

CALHOUN COUNTY, SOUTH CAROLINA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

**CALHOUN COUNTY, SOUTH CAROLINA
YEAR ENDED JUNE 30, 2025**

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Chairman and Members of County Council
Calhoun County, 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, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Calhoun County, South Carolina's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Calhoun County, South Carolina, as of June 30, 2025, 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 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 Calhoun County, South Carolina and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our

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

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

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

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

Other Matters

As discussed in Note 14 to the financial statements, prior period adjustments have been recorded to properly reflect capital assets in the previous year. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Calhoun County, South Carolina's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the statement of cash flow for the discretely presented component unit, the schedule of legal debt margin, the uniform schedule of court fines, assessments, and surcharges (per ACT), and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the statement of cash flow for the discretely presented component unit, the schedule of legal debt margin, the uniform schedule of court fines, assessments, and surcharges (per ACT), and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2026, on our consideration of Calhoun County, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Calhoun County, South Carolina's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Calhoun County, South Carolina's internal control over financial reporting and compliance.

Love Bailey, LLC

Love Bailey, LLC
Laurens, South Carolina
April 15, 2026

**CALHOUN COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

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, 2025. 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, 2025, by \$40,139,269 (net position) compared to \$35,641,472 at June 30, 2024. Net position at June 30, 2025, is comprised of:
 - Net investment in capital assets of \$38,389,303
 - Restricted of \$14,253,391 and
- An unrestricted deficit of \$(12,503,425)
- The County's total net position increased \$6,025,681 from the previous year with an increase of \$3,695,568 resulting from governmental activities, an increase of \$802,229 resulting from business-type activities and an increase due to a period adjustment to net position of \$1,527,884.
- At June 30, 2025, the County's governmental funds balance sheet reported a combined ending fund balance of \$16,146,094, an increase of \$531,131 from the previous fiscal year. Of this amount, \$2,747,023 remains in the General Fund of the County as unassigned.
- The General Fund reported a fund balance of \$4,638,087, an increase from last fiscal year of \$2,024,631. The unassigned fund balance of \$2,747,023 equates to 14.08% of General Fund expenditures for the year.
- During the fiscal year, the County issued \$1,288,901 in Financed Purchase Obligations and \$990,527 of leases for the purpose of providing various equipment, including firefighting equipment, 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 using 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.

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.

**CALHOUN COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

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, 2025**

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, financial 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 flows 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* with a current financial resource measurement focus. As a result, the Governmental Fund Financial Statements give the reader a detailed short-term view that helps him or her determine what financial resources are 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 [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 legally adopts an annual appropriation budget for its General Fund 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. The total appropriation is the legal level of control.

**CALHOUN COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Proprietary funds: County 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 \$40,139,269 (net position) at the close of the most recent fiscal year. The County's increase in net position for this fiscal year amounts to \$6,025,681.

The largest portion of the County's net position, \$38,389,303 reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment), less any related debts 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, \$14,253,391 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (deficit) is \$(12,503,425).

**CALHOUN COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 22,449,659	\$ 23,879,628	\$ 48,771	\$ 430,976	\$ 22,498,430	\$ 24,310,604
Capital assets	34,848,598	32,731,584	16,035,748	14,951,848	50,884,346	47,683,432
Total assets	<u>57,298,257</u>	<u>56,611,212</u>	<u>16,084,519</u>	<u>15,382,824</u>	<u>73,382,776</u>	<u>71,994,036</u>
OPEB	127,202	204,085	10,102	12,356	137,304	216,441
Pension	2,942,635	2,509,962	78,178	66,276	3,020,813	2,576,238
Total deferred outflows of resources	<u>3,069,837</u>	<u>2,714,047</u>	<u>88,280</u>	<u>78,632</u>	<u>3,158,117</u>	<u>2,792,679</u>
Total Assets and Deferred Outflows	<u>\$ 60,368,094</u>	<u>\$ 59,325,259</u>	<u>\$ 16,172,799</u>	<u>\$ 15,461,456</u>	<u>\$ 76,540,893</u>	<u>\$ 74,786,715</u>
Current liabilities	\$ 6,502,780	\$ 8,325,583	\$ 498,041	\$ 389,759	\$ 7,000,821	\$ 8,715,342
Long-term liabilities	24,156,336	25,375,816	3,706,965	3,916,733	27,863,301	29,292,549
Total liabilities	<u>30,659,116</u>	<u>33,701,399</u>	<u>4,205,006</u>	<u>4,306,492</u>	<u>34,864,122</u>	<u>38,007,891</u>
OPEB	728,425	791,822	42,023	43,882	770,448	835,704
Pension	749,298	296,351	17,756	5,297	767,054	301,648
Total deferred inflows of resources	<u>1,477,723</u>	<u>1,088,173</u>	<u>59,779</u>	<u>49,179</u>	<u>1,537,502</u>	<u>1,137,352</u>
Net position:						
Net investment in capital assets	25,652,767	23,089,394	12,736,536	11,469,996	38,389,303	34,559,390
Restricted	14,253,391	13,598,702	-	-	14,253,391	13,598,702
Unrestricted	(11,674,903)	(12,152,409)	(828,522)	(364,211)	(12,503,425)	(12,516,620)
Total net position	<u>28,231,255</u>	<u>24,535,687</u>	<u>11,908,014</u>	<u>11,105,785</u>	<u>40,139,269</u>	<u>35,641,472</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 60,368,094</u>	<u>\$ 59,325,259</u>	<u>\$ 16,172,799</u>	<u>\$ 15,461,456</u>	<u>\$ 76,540,893</u>	<u>\$ 74,786,715</u>

Revenues for the County's governmental activities were \$30,771,920 for the fiscal year, an increase of \$2,053,546 over prior year. Taxes (property and sales) constitute the largest source of County revenues, amounting to \$19,391,030 for the fiscal year. Real, including fees-in-lieu-taxes, personal property, including merchant's inventory, and vehicle taxes, including motor carrier, total \$15,638,949 and represent 81% of all taxes and 51% of all revenues. Program Revenues increased by \$1,780,761.

Business-type Activities

Business-type activities increased the County's net position by \$802,229. Key elements of this increase are as follows:

- The Water System, Wastewater Plants and County Golf Course all operated at a loss during the year which accounted for a total deficit of \$717,618.
- The most significant cause for the increase was a result of \$1,519,847 of transfers in from other funds.

**CALHOUN COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

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	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues						
Program revenues:						
Charges for services	\$ 2,814,010	\$ 2,544,244	\$ 1,644,407	\$ 1,660,176	\$ 4,458,417	\$ 4,204,420
Operating grants and contributions	815,940	1,182,844	-	-	815,940	1,182,844
Capital grants and contributions	4,773,558	2,895,659	-	-	4,773,558	2,895,659
General revenues (expenses):						
Property taxes	15,638,949	14,395,501	-	-	15,638,949	14,395,501
Other tax/state shared	5,481,673	6,076,833	-	-	5,481,673	6,076,833
Interest/Investment income	648,439	835,320	10,410	10,338	658,849	845,658
Miscellaneous	599,351	787,973	-	-	599,351	787,973
Total revenues	<u>30,771,920</u>	<u>28,718,374</u>	<u>1,654,817</u>	<u>1,670,514</u>	<u>32,426,737</u>	<u>30,388,888</u>
Program expenses						
General government	9,645,649	9,138,071	-	-	9,645,649	9,138,071
Public safety	5,280,562	4,803,710	-	-	5,280,562	4,803,710
Public works	2,110,185	1,481,253	-	-	2,110,185	1,481,253
Culture and recreation	1,449,430	1,039,590	-	-	1,449,430	1,039,590
Judicial services	927,386	920,355	-	-	927,386	920,355
Health and welfare	4,158,624	3,840,912	-	-	4,158,624	3,840,912
Economic development	1,755,373	3,698,948	-	-	1,755,373	3,698,948
Interest and fiscal charges	229,296	355,877	-	-	229,296	355,877
Water system	-	-	1,521,857	1,444,093	1,521,857	1,444,093
Wastewater plant	-	-	271,417	173,003	271,417	173,003
County golf course	-	-	579,161	547,370	579,161	547,370
Total expenses	<u>25,556,505</u>	<u>25,278,716</u>	<u>2,372,435</u>	<u>2,164,466</u>	<u>27,928,940</u>	<u>27,443,182</u>
Excess (deficiency) before transfers	5,215,415	3,439,658	(717,618)	(493,952)	4,497,797	2,945,706
Transfers	(1,519,847)	(865,026)	1,519,847	309,620	-	(555,406)
Increase (decrease) in net position	<u>3,695,568</u>	<u>2,574,632</u>	<u>802,229</u>	<u>(184,332)</u>	<u>4,497,797</u>	<u>2,390,300</u>
Net position, beginning of year	23,105,003	26,141,032	11,008,585	11,203,132	34,113,588	37,344,164
Prior period adjustment (see Note 14)	1,430,684	(4,179,977)	97,200	86,985	1,527,884	(4,092,992)
Net position, beginning of year (as restated)	<u>24,535,687</u>	<u>21,961,055</u>	<u>11,105,785</u>	<u>11,290,117</u>	<u>35,641,472</u>	<u>33,251,172</u>
Net position, end of year	<u>\$ 28,231,255</u>	<u>\$ 24,535,687</u>	<u>\$ 11,908,014</u>	<u>\$ 11,105,785</u>	<u>\$ 40,139,269</u>	<u>\$ 35,641,472</u>

