted.

Compliance Findings

None noted.

**TOWN OF PORT ROYAL, SOUTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2025**

No findings were noted for the year ended June 30, 2025.



Council

Kevin Phillips
Mayor

Jorge Guerrero
Mayor Pro Tempore

Jerry Ashmore
Mary Beth Heyward
Darryl Owens

Van Willis
Town Manager

Brooke Plank-Buccola
Asst. Town Manager

Tim Ogden
Fire Chief

Jeffrey Meyers
Police Chief

ORDINANCE 2026-4

AN ORDINANCE ANNEXING TO THE TOWN OF PORT ROYAL APPROXIMATELY 8.42 ACRES OF REAL ESTATE LOCATED IN BEAUFORT COUNTY DESCRIBED AS BEAUFORT COUNTY TAX DISTRICT 600, MAP 6 AND PARCEL 31 (LOCATED AT 58 MUDBAR ROAD)

WHEREAS, a proper petition has been filed with the Town of Port Royal by 100 percent of the freeholders owning 100 percent of the assessed value of the contiguous property hereinafter described petitioning for annexation of the property to the Town of Port Royal under the provisions of South Carolina Code Section 5-3-150(3), and

WHEREAS, it appears to Council that annexation would be in the best interest of the property owners and the Town of Port Royal,

NOW, THEREFORE, BE IT ORDAINED by the Mayor and Council of the Town of Port Royal, South Carolina, duly assembled and with authority of same, that the real estate herein described is hereby annexed to and becomes a part of the Town of Port Royal, South Carolina.

All those certain pieces, parcels or lots of land, situate lying and being in Beaufort County, South Carolina, shown and described as:

Beaufort County Tax District 600, Map 6, Parcel 31, approximately 8.42 acres located at 58 Mudbar Road in Beaufort County, South Carolina

To include all adjacent right of ways with

All water, marshes, lowlands, tributaries, hummocks, estuaries, public lands and dedicated right-of-ways within the annexation area, as shown on the attached map; together with all the other South Carolina Department of Transportation maintained right-of-ways parallel and abutting or within the annexation area.

Excluded from the annexation are all areas of any nature whatsoever, that are within the municipal limits of any other municipality and any privately owned land that is not the property of the petitioners herein.

The ordinance shall become effective immediately on adoption by Council

REQUESTED BY:



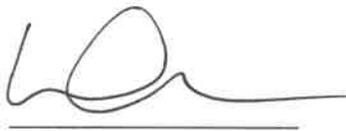
Milton E. Willis
Town Manager

APPROVED BY:



Kevin Phillips
Mayor

ATTEST:



Lisa Graham
Town Clerk

Introduced: February 11, 2026

Final Reading: 3/11/26

100 PERCENT PETITION

TO THE MAYOR AND COUNCIL OF TOWN OF PORT ROYAL, SOUTH CAROLINA:

The undersigned, being 100 percent of the freeholders owning 100 percent of the assessed value of the property in the contiguous territory described below and shown on the attached plat or map, hereby petition for annexation of said territory to the Town of Port Royal by ordinance effective as soon hereafter as possible, pursuant to South Carolina Code Section 5-3-150(3).

The territory to be annexed is described as follows:

Beaufort County Tax District 600, Map 6, Parcel 31, approximately 8.42 acres located at 58 Mudbar Road in Beaufort County, South Carolina

The properties are designated as follows on Beaufort County Tax Maps:

ALL those certain pieces, parcels or lots of land, situate, lying and being in Beaufort County, South Carolina, shown and described on Beaufort County Tax District 600, Map 6, Parcel 31 and to include all adjacent rights of way: All areas which include all waters, marshes, lowlands, tributaries, hummocks, estuaries and dedicated rights-of-way; together with,

ALL other South Carolina Department of Transportation maintained right of ways parallel and abutting or within the annexation area.

Excluded from the annexation are all areas, of any nature whatsoever, that are within the municipal limits of any other municipality and any privately owned land that is not the property of the petitioners herein.

