

CALHOUN COUNTY, SOUTH CAROLINA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Chairman and Members of the County Council
of Calhoun County
St. Matthews, South Carolina**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Calhoun County, South Carolina** (the "County"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County'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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof 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 (GAAS) 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 County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Notes 1 and 7 to the financial statements, in 2022 the County adopted new accounting guidance, GASB No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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 County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 County'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 County'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 (on pages 5 through 14), the Budgetary Comparison Schedule of the General Fund (on pages 70 and 71), the Schedule of the Proportionate Share of the Net Pension Liability (on page 72), the Schedule of Contributions (on pages 73 and 74), and the Schedule of Changes in the County's Total OPEB Liability and Related Ratios (on page 75) 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 GAAS, 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 County's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the schedule of legal debt margin, and the statement of cash flows for the discretely presented component unit are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) is presented for purposes of additional analysis as required by the State of South Carolina and is 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 GAAS. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of legal debt margin, the statement of cash flows for the discretely presented component unit, and the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) 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 October 19, 2023, on our consideration of the County'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 County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Columbia, South Carolina
October 19, 2023

**CALHOUN COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

Calhoun County (the "County") management's discussion and analysis offers readers of the County's financial statements a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and notes to the basic financial statements.

Financial Highlights

- Calhoun County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2022, by \$35,164,143 (net position) compared to \$32,699,564 at June 30, 2021. Net position at June 30, 2022, is comprised of:
 - Net investment in capital assets of \$35,428,687
 - Restricted of \$8,592,755, and
 - An unrestricted deficit of \$8,857,299
- The County's total net position increased \$2,464,579 from the previous year with an increase of \$2,169,980 resulting from governmental activities and \$294,599 resulting from business-type activities.
- At June 30, 2022, the County's governmental fund balance sheet reported a combined ending fund balance of \$20,664,055, an increase of \$1,705,148 from the previous fiscal year. Of this amount, \$4,981,690 remains in the General Fund of the County as unassigned.
- The General Fund reported a fund balance of \$5,698,882, an increase from last fiscal year of \$441,014. The unassigned fund balance of \$4,981,690 equates to 33.09% of General Fund expenditures for the year.
- The County implemented GASB Statement No. 87, *Leases*, which changed the accounting and reporting for the County's leasing activities.
- During the fiscal year, the County issued \$2,000,000 in General Obligation Bonds for the purpose of completing a variety of capital projects within the County.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

**CALHOUN COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

Basic Financial Statements

The first two statements in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the County's financial status.

The next statements are Fund Financial Statements. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the Government-wide Statements.

The next section of the basic financial statements is the Notes. The Notes to the Financial Statements explain in detail some of the data contained in those statements.

Following the Notes is the Required Supplementary Information. This section contains budgetary comparison schedules, as well as funding information about the County's pension and OPEB plans.

After the Required Supplementary Information, Other Supplementary Information is provided to show combining schedules for the County's non-major governmental funds, all of which are added together in one column on the basic financial statements. Other supplementary information schedules are also presented in this section.

Government-wide Financial Statements

The Government-wide Financial Statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The Government-wide Financial Statements provide short and long-term information about the County's financial status as a whole. The Government-wide Financial Statements include Calhoun County (known as the primary government) and its blended component units (the Calhoun County Library, the Calhoun County Museum, the Calhoun County Council on Aging, and the Calhoun County Economic Development Corporation) and its discretely presented component unit (the Sandy Run Fire District).

The Government-wide Financial Statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) discretely presented component unit (the Sandy Run Fire District). The governmental activities include most of the County's basic services such as public safety, culture and recreation, judicial services, health and welfare, economic development, and general administration. Property taxes, local option sales taxes, and grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide and consists of the water system, wastewater plant, and County golf course.

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

The Statement of Activities presents information showing how the County'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 in this statement for some items that will result in cash flows in future fiscal periods (e.g., changes in net pension liability, changes in net OPEB obligations, uncollected taxes, and accumulated compensated absences).

**CALHOUN COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

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. Calhoun County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the proprietary fund statements; and 3) the fiduciary fund statements.

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 a government's near-term financing requirements.

These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resource focus. As a result, the Governmental Fund Financial Statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs.

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. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Capital Projects Fund, the Grants Fund, and the Capital Project Sales Tax Fund which are considered to be major funds. Data from other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining schedules in the Other Supplementary Information section of the report.

Calhoun County adopts an annual appropriation budget for its General Fund. The budget is a legally adopted document of County services and financing. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget ordinance. The budgetary comparison schedule uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The schedule shows four columns: 1) the original budget as adopted; 2) the final budget as amended; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**CALHOUN COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

Proprietary funds: Municipal Water System, Wastewater Plant, and County Golf Course Proprietary Funds are used to account for operations (a) that are financed and operated in a manner similar to private enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County has one type of fiduciary fund, custodial funds, which are used to account for resources collected by the County on behalf of others.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, the financial statements include Required Supplementary Information and Other Supplementary Information.

Government-wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$35,164,143 (net position) at the close of the most recent fiscal year. The County's increase in net position for this fiscal year amounts to \$2,464,579.

The largest portion of the County's net position, \$34,428,687 reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, \$8,592,755 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (deficit) is \$8,857,299.

**CALHOUN COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

**Condensed Statement of Net Position
Figure 1**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 24,233,065	\$ 22,143,191	\$ 1,861,536	\$ 1,810,220	\$ 26,094,601	\$ 23,953,411
Capital assets	30,129,750	28,704,604	13,446,302	13,080,009	43,576,052	41,784,613
Total assets	<u>54,362,815</u>	<u>50,847,795</u>	<u>15,307,838</u>	<u>14,890,229</u>	<u>69,670,653</u>	<u>65,738,024</u>
OPEB	356,874	442,709	17,841	11,143	374,715	453,852
Pension	2,270,499	2,627,341	56,012	44,058	2,326,511	2,671,399
Total deferred outflows of resources	<u>2,627,373</u>	<u>3,070,050</u>	<u>73,853</u>	<u>55,201</u>	<u>2,701,226</u>	<u>3,125,251</u>
Current liabilities	3,537,086	2,940,504	197,001	247,623	3,734,087	3,188,127
Long-term liabilities	26,352,489	28,175,335	4,401,635	4,277,143	30,754,124	32,452,478
Total liabilities	<u>29,889,575</u>	<u>31,115,839</u>	<u>4,598,636</u>	<u>4,524,766</u>	<u>34,488,211</u>	<u>35,640,605</u>
OPEB	662,581	298,808	33,123	7,521	695,704	306,329
Pension	1,978,182	213,328	45,639	3,449	2,023,821	216,777
Total deferred inflows of resources	<u>2,640,763</u>	<u>512,136</u>	<u>78,762</u>	<u>10,970</u>	<u>2,719,525</u>	<u>523,106</u>
Net position:						
Net investment in capital assets	25,891,563	25,410,272	9,537,124	9,165,571	35,428,687	34,575,843
Restricted	8,472,053	14,122,241	120,702	111,072	8,592,755	14,233,313
Unrestricted	(9,903,766)	(17,242,643)	1,046,467	1,133,051	(8,857,299)	(16,109,592)
Total net position	<u>\$ 24,459,850</u>	<u>\$ 22,289,870</u>	<u>\$ 10,704,293</u>	<u>\$ 10,409,694</u>	<u>\$ 35,164,143</u>	<u>\$ 32,699,564</u>

Governmental Activities

Revenues for the County's governmental activities were \$22,172,168 for the fiscal year. Taxes (property and sales) constitute the largest source of County revenues, amounting to \$14,789,691 for the fiscal year. Real, personal property, and vehicle taxes of \$11,529,621 represent 78% of all taxes and 52% of all revenues.

Business-type Activities

Business-type activities increased the County's net position by \$294,599. Key elements of this increase are as follows:

- Revenues increased by \$153,066;
- Expenses increased by \$440,192; and
- Interfund transfers of both cash and capital assets from the governmental activities amounted to \$586,887.

**CALHOUN COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

The changes in net position displayed below shows the governmental activities and business-type activities during the fiscal year.

**Condensed Statement of Activities
Figure 2**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 3,062,136	\$ 2,511,763	\$ 1,702,698	\$ 1,537,519	\$ 4,764,834	\$ 4,049,282
Operating grants and contributions	1,361,325	1,274,296	-	-	1,361,325	1,274,296
Capital grants and contributions	1,683,464	2,499,290	-	-	1,683,464	2,499,290
General revenues (expenses):						
Property taxes	11,529,621	11,535,829	-	-	11,529,621	11,535,829
Other taxes	3,260,070	3,724,873	-	-	3,260,070	3,724,873
Interest income	37,597	58,284	6,535	18,648	44,132	76,932
Miscellaneous	1,237,955	367,309	-	-	1,237,955	367,309
Total revenues	<u>22,172,168</u>	<u>21,971,644</u>	<u>1,709,233</u>	<u>1,556,167</u>	<u>23,881,401</u>	<u>23,527,811</u>
Program expenses						
General government	7,009,220	7,451,749	-	-	7,009,220	7,451,749
Public safety	4,426,965	3,813,064	-	-	4,426,965	3,813,064
Public works	1,926,335	2,119,949	-	-	1,926,335	2,119,949
Culture and recreation	866,872	1,218,235	-	-	866,872	1,218,235
Judicial services	765,441	710,469	-	-	765,441	710,469
Health and welfare	3,137,189	2,913,555	-	-	3,137,189	2,913,555
Economic development	1,065,991	1,889,490	-	-	1,065,991	1,889,490
Interest and fiscal charges	217,288	174,816	-	-	217,288	174,816
Water system	-	-	1,425,473	1,068,267	1,425,473	1,068,267
Wastewater plant	-	-	201,879	184,255	201,879	184,255
County golf course	-	-	374,169	308,807	374,169	308,807
Total expenses	<u>19,415,301</u>	<u>20,291,327</u>	<u>2,001,521</u>	<u>1,561,329</u>	<u>21,416,822</u>	<u>21,852,656</u>
Excess (deficiency) before transfers	2,756,867	1,680,317	(292,288)	(5,162)	2,464,579	1,675,155
Transfers	(586,887)	-	586,887	-	-	-
Increase (decrease) in net position	<u>2,169,980</u>	<u>1,680,317</u>	<u>294,599</u>	<u>(5,162)</u>	<u>2,464,579</u>	<u>1,675,155</u>
Net position, beginning of year	22,289,870	20,609,553	10,409,694	10,414,856	32,699,564	31,024,409
Net position, end of year	<u>\$ 24,459,850</u>	<u>\$ 22,289,870</u>	<u>\$ 10,704,293</u>	<u>\$ 10,409,694</u>	<u>\$ 35,164,143</u>	<u>\$ 32,699,564</u>

**CALHOUN COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

Governmental Funds Financial Analysis

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

Governmental Funds

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

As of June 30, 2022, the County governmental funds reported combined fund balances of \$20,664,055, an increase of \$1,705,148 over the prior year. The entire fund balance is available to meet the County's current and future needs. The fund balances are comprised of the following:

Restricted	\$ 15,045,634
Committed	585,211
Assigned	80,741
Unassigned	<u>4,952,469</u>
Total	<u><u>\$ 20,664,055</u></u>

The following funds are the County's major governmental funds:

General Fund

The General Fund is the chief operating fund of the County. At June 30, 2022, total fund balance in the General Fund was \$5,698,882 of which \$4,981,690 was unassigned, \$636,451 was restricted, and \$80,741 was assigned. As a measure of the General Fund's liquidity, the total fund balance and unassigned fund balances compared to total fund expenditures, as a percentage of total, was 37.9% and 33.1%, respectively. The fund balance of the General Fund increased by \$441,014 during the current fiscal year.

Capital Projects Fund

The Capital Projects Fund is used to account for the capital expenditures and related projects of the County. At June 30, 2022, total fund balance in the Capital Projects Fund was \$194,212, a decrease of \$541,229 from the prior year.

Grants Fund

The Grants Fund is used to account for the proceeds of various state, federal, and local grants and the related project expenditures of the County. At June 30, 2022, total fund balance in the Grants Fund was \$3,986,901, an increase of \$1,259,523 from prior year.

**CALHOUN COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

Capital Projects Sales Tax Fund

The Capital Projects Sales Tax Fund is used to account for the proceeds from the 1% sales taxes imposed within the County by affirmative voter referendum. At June 30, 2022, the fund balance was \$8,596,868, an increase of \$91,093 from prior year.

Nonmajor Governmental Funds

Other nonmajor governmental funds are used to account for specific revenues and expenditures. Total fund balances of all other governmental funds increased by \$454,747 from the prior year to \$2,187,099.

Proprietary Funds

The Municipal Water System had an increase in net position of \$272,949 from the prior year to \$6,786,940 as of June 30, 2022.

The Wastewater Plant had a decrease in net position of \$18,403 from the prior year to \$3,507,667 as of June 30, 2022.

The County Golf Course had an increase in net position of \$40,053 from the prior year to \$409,686 as of June 30, 2022.

General Fund Budgetary Highlights

A budget to actual schedule is provided for the General Fund in the Required Supplementary Information section of this report. For the year June 30, 2022, actual revenues exceed budgeted revenues by \$135,564 while actual expenditures exceeded budgeted expenditures by \$917,418.

Capital Asset and Debt Administration

Capital Assets

Calhoun County's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$30,129,750 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, construction in progress, and infrastructure. Each year construction of roads, bridges, and drainage systems (infrastructure) incurred during the current fiscal year is added to the County's capital assets.