**CALHOUN COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Governmental Funds Financial Analysis

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

Governmental Funds Overview

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

As of June 30, 2025, the County's governmental funds reported combined fund balances of \$16,146,094, an increase of \$531,131 over the prior year. As the Unassigned balance is the most available for future financing needs, its balance decreased from \$1,554,316 in 2024 to \$1,414,549 in 2025, a decrease of \$139,767. The entire fund balance is available to meet the County's current and future needs. The fund balances are comprised of the following:

Restricted	\$ 14,253,391
Committed	377,196
Assigned	100,958
Unassigned	<u>1,414,549</u>
Total	<u>\$ 16,146,094</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, 2025, total fund balance in the General Fund was \$4,638,087 of which \$2,747,023 was unassigned, \$1,790,106 was restricted, and \$100,958 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 23.8% and 14.1%, respectively. The fund balance of the General Fund increased by \$531,131 during the current fiscal year primarily due to expenditure decreases.

Capital Projects Fund

The Capital Projects Fund is used to account for the capital expenditures and related projects of the County. At June 30, 2025, total fund balance (deficit) in the Capital Projects Fund was (\$814,410), a decrease of \$674,861 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, 2025, total fund balance in the Grants Fund was \$2,927,771, a decrease of \$499,560 from prior year.

**CALHOUN COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

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, 2025, the fund balance was \$6,199,552, a decrease of \$951,330 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 \$632,251 from the prior year to \$3,195,094.

Proprietary Funds

The County's Water System net position increased \$1,074,657 from the prior year related to transfers in and stands at \$6,885,826 as of June 30, 2025.

The Wastewater Plant had a decrease in net position of \$119,048 from the prior year related to operations and stands at \$4,941,927 as of June 30, 2025.

The County Golf Course had a decrease in net position of \$56,180 from the prior year including a restatement for capital assets and stands at \$80,261 as of June 30, 2025.

General Fund Budgetary Highlights

A budget to actual schedule is provided for the General Fund in the Required Supplementary Information section of this report starting on page 69. For the year June 30, 2025, actual revenues exceed budgeted revenues by \$3,860,092 while actual expenditures exceeded budgeted expenditures by \$1,705,.

Capital Asset and Debt Administration

Capital Assets

Calhoun County's investment in capital assets for its governmental activities as of June 30, 2025, as restated, amounts to \$25,652,767 (net of accumulated depreciation) compared to \$23,089,394 for 2024. Additions were \$4,175,152 which consisted of \$897,392 of construction in process and the remainder in land, buildings and improvements, machinery and equipment, and infrastructure. Also included was the completion of \$4,486,713 of prior year construction in progress to completed the fixed assets of Buildings and Land Improvements 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 as the County capitalizes and depreciates its infrastructure.

Detailed information regarding the County's capital assets is included in Note 6 of the notes to the financial statements.

**CALHOUN COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

**Calhoun County's Capital
Assets Net of Accumulated
Depreciation Figure 3**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land	\$ 2,086,092	\$ 2,086,092	\$ 175,051	\$ 175,051	\$ 2,261,143	\$ 2,261,143
Construction in Progress	1,290,461	4,879,782	1,941,294	598,690	3,231,755	5,478,472
Museum Collection	3,127,547	3,127,547	-	-	3,127,547	3,127,547
Building and Improvements	12,980,445	10,138,926	199,206	197,206	13,179,651	10,336,132
Infrastructure	8,724,932	7,017,808	-	-	8,724,932	7,017,808
Land Improvements	772,992	768,961	-	-	772,992	768,961
Vehicles	2,387,412	1,567,960	44,971	54,729	2,432,383	1,622,689
Equipment, Furniture, and Fixtures	2,383,416	2,612,194	210,232	224,111	2,593,648	2,836,305
Right to Use - Vehicles	1,003,634	400,789	-	-	1,003,634	400,789
Right to Use - Equipment	91,667	131,525	44,300	72,477	135,967	204,002
Water System	-	-	8,562,657	8,690,745	8,562,657	8,690,745
Wastewater System	-	-	4,858,037	4,938,838	4,858,037	4,938,838
Total	\$ 34,848,598	\$ 32,731,584	\$ 16,035,748	\$ 14,951,847	\$ 50,884,346	\$ 47,683,431

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	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	\$ 4,088,140	\$ 5,749,106	\$ -	\$ -	\$ 4,088,140	\$ 5,749,106
Revenue Bonds	-	-	3,253,949	3,408,328	3,253,949	3,408,328
Leases Payable	1,127,114	555,621	45,263	73,524	1,172,377	629,145
Financed Purchase Obligations	3,797,577	3,157,463	-	-	3,797,577	3,157,463
Compensated Absences	465,708	410,018	29,995	26,007	495,703	436,025
Landfill Closure and Post-closure Costs	183,000	180,000	-	-	183,000	180,000
Net Pension Liability	13,555,706	13,685,476	372,874	376,444	13,928,580	14,061,920
Total Other Postemployment Liability	3,822,014	4,175,218	213,374	223,729	4,035,388	4,398,947
Total	\$ 27,039,259	\$ 27,912,902	\$ 3,915,455	\$ 4,108,032	\$ 30,954,714	\$ 32,020,934

More information on the County's long-term obligations is found in Note 7.

**CALHOUN COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Economic Factors and Next Year's Budgets and Rates

Calhoun County's local government fund revenue allocation for fiscal year 2025 was an estimated \$695,627 opposed to \$630,298 passed for fiscal year 2024.

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 2025 was level at \$334,696.

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 2025 CPI factor at 4.12%. The County expects a small growth in population due to the creation of new jobs from industry expansions and new industry formulating within the County.

The County continues to see strong interest in its two industrial parks – Sandy Run Industrial Park (288 available acres) and I-26 Industrial Park (213 available acres). The I-26 industrial park has 75% of its space under option and is expected to close late in FY26. Blanchard Machinery began work on its headquarters relocation to Calhoun County and is expected to be operational in the second quarter of FY27. Continued investment by existing industries like Alpek, ZEUS and Devro indicate that the County continues to be a great place for businesses to thrive.

Finance Improvements

Previous fiscal year issues in the finance office have seen major improvements in this fiscal year and are expected to continue into FY26. The internal auditors have helped to set a solid base to continue to see improvements as evidenced by the major improvement in getting the FY25 audit done. Although the extended deadline was missed, we expect to have the FY26 audit completed on time. Credit card policies, cash flow analysis, increased communication between departments, and major improvements in fixed asset and capital improvement management will pay dividends going forward. The focus for the upcoming year will be to continue to improve in timely bank reconciliation and month end close procedures