Plat or map of area to be annexed is outlined and attached hereto:

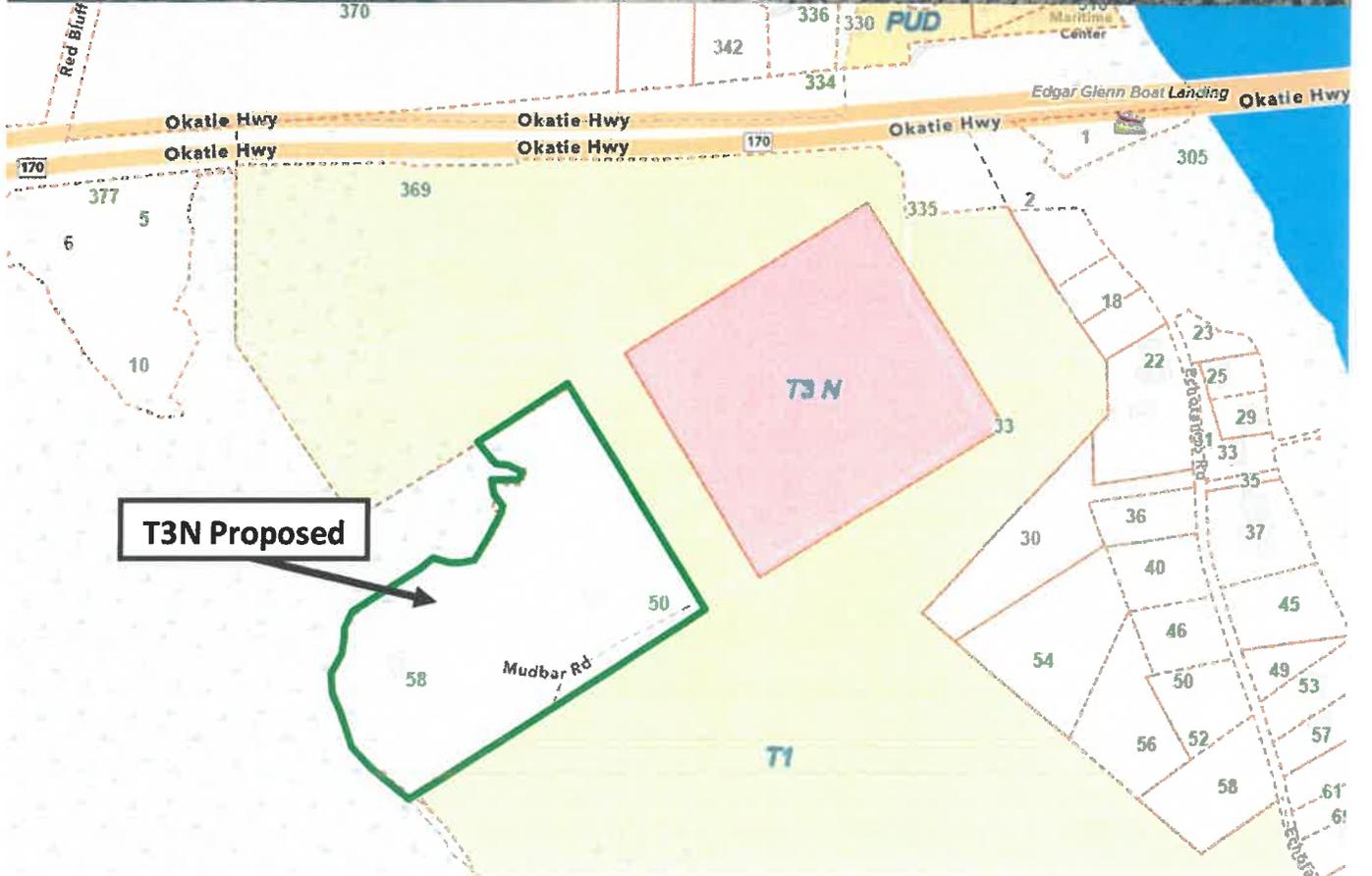
Freeholders: District 600, Map 6, Parcel 31