**CALHOUN COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

**Calhoun County's Capital Assets
Net of Accumulated Depreciation**

Figure 3

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,756,796	\$ 1,756,796	\$ 617,294	\$ 175,051	\$ 2,374,090	\$ 1,931,847
Construction in Progress	675,463	1,195,065	-	-	675,463	1,195,065
Museum Collection	3,127,547	3,127,547	-	-	3,127,547	3,127,547
Building and Improvements	11,428,648	11,555,001	170,784	155,492	11,599,432	11,710,493
Infrastructure	7,378,777	6,234,200	-	-	7,378,777	6,234,200
Land Improvements	833,648	851,080	-	-	833,648	851,080
Vehicles	3,104,820	2,331,593	-	19,097	3,104,820	2,350,690
Equipment, Furniture, and Fixtures	1,824,051	1,653,322	199,822	59,315	2,023,873	1,712,637
Water System	-	-	9,460,335	9,621,632	9,460,335	9,621,632
Wastewater System	-	-	2,998,067	3,049,422	2,998,067	3,049,422
Total	\$ 30,129,750	\$ 28,704,604	\$ 13,446,302	\$ 13,080,009	\$ 43,576,052	\$ 41,784,613

Major Capital Asset additions for the fiscal year included the following:

- 1) \$157,804 towards construction of the Recreation and Sports Complex
- 2) \$276,666 to Stryker stretchers for EMS
- 3) \$186,907 to a new Caterpillar Motor Grader
- 4) \$94,333 to a Barber Road Rake (Street Sweeper)
- 5) \$100,666 to renovations at the Annex
- 6) \$195,801 to US-176 Water Line Improvements
- 7) \$237,292 for various road and other construction in progress projects

Long-term Debt

At the end of the current fiscal year, Calhoun County had the following long-term obligations outstanding:

Calhoun County's Long-term Obligations

Figure 4

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 9,006,103	\$ 8,622,359	\$ -	\$ -	\$ 9,006,103	\$ 8,622,359
Revenue Bonds	97,500	195,000	3,772,902	3,914,438	3,870,402	4,109,438
Leases Payable	848,161	1,065,392	136,276	13,979	984,437	1,079,371
Financed Purchase Obligations	860,004	623,375	-	-	860,004	623,375
Compensated Absences	318,902	361,462	21,164	8,376	340,066	369,838
Landfill Closure and Post-closure Costs	227,000	410,000	-	-	227,000	410,000
Net Pension Liability	11,760,188	14,207,430	309,588	259,798	12,069,776	14,467,228
Total Other Postemployment Liability	3,234,631	3,755,709	161,705	94,531	3,396,336	3,850,240
Total	\$ 26,352,489	\$ 29,240,727	\$ 4,401,635	\$ 4,291,122	\$ 30,754,124	\$ 33,531,849

**CALHOUN COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

During the fiscal year, the County issued \$2,000,000 in general obligation bonds. The bonds were issued in accordance with enacted Ordinance No. 2021-17 of the County Council of Calhoun County pursuant to Section 14 of Article X of the Constitution of the State of South Carolina whereby these bonds are to be repaid out of ad valorem tax levied upon all taxable property located within the County. The proceeds from the bonds are to be used to defray the cost of improvements to recreational facilities and services within the County and to pay costs of issuance of such bond. In addition, two financed purchase agreements in the amounts of \$186,907 and \$276,666 were entered into for the lease of a Motor Grader and Ambulance stretchers, respectively.

Economic Factors and Next Year's Budgets and Rates

Calhoun County's local government fund revenue allocation for fiscal year 2023 was an estimated \$599,948 opposed to \$571,043 passed for fiscal year 2022.

The State of South Carolina continued its Rural County Stabilization Fund under the FY 2023 Appropriations Act. The amount allocated to Calhoun County for FY 2023 increased by 20% to \$387,097.

Pursuant to South Carolina Code of Laws 12-43 217(A), FY 2023 is a reassessment year. The FY 2023 millage will be rolled back and increase limitation of 4.98% (.28% from population growth and 4.70% CPI factor) will be applied.

Recreational facility projects, economic development efforts, and capital projects continue to position the County to attract businesses and residents to locate within the County. Economic factors although rising across the County, are hampered by inflationary pressures with the FY 2023 CPI factor at 8.00%. The County expects growth in population due to the creation of new jobs from industry expansions and new industry formulating within the County.

The County continues to expand its investment in its two industrial parks – Sandy Run Industrial Park (615 available acres) and I-26 Industrial Park (150 available acres). The Sandy Run Industrial Park will soon house a second approximately 500,000 square foot speculative building anticipated to be available in 2024.

Requests for Information

This financial report is designed to provide a general overview of Calhoun County'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 information should be addressed to:

County Administrator
Calhoun County Courthouse Annex
102 Courthouse Drive, Suite 108
St. Matthews, South Carolina 29135

CALHOUN COUNTY, SOUTH CAROLINA

**STATEMENT OF NET POSITION
JUNE 30, 2022**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Sandy Run Fire District
ASSETS				
Cash and cash equivalents:				
Cash and cash equivalents - unrestricted	\$ 12,318,374	\$ 1,853,676	\$ 14,172,050	\$ 443,133
Restricted cash and cash equivalents	8,317,955	120,702	8,438,657	-
Investments:				
Investments - unrestricted	795,017	-	795,017	-
Receivables:				
Taxes, net	121,994	-	121,994	1,189
Accounts, net	2,457,429	106,990	2,564,419	-
Internal balances	222,296	(222,296)	-	-
Inventories	-	2,464	2,464	-
Capital assets:				
Nondepreciable	5,559,806	617,294	6,177,100	2,100
Depreciable, net	24,569,944	12,829,008	37,398,952	611,133
Total assets	<u>54,362,815</u>	<u>15,307,838</u>	<u>69,670,653</u>	<u>1,057,555</u>
DEFERRED OUTFLOWS OF RESOURCES				
Other postemployment benefits	356,874	17,841	374,715	-
Pension	2,270,499	56,012	2,326,511	-
Total deferred outflows of resources	<u>2,627,373</u>	<u>73,853</u>	<u>2,701,226</u>	<u>-</u>
LIABILITIES				
Accounts payable	2,187,026	61,798	2,248,824	5,642
Accrued liabilities	222,598	135,203	357,801	6,458
Unearned revenues	1,105,682	-	1,105,682	-
Due to other governments	21,780	-	21,780	-
Noncurrent liabilities:				
Due within one year	2,488,594	183,092	2,671,686	28,162
Due in more than one year	8,869,076	3,747,250	12,616,326	226,300
Total other postemployment benefits liability	3,234,631	161,705	3,396,336	-
Net pension liability	11,760,188	309,588	12,069,776	-
Total liabilities	<u>29,889,575</u>	<u>4,598,636</u>	<u>34,488,211</u>	<u>266,562</u>
DEFERRED INFLOWS OF RESOURCES				
Other postemployment benefits	662,581	33,123	695,704	-
Pension - South Carolina Retirement System	1,978,182	45,639	2,023,821	-
Total deferred inflows of resources	<u>2,640,763</u>	<u>78,762</u>	<u>2,719,525</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	25,891,563	9,537,124	35,428,687	358,771
Restricted for:				
Debt service	203,045	-	203,045	-
Capital projects	2,217,592	-	2,217,592	-
General government	201,265	-	201,265	-
Public safety	126,544	-	126,544	-
Culture and recreation	-	-	-	-
Health and welfare	762,000	-	762,000	-
Economic development	4,325,156	-	4,325,156	-
Local option sales tax reserve	636,451	-	636,451	-
Customers	-	120,702	120,702	-
Unrestricted	(9,903,766)	1,046,467	(8,857,299)	432,222
Total net position	<u>\$ 24,459,850</u>	<u>\$ 10,704,293</u>	<u>\$ 35,164,143</u>	<u>\$ 790,993</u>

The accompanying notes are an integral part of these financial statements.

CALHOUN COUNTY, SOUTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Sandy Run Fire District
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 7,009,220	\$ 1,664,385	\$ 500,146	\$ -	\$ (4,844,689)	\$ -	\$ (4,844,689)	\$ -
Public safety	4,426,965	255,459	198,697	-	(3,972,809)	-	(3,972,809)	-
Public works	1,926,335	35,084	-	1,650,464	(240,787)	-	(240,787)	-
Culture and recreation	866,872	13,665	122,070	33,000	(698,137)	-	(698,137)	-
Judicial services	765,441	172,057	-	-	(593,384)	-	(593,384)	-
Health and welfare	3,137,189	921,486	540,412	-	(1,675,291)	-	(1,675,291)	-
Economic development	1,065,991	-	-	-	(1,065,991)	-	(1,065,991)	-
Interest on long-term debt	217,288	-	-	-	(217,288)	-	(217,288)	-
Total governmental activities	<u>19,415,301</u>	<u>3,062,136</u>	<u>1,361,325</u>	<u>1,683,464</u>	<u>(13,308,376)</u>	<u>-</u>	<u>(13,308,376)</u>	<u>-</u>
Business-type activities:								
Water system	1,425,473	1,249,643	-	-	-	(175,830)	(175,830)	-
Wastewater plant	201,879	178,233	-	-	-	(23,646)	(23,646)	-
County golf course	374,169	274,822	-	-	-	(99,347)	(99,347)	-
Total business-type activities	<u>2,001,521</u>	<u>1,702,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(298,823)</u>	<u>(298,823)</u>	<u>-</u>
Total primary government	<u>\$ 21,416,822</u>	<u>\$ 4,764,834</u>	<u>\$ 1,361,325</u>	<u>\$ 1,683,464</u>	<u>(13,308,376)</u>	<u>(298,823)</u>	<u>(13,607,199)</u>	<u>-</u>
Component unit:								
Sandy Run Fire District	<u>\$ 252,658</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(252,658)</u>
General revenues:								
Property taxes					11,529,621	-	11,529,621	154,830
Local option sales taxes					3,260,070	-	3,260,070	81,121
Unrestricted investment earnings					37,597	6,535	44,132	-
Miscellaneous					1,237,955	-	1,237,955	15,674
Transfers					(586,887)	586,887	-	-
Total general revenues and transfers					<u>15,478,356</u>	<u>593,422</u>	<u>16,071,778</u>	<u>251,625</u>
Change in net position					<u>2,169,980</u>	<u>294,599</u>	<u>2,464,579</u>	<u>(1,033)</u>
Net position, beginning of year					<u>22,289,870</u>	<u>10,409,694</u>	<u>32,699,564</u>	<u>792,026</u>
Net position, end of year					<u>\$ 24,459,850</u>	<u>\$ 10,704,293</u>	<u>\$ 35,164,143</u>	<u>\$ 790,993</u>

The accompanying notes are an integral part of these financial statements.

CALHOUN COUNTY, SOUTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Grants Fund</u>	<u>Capital Projects Sales Tax Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 7,123,698	\$ -	\$ 3,140,959	\$ -	\$ 2,053,717	\$ 12,318,374
Restricted cash and cash equivalents	-	-	-	8,317,955	-	8,317,955
Investments	795,017	-	-	-	-	795,017
Taxes receivable, net	111,274	1,154	-	-	9,566	121,994
Accounts receivable, net	1,346,034	95,000	288,705	399,634	328,056	2,457,429
Due from other funds	222,296	130,000	2,123,917	-	-	2,476,213
Total assets	<u>9,598,319</u>	<u>226,154</u>	<u>5,553,581</u>	<u>8,717,589</u>	<u>2,391,339</u>	<u>26,486,982</u>
LIABILITIES						
Accounts payable	1,537,287	31,241	310,998	120,628	186,872	2,187,026
Due to other funds	2,103,917	-	150,000	-	-	2,253,917
Due to other governments	21,780	-	-	-	-	21,780
Accrued liabilities	171,780	-	-	-	11,638	183,418
Unearned revenue	-	-	1,105,682	-	-	1,105,682
Total liabilities	<u>3,834,764</u>	<u>31,241</u>	<u>1,566,680</u>	<u>120,628</u>	<u>198,510</u>	<u>5,751,823</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	64,673	701	-	-	5,730	71,104
Total deferred inflows of resources	<u>64,673</u>	<u>701</u>	<u>-</u>	<u>-</u>	<u>5,730</u>	<u>71,104</u>
FUND BALANCES						
Restricted for:						
General government	-	-	-	-	201,265	201,265
Public safety	-	-	-	-	126,544	126,544
Health and welfare	-	-	-	-	762,000	762,000
Economic development	-	-	3,986,901	-	338,255	4,325,156
Local option sales tax reserve	636,451	-	-	-	-	636,451
Capital projects	-	194,212	-	8,596,961	-	8,791,173
Debt service	-	-	-	-	203,045	203,045
Committed:						
Other purposes	-	-	-	-	585,211	585,211
Assigned:						
Museum funds	18,758	-	-	-	-	18,758
Library donations	55,752	-	-	-	-	55,752
Sheriff donations	6,231	-	-	-	-	6,231
Unassigned	4,981,690	-	-	-	(29,221)	4,952,469
Total fund balances	<u>5,698,882</u>	<u>194,212</u>	<u>3,986,901</u>	<u>8,596,961</u>	<u>2,187,099</u>	<u>20,664,055</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,598,319</u>	<u>\$ 226,154</u>	<u>\$ 5,553,581</u>	<u>\$ 8,717,589</u>	<u>\$ 2,391,339</u>	<u>\$ 26,486,982</u>

The accompanying notes are an integral part of these financial statements.

CALHOUN COUNTY, SOUTH CAROLINA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Total fund balances for governmental funds:		\$ 20,664,055
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		30,129,750
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		71,104
Certain long-term liabilities are not due and payable in the current period and are therefore not reported in the funds. All liabilities, both current and long-term, are reported in the statement of net position net of issuance premiums, discounts, and refunding deferral amounts.		
General obligation bonds	\$ (9,006,103)	
Revenue bonds	(97,500)	
Financed purchase obligations	(860,004)	
Leases payable	(848,161)	
Notes from direct borrowings	-	
Other postemployment benefits, net of related deferred outflows/inflows of resources	(3,540,338)	
Landfill closure and post-closure care costs	(227,000)	
Compensated absences payable	(318,902)	
Net pension liability, net of related deferred outflows/inflows of resources	<u>(11,467,871)</u>	(26,365,879)
Total long-term liabilities		
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		<u>(39,180)</u>
Net position of governmental activities		<u><u>\$ 24,459,850</u></u>

CALHOUN COUNTY, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Grants Fund</u>	<u>Capital Projects Sales Tax Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Property taxes	\$ 9,584,642	\$ 1,288,230	\$ -	\$ -	\$ 865,755	\$ 11,738,627
Other taxes	1,177,005	-	-	1,616,940	466,125	3,260,070
Intergovernmental	1,414,811	-	2,354,022	-	690,767	4,459,600
Licenses, permits and fees	283,520	-	-	-	-	283,520
Fines and forfeitures	163,881	-	-	-	-	163,881
Charges for services	955,474	-	-	-	244,450	1,199,924
Contributions and donations	-	-	-	-	125,375	125,375
Other revenues	480,794	95,000	8,139	1,619	564,625	1,150,177
Total revenues	<u>14,060,127</u>	<u>1,383,230</u>	<u>2,362,161</u>	<u>1,618,559</u>	<u>2,957,097</u>	<u>22,381,174</u>
EXPENDITURES						
Current:						
General government	6,700,293	522,269	-	-	378,679	7,601,241
Public safety	2,840,481	25,754	-	-	1,094,701	3,960,936
Public works	1,110,217	843,236	-	-	-	1,953,453
Culture and recreation	1,030,093	81,409	-	-	-	1,111,502
Judicial services	749,278	-	-	-	-	749,278
Health and welfare	2,526,348	-	12,962	-	694,695	3,234,005
Economic development	77,794	-	930,354	-	-	1,008,148
Capital outlay	-	463,573	-	476,859	120,657	1,061,089
Debt service:						
Principal	18,115	435,522	-	973,510	789,056	2,216,203
Interest	362	69,078	-	77,097	67,901	214,438
Total expenditures	<u>15,052,981</u>	<u>2,440,841</u>	<u>943,316</u>	<u>1,527,466</u>	<u>3,145,689</u>	<u>23,110,293</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(992,854)</u>	<u>(1,057,611)</u>	<u>1,418,845</u>	<u>91,093</u>	<u>(188,592)</u>	<u>(729,119)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	159,322	52,809	-	-	643,339	855,470
Transfers out	(826,148)	-	(159,322)	-	-	(985,470)
Issuance of debt	2,058,272	463,573	-	-	-	2,521,845
Sale of capital assets	42,422	-	-	-	-	42,422
Total other financing sources (uses)	<u>1,433,868</u>	<u>516,382</u>	<u>(159,322)</u>	<u>-</u>	<u>643,339</u>	<u>2,434,267</u>
Net change in fund balances	441,014	(541,229)	1,259,523	91,093	454,747	1,705,148
Fund balances, beginning of year	<u>5,257,868</u>	<u>735,441</u>	<u>2,727,378</u>	<u>8,505,868</u>	<u>1,732,352</u>	<u>18,958,907</u>
Fund balances, end of year	<u>\$ 5,698,882</u>	<u>\$ 194,212</u>	<u>\$ 3,986,901</u>	<u>\$ 8,596,961</u>	<u>\$ 2,187,099</u>	<u>\$ 20,664,055</u>

The accompanying notes are an integral part of these financial statements.