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

FINANCIAL SECTION

CALHOUN COUNTY, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Sandy Run Fire District
ASSETS				
Current assets				
Cash and cash equivalents	\$ 17,895,952	\$ 1,243,180	\$ 19,139,132	\$ -
Receivables:				
Taxes, net	62,510	-	62,510	234
Accounts, net	3,153,053	208,107	3,361,160	2,000
Due from other governments	101,066	-	101,066	-
Internal balances	1,237,078	(1,404,980)	(167,902)	265,073
Inventories	-	2,464	2,464	-
Total current assets	<u>22,449,659</u>	<u>48,771</u>	<u>22,498,430</u>	<u>267,307</u>
Non-current assets				
Right to use lease assets, net of amortization	1,095,304	44,300	1,139,604	-
Capital assets				
Nondepreciable	6,504,100	2,116,345	8,620,445	826,226
Depreciable, net	27,249,194	13,875,103	41,124,297	134,990
Total non-current assets	<u>34,848,598</u>	<u>16,035,748</u>	<u>50,884,346</u>	<u>961,216</u>
Total assets	<u>57,298,257</u>	<u>16,084,519</u>	<u>73,382,776</u>	<u>1,228,523</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to OPEB	127,202	10,102	137,304	-
Related to pension	2,942,635	78,178	3,020,813	-
Total deferred outflows of resources	<u>3,069,837</u>	<u>88,280</u>	<u>3,158,117</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,664,454	141,690	1,806,144	139,312
Accrued liabilities	547,820	135,429	683,249	246,095
Unearned revenues	1,231,414	-	1,231,414	-
Due to other governments	98,550	-	98,550	-
Accrued interest payable	77,619	12,432	90,051	5,262
Current portion of compensated absences	268,435	21,620	290,055	-
Current portion of leases payable	368,687	28,513	397,200	-
Current portion of financed purchase obligations	534,772	-	534,772	-
Current portion of long-term liabilities	1,711,029	158,357	1,869,386	-
Total current liabilities	<u>6,502,780</u>	<u>498,041</u>	<u>7,000,821</u>	<u>390,669</u>
Non-current liabilities:				
Compensated absences, net of current portion	197,273	8,375	205,648	-
Leases payable, net of current portion	758,427	16,750	775,177	-
Financed purchase obligations, net of current portion	3,262,805	-	3,262,805	-
Long-term liabilities, net of current portion	2,560,111	3,095,592	5,655,703	-
Other postemployment benefits liability (OPEB)	3,822,014	213,374	4,035,388	-
Net pension liability	13,555,706	372,874	13,928,580	-
Total non-current liabilities	<u>24,156,336</u>	<u>3,706,965</u>	<u>27,863,301</u>	<u>-</u>
Total liabilities	<u>30,659,116</u>	<u>4,205,006</u>	<u>34,864,122</u>	<u>390,669</u>
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB	728,425	42,023	770,448	-
Related to pension	749,298	17,756	767,054	-
Total deferred inflows of resources	<u>1,477,723</u>	<u>59,779</u>	<u>1,537,502</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	25,652,767	12,736,536	38,389,303	961,216
Restricted for:				
Debt service	524,692	-	524,692	-
Capital projects	6,199,552	-	6,199,552	-
General government	657,181	-	657,181	-
Public safety	615,913	-	615,913	-
Health and welfare	893,998	-	893,998	-
Economic development	3,571,949	-	3,571,949	-
Local option sales tax reserve	1,790,106	-	1,790,106	-
Unrestricted	(11,674,903)	(828,522)	(12,503,425)	(123,362)
Total Net Position	<u>\$ 28,231,255</u>	<u>\$ 11,908,014</u>	<u>\$ 40,139,269</u>	<u>\$ 837,854</u>

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

CALHOUN COUNTY, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

FUNCTIONS AND PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Discretely Presented Component Unit
					Governmental Activities	Business-type Activities	Total	Sandy Run Fire District
Primary government:								
Governmental activities								
General government	\$ 9,645,649	\$ 734,312	\$ 142,663	\$ -	\$ (8,768,674)	\$ -	\$ (8,768,674)	\$ -
Public safety	5,280,562	437,330	103,620	-	(4,739,612)	-	(4,739,612)	-
Public works	2,110,185	15,222	-	4,773,558	2,678,595	-	2,678,595	-
Culture and recreation	1,449,430	58,421	-	-	(1,391,009)	-	(1,391,009)	-
Judicial services	927,386	203,373	-	-	(724,013)	-	(724,013)	-
Health and welfare	4,158,624	1,365,352	566,886	-	(2,226,386)	-	(2,226,386)	-
Economic development	1,755,373	-	2,771	-	(1,752,602)	-	(1,752,602)	-
Interest	229,296	-	-	-	(229,296)	-	(229,296)	-
Total governmental activities	<u>25,556,505</u>	<u>2,814,010</u>	<u>815,940</u>	<u>4,773,558</u>	<u>(17,152,997)</u>	<u>-</u>	<u>(17,152,997)</u>	<u>-</u>
Business-type activity								
Water system	1,521,857	1,098,843	-	-	-	(423,014)	(423,014)	-
Wastewater plants	271,417	152,369	-	-	-	(119,048)	(119,048)	-
County golf course	579,161	393,195	-	-	-	(185,966)	(185,966)	-
Total business-type activities	<u>2,372,435</u>	<u>1,644,407</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(728,028)</u>	<u>(728,028)</u>	<u>-</u>
Total primary government	<u>\$ 27,928,940</u>	<u>\$ 4,458,417</u>	<u>\$ 815,940</u>	<u>\$ 4,773,558</u>	<u>(17,152,997)</u>	<u>(728,028)</u>	<u>(17,881,025)</u>	<u>-</u>
Component unit:								
Sandy Run Fire District	<u>\$ 509,320</u>	<u>\$ 89,022</u>	<u>\$ -</u>	<u>\$ 13,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ (406,962)</u>
GENERAL REVENUES								
Property taxes					15,638,949	-	15,638,949	87,694
Local option sales taxes					3,752,081	-	3,752,081	-
State shared revenues					1,729,592	-	1,729,592	-
Investment earnings					648,439	10,410	658,849	-
Miscellaneous					599,351	-	599,351	34,307
Gain (loss) on sale of assets					-	-	-	-
Transfers					(1,519,847)	1,519,847	-	-
Total general revenues and transfers					<u>20,848,565</u>	<u>1,530,257</u>	<u>22,378,822</u>	<u>122,001</u>
Change in net position					3,695,568	802,229	4,497,797	(284,961)
Net position, beginning of year					<u>23,105,003</u>	<u>11,008,585</u>	<u>34,113,588</u>	<u>1,122,815</u>
Prior period adjustment (see Note 14)					1,430,684	97,200	1,527,884	-
Net position, beginning of year (as restated)					<u>24,535,687</u>	<u>11,105,785</u>	<u>35,641,472</u>	<u>1,122,815</u>
Net position, end of year					<u>\$ 28,231,255</u>	<u>\$ 11,908,014</u>	<u>\$ 40,139,269</u>	<u>\$ 837,854</u>

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

CALHOUN COUNTY, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Capital Projects Fund	Grants Fund	Capital Projects Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 8,289,108	\$ 439,134	\$ 1,653,902	\$ 5,608,153	\$ 2,071,538	\$ 18,061,835
Taxes receivables, net	50,185	2,117	-	-	10,208	62,510
Accounts receivable, net	1,475,870	-	264,917	1,036,367	375,899	3,153,053
Due from other governments	101,066	-	-	-	-	101,066
Due from other funds	3,841,532	136,977	2,946,166	591,400	2,017,077	9,533,152
Total assets	\$ 13,757,761	\$ 578,228	\$ 4,864,985	\$ 7,235,920	\$ 4,474,722	\$ 30,911,616
LIABILITIES						
Accounts payable	\$ 842,448	\$ 154,555	\$ 296,895	\$ -	\$ 370,556	\$ 1,664,454
Due to other funds	6,302,226	1,237,157	399,600	-	357,091	8,296,074
Due to other governments	45,921	-	-	-	52,629	98,550
Accrued liabilities	525,345	-	9,305	-	13,170	547,820
Other liability	-	-	-	-	165,883	165,883
Unearned revenue	-	-	1,231,414	-	-	1,231,414
Total liabilities	7,715,940	1,391,712	1,937,214	-	959,329	12,004,195
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	10,964	926	-	-	4,417	16,307
Deferred revenue - state treasurer's office	1,392,770	-	-	1,036,368	315,882	2,745,020
Total deferred inflows of resources	1,403,734	926	-	1,036,368	320,299	2,761,327
FUND BALANCES (DEFICITS)						
Restricted for:						
General government	-	-	-	-	657,181	657,181
Public safety	-	-	-	-	615,913	615,913
Health and welfare	-	-	-	-	893,998	893,998
Economic development	-	-	2,927,771	-	644,178	3,571,949
Local option sales tax reserve	1,790,106	-	-	-	-	1,790,106
Capital projects	-	-	-	6,199,552	-	6,199,552
Debt service	-	-	-	-	524,692	524,692
Committed:						
Other purposes	-	-	-	-	377,196	377,196
Assigned:						
Museum funds	21,664	-	-	-	-	21,664
Library donations	63,781	-	-	-	-	63,781
Sheriff donations	15,513	-	-	-	-	15,513
Unassigned	2,747,023	(814,410)	-	-	(518,064)	1,414,549
Total fund balances (deficits)	4,638,087	(814,410)	2,927,771	6,199,552	3,195,094	16,146,094
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 13,757,761	\$ 578,228	\$ 4,864,985	\$ 7,235,920	\$ 4,474,722	\$ 30,911,616

