



**SOUTH CAROLINA  
REVENUE AND FISCAL AFFAIRS OFFICE**

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MEMORANDUM

To: Legislative Council

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

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

Date: February 17, 2026

Subject: Municipal Audit Revenue Threshold - Inflation Component

This memo has been updated to correct a typographical error in the attached table from February 3, 2026.

Pursuant to §5-7-240(D), beginning with the municipality fiscal year which begins after January 1, 2024, the reporting threshold is \$500,000 of the total recurring revenue of a municipality. As soon as practicable at the beginning of each subsequent calendar year, the recurring revenue threshold must be adjusted based on the increase or decrease in the ratio of the Consumer Price Index for All Urban Consumers published by the U.S. Department of Labor, Bureau of Labor Statistics as of December 31 of the previous calendar year. If the average of the twelve-month consumer price index experiences a negative percentage, the average is deemed to be zero. The most recent revenue threshold for 2025 totaled \$514,748. The average annual index increased by 2.63 percent from a value of 313.689 for 2024 to 321.943 for 2025. With this inflation factor, the revenue threshold above which municipalities in the state must provide for an annual audit of financial statements increases to \$528,292 for years beginning after January 1, 2026.

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

Municipal Audit Revenue Threshold Inflation  
Pursuant to §5-7-240(D)

Municipal Fiscal Years Beginning After:	Average Annual CPI (All Urban Consumers)		Annual Average Percent Increase	Municipal Revenue Threshold
January 1, 2024	2023	304.702	N/A	\$500,000
January 1, 2025	2024	313.689	2.95%	\$514,748
January 1, 2026	2025	321.943	2.63%	\$528,292

*Updated February 17, 2026*