CALHOUN COUNTY, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds \$ 1,705,148

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation / amortization expense.

Capital outlay	\$ 2,308,974	
Depreciation / amortization expense	<u>(1,492,333)</u>	816,641

The net effect of various miscellaneous transactions (i.e., sales and donations) is to decrease net position. (456,887)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (209,006)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The effects of these items are as follows:

Repayment of the principal of long-term debt	\$ 2,216,203	
Issuance of long-term debt	<u>(2,521,845)</u>	(305,642)

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. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The following amounts represent the net liability changes using the full accrual method of accounting:

Pension liability	\$ 325,546	
Landfill closure and post-closure care costs	183,000	
Compensated absences	42,560	
Accrued interest on long-term debt	(2,850)	
Other postemployment benefits liability	<u>71,470</u>	<u>619,726</u>
		<u>\$ 2,169,980</u>

CALHOUN COUNTY, SOUTH CAROLINA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022**

	<u>Municipal Water System</u>	<u>Wastewater Plant</u>	<u>County Golf Course</u>	<u>Totals</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 1,633,564	\$ 50,501	\$ 169,611	\$ 1,853,676
Accounts receivable	106,990	-	-	106,990
Due from other funds	-	60,383	-	60,383
Inventories	-	-	2,464	2,464
Restricted cash	120,702	-	-	120,702
Total current assets	<u>1,861,256</u>	<u>110,884</u>	<u>172,075</u>	<u>2,144,215</u>
NONCURRENT ASSETS				
Capital assets:				
Nondepreciable	446,743	-	170,551	617,294
Depreciable, net of accumulated depreciation/amortization	9,059,651	3,420,264	349,093	12,829,008
Total noncurrent assets	<u>9,506,394</u>	<u>3,420,264</u>	<u>519,644</u>	<u>13,446,302</u>
Total assets	<u>11,367,650</u>	<u>3,531,148</u>	<u>691,719</u>	<u>15,590,517</u>
DEFERRED OUTFLOWS OF RESOURCES				
Other postemployment benefits	17,841	-	-	17,841
Pension	56,012	-	-	56,012
Total deferred outflows of resources	<u>73,853</u>	<u>-</u>	<u>-</u>	<u>73,853</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	31,998	23,481	6,319	61,798
Accrued liabilities	135,203	-	-	135,203
Compensated absences	21,164	-	-	21,164
Due to other funds	143,241	-	139,438	282,679
Leases payable	-	-	16,749	16,749
Revenue bonds payable	145,179	-	-	145,179
Total current liabilities	<u>476,785</u>	<u>23,481</u>	<u>162,506</u>	<u>662,772</u>
NONCURRENT LIABILITIES				
Leases payable	-	-	119,527	119,527
Revenue bonds payable	3,627,723	-	-	3,627,723
Total other postemployment benefits liability	161,705	-	-	161,705
Net pension liability	309,588	-	-	309,588
Total noncurrent liabilities	<u>4,099,016</u>	<u>-</u>	<u>119,527</u>	<u>4,218,543</u>
Total liabilities	<u>4,575,801</u>	<u>23,481</u>	<u>282,033</u>	<u>4,881,315</u>
DEFERRED INFLOWS OF RESOURCES				
Other postemployment benefits	33,123	-	-	33,123
Pension	45,639	-	-	45,639
Total deferred inflows of resources	<u>78,762</u>	<u>-</u>	<u>-</u>	<u>78,762</u>
NET POSITION				
Net investment in capital assets	5,733,492	3,420,264	383,368	9,537,124
Restricted for customers	120,702	-	-	120,702
Unrestricted	932,746	87,403	26,318	1,046,467
Total net position	<u>\$ 6,786,940</u>	<u>\$ 3,507,667</u>	<u>\$ 409,686</u>	<u>\$ 10,704,293</u>

The accompanying notes are an integral part of these financial statements.

CALHOUN COUNTY, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Municipal Water System</u>	<u>Wastewater Plant</u>	<u>County Golf Course</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for services:				
Water/wastewater fees	\$ 1,208,593	\$ 178,233	\$ -	\$ 1,386,826
Tap fees	41,050	-	-	41,050
Golf course fees	-	-	274,822	274,822
Total operating revenues	<u>1,249,643</u>	<u>178,233</u>	<u>274,822</u>	<u>1,702,698</u>
OPERATING EXPENSES				
Salaries, wages and benefits	553,472	-	142,926	696,398
Professional/technical services	551,132	113,640	98,440	763,212
Contractual	12,179	30,591	81,374	124,144
Depreciation/amortization	206,878	57,648	51,014	315,540
Total operating expenses	<u>1,323,661</u>	<u>201,879</u>	<u>373,754</u>	<u>1,899,294</u>
Operating loss	<u>(74,018)</u>	<u>(23,646)</u>	<u>(98,932)</u>	<u>(196,596)</u>
NON-OPERATING INCOME (EXPENSE)				
Interest income	6,535	-	-	6,535
Interest expense	<u>(101,812)</u>	-	<u>(415)</u>	<u>(102,227)</u>
Total non-operating expenses, net	<u>(95,277)</u>	-	<u>(415)</u>	<u>(95,692)</u>
Loss before capital contributions and transfers	<u>(169,295)</u>	<u>(23,646)</u>	<u>(99,347)</u>	<u>(292,288)</u>
CAPITAL CONTRIBUTIONS	<u>442,244</u>	<u>5,243</u>	<u>9,400</u>	<u>456,887</u>
TRANSFERS				
Transfers in	-	-	130,000	130,000
Total transfers	<u>-</u>	<u>-</u>	<u>130,000</u>	<u>130,000</u>
Change in net position	272,949	(18,403)	40,053	294,599
Net position, beginning of year	<u>6,513,991</u>	<u>3,526,070</u>	<u>369,633</u>	<u>10,409,694</u>
Net position, end of year	<u>\$ 6,786,940</u>	<u>\$ 3,507,667</u>	<u>\$ 409,686</u>	<u>\$ 10,704,293</u>

The accompanying notes are an integral part of these financial statements.

CALHOUN COUNTY, SOUTH CAROLINA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Municipal Water System	Wastewater Plant	County Golf Course	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,198,072	\$ 178,233	\$ 275,409	\$ 1,651,714
Payments to/receipts from other funds	111,625	(28,767)	-	82,858
Payments to suppliers	(607,288)	(147,039)	(182,117)	(936,444)
Payments to employees	(370,170)	-	(128,757)	(498,927)
Net cash provided by (used in) operating activities	<u>332,239</u>	<u>2,427</u>	<u>(35,465)</u>	<u>299,201</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	130,000	130,000
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>130,000</u>	<u>130,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(50,450)	-	(19,635)	(70,085)
Principal paid on bonds payable	(141,536)	-	-	(141,536)
Principal paid on leases payable	-	-	(18,585)	(18,585)
Interest paid	(102,427)	-	(415)	(102,842)
Net cash used in capital and related financing activities	<u>(294,413)</u>	<u>-</u>	<u>(38,635)</u>	<u>(333,048)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	6,535	-	-	6,535
Net cash provided by investing activities	<u>6,535</u>	<u>-</u>	<u>-</u>	<u>6,535</u>
Net change in cash and cash equivalents	44,361	2,427	55,900	102,688
Cash and cash equivalents:				
Beginning of year	<u>1,709,905</u>	<u>48,074</u>	<u>113,711</u>	<u>1,871,690</u>
End of year	<u>\$ 1,754,266</u>	<u>\$ 50,501</u>	<u>\$ 169,611</u>	<u>\$ 1,974,378</u>
Classified as:				
Cash, unrestricted	\$ 1,633,564	\$ 50,501	\$ 169,611	\$ 1,853,676
Restricted cash	120,702	-	-	120,702
	<u>\$ 1,754,266</u>	<u>\$ 50,501</u>	<u>\$ 169,611</u>	<u>\$ 1,974,378</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	\$ (74,018)	\$ (23,646)	\$ (98,932)	\$ (196,596)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation/amortization	206,878	57,648	51,014	315,540
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(51,571)	-	587	(50,984)
Increase in inventories	-	-	(1,494)	(1,494)
Increase in due from other funds	-	(28,767)	-	(28,767)
Increase in deferred outflows of resources - pension	(11,954)	-	-	(11,954)
Increase in deferred outflows of resources - other postemployment benefits	(6,698)	-	-	(6,698)
Decrease in accounts payable	(43,977)	(2,808)	(809)	(47,594)
Increase (decrease) in accrued liabilities	3,184	-	(5,597)	(2,413)
Increase (decrease) in compensated absences	14,014	-	(1,226)	12,788
Increase in due to other funds	111,625	-	20,992	132,617
Increase in net pension liability	49,790	-	-	49,790
Increase in total other postemployment benefits liability	67,174	-	-	67,174
Increase in deferred inflows of resources - pension	42,190	-	-	42,190
Increase in deferred inflows of resources - other postemployment benefits	25,602	-	-	25,602
Net cash provided by (used in) operating activities	<u>\$ 332,239</u>	<u>\$ 2,427</u>	<u>\$ (35,465)</u>	<u>\$ 299,201</u>
Noncash investing, capital, and financing activities				
Issuance of leases payable	\$ -	\$ -	\$ 140,882	\$ 140,882
Transfer of capital assets from other funds	442,244	5,243	9,400	456,887
Unrealized loss on investments	-	-	-	-
Net noncash investing, capital, and financing activities	<u>\$ 442,244</u>	<u>\$ 5,243</u>	<u>\$ 150,282</u>	<u>\$ 597,769</u>

The accompanying notes are an integral part of these financial statements.

CALHOUN COUNTY, SOUTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS JUNE 30, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 10,364,108
Taxes receivable	138,581
Total assets	<u>10,502,689</u>
LIABILITIES	
Due to others	10,302,979
Uncollected taxes	138,581
Total liabilities	<u>10,441,560</u>
NET POSITION	
Restricted for pension benefits	
Restricted for individuals, organizations, and other governments	<u>61,129</u>
Total net position	<u>\$ 61,129</u>

The accompanying notes are an integral part of these financial statements.

CALHOUN COUNTY, SOUTH CAROLINA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Custodial Funds</u>
ADDITIONS	
Taxes and assessments	\$ 40,278,338
Fine and fees	488,779
Total additions	<u>40,767,117</u>
DEDUCTIONS	
Benefits	
Taxes and fees paid to other governments	40,278,338
Funds disbursed per court order	482,891
Total deductions	<u>40,761,229</u>
Change in net position	5,888
NET POSITION, BEGINNING OF YEAR	<u>55,241</u>
NET POSITION, END OF YEAR	<u>\$ 61,129</u>

The accompanying notes are an integral part of these financial statements.

CALHOUN COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Calhoun County (the "County") was chartered in 1908 and operates under a council-administrator form of government. For financial statement purposes, the County has divided its operations into the functions of the general government, public safety, public works, culture and recreation, judicial services, education, health and welfare and economic development.

The primary government financial statements of Calhoun County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

Calhoun County, South Carolina, is governed by a five-member County Council (the "Council") under the Council-Administrator form of government, pursuant to the South Carolina Home Rule Act. Members of the Council are elected from resident districts. The Council acts as the governing body of the County with power to pass ordinances and adopt resolutions. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Unit

The **Sandy Run Fire District** is a discretely presented component unit, which was established in 1981 and recreated by Calhoun County ordinance in October of 2013. The Sandy Run Fire District has a five-member governing board appointed by the Council. The Sandy Run Fire District is fiscally dependent upon the government because the Council approves the Sandy Run Fire District's budgets and tax levy and can significantly influence the decisions of the Sandy Run Fire District. The Sandy Run Fire District has a June 30 year-end. Separate financial statements are not issued for the Sandy Run Fire District.

Blended Component Units

The **Calhoun County Library (the "Library")**, an entity legally separate from the County, is governed by a board appointed by the Council. For financial reporting purposes, the Library is reported as if it is part of the County's operations because all financial operations and decisions are subject to the authority of the Council.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Blended Component Units (Continued)

The **Calhoun County Museum (the “Museum”)**, an entity legally separate from the County, is administered by a Historical Commission appointed by the Council. For financial reporting purposes, the Museum is reported as if it is part of the County's operations because the County has ultimate authority over the Museum.

The **Calhoun County Council on Aging (the “Council on Aging”)**, an entity legally separate from the County, is governed by a board appointed by the Council. For financial reporting purposes, the Council on Aging is reported as a special revenue fund of the County because all financial activities of the Council on Aging are overseen by the County and the County can impose its will on the Council on Aging.

The **Calhoun County Economic Development Corporation (the “Corporation”)**, an entity legally separate from the County, is governed by a board appointed by the Council. For financial reporting purposes, the Corporation is reported as a special revenue fund of the County because the County has significant influence over the fiscal operations of the Corporation and the County can impose its will on the Corporation.