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, 2025

Total fund balance for governmental funds		\$ 16,146,094
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Some receivables will be collected after year-end, but are not available soon enough to pay for the current periods' expenditures and deferred outflows in the funds.		
Unavailable revenue - property taxes		16,307
Deferred revenue - state treasurer's office		2,745,020
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
		33,753,294
Right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
		1,095,304
Long-term liabilities, related deferred charges on bond refunding, and accrued interest payable are not due and payable in the current period and, therefore, are not reported in the funds:		
General obligation bonds	(4,088,140)	
Financed purchase obligations	(3,797,577)	
Leases payable	(1,127,114)	
Interest payable	(77,619)	
Landfill closure and post-closure care costs	(183,000)	
Compensated absences payable	(465,708)	(9,739,158)
Other Post Employment Benefits (OPEB) liability, net of related deferred inflows and outflows, represents the future unfunded costs associated with current benefits.		
		(4,423,237)
Pension liability, net of related deferred inflows and outflows, represents the proportionate share of the future unfunded costs associated with the County's participation in the South Carolina Retirement System.		
		<u>(11,362,369)</u>
Net position of governmental activities		<u>\$ 28,231,255</u>

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

CALHOUN COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General	Capital Projects Fund	Grants Fund	Capital Projects Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 12,565,369	\$ 1,538,488	\$ -	\$ -	\$ 1,665,054	\$ 15,768,911
Other taxes	1,418,671	-	-	1,581,344	654,036	3,654,051
Intergovernmental	1,621,570	-	4,875,067	-	623,492	7,120,129
Licenses, permits and fees	734,312	-	-	-	-	734,312
Fines and forfeitures	203,373	-	-	-	-	203,373
Charges for services	1,438,995	-	-	-	437,330	1,876,325
Other revenues	774,987	-	182,526	234,676	58,601	1,250,790
Total revenues	<u>18,757,277</u>	<u>1,538,488</u>	<u>5,057,593</u>	<u>1,816,020</u>	<u>3,438,513</u>	<u>30,607,891</u>
EXPENDITURES						
Current:						
General government	8,176,034	501,768	-	-	397,977	9,075,779
Public safety	4,064,198	6,100	-	-	925,811	4,996,109
Public works	1,656,737	317,441	-	-	-	1,974,178
Culture and recreation	1,387,550	-	-	-	-	1,387,550
Judicial Services	872,603	-	-	-	-	872,603
Health and welfare	3,260,363	-	62,211	-	607,426	3,930,000
Economic development	90,760	-	455,296	794,055	86,264	1,426,375
Capital outlay	-	2,506,901	923,531	724,888	19,833	4,175,153
Debt service:						
Principal	-	848,777	-	997,706	882,304	2,728,787
Interest	-	180,259	-	52,901	36,647	269,807
Total expenditures	<u>19,508,245</u>	<u>4,361,246</u>	<u>1,441,038</u>	<u>2,569,550</u>	<u>2,956,262</u>	<u>30,836,341</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(750,968)</u>	<u>(2,822,758)</u>	<u>3,616,555</u>	<u>(753,530)</u>	<u>482,251</u>	<u>(228,450)</u>
OTHER FINANCING SOURCES (USES)						
Transfer in	2,925,599	-	-	-	150,000	3,075,599
Transfers out	(150,000)	(131,531)	(4,116,115)	(197,800)	-	(4,595,446)
Lease proceeds	-	2,279,428	-	-	-	2,279,428
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>2,775,599</u>	<u>2,147,897</u>	<u>(4,116,115)</u>	<u>(197,800)</u>	<u>150,000</u>	<u>759,581</u>
Net change in fund balances	2,024,631	(674,861)	(499,560)	(951,330)	632,251	531,131
Fund balances (deficits), beginning of year	<u>2,613,456</u>	<u>(139,549)</u>	<u>3,427,331</u>	<u>7,150,882</u>	<u>2,562,843</u>	<u>15,614,963</u>
Fund balances (deficits), end of year	<u>\$ 4,638,087</u>	<u>\$ (814,410)</u>	<u>\$ 2,927,771</u>	<u>\$ 6,199,552</u>	<u>\$ 3,195,094</u>	<u>\$ 16,146,094</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
YEAR ENDED JUNE 30, 2025

Net changes in fund balances - total governmental funds		\$ 531,131
Amounts reported for governmental activities in the statement of activities are different		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Expenditures for capital assets	3,184,627	
Expenditures for right to use lease assets	990,526	
Less, current year depreciation	(1,630,600)	
Less, current year amortization	<u>(427,539)</u>	2,117,014
The issuance of long-term debt (e.g., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, 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.		
Lease proceeds	(2,279,428)	
Leases payable principal payments	419,034	
Financed purchase obligations principal payments	648,787	
Bond principal payment	<u>1,660,966</u>	449,359
Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Change in accrued interest on debt	40,511	
Change in landfill closure and postclosure liability	(3,000)	
Change in compensated absences	(55,690)	
Change in OPEB liability and related deferred inflows/outflows	339,718	
Change in Pension liability and related deferred inflows/outflows	<u>109,496</u>	431,035
Some receivables will not be collected for several months after the County's fiscal year-end; they are not considered "available" revenues in the governmental funds. Change in - property taxes		
Change in property taxes	(129,962)	
Change in state revenues	<u>296,991</u>	<u>167,029</u>
Change in net position of governmental activities		<u>\$ 3,695,568</u>

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

CALHOUN COUNTY, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Municipal Water System	Wastewater Plant	Nonmajor Enterprise County Golf Course	Totals
ASSETS				
Current assets:				
Cash	\$ 667,739	\$ 142	\$ 575,299	\$ 1,243,180
Accounts receivable, net of allowance for doubtful accounts	207,158	-	949	208,107
Due from other funds	3,575	86,964	3,230	93,769
Inventories	-	-	2,464	2,464
Total current assets	<u>878,472</u>	<u>87,106</u>	<u>581,942</u>	<u>1,547,520</u>
Noncurrent assets:				
Right to use lease assets, net of amortization	-	-	44,300	44,300
Capital assets:				
Non-depreciable	1,945,794	-	170,551	2,116,345
Depreciable, net of accumulated depreciation/amortization	8,736,932	4,858,037	280,134	13,875,103
Total non-current assets	<u>10,682,726</u>	<u>4,858,037</u>	<u>494,985</u>	<u>16,035,748</u>
Total assets	<u>11,561,198</u>	<u>4,945,143</u>	<u>1,076,927</u>	<u>17,583,268</u>
DEFERRED OUTFLOWS OF RESOURCES				
Other postemployment benefits	10,102	-	-	10,102
Pension	78,178	-	-	78,178
Total deferred outflows of resources	<u>88,280</u>	<u>-</u>	<u>-</u>	<u>88,280</u>
LIABILITIES				
Current liabilities:				
Accounts payable	34,060	2,216	105,414	141,690
Accrued liabilities	124,048	-	11,381	135,429
Accrued interest payable	12,432	-	-	12,432
Due to other funds	679,662	1,000	818,087	1,498,749
Current portion of compensated absences	9,712	-	11,908	21,620
Current portion of leases payable	-	-	28,513	28,513
Current portion of revenue bonds payable	158,357	-	-	158,357
Total current liabilities	<u>1,018,271</u>	<u>3,216</u>	<u>975,303</u>	<u>1,996,790</u>
Non-current liabilities:				
Compensated absences, net of current portion	3,762	-	4,613	8,375
Leases payable, net of current portion	-	-	16,750	16,750
Revenue bonds payable, net of current portion	3,095,592	-	-	3,095,592
Other postemployment benefits liability	213,374	-	-	213,374
Net pension liability	372,874	-	-	372,874
Total non-current liabilities	<u>3,685,602</u>	<u>-</u>	<u>21,363</u>	<u>3,706,965</u>
Total liabilities	<u>4,703,873</u>	<u>3,216</u>	<u>996,666</u>	<u>5,703,755</u>
DEFERRED INFLOWS OF RESOURCES				
Other postemployment benefits	42,023	-	-	42,023
Pension	17,756	-	-	17,756
Total deferred inflows of resources	<u>59,779</u>	<u>-</u>	<u>-</u>	<u>59,779</u>
NET POSITION				
Net investment in capital assets	7,428,777	4,858,037	449,722	12,736,536
Unrestricted	(542,951)	83,890	(369,461)	(828,522)
Total net Position	<u>\$ 6,885,826</u>	<u>\$ 4,941,927</u>	<u>\$ 80,261</u>	<u>\$ 11,908,014</u>