Property owner zoning request: T3N

Mudbar Seafood LLC
2015 Boundary Street
Suite 317
Beaufort, SC 29902


Signature _____ Date 2/6/26

Print Name _____





Council

Kevin Phillips
Mayor

Jorge Guerrero
Mayor Pro Tempore

Jerry Ashmore
Mary Beth Heyward
Darryl Owens

Van Willis
Town Manager

Brooke Plank-Buccola
Asst. Town Manager

Tim Ogden
Fire Chief

Jeffrey Meyers
Police Chief

ORDINANCE 2026-5

AN ORDINANCE TO ZONE APPROXIMATELY 8.42 ACRES OF REAL ESTATE LOCATED IN BEAUFORT COUNTY DESCRIBED AS BEAUFORT COUNTY TAX DISTRICT 600, MAP 6, AND PARCEL 31 IN BEAUFORT COUNTY, SOUTH CAROLINA TO BE ZONED AS T3 NEIGHBORHOOD

WHEREAS, the Planning Commission has made a recommendation to the Town Council; and

WHEREAS, the petitioner has requested that Town Council consider this request as to the zoning of the above referenced property; and

WHEREAS, the Town Council finds it is in the best interest of the petitioner and the Town of Port Royal to establish same on the official zoning map.

NOW, THEREFORE, BE IT ORDAINED, by the Council of the Town of Port Royal, South Carolina, duly assembled and with authority of same, that the property shown and described as Beaufort County Tax District 600, Map 6, and parcel 31 to be zoned as T3 Neighborhood.

This ordinance shall become effective upon ratification by Council.

REQUESTED BY:


Milton E. Willis
Town Manager

APPROVED BY:

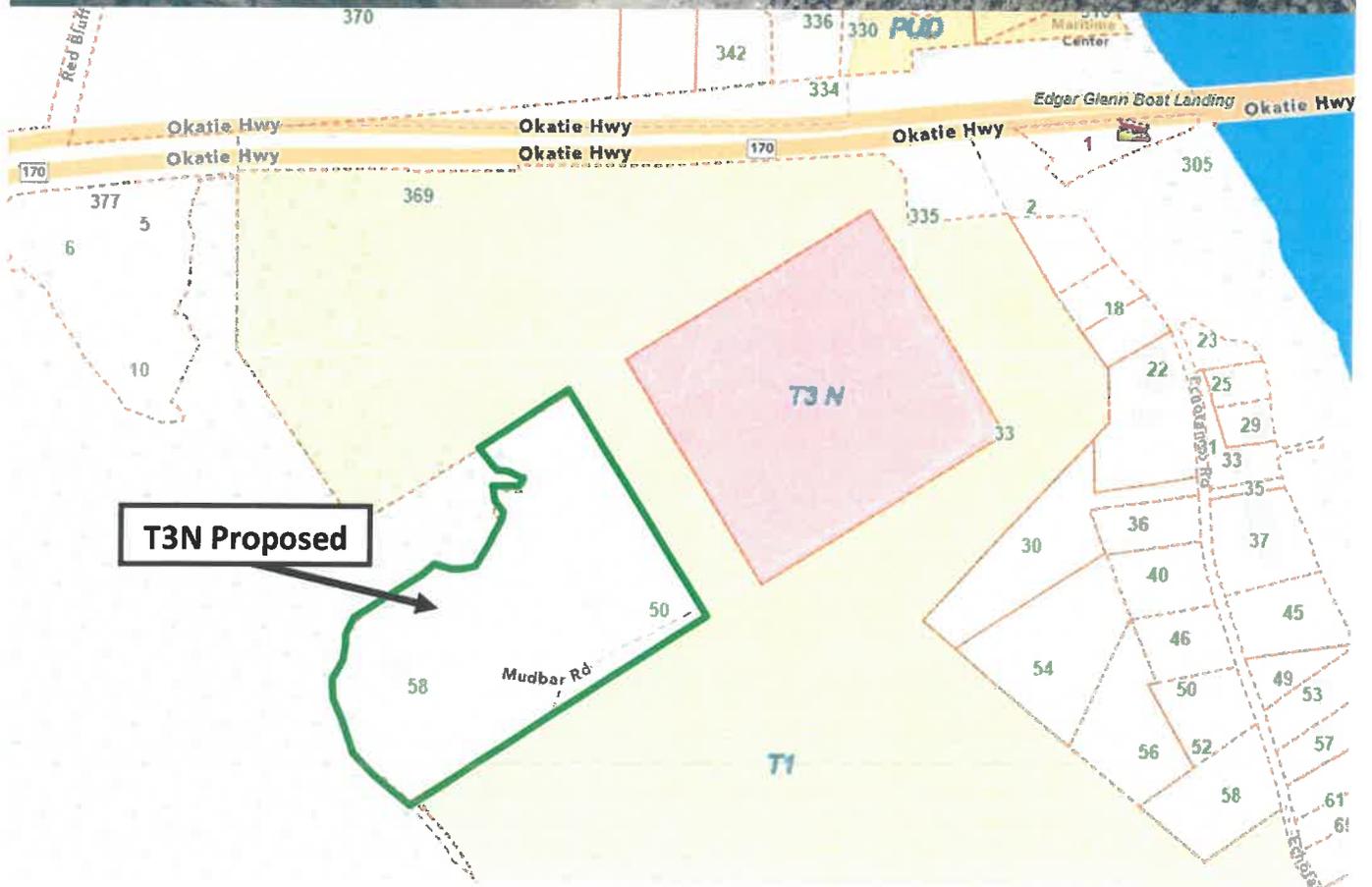

Kevin Phillips
Mayor

ATTEST:


Lisa Graham
Town Clerk

Introduced: February 11, 2026

Final Reading: 2/11/26



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RESOLUTION 1– 2026

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF PORT ROYAL SUPPORTING A PROPOSED BEAUFORT COUNTY TRANSPORTATION SALES TAX REFERENDUM AND IDENTIFYING TRANSPORTATION PROJECTS FOR CONSIDERATION BY THE TRANSPORTATION ADVISORY COMMITTEE

WHEREAS, the Beaufort County Council has initiated the process to evaluate a potential 2026 Beaufort County Transportation Sales Tax Referendum to fund transportation improvements throughout Beaufort County; and

WHEREAS, the Beaufort County Council established a Transportation Advisory Committee (TAC) composed of citizen representatives to review and recommend potential transportation projects; and

WHEREAS, the Town of Port Royal Town Council recognizes the importance of investing in transportation infrastructure to improve mobility, safety, connectivity, and economic vitality throughout Beaufort County and within the Town of Port Royal; and

WHEREAS, the Town of Port Royal has identified transportation improvements that would benefit residents, businesses, and visitors and contribute to the overall regional transportation network.

NOW, THEREFORE, BE IT RESOLVED by the Town of Port Royal Town Council, duly assembled, that the Town Council supports the potential 2026 Beaufort County Transportation Sales Tax Referendum and hereby submits the following transportation projects for consideration by the Transportation Advisory Committee:

Town of Port Royal Transportation Project Priorities

1. Gateway to Port Royal Intersection and Safety Improvements

(Included in the Beaufort County concept plan for Ribaut Road and the Toole Study conducted by

the Town)

- a. Medians / access management at Lenora Drive and Drayton Drive
- b. Edinburgh Avenue and Ribaut Road – signalization to include mast arms
- c. Pinckney Boulevard and Ribaut Road – signalization to include mast arms
- d. Closure of Old Shell Road merge lane
- e. Mid-block crossing between Richmond Avenue and Pinckney Boulevard
- f. Paris Avenue and Ribaut Road intersection improvements

2. Safety Action Plan Projects

- a. Savannah Highway and Parris Island Gateway intersection improvements
- b. Savannah Highway and Robert Smalls Parkway intersection improvements
- c. Shadow Moss Drive – addition of a right-turn lane

3. Grober Hill Road and Parris Island Gateway Improvements – 3 lanes to Castle Rock Road, left turn lane onto Parris Island Gateway, and increase queueing in left turn lane onto Grober Hill Road

4. Midtown Drive Improvements - Left-turn signal installation at Wrights Point Drive

5. Lady’s Island Drive and Ribaut Road Intersection Improvements

6. Town-Wide Intelligent Traffic System

7. Spanish Moss Trail Crossing Improvements - HAWK signal mast arm / advanced flashing beacon at the Russell Bell Bridge

ADOPTED by the Town of Port Royal Town Council this 11th day of March, 2026.

Requested:



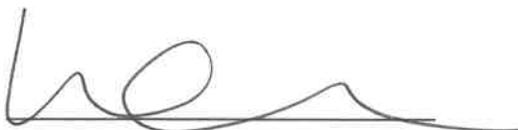
Milton E. Willis
Town Manager

Approved:



Kevin Phillips
Mayor

ATTEST:



Lisa Graham
Town Clerk