Basis of Presentation – Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) reports information about the County as a primary government. These statements include the financial activities of the primary government, except for fiduciary funds and component units that are fiduciary in nature. For the most part, the effect of interfund activity has been removed from the statements. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

Basis of Presentation – Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The emphasis of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

The County reports the following major governmental funds:

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation – Fund Financial Statements (Continued)

The **Capital Projects Fund** accounts for the transactions of the acquisition of capital assets and construction of major capital projects.

The **Capital Projects Sales Tax Fund** accounts for the proceeds from the 1% sales taxes imposed within the County by an affirmative voter referendum.

The **Grants Fund** accounts for the proceeds of various federal and state grants.

In addition, the County reports the following nonmajor fund types:

The **Special Revenue Funds** account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects) such as grants, fire and other special purpose fees, and economic development.

The **Debt Service Funds** account for the accumulation of resources for, and payment of, long-term debt principal and interest other than those payable from Special Revenue Funds.

The **Enterprise Funds** are used to account for those operations that are financed and operated in a manner similar to private businesses or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The County reports the following major enterprise funds:

The **Municipal Water System Fund** accounts for user charges, fees and other resources and all costs associated with the operation of the water and sewer system.

The **Wastewater Plant Fund** accounts for activity related to the operation of the wastewater system of the County.

The **County Golf Course Fund** accounts for activity related to the operations of the Calhoun Hills Golf Complex.

Additionally, the County reports the following fund types:

The **Fiduciary Funds** are used to account for monies held on behalf of school districts and other agencies that use the County as a depository or property taxes that are collected on behalf of other governments.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation – Fund Financial Statements (Continued)

Measurement Focus and Basis of Accounting

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 reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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 revenues as soon as all eligibility requirements imposed by the provider have been met. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the County are included on the Statement of Net Position.

The 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 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 County considers revenues to be available if they are collected within the first 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 leases, compensated absences, pensions, other postemployment benefits (OPEB), and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt and acquisitions under financed purchase obligations are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and, therefore, have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The custodial funds utilize the accrual basis of accounting for financial reporting.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash and Cash Equivalents and Deposits

The "deposits" classification is used only in the notes, not on the face of the Statement of Net Position. Deposits include bank checking and savings accounts, cash on hand, pooled money market funds and certificates of deposit.

The County considers cash and cash equivalents for cash flow purposes to be currency on hand, demand deposits with banks, amounts included in pooled cash and investment accounts.

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the South Carolina Local Government Investment Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.

The County and its component unit have a number of financial instruments, none of which are held for trading purposes. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Certificates of deposit are reported at amortized cost which approximates fair value. For purposes of financial statement presentation, the County considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Receivables

All trade and property taxes receivables are shown net of an allowance for uncollectible. Amounts due from federal and state grants represent reimbursable costs, which have been incurred by the County but have not been reimbursed by the grantor agency. Costs under grant programs are recognized as expenditures in the period in which they are incurred by the County.

Capital Assets

Capital assets, which include right-to-use leased assets, property, plant, and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, water and sewer distribution systems, and similar items) are reported in the applicable governmental activities or business-type activities in the government-wide financial statements. Capital assets other than infrastructure are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets (Continued)

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

All reported capital assets except land and certain infrastructure assets are depreciated or amortized. Useful lives for infrastructure are estimated based on the County's historical records of necessary improvements and replacements. Depreciation and amortization are provided using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Building and improvements	50
Machinery and equipment	5
Water and wastewater system	75
Infrastructure	75
Right-to-use leased equipment	3-5
Right-to-use lease vehicles	3-5
Vehicles	8

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future period(s) and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports deferred outflows related to its net pension liability and total other postemployment benefits liability on the Statement of Net Position.

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets or fund balance that applies to future period(s) and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The County reports *unavailable revenues* from property taxes and intergovernmental revenue that arise under the modified accrual basis of accounting that qualify for reporting in this category and are reported on the Governmental Funds Balance Sheet. The Statement of Net Position reports deferred inflows related to its net pension liability and total other postemployment benefits liability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Interfund Receivables/Payables

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the presentation of the government-wide financial statements.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Fund Equity

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable - This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) are legally or contractually required to be maintained intact. The County has classified assets held for development, inventories, prepaid items, and long-term portions of receivables and advances as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next current fiscal year.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources through being either a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Equity (Continued)

Committed - This classification includes amounts that can only be used for specific purposes pursuant to constraints determined by a formal action of the government's highest level of decision-making authority, the Council, through passage of an ordinance. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned - This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. Through resolution, this intent can be expressed by the Council or by an official or body to which the Council delegates authority. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned - This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balances of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

The County would typically use restricted fund balances first, followed by committed resources and the assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

Proprietary fund equity is classified the same as the government-wide statements.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation or amortization, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

Property Taxes

Property taxes are levied by the County at varying rates per one hundred dollars (\$100) of assessed valuation of real estate and personal property owned as used in the County except exempt property as provided by the constitution and laws of the State of South Carolina and attach an enforceable lien when levied.

In Calhoun County, taxes are collected for county and school purposes as a single tax bill which must be paid in full by the individual taxpayer. Taxes are collected on calendar year basis. Real and personal taxes in the County are payable without penalty on or before January 15th of each year (except taxes on motor vehicles, which are payable on a monthly basis).

If taxes are not paid on or before January 15, a penalty of 3% is added thereon. If taxes are not paid on or before February 1, an additional penalty of 7% is added. If taxes are not paid on or before March 16, an additional 5% penalty thereon is added plus all costs incurred and the property goes into execution. In September, properties on which the taxes have not been paid are advertised for public sale in a local newspaper for three consecutive weeks. The first Monday in November, the property is sold. The County Tax Collector is responsible for the collection of delinquent taxes and empowered to sell so much of the defaulting taxpayer's estate – real, personal or both – as may be sufficient to satisfy the taxes. As collections are made, the delinquent tax revenue is remitted to the County Treasurer.

Property taxes are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectable in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue at the fund level to the extent such amounts are available (collected within 60 days of the County's fiscal year end).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Compensated Absences

The County's policy permits employees to accumulate earned but unused vacation benefits. The current portion is the amount estimated to be used in the following year. The non-current portion is the amount estimated to be used in subsequent years. Both the current and non-current compensated absences are accrued at the government-wide and proprietary fund financial statements.

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.

Interfund Transfers

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

Leases

During the fiscal year ended June 30, 2022, the County implemented GASB Statement No. 87, *Leases*. Accordingly, the County is a lessee for non-cancellable leases of certain equipment and vehicles. The County recognizes a lease liability and an intangible right-to-use lease asset in the government-wide and proprietary fund financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Leases (Continued)

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

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

The County monitors changes in circumstances that would require a re-measurement of its lease and will re-measure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets on the Statement of Net Position, and lease liabilities are reported with long-term debt on the Statement of Net Position.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The County follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Each year, the County Administrator submits to the Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Three public readings are conducted by the Council and one public hearing to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of an ordinance.
4. The County Administrator is authorized to transfer budgeted amounts between departments within any fund. Any revisions that increase the total expenditures of any fund must be approved by the Council.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Budgets and Budgetary Accounting (Continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP) except for encumbrances. A budgetary comparison schedule is presented for the General Fund in the required supplementary information section.
7. Budgeted amounts are as originally adopted, or as amended by the County Council as close to June 30 as possible.

For the year ended June 30, 2022, expenditures exceeded appropriations in a number of the General Fund's functions and departments. These over-expenditures were funded by greater than anticipated revenues as well as other financing sources consisting of transfers in from other funds of the County and proceeds from the issuance of general obligation bonds.

For the year ended June 30, 2022, the Victims' Advocate fund and the E-911 fund reported deficit fund balances of \$1,576 and \$27,645, respectively. These deficits will be reduced by future revenues.

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments at June 30, 2022, are summarized below.

	Primary Government	Sandy Run Fire District Discretely Presented Component Unit
<i>As reported in the Statement of Net Position:</i>		
Cash and cash equivalents:		
Cash and cash equivalents not restricted	\$ 14,172,050	\$ 443,133
Cash and cash equivalents restricted	8,438,657	-
Investments:		
Investments not restricted	795,017	-
Custodial Funds - cash and cash equivalents	10,364,108	-
	<u>\$ 33,769,832</u>	<u>\$ 443,133</u>
Cash deposited with financial institutions	\$ 19,778,583	\$ 443,133
SC Local Government Investment Pool	13,196,232	-
Certificates of deposit	795,017	-
	<u>\$ 33,769,832</u>	<u>\$ 443,133</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2022, the County reported the following investments:

Investment Type	Fair Value	Investment Maturities (in years)	
		Less than 1	1-5
SC Local Government Investment Pool	\$ 13,196,232	\$ 13,196,232	\$ -
Certificates of deposit	795,017	2,094	792,923
	<u>\$ 13,991,249</u>	<u>\$ 13,198,326</u>	<u>\$ 792,923</u>

None of the investments above are subject to the fair value hierarchy as required by GASB Statement No. 72.

As of June 30, 2022, the Sandy Run Fire District reported no investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. In accordance with its investment policy, the County and the Sandy Run Fire District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than twelve months.

Credit Risk

Credit risk is the risk that an issuer to an investment will not fulfill its obligations. In accordance with South Carolina state statutes, the County's and the Fire District's investment decisions are at the discretion of the elected County Treasurer, subject to the statutes that authorize the County and its component units to invest in the following:

1. Obligations of the United States and agencies thereof;
2. General obligations of the State of South Carolina or any of its political units;
3. Savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation;
4. Certificates of Deposit and repurchase agreements collateralized by securities of the type described in 1) and 2) above, held by a third-party as escrow agent or custodian, of a fair value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest; and

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk (Continued)

5. No-load open and closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company, savings and loan association, or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit.

In addition, South Carolina state statutes authorize the County to invest in the South Carolina Local Government Investment Pool (LGIP). The LGIP is an investment mechanism authorized by the Legislature and signed into law on May 13, 1983, to provide local governments an opportunity to acquire maximum returns on investments by pooling available funds with funds from other political subdivisions and is not registered with the SEC. The LGIP is permitted under South Carolina 1976 Code of Laws Section 6-6-10, Section 12-45-220 and Section 11-1-60 to purchase obligations of the United States government treasuries, United States government agencies, repurchase agreements fully collateralized by United States government treasuries or agencies, corporate securities and commercial paper that bear an investment grade rating of at least two nationally recognized rating services. There is no regulatory oversight of the pool. The total fair value of the investment pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the County's and the Sandy Run Fire District's investment in a single issuer. The County and the Sandy Run Fire District place no limit on the amount that may be invested in any one issuer.

Custodial Credit Risk – Deposits

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the County's and the Sandy Run Fire District's deposits may not be returned to them. Both the County's and the Sandy Run Fire District's deposits are subject to South Carolina state statutes for custodial credit risk. The statutes provide that banks accepting deposits of funds from local government units must furnish an indemnity bond or pledge as collateral obligations of the United States, South Carolina, political subdivisions of South Carolina. Driven by the aforementioned statute, the County's and the Sandy Run Fire District's informal policy requires deposits to be secured by collateral valued at fair or par whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. Deposited funds may be invested in demand or time deposits, continuously and fully secured with direct obligations of or obligations guaranteed by the United States of America having a fair value not less than the amount of such monies. Custodial credit risk for deposits is not formally addressed by bond indentures. Indentures require that restricted deposits be maintained by the trustee bank, as custodian, specified in the indenture.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits (Continued)

As of June 30, 2022, the County's bank balance of \$20,185,210 was covered by federal depository insurance or by collateral held in the pledging financial institutions' trust departments in the County's name. All the Sandy Run Fire District's deposits of \$443,133 were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust departments in the Fire District's name.

Custodial Credit Risk – Investments

In the case of investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County and the Sandy Run Fire District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Both the County and the Sandy Run Fire District do not have a formal investment policy regarding custodial credit risk.

NOTE 4. RECEIVABLES

Receivables as of June 30, 2022, for the County's major funds, nonmajor funds in the aggregate and discretely presented component unit (the Sandy Run Fire District), including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects	Grants Fund	Nonmajor Governmental
Taxes receivable	\$ 139,093	\$ 1,154	\$ -	\$ 11,957
Accounts receivable	1,653,965	95,000	288,705	328,056
Less: Allowance	(335,750)	-	-	(2,391)
Net receivables	\$ 1,457,308	\$ 96,154	\$ 288,705	\$ 337,622

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES (CONTINUED)

	<u>Capital Projects Sales Tax Fund</u>	<u>Municipal Water System</u>	<u>Sandy Run Fire District Discretely Presented Component Unit</u>
Taxes receivable	\$ -	\$ -	\$ 1,486
Accounts receivable	399,634	106,990	-
Less: Allowance	<u>-</u>	<u>-</u>	<u>(297)</u>
Net receivables	<u>\$ 399,634</u>	<u>\$ 106,990</u>	<u>\$ 1,189</u>

NOTE 5. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund payables for the year ended June 30, 2022, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grants Fund	\$ 20,000
General Fund	County Golf Course	139,438
Capital Improvements Fund	Grants Fund	130,000
Grants Fund	Municipal Water System Fund	20,000
Grants Fund	General Fund	2,103,917
General Fund	Municipal Water System Fund	62,858
Wastewater Fund	Municipal Water System Fund	60,383
		<u>\$ 2,536,596</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances normally clear within one to two months

Interfund transfers for the year ended June 30, 2022, consisted of the following:

<u>Transfer in Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General Fund	Grants Fund	\$ 159,322
Capital Projects Fund	General Fund	52,809
Nonmajor Governmental Funds	General Fund	643,339
County Golf Course Fund	General Fund	130,000
		<u>\$ 985,470</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED)

Transfers are used: 1) to move revenues from the fund with collection authorization to the fund with expenditure authorization, and 2) to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs. The County also reports transfers of capital assets between the business-type activities and the governmental activities only on the Statement of Activities. For the fiscal year ended June 30, 2022, the County reported transfers of capital assets from its governmental activities to its business-type activities of \$456,887.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