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

CALHOUN COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	<u>Municipal Water System</u>	<u>Wastewater Plant</u>	<u>Nonmajor Enterprise County Golf Course</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for services:				
Water/wastewater fees	\$ 1,074,673	\$ 152,369	\$ -	\$ 1,227,042
Tap fees	24,170	-	-	24,170
Golf course fees	-	-	393,195	393,195
Total operating revenues	<u>1,098,843</u>	<u>152,369</u>	<u>393,195</u>	<u>1,644,407</u>
OPERATING EXPENSES				
Salaries, wages and benefits	308,129	-	233,373	541,502
Professional/technical services	613,507	105,217	190,482	909,206
Contractual	279,673	85,100	63,082	427,855
Miscellaneous	20,369	299	19,044	39,712
Depreciation and amortization	210,590	80,801	72,641	364,032
Total operating expenses	<u>1,432,268</u>	<u>271,417</u>	<u>578,622</u>	<u>2,282,307</u>
Operating loss	<u>(333,425)</u>	<u>(119,048)</u>	<u>(185,427)</u>	<u>(637,900)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	10,410	-	-	10,410
Interest expense	(89,589)	-	(539)	(90,128)
Total non-operating revenues (expenses), net	<u>(79,179)</u>	<u>-</u>	<u>(539)</u>	<u>(79,718)</u>
Income (loss) before capital contributions	<u>(412,604)</u>	<u>(119,048)</u>	<u>(185,966)</u>	<u>(717,618)</u>
CAPITAL CONTRIBUTIONS				
Transfers in (out)	<u>1,487,261</u>	<u>-</u>	<u>32,586</u>	<u>1,519,847</u>
Change in net position	1,074,657	(119,048)	(153,380)	802,229
Net position, beginning of year	<u>5,811,169</u>	<u>5,060,975</u>	<u>136,441</u>	<u>11,008,585</u>
Prior period adjustment (see Note 14)	-	-	97,200	97,200
Net position, beginning of year (as restated)	<u>5,811,169</u>	<u>5,060,975</u>	<u>233,641</u>	<u>11,105,785</u>
Net position, end of year	<u>\$ 6,885,826</u>	<u>\$ 4,941,927</u>	<u>\$ 80,261</u>	<u>\$ 11,908,014</u>

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

CALHOUN COUNTY, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025

	Municipal Water System	Wastewater Plant	Nonmajor Enterprise County Golf Course	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,118,358	\$ 152,369	\$ 393,195	\$ 1,663,922
Receipts from (payments to) other funds	133,092	(25,581)	229,875	337,386
Payments to suppliers	(922,295)	(190,444)	(179,666)	(1,292,405)
Payments to employees	(312,123)	-	(231,641)	(543,764)
Net cash provided by (used in) operating activities	<u>17,032</u>	<u>(63,656)</u>	<u>211,763</u>	<u>165,139</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Transfer in (out)	<u>1,487,261</u>	<u>-</u>	<u>32,586</u>	<u>1,519,847</u>
Net cash provided by noncapital and related financing activities	<u>1,487,261</u>	<u>-</u>	<u>32,586</u>	<u>1,519,847</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on debt	(154,379)	-	-	(154,379)
Principal paid on leases payable	-	-	(28,261)	(28,261)
Interest paid	(89,589)	-	(539)	(90,128)
Net cash used in capital and related financing activities	<u>(243,968)</u>	<u>-</u>	<u>(28,800)</u>	<u>(272,768)</u>
INVESTING ACTIVITIES				
Interest received	10,410	-	-	10,410
Purchase of investments	-	-	-	-
Purchase of capital assets	(1,415,347)	-	(32,586)	(1,447,933)
Net cash used for investing activities	<u>(1,404,937)</u>	<u>-</u>	<u>(32,586)</u>	<u>(1,437,523)</u>
Net increase (decrease) in cash and cash equivalents	(144,612)	(63,656)	182,963	(25,305)
Cash and cash equivalents, beginning of year	<u>812,351</u>	<u>63,798</u>	<u>392,336</u>	<u>1,268,485</u>
Cash and cash equivalents, end of year	<u>\$ 667,739</u>	<u>\$ 142</u>	<u>\$ 575,299</u>	<u>\$ 1,243,180</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	\$ (333,425)	\$ (119,048)	\$ (185,427)	\$ (637,900)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation/amortization	210,590	80,801	72,641	364,032
Changes in assets and liabilities:				
(Increase) decrease in accounts receivables	19,515	-	-	19,515
Increase (decrease) in accounts payable	(8,746)	172	92,942	84,368
Increase (decrease) in accrued liabilities	6,007	-	716	6,723
Increase (decrease) in compensated absences	2,972	-	1,016	3,988
Increase (decrease) in due to other funds	133,092	(25,581)	229,875	337,386
Increase (decrease) in net pension liability	(2,618)	-	-	(2,618)
Increase (decrease) in other postemployment benefits liability	(10,355)	-	-	(10,355)
Net cash provided by (used in) operating activities	<u>\$ 17,032</u>	<u>\$ (63,656)</u>	<u>\$ 211,763</u>	<u>\$ 165,139</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, 2025**

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 11,774,928
Due from other funds	17,591
Taxes receivable	88,978
Total assets	11,881,497
LIABILITIES	
Due to others	11,610,353
Due to other funds	114,762
Uncollected taxes	88,978
Total liabilities	11,814,093
FIDUCIARY NET POSITION	
Restricted for individuals, organizations and other governments	67,404
Total fiduciary net position	\$ 67,404

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

CALHOUN COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025

	Custodial Funds
ADDITIONS	
Taxes and assessments	\$ 53,550,611
Fine and fees	571,497
Total additions	54,122,108
DEDUCTIONS	
Taxes and fees paid to other governments	53,548,850
Funds disbursed per court order	571,520
Total deductions	54,120,370
Change in fiduciary net position	1,738
NET POSITION	
Fiduciary net position, beginning of year	65,666
Fiduciary net position, end of year	\$ 67,404

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

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Calhoun County (the “County”) was chartered in 1908 and operates under a council 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 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.

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.

(Continued)

CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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

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.

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.

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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.

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.

(Continued)

CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, 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.

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.

(Continued)

CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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.

Capital Assets

Capital assets, which include right-to-use lease 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 \$10,000 and an estimated useful life in excess of one year.

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.

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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. The County policy for the year of acquisition is full year convention, zero in the first year and a full year in the year of disposal. Depreciation and amortization are provided using the straight-line method over the following estimated useful lives:

Asset Class	Years
Building Improvements	50
Machinery and equipment	5
Water and wastewater system	75
Infrastructure	75
Right-to-use lease 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.

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.

(Continued)

CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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.

(Continued)

CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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 the first Monday in February, 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).

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, 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 accounting principles generally accepted in the United States of America, as applied to governmental entities, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources; the disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include, but are not limited to, the useful lives of capital assets and related depreciation, the net pension and other postemployment benefits liabilities and related deferred outflows/inflows of resources, allowances for uncollectible receivables, claims liabilities, and other long-term obligations.

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

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 \$10,000 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.

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, 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:

1. 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.
2. 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.

New Accounting Pronouncements

Compensated Absences – In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, *Compensated Absences*, which supersedes GASB Statement No. 16. This new standard establishes a unified model for the recognition, measurement, and disclosure of compensated absences. A significant change in the standard is a shift from a “probable” to a “more likely than not” threshold for recognizing and measuring the liability. The County adopted GASB Statement No. 101 effective for its fiscal year beginning July 1, 2024.

The Governmental Accounting Standards Board (GASB) issued Statement No. 102, *Certain Risk Disclosures*, to amend National Council on Governmental Accounting (NCGA) Interpretation 6, Notes to the Financial Statement Disclosure, specifically paragraph 5. This standard establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations and constraints, providing essential information for users of government financial statements to analyze data for decision-making or assessing accountability. The County has evaluated its financial position and operations and determined that no concentrations or constraints meet the criteria for disclosure under this standard. Therefore, no additional disclosure is required.

The Commission adopted the standards effective July 1, 2024. The impact of the adoption was not considered material to the financial statements.

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.

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, Continued

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.
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.

NOTE 3 – DEPOSITS AND INVESTMENTS

Total deposits and investments at June 30, 2025, are summarized below.

	Primary Government	Sandy Run Fire District Discretely Presented Component Unit
As reported in the <i>Statement of Net Position</i>		
Cash and cash equivalents:		
Cash and cash equivalents not restricted	\$ 19,139,132	\$ -
Custodial Funds – cash and cash equivalents	11,774,928	-
	\$ 30,914,060	\$ -
Cash deposited with financial institutions	\$ 14,057,935	\$ -
SC Local Government Investment Pool	16,856,125	-
	\$ 30,914,060	\$ -

As of June 30, 2025, the County reported the following investments:

Investment Type	Fair Value	Investment Maturities (in years)	
		Less than 1	1-5
SC Local Government Investment Pool	\$ 16,856,125	\$ 16,856,125	\$ -
	\$ 16,856,125	\$ 16,856,125	\$ -

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

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

As of June 30, 2025, 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 increase 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
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.