Governmental activities	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Capital assets not being depreciated					
Land	\$ 1,756,796	\$ -	\$ -	\$ -	\$ 1,756,796
Construction in progress	1,195,065	1,430,041	-	(1,949,643)	675,463
Museum collection	3,127,547	-	-	-	3,127,547
Total capital assets not being depreciated	6,079,408	1,430,041	-	(1,949,643)	5,559,806
Capital assets being depreciated/ amortized					
Buildings and improvements	16,347,056	164,460	-	-	16,511,516
Infrastructure	9,072,020	-	-	1,314,846	10,386,866
Land improvements	1,141,617	-	-	-	1,141,617
Right-to-use leased equipment	41,808	58,272	-	-	100,080
Right-to-use leased vehicles	1,023,584	-	-	-	1,023,584
Vehicles	5,643,414	46,384	(18,127)	177,910	5,849,581
Equipment, furniture and fixtures	6,270,466	609,817	-	-	6,880,283
Total capital assets being depreciated/amortized	39,539,965	878,933	(18,127)	1,492,756	41,893,527
Less accumulated depreciation/ amortization					
Buildings and improvements	(4,792,055)	(290,813)	-	-	(5,082,868)
Infrastructure	(2,837,820)	(170,269)	-	-	(3,008,089)
Land improvements	(290,537)	(17,432)	-	-	(307,969)
Right-to-use leased equipment	-	(18,213)	-	-	(18,213)
Right-to-use leased vehicles	-	(257,388)	-	-	(257,388)
Vehicles	(3,311,821)	(217,263)	18,127	-	(3,510,957)
Equipment, furniture and fixtures	(4,617,144)	(520,955)	-	-	(5,138,099)
Total accumulated depreciation/amortization	(15,849,377)	(1,492,333)	18,127	-	(17,323,583)
Total capital assets being depreciated/amortized, net	23,690,588	(613,400)	-	1,492,756	24,569,944
Governmental activities capital assets, net	<u>\$ 29,769,996</u>	<u>\$ 816,641</u>	<u>\$ -</u>	<u>\$ (456,887)</u>	<u>\$ 30,129,750</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense was charged to functions of the primary government as follows:

General Government	\$ 288,820
Public Safety	623,199
Public Works	220,165
Culture and Recreation	183,968
Judicial Services	19,701
Health and Welfare	98,637
Economic Development	<u>57,843</u>
Total Governmental Activities Depreciation/Amortization Expense	<u>\$ 1,492,333</u>

	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Business-type activities					
Capital assets not being depreciated					
Land	\$ 175,051	\$ -	\$ -	\$ 442,243	\$ 617,294
Total capital assets not being depreciated	<u>175,051</u>	<u>-</u>	<u>-</u>	<u>442,243</u>	<u>617,294</u>
Capital assets being depreciated/ amortized					
Water system	13,505,850	-	-	9,400	13,515,250
Wastewater system	3,462,621	-	-	5,244	3,467,865
Equipment, furnitures and fixtures	155,717	50,450	-	-	206,167
Buildings and improvements	167,157	19,635	-	-	186,792
Right-to-use leased equipment	13,979	140,882	-	-	154,861
Vehicles	97,578	-	-	-	97,578
Total capital assets being depreciated/amortized	<u>17,402,902</u>	<u>210,967</u>	<u>-</u>	<u>14,644</u>	<u>17,628,513</u>
Less accumulated depreciation/ amortization					
Water system	(3,884,218)	(170,697)	-	-	(4,054,915)
Wastewater system	(413,199)	(56,599)	-	-	(469,798)
Equipment, furnitures and fixtures	(96,402)	(41,235)	-	-	(137,637)
Buildings and improvements	(11,665)	(4,343)	-	-	(16,008)
Right-to-use leased equipment	-	(23,569)	-	-	(23,569)
Vehicles	(78,481)	(19,097)	-	-	(97,578)
Total accumulated depreciation/amortization	<u>(4,483,965)</u>	<u>(315,540)</u>	<u>-</u>	<u>-</u>	<u>(4,799,505)</u>
Total capital assets being depreciated/amortized, net	<u>12,918,937</u>	<u>(104,573)</u>	<u>-</u>	<u>14,644</u>	<u>12,829,008</u>
Business-type activities capital assets, net	<u>\$ 13,093,988</u>	<u>\$ (104,573)</u>	<u>\$ -</u>	<u>\$ 456,887</u>	<u>\$ 13,446,302</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense was charged to the business-type activities as follows:

Municipal Water Fund	\$	206,878
Wastewater Plant Fund		57,648
County Golf Course Fund		51,014
Total Business-type Activities		51,014
Depreciation/Amortization Expense	\$	315,540

Discretely Presented Component Unit

The Sandy Run Fire District's capital asset activity for the year ended June 30, 2022, is as follows:

Discretely Presented Component Unit	Balance June 30, 2021	Additions	Deletions/ Transfers	Balance June 30, 2022
Capital assets not being depreciated				
Construction in progress	\$ 575,000	\$ 2,100	\$ (575,000)	\$ 2,100
Total capital assets not being depreciated	575,000	2,100	(575,000)	2,100
Capital assets being depreciated				
Buildings and improvements	76,089	-	-	76,089
Equipment, furniture and fixtures	388,329	22,842	-	411,171
Vehicles	627,256	-	575,000	1,202,256
Total capital assets being depreciated	1,091,674	22,842	575,000	1,689,516
Less accumulated depreciation				
Buildings and improvements	(32,941)	(3,687)	-	(36,628)
Equipment, furniture and fixtures	(226,390)	(32,620)	-	(259,010)
Vehicles	(696,621)	(86,124)	-	(782,745)
Total accumulated depreciation	(955,952)	(122,431)	-	(1,078,383)
Total capital assets being depreciated, net	135,722	(99,589)	575,000	611,133
Component unit capital assets, net	\$ 710,722	\$ (97,489)	\$ -	\$ 613,233

Depreciation expense incurred by the Sandy Run Fire District for the fiscal year ended June 30, 2022, was \$122,431.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS

Primary Government

Long-term obligations for the year ended June 30, 2022, is as follows:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due within One Year
Governmental activities					
Compensated absences	\$ 361,462	\$ 312,605	\$ (355,165)	\$ 318,902	\$ 318,902
General obligation bonds	8,622,359	2,000,000	(1,616,256)	9,006,103	1,616,165
Revenue bonds	195,000	-	(97,500)	97,500	97,500
Financed purchase obligations	623,375	463,573	(226,944)	860,004	202,642
Leases payable	1,065,392	58,272	(275,503)	848,161	235,285
Landfill closure and post-closure costs	410,000	-	(183,000)	227,000	18,100
Net pension liability	14,207,430	1,791,089	(4,238,331)	11,760,188	-
Total other postemployment benefit liability	3,755,709	156,016	(677,094)	3,234,631	-
	<u>\$ 29,240,727</u>	<u>\$ 4,781,555</u>	<u>\$ (7,669,793)</u>	<u>\$ 26,352,489</u>	<u>\$ 2,488,594</u>
Business-type activities					
Compensated absences	\$ 8,376	\$ 24,429	\$ (11,641)	\$ 21,164	\$ 21,164
Revenue bonds	3,914,438	-	(141,536)	3,772,902	145,179
Leases payable	13,979	140,882	(18,585)	136,276	16,749
Net pension liability	259,798	49,790	-	309,588	-
Total other postemployment benefit liability	94,531	67,174	-	161,705	-
	<u>\$ 4,291,122</u>	<u>\$ 282,275</u>	<u>\$ (171,762)</u>	<u>\$ 4,401,635</u>	<u>\$ 183,092</u>

Leases, compensated absences, total other postemployment benefit liability, the net pension liability and the landfill closure and post-closure care costs are predominantly liquidated by the General Fund for governmental activities.

Bonds Payable – Governmental Activities

There are a number of limitations and restrictions contained in the various bond indentures. Management believes the County is in compliance with all significant limitations and restrictions.

The South Carolina constitution permits the County to incur general obligation (general purpose) bonded indebtedness not to exceed 8% of the assessed value of taxable property in the County. At June 30, 2022, the County was in compliance with this requirement.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Primary Government (Continued)

Bonds Payable – Governmental Activities (Continued)

The following is a summary of each long-term bond obligation of the governmental activities of the County at June 30, 2022:

General Obligation Bonds	Amount
\$1,000,000 General Obligation Bond, Series 2016, with interest of 2.11%, annual principal and interest payments beginning in 2017, matures in 2026, for the purpose of obtaining funds to defray the costs of fire trucks and equipment.	\$ 424,613
\$1,500,000 General Obligation Bond, Series 2018, with interest of 3.36%, annual principal and interest payments beginning in 2019, matures in 2028, for the purpose of obtaining funds to defray the costs of renovations to the County Courthouse.	955,000
\$7,000,000 General Obligation Bond, Series 2021, with interest of 1.30%, annual principal and interest payments beginning in 2022, matures in 2028, for the purpose of obtaining funds to defray the costs of various capital projects.	6,026,490
\$2,000,000 General Obligation Bond, Series 2021, with interest of 0.99%, annual principal and interest payments beginning in 2022, matures in 2026, for the purpose of obtaining funds to defray the costs of various capital projects.	1,600,000
	\$ 9,006,103
Revenue Bond	Amount
\$390,000 Accommodations Fee Revenue Bond, Series 2018, with interest of 3.04%, annual principal and interest payments beginning in 2020, matures in 2023, for the reimbursement of the costs of acquiring the County Golf Course.	\$ 97,500

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Primary Government (Continued)

Bonds Payable – Governmental Activities (Continued)

The annual requirements to amortize the bonds are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2023	\$ 1,616,165	\$ 135,236	\$ 1,751,401
2024	1,640,976	111,609	1,752,585
2025	1,660,966	87,555	1,748,521
2026	1,687,266	63,083	1,750,349
2027	1,190,815	38,216	1,229,031
2028	1,209,915	19,295	1,229,210
	<u>\$ 9,006,103</u>	<u>\$ 454,994</u>	<u>\$ 9,461,097</u>

Year Ending June 30,	Revenue Bond		
	Principal	Interest	Total
2023	\$ 97,500	\$ 2,964	\$ 100,464
	<u>\$ 97,500</u>	<u>\$ 2,964</u>	<u>\$ 100,464</u>

Financed Purchase Obligations – Governmental Activities

Financed Purchase Obligations	Amount
\$151,734 agreement to finance the purchase of radio equipment at an interest rate of 4.16% with annual payments of \$25,505 maturing in 2024.	\$ 47,939
\$255,831 agreement to finance the purchase of various equipment at an interest rate of 5.38% with annual payments of \$45,355 maturing in 2025.	143,094
\$348,036 agreement to finance the purchase of two ambulances at an interest rate of 2.79% with annual payments of \$75,540 maturing in 2026.	282,206
\$186,907 agreement to finance the purchase of equipment at an interest rate of 2.99% with monthly principal and interest payments maturing in 2027.	172,720
\$276,666 agreement to finance the purchase of equipment at an interest rate of 4.00% with annual payments of \$63,542 maturing in 2024.	214,045
	<u>\$ 860,004</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Primary Government (Continued)

Financed Purchase Obligations – Governmental Activities (Continued)

Future debt service payments as of June 30, 2022, are as follows:

Year Ending June 30,	Financed Purchase Obligations		
	Principal	Interest	Total
2023	\$ 202,642	\$ 31,448	\$ 234,090
2024	210,409	23,678	234,087
2025	260,188	15,594	275,782
2026	94,517	5,169	99,686
2027	92,248	747	92,995
	<u>\$ 860,004</u>	<u>\$ 76,636</u>	<u>\$ 936,640</u>

Leases – Governmental Activities

The County entered into certain lease agreements (as lessee) with legally separate organizations for the right to use equipment and vehicles. Payments are due in annual installments through 2027. As no interest rate is stated in the lease agreement, the County determined its incremental borrowing rate which has been used as the discount rate for the leases.

Annual principal and interest requirements to maturity for the lease liability as of June 30, 2022, are as follows:

Year Ending June 30,	Leases Payable		
	Principal	Interest	Total
2023	\$ 235,285	\$ 74,064	\$ 309,349
2024	282,398	45,231	327,629
2025	193,012	26,859	219,871
2026	94,837	10,731	105,568
2027	42,629	3,625	46,254
	<u>\$ 848,161</u>	<u>\$ 160,510</u>	<u>\$ 1,008,671</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Primary Government (Continued)

Bonds Payable – Business-type Activities

The following is a summary of each long-term bond obligation of the business-type activities of the County at June 30, 2022:

Revenue Bonds	Amount
\$265,000 FHA Revenue Bond due in monthly installments of \$1,302 through December 15, 2033, with interest at 5.125%	\$ 132,790
\$1,474,405 Water and Sewer System Refunding Revenue Bond payable over 15 years, interest at 2.19%, beginning in 2021 with annual payments of \$116,346 through April 1, 2035.	1,304,358
\$2,713,000 Water and Sewer System Revenue Bond payable over 40 years, interest at 2.75%, beginning in 2013 with monthly payments of \$9,333 through August 1, 2053.	2,335,754
	\$ 3,772,902

The annual requirements to amortize the bonds are as follows:

Year Ending June 30,	Revenue Bonds		
	Principal	Interest	Total
2023	\$ 145,179	\$ 98,787	\$ 243,966
2024	149,082	95,044	244,126
2025	152,773	91,193	243,966
2026	156,728	87,237	243,965
2027	160,796	83,171	243,967
2028 – 2032	869,406	350,699	1,220,105
2033 – 2037	689,762	238,790	928,552
2038 – 2042	386,063	173,911	559,974
2043 – 2047	442,899	117,075	559,974
2048 – 2052	508,103	51,871	559,974
2053 – 2054	112,111	1,735	113,846
	\$ 3,772,902	\$ 1,389,513	\$ 5,162,415

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Primary Government (Continued)

Leases – Business-type Activities

The County entered into certain lease agreements (as lessee) with legally separate organizations for the right to use equipment. Payments are due in annual installments through 2027. As no interest rate is stated in the lease agreement, the County determined its incremental borrowing rate which has been used as the discount rate for the leases.

Annual principal and interest requirements to maturity for the lease liability as of June 30, 2022, are as follows:

Year Ending June 30,	Leases Payable		
	Principal	Interest	Total
2023	\$ 16,749	\$ 415	\$ 17,164
2024	34,742	1,058	35,800
2025	28,010	790	28,800
2026	28,261	539	28,800
2027	28,514	287	28,801
	<u>\$ 136,276</u>	<u>\$ 3,089</u>	<u>\$ 139,365</u>

Landfill Closure and Post-closure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill sites when each site stops accepting waste and to perform certain maintenance and monitoring functions at the sites for twenty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The \$227,000 reported as an accrual for landfill closure and post-closure care costs at June 30, 2022, includes the cumulative amount reported less amounts paid to date for the open site based on the following information.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Primary Government (Continued)

Landfill Closure and Post-closure Care Costs (Continued)

	Estimated Remaining Landfill Life	Percentage Balance of Capacity Used	Closure and Post-closure Costs
MSWLF - Class II	1 years	99%	\$ 10,400
C&D - Class III	-	100%	216,600
Total Reported Liability			\$ 227,000

These amounts are based on what it would cost to perform all closure and post-closure care in fiscal year 2022. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The Council has not accumulated or segregated funds to meet this liability.