(Continued)

CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

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.

As of June 30, 2025, the County's bank balance of \$14,188,252 was covered by federal depository insurance or by collateral held in the pledging financial institutions' trust departments in the County'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.

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 4 – RECEIVABLES

Receivables as of June 30, 2025, 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	Capital Project Sales Tax Fund	Nonmajor Governmental
Taxes receivable	\$ 215,345	\$ 6,400	\$ -	\$ -	\$ 30,197
Accounts receivable	3,128,901	-	264,917	1,036,367	375,899
Less: Allowance	<u>(1,818,191)</u>	<u>(4,283)</u>	<u>-</u>	<u>-</u>	<u>(19,989)</u>
Net receivables	<u>\$ 1,526,055</u>	<u>\$ 2,117</u>	<u>\$ 264,917</u>	<u>\$ 1,036,367</u>	<u>\$ 386,107</u>

	Waste Water Plant Fund	Municipal Water System	Nonmajor Enterprise	Sandy Run Fire District Discretely Presented Component Unit
Taxes receivable	\$ -	\$ -	\$ -	\$ 2,592
Accounts receivable	-	207,158	949	2,000
Less: Allowance	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,358)</u>
Net receivables	<u>\$ -</u>	<u>\$ 207,158</u>	<u>\$ 949</u>	<u>\$ 2,234</u>

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 5 – INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund payables for the year ended June 30, 2025, consisted of the following:

	Interfund Receivable	Interfund Payable
Governmental Funds:		
General Fund	\$ 3,841,532	\$ 6,302,226
Capital Projects	136,977	1,237,157
Grants	2,946,166	399,600
Capital Projects Sales Tax	591,400	-
Other Governmental Funds:		
Victim’s Advocate	1,077	14,463
Child Support	132,655	-
Calhoun Rural Fire District	713,552	-
Banks Estate Fund	388,321	-
E-911 Fund	-	341,877
Community Development Alliance	-	111
Calhoun Economic Development Corporation	300,000	640
Debt Service	243,736	-
Calhoun Rural Fire District Debt Service	237,736	-
Proprietary Funds:		
Municipal Water System	3,575	679,662
Wastewater Plant	86,964	1,000
County Golf Course	3,230	818,087
Discretely Presented Component Unit:		
Sandy Run Fire District	265,073	-
Fiduciary Funds:		
Delinquent Tax	17,591	114,762
Total	\$ 9,909,585	\$ 9,909,585

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 5 – INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS, (Continued)

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, 2025, consisted of the following:

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	\$ 2,925,599	\$ 150,000
Capital Projects	-	131,531
Grants	-	4,116,115
Capital Projects Sales Tax	-	197,800
Other Governmental Funds:		
Council on Aging	150,000	-
Proprietary Funds:		
Municipal Water System	1,487,261	-
Golf Course	32,586	-
	\$ 4,595,446	\$ 4,595,446

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

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 6 – CAPITAL ASSETS

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

Governmental Activities	Balance June 30, 2024 (as restated)	Additions	Deletions	Transfers	Balance June 30, 2025
Capital assets not being depreciated					
Land	\$ 2,086,092	\$ -	\$ -	\$ -	\$ 2,086,092
Construction in progress	4,879,782	897,392	-	(4,486,713)	1,290,461
Museum Collection	3,127,547	-	-	-	3,127,547
Total capital assets not being depreciated	<u>10,093,421</u>	<u>897,392</u>	<u>-</u>	<u>(4,486,713)</u>	<u>6,504,100</u>
Capital assets being depreciated/ amortized					
Buildings and improvements	17,339,621	296,624	-	3,087,195	20,723,440
Infrastructure	9,801,197	436,991	-	1,399,518	11,637,706
Land Improvements	1,735,913	69,202	-	-	1,805,115
Right-to-use lease equipment	224,124	-	-	-	224,124
Right-to-use lease vehicles	1,960,391	990,526	-	-	2,950,917
Vehicles	7,062,072	1,150,951	-	-	8,213,023
Equipment, furniture, and fixtures	8,401,335	333,467	-	-	8,734,802
Total capital assets being depreciated/amortized	<u>46,524,653</u>	<u>3,277,761</u>	<u>-</u>	<u>4,486,713</u>	<u>54,289,127</u>
Less accumulated depreciation/ amortization					
Building and improvements	(8,167,647)	(607,471)	-	-	(8,775,118)
Infrastructure	(2,783,389)	(129,385)	-	-	(2,912,774)
Right-to-use lease equipment	(92,599)	(39,858)	-	-	(132,457)
Right-to-use lease vehicles	(1,559,602)	(387,681)	-	-	(1,947,283)
Vehicles	(5,494,112)	(331,499)	-	-	(5,825,611)
Equipment, furniture, and fixtures	(5,789,141)	(562,245)	-	-	(6,351,386)
Total accumulated depreciation/amortization	<u>(23,886,490)</u>	<u>(2,058,139)</u>	<u>-</u>	<u>-</u>	<u>(25,944,629)</u>
Total capital assets being Depreciated/amortized, net	<u>22,638,163</u>	<u>1,219,622</u>	<u>-</u>	<u>4,486,713</u>	<u>28,344,498</u>
Governmental activities capital assets, net	<u>\$ 32,731,584</u>	<u>\$ 2,117,014</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,848,598</u>

(Continued)

CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 6 – CAPITAL ASSETS, Continued

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

General Government	\$ 704,590
Public Safety	351,700
Public Works	168,159
Culture and Recreation	76,509
Judicial Services	67,734
Health and Welfare	282,672
Economic Development	406,775
 Total Governmental Activities Depreciation/Amortization Expense	 \$ 2,058,139

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

	Balance June 30, 2024 (as restated)	Additions	Deletions	Transfers	Balance June 30, 2025
Business-type Activities					
Capital assets not being depreciated					
Land	\$ 175,051	\$ -	\$ -	\$ -	\$ 175,051
Construction in progress	598,690	1,342,604	-	-	1,941,294
Total capital assets not being depreciated	773,741	1,342,604	-	-	2,116,345
Capital assets being depreciated/ amortized					
Water System	14,194,493	72,743	-	-	14,267,236
Wastewater System	5,866,008	-	-	-	5,866,008
Equipment, furniture, and fixtures	425,589	23,086	-	-	448,675
Buildings and improvements	233,463	9,500	-	-	242,963
Right-to-use- lease equipment	154,862	-	-	-	154,862
Vehicles	97,579	-	-	-	97,579
Total capital assets being depreciated/ amortized	20,971,994	105,329	-	-	21,077,323
Less accumulated depreciation/ amortization					
Water System	(5,503,747)	(200,832)	-	-	(5,704,579)
Wastewater System	(927,170)	(80,801)	-	-	(1,007,971)
Equipment, furniture, and fixtures	(201,478)	(36,965)	-	-	(238,443)
Buildings and improvements	(36,257)	(7,500)	-	-	(43,757)
Right-to-use- lease equipment	(82,386)	(28,176)	-	-	(110,562)
Vehicles	(42,850)	(9,758)	-	-	(52,608)
Total accumulated depreciation/ amortization	(6,793,887)	(364,032)	-	-	(7,157,920)
 Total capital assets being Depreciated/amortized, net	14,178,106	(258,703)	-	-	13,919,403
 Business-type activities capital assets, net	\$ 14,951,847	\$ 1,083,901	\$ -	\$ -	\$ 16,035,748

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 6 – CAPITAL ASSETS, Continued

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

Municipal Water Fund	\$	210,590
Wastewater Plant Fund		80,801
County Golf Course Fund		72,641
Total Business-type Activities Depreciation/Amortization Expense	\$	364,032

Discretely Presented Component Unit

The Sandy Run Fire District’s capital asset activity for the year ended June 30, 2025 is as follows:

Discretely Presented Component Unit	Balance June 30, 2024	Additions	Deletions/ Transfers	Balance June 30, 2025
Capital assets not being depreciated				
Construction in progress	\$ 826,226	\$ -	\$ -	\$ 826,226
Total capital assets not being depreciated	826,226	-	-	826,226
Capital assets being depreciated				
Buildings and improvements	65,055	-	-	65,055
Equipment, furniture and fixtures	274,915	-	-	274,915
Vehicles	49,661	-	-	49,661
Total capital assets being depreciated	389,631	-	-	389,631
Less accumulated depreciation				
Buildings and improvements	(28,426)	(2,475)	-	(30,901)
Equipment, furniture and fixtures	(160,435)	(32,225)	-	(192,660)
Vehicles	(25,834)	(5,246)	-	(31,080)
Total accumulated depreciation	(214,695)	(39,946)	-	(254,641)
Total capital assets being Depreciated, net	174,936	(39,946)	-	134,990
Component unit capital assets, net	\$ 1,001,162	\$ (39,946)	\$ -	\$ 961,216

Depreciation expense incurred by the Sandy Run Fire District for the fiscal year ended June 30, 2025, was \$39,946.

CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 7 – LONG-TERM OBLIGATIONS

Primary Government

Long-term obligations for the year ended June 30, 2025, is as follows:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Due within One Year
Governmental Activities					
Compensated absences	\$ 410,018	\$ 324,125	\$ (268,435)	\$ 465,708	\$ 268,435
General obligation bonds	5,749,106	-	(1,660,966)	4,088,140	1,687,199
Financed purchase obligations	3,157,463	1,288,901	(648,787)	3,797,577	534,772
Leases payable	555,621	990,527	(419,034)	1,127,114	368,687
Landfill closure and post-closure costs	180,000	3,000	-	183,000	23,830
Net pension liability	13,685,476	-	(129,770)	13,555,706	-
Total other postemployment benefit liability	4,175,218	-	(353,204)	3,822,014	-
	<u>\$ 27,912,902</u>	<u>\$ 2,606,553</u>	<u>\$ (3,480,196)</u>	<u>\$ 27,039,259</u>	<u>\$ 2,882,923</u>
Business-type Activities					
Compensated absences	\$ 26,007	\$ 25,608	\$ (21,620)	\$ 29,995	\$ 21,620
Revenue bonds	3,408,328	-	(154,379)	3,253,949	158,357
Leases payable	73,524	-	(28,261)	45,263	28,513
Net pension liability	376,444	-	(3,570)	372,874	-
Total other postemployment benefit liability	223,729	-	(10,355)	213,374	-
	<u>\$ 4,108,032</u>	<u>\$ 25,608</u>	<u>\$ (218,185)</u>	<u>\$ 3,915,455</u>	<u>\$ 208,490</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, 2025, the County was in compliance with this requirement.

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 7 – LONG-TERM OBLIGATIONS, Continued

The following is a summary of each long-term bond obligation of the governmental activities County at June 30, 2025:

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.	\$ 109,522
\$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.	502,000
\$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.	3,071,618
\$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.	405,000
	\$ 4,088,140

The annual requirements to amortize the bonds are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2026	\$ 1,687,199	\$ 63,119	\$ 1,750,318
2027	1,190,815	38,216	1,229,031
2028	1,210,126	19,295	1,229,421
	\$ 4,088,140	\$ 120,630	\$ 4,208,770

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 7 – LONG-TERM OBLIGATIONS, Continued

Financed Purchase Obligations – Governmental Activities

Financed Purchase Obligations	Amount
\$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.	\$ 73,490
\$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.	113,276
\$246,030 agreement to finance the purchase of equipment at an interest rate of 5.44% with annual payments of \$38,291 maturing in 2028.	167,156
\$1,125,128 agreement to finance the purchase of equipment at an interest rate of 3.93% with annual payments of \$138,235 maturing in 2033.	933,398
\$97,200 agreement to finance the purchase of equipment at an interest rate of 5.38% with annual payments of \$35,158 maturing in 2027.	55,926
\$240,763 agreement to finance the purchase of equipment at an interest rate of 5.09% with annual payments of \$43,005 maturing in 2030.	197,535
\$216,350 agreement to finance the purchase of equipment at an interest rate of 5.32% with annual payments of \$49,372 maturing in 2029.	160,759
\$973,571 agreement to finance the purchase of equipment at an interest rate of 5.27% with annual payments of \$134,587 maturing in 2034.	973,571
\$137,950 agreement to finance the purchase of equipment at an interest rate of 5.09% with monthly payments of \$2,609 maturing in 2029.	113,090
\$1,150,951 agreement to finance the purchase four ambulances at an interest rate of 4.95% with annual payments of \$198,547 maturing in 2031.	1,009,376
	<u>\$ 3,797,577</u>

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 7 – LONG-TERM OBLIGATIONS, Continued

Future debt service payments as of June 30, 2025, are as follows:

Year Ending June 30,	Financed Purchase Obligations		
	Principal	Interest	Total
2026	\$ 534,772	\$ 233,386	\$ 768,158
2027	597,756	152,024	749,780
2028	579,050	122,466	701,516
2029	475,922	98,560	574,482
2030	437,475	76,899	514,374
Thereafter	1,172,602	135,117	1,307,719
	<u>\$ 3,797,577</u>	<u>\$ 818,452</u>	<u>\$ 4,616,029</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 2029. 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, 2025, are as follows:

Year Ending June 30,	Leases Payable		
	Principal	Interest	Total
2026	\$ 368,687	\$ 49,479	\$ 418,166
2027	296,455	32,778	329,233
2028	243,447	19,108	262,555
2029	218,525	6,567	225,092
	<u>\$ 1,127,114</u>	<u>\$ 107,932</u>	<u>\$ 1,235,046</u>

Subscription-Based Information Technology Arrangements (SBITA)

The County has evaluated its contracts and determined that it does not have any subscription-based information technology arrangements (SBITAs) requiring recognition under GASB Statement No. 96 as of June 30, 2025.

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 7 – LONG-TERM OBLIGATIONS, 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, 2025:

Revenue Bonds	Amount
\$265,000 FHA Revenue Bond due in monthly installments of \$1,302 through December 15, 2033, with interest at 5.125%	\$ 104,152
\$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.	964,121
\$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.	2,185,676
	\$ 3,253,949

The annual requirements to amortize the bonds are as follows:

Year Ending June 30,	Financed Purchase Obligations		
	Principal	Interest	Total
2026	\$ 158,357	\$ 85,646	\$ 244,003
2027	162,460	81,542	244,002
2028	166,679	77,323	244,002
2029	171,017	72,985	244,002
2030	175,478	68,524	244,002
Thereafter	2,419,958	713,353	3,133,311
	\$ 3,253,949	\$ 1,099,373	\$ 4,353,322

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 7 – LONG-TERM OBLIGATIONS, 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, 2025, are as follows:

Year Ending June 30,	Leases Payable		
	Principal	Interest	Total
2026	\$ 28,513	\$ 287	\$ 28,800
2027	16,750	50	16,800
	<u>\$ 45,263</u>	<u>\$ 337</u>	<u>\$ 45,600</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 \$183,000 reported as an accrual for landfill closure and post-closure care costs at June 30, 2025, includes the cumulative amount reported less amounts paid to date for the open site based on the following information.

	Estimated Remaining Landfill Life	Percentage Balance of Capacity Used	Closure and Post-closure Care Costs
MSWLF – Class II	-	100%	\$ 13,000
C&D – Class III	-	100%	170,000
Total Reported Liability			<u>\$ 183,000</u>

These amounts are based on what it would cost to perform all closure and post-closure care in fiscal year 2025. 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.

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 7 – LONG-TERM OBLIGATIONS, Continued

Discretely Presented Component Unit

Long-term obligations for the Sandy Run Fire District for the year ended June 30, 2025, are as follows:

<u>Component Unit</u>	<u>Balance June 30, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2025</u>	<u>Due within One Year</u>
Financed purchase obligations	\$ 197,166	\$ -	\$ (197,166)	\$ -	\$ -

The Sandy Run Fire District 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 had an implicit interest rate of 3.35% and annual payments ranging from \$267,000 to \$36,941. The finance purchase agreement was paid off in fiscal year 2025.

NOTE 8 – 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 59 covered members for the year ended June 30, 2025; 35 members are retirees receiving benefits and 24 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, 2025, the County paid \$237,998 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.

Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2025, and was determined by an actuarial valuation as of June 30, 2025.

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS, Continued

Actuarial Assumptions

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	4.71% as of June 30, 2025
Healthcare cost trend rate:	6.00% - 4.00%
Inflation rate:	2.50%
Salary increase:	2.50% per year

The demographic assumptions used by the plan’s actuary are those assumptions used in the July 1, 2024 South Carolina Retirement System valuation.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.71% as of June 30, 2025. 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 4.71% as determined by the Bond Buyer 20-Bond GO Index Rate as of June 30, 2025.

Changes in the Total OPEB Liability

The changes in the total OPEB liability of the County for the year ended June 30, 2025, were as follows:

	<u>Total OPEB Liability</u>
Balances beginning of year	\$ 4,398,947
Changes for the year:	
Service cost	50,293
Interest	168,845
Difference between actual and expected experience	(12,251)
Change in benefit terms	(266,033)
Effect of assumption changes	(237,998)
Benefit payments and implicit subsidy	(66,228)
Net changes	<u>(363,559)</u>
Balances end of year	<u>\$ 4,035,388</u>

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.