Discretely Presented Component Unit

Long-term obligations for the Sandy Run Fire District for the year ended June 30, 2021, are as follows:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due within One Year
Financed purchase obligations	\$ 281,685	\$ -	\$ (27,223)	\$ 254,462	\$ 28,162
	\$ 281,685	\$ -	\$ (27,223)	\$ 254,462	\$ 28,162

The Sandy Run Fire District has entered into the above financed purchase agreement for the purchase of a fire truck. The cost of this asset amounted to \$575,000. The lease has an implicit interest rate of 3.35% and annual payments ranging from \$267,000 to \$36,941. Principal and interest payments are due in annual installments on October 28 through 2029.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Discretely Presented Component Unit (Continued)

The remaining payments (including principal and interest) as of June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	
2023	\$ 36,941
2024	36,941
2025	36,941
2026	36,941
2027	36,941
2028 - 2030	110,823
Total payments	<u>295,528</u>
Less amount representing interest	<u>(41,066)</u>
Principal amount of future payments	<u>\$ 254,462</u>

Other Postemployment Benefits

Plan Description

In addition to providing pension benefits through the South Carolina Retirement System, the County, authorized by its Council, participates in a single employer plan to provide certain healthcare benefits for employees who retire from service or who terminate with at least 18 years of service who meet one or more of the eligibility requirements, such as age, length of service, and hire date. Generally, those who retire must also retire under the South Carolina Retirement System to qualify for benefits. Benefits are effective at date of retirement or when the employee is eligible for retirement benefits.

Plan Membership

The Plan has 73 covered members for the year ended June 30, 2022; 31 members are retirees receiving benefits and 42 are active participants and dependents.

Funding Policy and Contributions

The County currently pays for other postemployment benefits on a pay-as-you-go basis. For the year ended June 30, 2022, the County paid \$84,000 toward the cost of retiree health insurance for eligible retired employees. The County's obligation to contribute to the Plan was established and may be amended by the Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the plan.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Other Postemployment Benefits (Continued)

Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	3.54% as of June 30, 2022
Healthcare cost trend rate:	6.20% - 4.00%
Inflation rate:	2.50%
Salary increase:	2.50% per year

For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. The following multipliers are applied to the base tables: 100% for male SCRS members, 111% for female SCRS members, 125% for male PORS members, and 111% for female PORS members.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54% as of June 30, 2022. This rate was determined using an index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher – which was 3.54% as determined by the Bond Buyer 20-Bond GO Index Rate as of June 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Other Postemployment Benefits (Continued)

Changes in the Total OPEB Liability

The changes in the total OPEB liability of the County for the year ended June 30, 2022, were as follows:

	Total OPEB Liability
Balances beginning of year	\$ 3,850,240
Changes for the year:	
Service cost	73,753
Interest	82,263
Difference between actual and expected experience	-
Assumption changes	(525,920)
Benefit payments and implicit subsidy	(84,000)
Net changes	(453,904)
Balances end of year	\$ 3,396,336

The required schedule of changes in the County's total OPEB liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about the total OPEB liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the County as of June 30, 2022 (June 30, 2022 measurement date), as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate		
1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
\$ 3,765,878	\$ 3,396,336	\$ 3,079,588

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Other Postemployment Benefits (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County as of June 30, 2022 (June 30, 2022 measurement date), as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

1% Decrease (5.20% decreasing to 3.00%)	Current Healthcare Cost Trend Rates (6.20% decreasing to 4.00%)	1% Increase (7.20% decreasing to 5.00%)
\$ 3,318,299	\$ 3,396,336	\$ 3,486,993

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2022, and the current sharing pattern of costs between employer and inactive employees.

OPEB Expense

For the year ended June 30, 2022, the County recognized OPEB expense as follows:

Description		
Service cost	\$	73,753
Interest on the total OPEB liability		82,263
Expensed portion of current period		
changes in assumptions		(78,745)
Recognition of outflow (inflow) of resources		
due to liabilities		21,337
Total OPEB expense	\$	98,608

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Other Postemployment Benefits (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the County reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 248,529
Changes of assumptions	374,715	447,175
Total	\$ 374,715	\$ 695,704

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Other Postemployment Benefits Plan

Year ended June 30:	
2023	\$ (57,408)
2024	(57,408)
2025	(57,408)
2026	(55,586)
2027	(39,729)
Thereafter	(53,450)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Pension Plan

Overview

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted 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 South Carolina Retirement System's Pension Trust Funds. The ACFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR of the state.

Plan Description

The County contributes to the SCRS, a cost-sharing multiple-employer defined benefit pension plan that was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts and political subdivisions. In addition to the SCRS pension plan, the County also contributes to the PORS, a cost-sharing multiple-employer defined benefit pension plan that was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Pension Plan (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 described below.

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

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

Benefits

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. A brief summary of benefit terms for each system is presented on the following page.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Pension Plan (Continued)

Benefits (Continued)

South Carolina Retirement System – 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 8 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.

South Carolina Police Officers Retirement System – 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 1% or \$500 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Pension Plan (Continued)

Contributions (Continued)

Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the Board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent. For the year ended June 30, 2022, the County contributed \$888,444 and \$322,210 to the SCRS and PORS plans, respectively.

Required employee contribution rates for the year ended June 30, 2022, are as follows:

South Carolina Retirement System

Employee Class Two	9.00% of earnable compensation
Employee Class Three	9.00% of earnable compensation

South Carolina Police Officers Retirement System

Employee Class Two	9.75% of earnable compensation
Employee Class Three	9.75% of earnable compensation

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Pension Plan (Continued)

Contributions (Continued)

Required employer contribution rates for the year ended June 30, 2022, are as follows:

South Carolina Retirement System

Employee Class Two	16.41% of earnable compensation
Employee Class Three	16.41% of earnable compensation
Employer incidental death benefit	0.15% of earnable compensation

South Carolina Police Officers Retirement System

Employee Class Two	18.84% of earnable compensation
Employee Class Three	18.84% of earnable compensation
Employer incidental death benefit	0.20% of earnable compensation
Employer accidental death program	0.20% of earnable compensation

Net Pension Liability

The June 30, 2021, (the measurement date) total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2020, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board, which utilized membership data as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2021, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS. The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67, less that system's fiduciary net position.

As of June 30, 2022, (measurement date of June 30, 2021), the net pension liability amounts for the collective net pension liabilities associated with the SCRS and PORS plans are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	County's Proportionate Share of the Collective Net Pension Liability
SCRS	\$ 55,131,579,363	\$ 33,490,305,970	\$ 21,641,273,393	60.7%	0.043470%
PORS	\$ 8,684,586,488	\$ 6,111,672,064	\$ 2,572,914,424	70.4%	0.103469%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Pension Plan (Continued)

Actuarial Assumptions and Methods

Actuarial valuations 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 during the valuation process 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. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2020, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

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.

Former Job Class	Males	Females
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%

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Pension Plan (Continued)

Actuarial Assumptions and Methods (Continued)

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.00 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table below.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public equity	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private equity	9.0%	9.68%	0.87%
Private debt	7.0%	5.47%	0.39%
Real assets	12.0%		
Real estate	9.0%	6.01%	0.54%
Infrastructure	3.0%	5.08%	0.15%
	100.0%		
		Total expected real return	5.18%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	7.43%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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 State Code of Laws. Based on those assumptions, the County's fiduciary net position was projected to be available to make all 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 total pension liability.

The following table presents the sensitivity of the net pension liability to changes in the discount rate for the County and its component units in the aggregate.

Sensitivity of the Net Position Liability to Changes in the Discount Rate				
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)	
SCRS	\$ 12,322,771	\$ 9,407,589	\$	6,984,470
PORS	\$ 3,862,492	\$ 2,662,187	\$	1,678,952

Pension Expense

For the year ended June 30, 2022 (June 30, 2021 measurement date), the County recognized its proportionate share of collective pension expense of \$686,955 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of \$1,149 for a total of \$688,104 for the SCRS plan. Additionally, for the year ended June 30, 2022 (June 30, 2021 measurement date), the County recognized its proportionate share of collective pension expense of \$294,506 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of (\$14,825) for a total of \$279,681 for the PORS plan.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Pension Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS pensions plans, respectively, from the following sources:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 160,247	\$ 12,697
Changes of assumptions	514,940	-
Net difference between projected and actual earnings on pension plan investments	-	1,366,577
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	144,577	7,656
Employer contributions subsequent to the measurement date	<u>888,444</u>	<u>-</u>
Total	<u>\$ 1,708,208</u>	<u>\$ 1,386,930</u>
PORS	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 90,565	\$ 8,291
Changes of assumptions	189,880	-
Net difference between projected and actual earnings on pension plan investments	-	596,850
Changes in proportion and differences between employer contributions and proportionate share of contributions	15,648	31,750
Employer contributions subsequent to the measurement date	<u>322,210</u>	<u>-</u>
Total	<u>\$ 618,303</u>	<u>\$ 636,891</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Pension Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

County contributions subsequent to the measurement date of \$888,444 and \$322,210 for the SCRS plan and the PORS plan, respectively will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	SCRS	PORS
2023	\$ 32,531	\$ (45,982)
2024	15,578	(31,540)
2025	(103,918)	(52,182)
2026	(511,357)	(211,094)

NOTE 8. OTHER INFORMATION

Deferred Compensation Plans

Internal Revenue Code Section 457 Plan

The County offers its employees a deferred compensation plan, offered through the State of South Carolina, created in accordance with Internal Revenue Code Section 457. The plan, available to all regular full-time employees, permits participants to defer a portion of their salaries until future years. The deferred compensation is not available to the employee or his beneficiaries until termination, retirement, death, disability, or an approved hardship.

All amounts of compensation deferred under the plan are held in trust for the contributing employee and are not subject to claims of the County's general creditors. The plan is administered by the State of South Carolina.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. OTHER INFORMATION (CONTINUED)

Risk Management

The County is exposed to various risks of loss and maintains elements of both self-insurance and purchased insurance policies divided into coverage for worker's compensation, property and casualty, and employee health insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The County also pays insurance premiums to certain other commercial insurers to cover risks that may occur in normal operations. The insurers promise 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.

Several state funds accumulate assets and the State itself assumes substantially all risks for the following:

- 1) Claims of covered public employees for health and dental insurance benefits (Office of Insurance Services) and
- 2) Claims of covered public employees for long-term disability and group-life insurance benefits (Retirement System).

The County assumes the risk for unemployment compensation benefits by paying directly to the Employment Security Commission actual claims filed against the County.

Employees elect health coverage through either a health maintenance organization or through the State's self-insured plan. All other coverages listed above are through the applicable State self-insured plan except dependent and optional life premiums which are remitted to commercial carriers.

The County has recorded insurance premium expenditures in the applicable functional expenditure categories of the unrestricted current funds. These expenditures do not include estimated claim losses and estimable premium adjustments.

The County has not reported a supplemental premium assessment expenditure, and the related liability at June 30, 2022, because the requirements of GASB Statement No. 10, which states that a liability for supplemental assessments must be reported if information prior to issuance of the financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred on or before June 30, 2022, and that the amount of the premiums is reasonably estimable, have not been satisfied.

In management's opinion, supplemental premium assessments, if any, would not be significant enough to have a material adverse effect on the financial position of the County.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. OTHER INFORMATION (CONTINUED)

Contingent Liabilities

Grants

The County participates in a number of federally assisted grant programs and state funded grant programs. These programs are subject to financial compliance audits by the County's auditors and by auditors of the federal or state grantor agencies. Upon audit, should it be determined that the County has failed to comply with applicable requirements of the grants, then some or all of the grant expenditures may be disallowed, and a portion of the grant expenditures may become reimbursable to the grantor.

Litigation

The County is party to various legal proceedings which normally occur in governmental operations. These lawsuits involve environmental issues, alleged failure to appropriate proper budgets, employment matters, and certain claims under contractual agreements. In the opinion of County management, based on the advice of legal counsel with respect to litigation, the ultimate disposition of these lawsuits and claims will not have a material adverse effect on the County's financial position. Additionally, the County would be allowed to appropriate any required funds in a subsequent year.

NOTE 9. TAX ABATEMENTS

As of June 30, 2022, the County provides tax incentives under two programs: Fee in Lieu of Tax Agreements (FILOT) and Special Source Revenue Credits (SSRCs). The purpose of both programs is the retention of jobs, job growth, and/or capital investment.

The County has entered into fee in lieu of tax agreements pursuant to the authority granted by Title 12, Chapter 44, Title 4, Chapter 29, and/or Title 4, Chapter 12 of the Code of Laws of South Carolina, 1976, as amended. Property subject to a fee in lieu of tax agreement is exempt from ad valorem property tax and is instead subject to a fee in lieu of tax equal to the product of the value of the property, an assessment ratio that is generally no lower than 6% (but may be as low as 4% for extraordinary projects that satisfy the statutory definition of an "enhanced investment"), and a millage rate that is either fixed for the life of the agreement or is adjusted every five years based on the trailing five-year average.

In addition, the County provides special source revenue credits, generally in conjunction with fee in lieu of tax agreements, pursuant to the authority granted by Sections 4-29-68 and 4-1-170 of the Code of Laws of South Carolina, 1976, as amended. Special source revenue credits, often referred to as SSRCs or "Infrastructure Credits", are reductions to a taxpayer's payments in lieu of taxes. Generally, property that receives SSRCs is added to a "multi-county industrial park" pursuant to Sections 4-1-170 — 4-1-175 of the Code of Laws of South Carolina, 1976, as amended.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. TAX ABATEMENTS (CONTINUED)

Most multi-county industrial park agreements allocate 1% of property tax (or fee in lieu of tax) revenue to the partner county. Generally, the SSRCs are utilized to offset costs of design, acquiring, construction, improving, or expanding improved or unimproved real estate and personal property used in the operation of a manufacturing or commercial enterprise, or infrastructure serving the project.

For the fiscal year ended June 30, 2022, the amount of abated property taxes resulting from agreements entered into by the County totaled \$3,033,798 under these two programs. Of this total amount \$53,742 was abated for the Sandy Run Fire District with the remainder impacting the school district and certain municipalities within the County.

REQUIRED SUPPLEMENTARY INFORMATION

CALHOUN COUNTY, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 9,994,393	\$ 9,994,393	\$ 9,584,642	\$ (409,751)
Other taxes	850,000	850,000	1,177,005	327,005
Intergovernmental	1,046,544	1,046,544	1,414,811	368,267
Licenses, permits and fees	253,500	253,500	283,520	30,020
Fines and forfeitures	119,500	119,500	163,881	44,381
Charges for services	805,800	805,800	955,474	149,674
Other revenues	854,826	854,826	480,794	(374,032)
Total revenues	<u>13,924,563</u>	<u>13,924,563</u>	<u>14,060,127</u>	<u>135,564</u>
EXPENDITURES:				
Current:				
General government:				
County council	25,300	25,300	21,320	3,980
Finance	168,486	168,486	202,652	(34,166)
Voter registration	120,487	120,487	123,338	(2,851)
Human resources	3,147,925	3,142,925	3,674,498	(531,573)
Administration	626,511	640,611	697,101	(56,490)
Outside agencies	878,804	878,804	736,326	142,478
Procurement	55,781	55,781	56,891	(1,110)
Tax assessor	227,968	227,968	201,097	26,871
Auditor	70,229	70,229	69,542	687
Tax collector	105,804	105,804	66,559	39,245
Treasurer	120,541	120,541	124,940	(4,399)
Veterans affairs	19,520	19,520	19,069	451
Information technology	378,632	378,632	385,174	(6,542)
Non-departmental	334,800	334,800	321,786	13,014
Total general government	<u>6,280,788</u>	<u>6,289,888</u>	<u>6,700,293</u>	<u>(410,405)</u>
Public safety:				
Emergency services	87,882	87,882	64,067	23,815
Communications	529,679	529,679	573,154	(43,475)
Animal control	163,942	163,942	156,033	7,909
Addressing	22,150	22,150	17,160	4,990
Sheriff	1,797,052	1,797,052	2,030,067	(233,015)
Total public safety	<u>2,600,705</u>	<u>2,600,705</u>	<u>2,840,481</u>	<u>(239,776)</u>
Public works:				
Buildings and grounds	591,991	589,991	579,245	10,746
Building inspection	183,550	183,550	222,870	(39,320)
Roads department	301,341	301,341	304,142	(2,801)
Soil and water	-	-	3,960	(3,960)
Total public works	<u>1,076,882</u>	<u>1,074,882</u>	<u>1,110,217</u>	<u>(35,335)</u>
Judicial:				
Sandy Run magistrate	52,862	52,862	52,997	(135)
Clerk of court	288,818	288,818	284,261	4,557
Probate court	108,639	108,639	108,959	(320)
Solicitor	80,000	80,000	131,508	(51,508)
Magistrate office	121,050	121,050	128,161	(7,111)
Cameron magistrate	25,321	25,321	20,362	4,959
Master in equity	23,030	23,030	23,030	-
Total judicial	<u>699,720</u>	<u>699,720</u>	<u>749,278</u>	<u>(49,558)</u>
Culture and recreation:				
Library	441,420	441,420	464,825	(23,405)
Recreation	249,848	240,748	227,273	13,475
Museum	293,648	295,648	337,995	(42,347)
Total culture and recreation	<u>984,916</u>	<u>977,816</u>	<u>1,030,093</u>	<u>(52,277)</u>

(Continued)

CALHOUN COUNTY, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES: (CONTINUED)				
Health and welfare:				
Coroner	\$ 58,200	\$ 58,200	\$ 66,826	\$ (8,626)
Landfill	70,396	70,396	87,789	(17,393)
Emergency management services	1,686,602	1,686,602	1,735,107	(48,505)
Department of social services	6,000	6,000	5,979	21
Department of health and environmental control	4,500	4,500	930	3,570
Collection sites	587,054	587,054	629,717	(42,663)
Total health and welfare	<u>2,412,752</u>	<u>2,412,752</u>	<u>2,526,348</u>	<u>(113,596)</u>
Economic development:				
Economic development	<u>79,800</u>	<u>79,800</u>	<u>77,794</u>	<u>2,006</u>
Debt service:				
Principal	-	-	18,115	(18,115)
Interest and fiscal charges	-	-	362	(362)
Total debt service	<u>-</u>	<u>-</u>	<u>18,477</u>	<u>(18,477)</u>
Total expenditures	<u>14,135,563</u>	<u>14,135,563</u>	<u>15,052,981</u>	<u>(917,418)</u>
Deficiency of revenues under expenditures	<u>(211,000)</u>	<u>(211,000)</u>	<u>(992,854)</u>	<u>(781,854)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	310,000	310,000	159,322	(150,678)
Transfers out	(129,000)	(129,000)	(826,148)	(697,148)
Issuance of debt	-	-	2,058,272	2,058,272
Sale of capital assets	30,000	30,000	42,422	12,422
Total other financing sources, net	<u>211,000</u>	<u>211,000</u>	<u>1,433,868</u>	<u>1,222,868</u>
Net change in fund balances	-	-	441,014	441,014
Fund balances, beginning of year	<u>5,257,868</u>	<u>5,257,868</u>	<u>5,257,868</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,257,868</u>	<u>\$ 5,257,868</u>	<u>\$ 5,698,882</u>	<u>\$ 441,014</u>

CALHOUN COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE PLAN YEAR ENDED JUNE 30,

SOUTH CAROLINA RETIREMENT SYSTEM

Plan Year Ended June 30,	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered payroll	County's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.043470%	\$ 9,407,589	\$ 4,913,948	191%	60.7%
2020	0.043201%	11,038,762	4,822,942	229%	50.7%
2019	0.042790%	9,770,698	4,518,487	216%	54.4%
2018	0.041821%	9,370,729	4,333,800	216%	54.1%
2017	0.043558%	9,805,606	4,145,965	237%	53.3%
2016	0.043962%	9,390,218	4,259,068	220%	52.9%
2015	0.042317%	8,024,675	3,969,932	202%	57.0%
2014	0.040713%	6,901,466	3,709,731	186%	59.9%

POLICE OFFICERS RETIREMENT SYSTEM

Plan Year Ended June 30,	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered payroll	County's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.103469%	\$ 2,662,187	\$ 1,555,863	171%	70.4%
2020	0.103385%	3,428,466	1,561,480	220%	58.8%
2019	0.103637%	2,970,175	1,503,217	198%	62.7%
2018	0.103980%	2,946,318	1,439,245	205%	61.7%
2017	0.109930%	3,011,681	1,334,981	226%	60.9%
2016	0.100960%	2,560,749	1,285,274	199%	60.4%
2015	0.104330%	2,273,847	1,289,894	176%	64.6%
2014	0.102080%	1,954,257	1,218,001	160%	67.5%

Notes to the Schedules:

The schedules will present 10 years of information once it is accumulated.

CALHOUN COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS FOR THE PLAN YEAR ENDED JUNE 30,

SOUTH CAROLINA RETIREMENT SYSTEM

Fiscal Year Ended June 30,	Statutorily required contribution	Contributions relative to statutorily required contribution	Contribution deficiency (excess)	County's covered payroll	Contributions as a percentage of covered payroll
2022	\$ 888,444	\$ 888,444	\$ -	\$ 5,202,500	17.08%
2021	765,065	765,065	-	4,913,948	15.57%
2020	750,451	750,451	-	4,822,942	15.56%
2019	657,892	657,892	-	4,518,487	14.56%
2018	587,664	587,664	-	4,333,800	13.56%
2017	479,272	479,272	-	4,145,965	11.56%
2016	470,843	470,843	-	4,259,068	11.06%
2015	432,722	432,722	-	3,969,932	10.90%

POLICE OFFICERS RETIREMENT SYSTEM

Fiscal Year Ended June 30,	Statutorily required contribution	Contributions relative to statutorily required contribution	Contribution deficiency (excess)	County's covered payroll	Contributions as a percentage of covered payroll
2022	\$ 322,210	\$ 322,210	\$ -	\$ 1,692,278	19.04%
2021	280,678	280,678	-	1,555,863	18.04%
2020	284,805	284,805	-	1,561,480	18.24%
2019	259,155	259,155	-	1,503,217	17.24%
2018	233,733	233,733	-	1,439,245	16.24%
2017	199,132	199,132	-	1,334,981	14.92%
2016	176,583	176,583	-	1,285,274	13.74%
2015	172,974	172,974	-	1,289,894	13.41%

Notes to the Schedules:

The schedules will present 10 years of information once it is accumulated.

CALHOUN COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS FOR THE PLAN YEAR ENDED JUNE 30,

Notes to the Schedules (Continued):

The following represents the actuarial methods and assumptions used to determine the actuarially determined contribution rates.

<u>System</u>	<u>SCRS</u>	<u>PORS</u>
Calculation date	July 1, 2019	July 1, 2019
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	5-year smoothed	5-year smoothed
Amortization method	Level % of pay	Level % of pay
Amortization period	28 years maximum, closed period	28 years maximum, closed period
Investment return	7.25%	7.25%
Inflation	2.25%	2.25%
Salary increases	3.00% plus step-rate increases for members with with less than 21 years of service.	3.50% plus step-rate increases for members with less than 15 years of service.
Mortality	The 2016 Public Retirees of South Carolina Mortality Tables for males and females, both projected at Scale AA from the year 2016. Males rates multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non-educators and 98% for educators.	The 2016 Public Retirees of South Carolina Mortality Tables for males and females, both projected at Scale AA from the year 2016. Males rates multiplied by 125% and female rates are multiplied by 111%.

CALHOUN COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION OPEB PLAN – SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE FISCAL YEAR ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service cost	\$ 73,753	\$ 96,553	\$ 69,790	\$ 78,149	\$ 75,237
Interest on total OPEB liability	82,263	85,606	113,254	124,442	119,210
Difference between expected and actual experience	-	(200,894)	-	(218,677)	-
Effect of assumption changes	(525,920)	24,344	505,732	89,787	-
Benefit payments	(84,000)	(57,590)	(44,361)	(62,314)	(56,188)
Net change in total OPEB liability	(453,904)	(51,981)	644,415	11,387	138,259
Total OPEB liability - beginning	3,850,240	3,902,221	3,257,806	3,246,419	3,108,160
Total OPEB liability - ending	\$ 3,396,336	\$ 3,850,240	\$ 3,902,221	\$ 3,257,806	\$ 3,246,419
Covered-employee payroll	\$ 1,868,736	\$ 1,868,736	\$ 2,111,320	\$ 2,111,320	\$ 2,638,645
Total OPEB liability as a percentage of covered-employee payroll	181.7%	206.0%	184.8%	154.3%	123.0%
Discount Rate	3.54%	2.16%	2.21%	3.50%	3.87%

Notes to the Schedule:

- (1) The schedule will present 10 years of information once it is accumulated.
- (2) The County is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

SUPPLEMENTARY INFORMATION

CALHOUN COUNTY, SOUTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue Funds				
	Sheriff's Department Fund	Victims' Advocate Fund	Child Support Fund	Calhoun Rural Fire District Fund	Banks Estate Fund
ASSETS					
Cash and cash equivalents	\$ 3,030	\$ 251	\$ 81,848	\$ 25,283	\$ 585,211
Taxes receivable, net	-	-	-	-	-
Accounts receivable, net	-	1,697	-	252,273	-
Total assets	<u>3,030</u>	<u>1,948</u>	<u>81,848</u>	<u>277,556</u>	<u>585,211</u>
LIABILITIES					
Accounts payable	-	301	-	154,042	-
Accrued liabilities	-	3,223	-	-	-
Total liabilities	<u>-</u>	<u>3,524</u>	<u>-</u>	<u>154,042</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Restricted for:					
General government	-	-	-	-	-
Public safety	3,030	-	-	123,514	-
Debt service	-	-	-	-	-
Health and welfare	-	-	81,848	-	-
Economic development	-	-	-	-	-
Committed for:					
Other purposes	-	-	-	-	585,211
Unassigned	-	(1,576)	-	-	-
Total fund balances (deficits)	<u>3,030</u>	<u>(1,576)</u>	<u>81,848</u>	<u>123,514</u>	<u>585,211</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 3,030</u>	<u>\$ 1,948</u>	<u>\$ 81,848</u>	<u>\$ 277,556</u>	<u>\$ 585,211</u>

Debt Service Funds						
OC Tech. and L.M. Gressette Center Fund	E-911 Fund	Council on Aging Fund	Calhoun Economic Development Corporation	Debt Service Fund	Calhoun County Rural Fire District Debt Service Fund	Total Nonmajor Governmental Funds
\$ 151,307	\$ -	\$ 675,145	\$ 330,172	\$ -	\$ 201,470	\$ 2,053,717
5,766	-	-	-	2,307	1,493	9,566
47,761	3,698	14,544	8,083	-	-	328,056
<u>204,834</u>	<u>3,698</u>	<u>689,689</u>	<u>338,255</u>	<u>2,307</u>	<u>202,963</u>	<u>2,391,339</u>
64	27,823	4,642	-	-	-	186,872
-	3,520	4,895	-	-	-	11,638
<u>64</u>	<u>31,343</u>	<u>9,537</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,510</u>
3,505	-	-	-	1,402	823	5,730
<u>3,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,402</u>	<u>823</u>	<u>5,730</u>
201,265	-	-	-	-	-	201,265
-	-	-	-	-	-	126,544
-	-	-	-	905	202,140	203,045
-	-	680,152	-	-	-	762,000
-	-	-	338,255	-	-	338,255
-	-	-	-	-	-	585,211
-	(27,645)	-	-	-	-	(29,221)
<u>201,265</u>	<u>(27,645)</u>	<u>680,152</u>	<u>338,255</u>	<u>905</u>	<u>202,140</u>	<u>2,187,099</u>
<u>\$ 204,834</u>	<u>\$ 3,698</u>	<u>\$ 689,689</u>	<u>\$ 338,255</u>	<u>\$ 2,307</u>	<u>\$ 202,963</u>	<u>\$ 2,391,339</u>

CALHOUN COUNTY, SOUTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Special Revenue Funds				
	Sheriff's Department Fund	Victims' Advocate Fund	Child Support Fund	Calhoun Rural Fire District Fund	Banks Estate Fund
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	466,125	-
Intergovernmental	-	15,777	63,931	-	-
Charges for services	-	-	-	244,450	-
Contributions and donations	-	-	-	-	-
Other revenues	-	-	-	-	559,603
Total revenues	-	15,777	63,931	710,575	559,603
Expenditures:					
Current:					
General government	-	-	-	-	11,413
Public safety	1,013	40,788	-	731,386	-
Health and welfare	-	-	24,190	-	-
Capital outlay	-	-	-	51,812	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	1,013	40,788	24,190	783,198	11,413
Excess (deficiency) of revenues over (under) expenditures	(1,013)	(25,011)	39,741	(72,623)	548,190
Other financing sources					
Transfers in	-	23,435	-	-	-
Total other financing sources	-	23,435	-	-	-
Net change in fund balances	(1,013)	(1,576)	39,741	(72,623)	548,190
Fund balances, beginning of year	4,043	-	42,107	196,137	37,021
Fund balances (deficits), end of year	\$ 3,030	\$ (1,576)	\$ 81,848	\$ 123,514	\$ 585,211

Debt Service Funds						
OC Tech. and L.M. Gressette Center Fund	E-911 Fund	Council on Aging Fund	Calhoun Economic Development Corporation	Debt Service Fund	Calhoun County Rural Fire District Debt Service Fund	Total Nonmajor Governmental Funds
\$ 415,103	\$ -	\$ -	\$ 156,255	\$ 201,564	\$ 92,833	\$ 865,755
-	-	-	-	-	-	466,125
26,324	108,254	476,481	-	-	-	690,767
-	-	-	-	-	-	244,450
-	-	-	125,375	-	-	125,375
22	-	-	5,000	-	-	564,625
<u>441,449</u>	<u>108,254</u>	<u>476,481</u>	<u>286,630</u>	<u>201,564</u>	<u>92,833</u>	<u>2,957,097</u>
367,266	-	-	-	-	-	378,679
-	321,514	-	-	-	-	1,094,701
-	-	670,505	-	-	-	694,695
-	-	-	68,845	-	-	120,657
-	48,810	-	-	639,500	100,746	789,056
-	4,018	-	-	52,796	11,087	67,901
<u>367,266</u>	<u>374,342</u>	<u>670,505</u>	<u>68,845</u>	<u>692,296</u>	<u>111,833</u>	<u>3,145,689</u>
<u>74,183</u>	<u>(266,088)</u>	<u>(194,024)</u>	<u>217,785</u>	<u>(490,732)</u>	<u>(19,000)</u>	<u>(188,592)</u>
-	3,618	140,844	-	475,442	-	643,339
-	3,618	140,844	-	475,442	-	643,339
74,183	(262,470)	(53,180)	217,785	(15,290)	(19,000)	454,747
<u>127,082</u>	<u>234,825</u>	<u>733,332</u>	<u>120,470</u>	<u>16,195</u>	<u>221,140</u>	<u>1,732,352</u>
<u>\$ 201,265</u>	<u>\$ (27,645)</u>	<u>\$ 680,152</u>	<u>\$ 338,255</u>	<u>\$ 905</u>	<u>\$ 202,140</u>	<u>\$ 2,187,099</u>

CALHOUN COUNTY, SOUTH CAROLINA

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2022**

	<u>Delinquent Tax</u>	<u>School District</u>	<u>Judge of Probate Court</u>	<u>Clerk of Court</u>	<u>Master in Equity</u>	<u>Magistrate Court</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$ 280,608	\$ 9,988,075	\$ -	\$ 47,117	\$ 21,998	\$ 26,310	\$ 10,364,108
Taxes receivable	-	138,581	-	-	-	-	138,581
Total assets	<u>280,608</u>	<u>10,126,656</u>	<u>-</u>	<u>47,117</u>	<u>21,998</u>	<u>26,310</u>	<u>10,502,689</u>
LIABILITIES							
Due to others	280,608	9,988,075	-	14,425	-	19,871	10,302,979
Uncollected taxes	-	138,581	-	-	-	-	138,581
Total liabilities	<u>280,608</u>	<u>10,126,656</u>	<u>-</u>	<u>14,425</u>	<u>-</u>	<u>19,871</u>	<u>10,441,560</u>
NET POSITION							
Restricted for individuals, organizations and other governments	-	-	-	32,692	21,998	6,439	61,129
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,692</u>	<u>\$ 21,998</u>	<u>\$ 6,439</u>	<u>\$ 61,129</u>

CALHOUN COUNTY, SOUTH CAROLINA

**COMBINING STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Delinquent Tax	School District	Judge of Probate Court	Clerk of Court	Master in Equity	Magistrate Court	Total
ADDITIONS							
Taxes and assessments	\$ 880,808	\$ 39,397,530	\$ -	\$ -	\$ -	\$ -	\$ 40,278,338
Fines and fees	-	-	41,194	225,057	-	222,528	488,779
Total additions	<u>880,808</u>	<u>39,397,530</u>	<u>41,194</u>	<u>225,057</u>	<u>-</u>	<u>222,528</u>	<u>40,767,117</u>
DEDUCTIONS							
Taxes and fees paid to other governments	880,808	39,397,530	-	-	-	-	40,278,338
Funds disbursed per court order	-	-	41,194	223,986	-	217,711	482,891
Total deductions	<u>880,808</u>	<u>39,397,530</u>	<u>41,194</u>	<u>223,986</u>	<u>-</u>	<u>217,711</u>	<u>40,761,229</u>
Change in fiduciary net position	-	-	-	1,071	-	4,817	5,888
Net position, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,621</u>	<u>21,998</u>	<u>1,622</u>	<u>55,241</u>
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,692</u>	<u>\$ 21,998</u>	<u>\$ 6,439</u>	<u>\$ 61,129</u>

CALHOUN COUNTY, SOUTH CAROLINA

**STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT - SANDY RUN FIRE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Sandy Run Fire District
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 265,716
Payments to suppliers	(146,980)
Net cash provided by operating activities	<u>118,736</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(24,942)
Principal paid on bonds payable	(27,223)
Interest paid	(9,113)
Net cash used in capital and related financing activities	<u>(61,278)</u>
Net change in cash and cash equivalents	57,458
Cash and cash equivalents:	
Beginning of year	<u>385,675</u>
End of year	<u><u>\$ 443,133</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 8,059
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	122,431
Changes in assets and liabilities:	
Decrease in accounts receivable	14,091
Decrease in accounts payable	(25,845)
Net cash provided by operating activities	<u><u>\$ 118,736</u></u>

CALHOUN COUNTY, SOUTH CAROLINA

SCHEDULE OF LEGAL DEBT MARGIN

JUNE 30, 2022

Assessed Property Valuation		<u>\$ 65,752,460</u>
Debt Limit (8% of assessed value)		\$ 5,260,197
Debt Applicable to Debt Limit		
Total bonded debt	\$ 9,006,103	
Bonded debt not applicable to County's debt limit	<u>(6,451,103)</u>	
Bonded debt applicable to County's debt limit	2,555,000	
Total debt applicable to debt limit		<u>2,555,000</u>
Legal Debt Margin		<u>\$ 2,705,197</u>

**CALHOUN COUNTY, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
FOR THE YEAR ENDED JUNE 30, 2022**

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected	\$ 17,954	\$ 197,024	N/A	\$ 214,978
Court fines and assessments remitted to State Treasurer	9,678	106,481	N/A	116,159
Total Court Fines and Assessments retained	\$ 8,276	\$ 90,543	N/A	\$ 98,819
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	\$ 3,171	\$ 3,298	N/A	\$ 6,469
Assessments retained	1,480	7,828	N/A	9,308
Total Surcharges and Assessments retained for victim services	\$ 4,651	\$ 11,126	N/A	\$ 15,777

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	N/A	\$ -	\$ -
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer	N/A	-	-
Victim Service Assessments Retained by City/County Treasurer	N/A	9,308	9,308
Victim Service Surcharges Retained by City/County Treasurer	N/A	6,469	6,469
Interest Earned	N/A	-	-
Grant Funds Received			
Grant from:	N/A	-	-
General Funds Transferred to Victim Service Fund	N/A	23,435	23,435
Contribution Received from Victim Service Contracts:			
(1) City of	N/A	-	-
(2) Town of	N/A	-	-
(3) City of	N/A	-	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	N/A	\$ 39,212	\$ 39,212

CALHOUN COUNTY, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
FOR THE YEAR ENDED JUNE 30, 2022

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	N/A	\$ 40,788	\$ 40,788
Operating Expenditures	N/A	-	-
Victim Service Contract(s):			
(1) Entity's Name:	N/A	-	-
(2) Entity's Name	N/A	-	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	N/A	-	-
(2) Rape Crisis Center:	N/A	-	-
(3) Other local direct crime victims service agency:	N/A	-	-
Transferred to General Fund	N/A	-	-
Total Expenditures from Victim Service Fund/Program (B)	N/A	40,788	40,788
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	N/A	(1,576)	(1,576)
Less: Prior Year Fund Deficit Repayment	N/A	-	-
Carryforward Funds – End of Year	N/A	\$ (1,576)	\$ (1,576)

COMPLIANCE SECTION



**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 Chairman and Members of the County Council
of Calhoun County
St. Matthews, South Carolina**

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Calhoun County, South Carolina** (the "County") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 19, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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*.

Calhoun County's Response to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Columbia, South Carolina
October 19, 2023

CALHOUN COUNTY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

Yes No

Significant deficiencies identified not considered to be material weaknesses?

Yes No

Noncompliance material to financial statements noted?

Yes No

Federal Awards

There was not an audit of major federal award programs as of June 30, 2022, due to the total amount expended being less than \$750,000.

CALHOUN COUNTY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2022-001. Segregation of Duties

Criteria: Effective internal control over financial reporting should include control activities developed and maintained at various levels of the organization to provide reasonable assurance that an individual cannot misappropriate assets without such actions being detected in the normal course of business and to achieve financial reporting objectives.

Condition: The current organizational structure at the County's Magistrates Court, Probate Court, Clerk of Court, Master in Equity, and the Delinquent Tax Office cannot separate personnel duties sufficiently to reduce risks of not meeting financial reporting objectives and to provide safeguards for the County's assets.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures.

Effect: Failure to properly segregate duties among recording, distribution, and reconciliation of accounts can lead to misappropriation of assets that is not detected during the normal course of business and lead to a failure of the organization to meet its financial reporting goals.

Cause: The lack of segregation of duties is due to the small number of employees at the Magistrates Court, Probate Court, Clerk of Court, Master in Equity, and Delinquent Tax Office, as well as the lack of a properly developed integrated work plan with appropriate controls.

Recommendation: We recommend management evaluate the current organizational structure at the Magistrates Court, Probate Court, Clerk of Court, Master in Equity, and the Delinquent Tax Office to determine risk areas associated with misappropriation of assets such as recording, distributing, and reconciling accounts. Further we recommend greater segregation of duties relative to: making deposits, opening mail, posting receipts, initiating payments, and preparing checks. Finally, we recommend management evaluate its financial reporting goals and objectives in order to implement an integrated work plan to ensure financial reporting goals and objectives are met.

View of Responsible Officials and Planned Corrective Action: We concur with the finding. The County is in the process of reviewing its respective systems and processes to evaluate and determine the most efficient and effective solutions to properly segregate duties among Magistrates Court, Probate Court, Clerk of Court, Master in Equity, and the Delinquent Tax Office, given the limited personnel resources, to provide reasonable assurance that an individual cannot misappropriate assets without such activities being detected in the normal course of business and to ensure that the County's financial reporting goals and objectives are met.

CALHOUN COUNTY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II (CONTINUED) FINANCIAL STATEMENT FINDINGS AND RESPONSES

2022-002. Year-end Close

Criteria: Internal control is a process designed to provide reasonable assurance about the achievement of an entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control is a process of safeguarding assets against unauthorized acquisition, use, or disposition, and includes controls related to financial reporting and operational objectives.

Generally accepted accounting principles require assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenditures/expenses to be recognized in the accounting period in which they become measurable, and in certain instances, available. Further, a fundamental principle in accounting and financial reporting is the notion of timely recognition and recording of financial transactions and activities.

Condition: A significant amount of accounting, reporting, and reconciling activity was not properly performed and reviewed during the fiscal year which required a significant effort to close the County's 2022 fiscal year. Significant audit adjustments across multiple County funds were determined and required to be recorded in the months that followed June 30, 2022. Further, and throughout the course of the audit process, we noted there was an overall lack of proper and adequate accounting on a timely basis. We noted deficiencies in timeliness, completeness, and accuracy. Specifically, we noted a lack of timely and accurate financial information needed to properly maintain general ledgers, subsidiary ledgers, reconciliations; and, to close-out and report activities, events, and transactions on a periodic basis.

Context: We addressed these matters with County officials, who worked diligently and were able to ultimately determine the propriety of all respective details and reconciliations as of and for the fiscal year ended June 30, 2022.

Effect: The ultimate effect of the above condition is:

- a significantly delayed conclusion to the 2022 fiscal year financial reporting process;
- the potential for errors and irregularities to occur and not be detected and corrected in a timely manner.

Cause: There was an overall lack of appropriate controls implemented at the County during the fiscal year to ensure accurate accounting records were maintained and timely financial reporting requirements were met.

Recommendation: We recommend the County consider a variety of options to address the above condition. In no particular order, the County should evaluate the respective staffing of the accounting function and determine if an adequate number of qualified people are currently available to address the condition. The County also should consider and evaluate the strengths and weaknesses relative to the accounting function and take measures to address the concerns noted above with a goal of providing timely recording, reconciling, and reporting of County operations and financial activities.

CALHOUN COUNTY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II (CONTINUED) FINANCIAL STATEMENT FINDINGS AND RESPONSES

2022-002. Year-end Close (Continued)

We further recommend the County consider reinvesting in its accounting personnel by providing better technical education and training via participation in continuing education in governmental accounting and financial reporting programs which are constantly available in the general geographic area of the County. Once certain levels of technical proficiency are observed by management, we further encourage the County to better cross-train the accounting personnel in an effort to make the accounting function a stronger and more capable finance department.

Views of Responsible Officials and Planned Corrective Action: Management concurs with the finding. The County is in the process of evaluating the policies, procedures, and internal controls relative the operations of the finance department from an accounting and financial reporting perspective in an effort to ensure both timely and accurate financial reporting going forward.

SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

CALHOUN COUNTY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION IV SCHEDULE OF PRIOR YEAR FINDINGS

2021-001. Segregation of Duties

Criteria: Effective internal control over financial reporting should include control activities developed and maintained at various levels of the organization to provide reasonable assurance that an individual cannot misappropriate assets without such actions being detected in the normal course of business and to achieve financial reporting objectives.

Condition: The current organizational structure at the County's Magistrates Court, Probate Court, Clerk of Court, Master in Equity, and the Delinquent Tax Office cannot separate personnel duties sufficiently to reduce risks of not meeting financial reporting objectives and to provide safeguards for the County's assets.

Status: Unresolved. See current year finding 2022-001.

2021-002. Accounting for Cash Transactions and Reconciliation of Bank Accounts

Criteria: Internal controls should be in place to ensure that all bank accounts belonging to the County are identified and recorded.

Condition: We noted two bank accounts in the name of the County that had not been previously recorded by the County.

Status: Resolved.