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS, Continued

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, 2025 (June 30, 2025 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 (3.71%)	Current Discount Rate (4.71%)	1% Increase (5.71%)
\$ 4,450,631	\$ 4,035,388	\$ 3,680,749

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, 2025 (June 30, 2025 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 (5.00% decreasing To 3.00%)	Current Healthcare Cost Trend Rates (6.00% decreasing to 4.00%)	1% Increase (7.00% decreasing To 5.00%)
\$ 4,006,408	\$ 4,035,388	\$ 4,067,987

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, 2025, and the current sharing pattern of costs between employer and inactive employees.

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS, Continued

OPEB Expense

For the year ended June 30, 2025, the County recognized OPEB expense as follows:

Description		
Service Cost	\$	50,293
Interest on the total OPEB liability		168,658
Expensed portion of current period difference between expected and actual experience		(3,173)
Expensed portion of current period changes in assumptions		(68,899)
Recognition of outflow (inflow) of resources due to liabilities		(192,331)
Total OPEB expense	\$	(45,452)

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

At June 30, 2025, 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	\$ -	\$ 241,225
Changes of assumptions	137,304	529,223
Total to OPEB from the following sources:	\$ 137,304	\$ 770,448

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	
2026	\$ (262,581)
2027	(229,412)
2028	(141,151)

CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 9 – PENSION PLANS

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012 and governed by an 11-member Board, 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. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the RSIC and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), consists of five elected officials, also review 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 a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Descriptions

- The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts and participating charter schools, higher education institutions, other participating local subdivisions of government and individuals first elected to the South Carolina General Assembly at or after the general election in November 2012.

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 9 – PENSION PLANS, Continued

- The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

In addition to the plans described above, PEBA also administers three single-employer defined benefit pension plans, which are not covered in this report. They are the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG).

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

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

(Continued)

CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 9 – PENSION PLANS, Continued

Benefits

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

- SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member’s age and the member’s credible 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.

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

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

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 9 – PENSION PLANS, Continued

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Effective July 1, 2017, employee rates were increased and capped at 9 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS until reaching 18.56 percent for SCRS and 21.24 percent for PORS. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

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

Required employee contribution rates¹ are as follows:

	<u>Fiscal Year 2025¹</u>	<u>Fiscal Year 2024¹</u>
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

(Continued)

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

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 9 – PENSION PLANS, Continued

Required employer contribution rates¹ are as follows:

	<u>Fiscal Year 2025¹</u>	<u>Fiscal Year 2024¹</u>
SCRS		
Employee Class Two	18.56% ²	18.56% ²
Employee Class Three	18.56% ²	18.56% ²
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employee Class Two	21.24% ²	21.24% ²
Employee Class Three	21.24% ²	21.24% ²
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Benefit	0.20%	0.20%

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

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

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

(Continued)

² Includes incidental death benefit contribution rate of 0.15%.

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 9 – PENSION PLANS, Continued

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

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return ¹	7.00%	7.00%
Projected salary increases	3.0% to 11.0% (varies by service) ¹	3.5% to 10.5% (varies by service)
Benefit adjustments	lesser of 1% or \$500 annually	Lesser of 1% or \$500 annual
<i>1 Includes inflation at 2.25%</i>		

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

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

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

Net Pension Liability

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

<u>System</u>	<u>County’s Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>	<u>County’s Proportionate Share of the Collective Net Pension Liability</u>
SCRS	\$ 10,698,079	61.8%	.045620%
PORS	\$ 3,230,501	70.5%	.107961%

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 9 – PENSION PLANS, Continued

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

Long-term Expected Rate of Return

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

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

Allocation/Exposure	Policy Target	Expected Arithmetic Rate of Return	Real Portfolio Return	Long Term Expected Real Rate of Return
Public Equity	46.0%	6.23%		2.86%
Bonds	26.0%	2.60%		0.68%
Private Equity³	9.0%	9.60%		0.86%
Private Debt³	7.0%	6.90%		0.48%
Real Assets	12.0%			
Real Estate ³	9.0%	4.30%		0.39%
Infrastructure ³	3.0%	7.30%		0.22%
Total Expected Real Return ⁴	100.0%			5.49%
Inflation for Actuarial Purposes				2.25%
Total Expected Nominal Return				7.74%

(Continued)

³ RSIC staff and consultant will notify the Commission if the collective exposure to Private Equity, Private Debt and Private Real Assets exceeds 30 percent of total plan assets.

⁴ Portable Alpha Strategies, which utilize Hedge Funds and are not included in the Policy Target, will be capped at 15% of total assets.

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 9 – PENSION PLANS, Continued

Discount Rate

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7.00 percent, as well as what the employers’ NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

<u>System</u>	<u>1.00 % Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1.00% Increase (8.00%)</u>
SCRS	\$ 13,863,502	\$ 10,698,079	\$ 7,782,976
PORS	\$ 4,680,377	\$ 3,230,501	\$ 2,042,977

Pensions

At June 30, 2025, the County reported a liability of \$10,698,079 and \$3,230,501 for its proportionate share of the net pension liability for SCRS and PORS, respectively. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 9 – PENSION PLANS, Continued

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2025, the County recognized pension expense for the SCRS and PORS plans of \$1,180,074 and \$438,900, respectively. At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred outflow of resources	Deferred inflow of resources
SCRS		
Differences between expected and actual experience	\$ 540,182	\$ 13,277
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	166,593	31,857
Net difference between projected and actual earnings on pension plan investments	-	412,200
County's contributions subsequent to the measurement date	1,237,959	-
Total SCRS	<u>\$ 1,944,734</u>	<u>\$ 457,334</u>
PORS		
Differences between expected and actual experience	\$ 373,720	\$ 18,521
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	202,193	110,084
Net difference between projected and actual earnings on pension plan investments	-	181,115
County's contributions subsequent to the measurement date	500,166	-
Total PORS	<u>\$ 1,076,079</u>	<u>\$ 309,720</u>

The \$1,237,959 and \$500,166 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date for the SCRS and PORS plans, respectively, during the year ended June 30, 2025 will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2026.

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 9 – PENSION PLANS, Continued

The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at the measurement date. Average remaining service lives of all employees provided with pensions through the pension plan at the measurement date was 4.080 years for SCRS and PORS.

Year Ended June 30,	SCRS	PORS	Total
2025	\$ (36,566)	\$ 12,016	\$ (24,550)
2026	407,335	229,381	636,716
2027	(13,081)	72,682	59,601
2028	(108,247)	(47,886)	(156,133)
	\$ 249,441	\$ 266,193	\$ 515,634

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

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

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2024, and the accounting valuation report as of June 30, 2024. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' ACFR.

NOTE 10 – 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.

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 10 – RISK MANAGEMENT, Continued

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

- Claims of covered public employees for health and dental insurance benefits (Office of Insurance Services) and
- 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, 2025, 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, 2025, 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.

NOTE 11 – 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 personal injury or property damage, environmental issues, adherence to various operational ordinances, 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.

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 12 – SALES TAX AND OTHER CAPITAL PROJECTS FUND

On November 6, 2018 Calhoun County voters passed a referendum to impose a one percent sales tax beginning May 1, 2019 with an end date of April 30, 2027. All revenue received from the sales and use tax would be used to pay the costs of the capital projects and to pay debt service on general obligation bonds, if any, issued by Calhoun County to fund the capital projects. On May 10, 2021 County Council adopted an ordinance providing for the issuance and sale of not exceeding \$7,000,000 aggregate principle amount of general obligation bonds of Calhoun County, South Carolina, to defray the costs of projects approved pursuant to the capital project sales tax referendum of November 6, 2018.

On January 27, 2025 Calhoun County Council approved Resolution 2025-1, approving surplus proceeds from the 2019 capital project sales tax referendum for completion of approved referendum projects.

	Status	Project Authorization	Total Spent 6/30/2025	Balance
<u>One Percent Sales Tax Projects:</u>				
Public Works				
Joint Waterline Project	In progress	\$ 2,500,000	\$ 1,880,831	\$ 619,169
Calhoun Waterline Project	In progress	400,000	263,354	136,646
Total Public Works		<u>2,900,000</u>	<u>2,144,185</u>	<u>755,815</u>
Public Safety				
Sandy Run Fire Station	In progress	247,000	1,183,829	(936,829)
Sandy Run Ladder Truck	Complete	500,000	504,480	(4,480)
St. Matthews Public Safety	In progress	210,000	203,200	6,800
Calhoun Communications	Complete	500,000	505,562	(5,562)
Calhoun Ambulance	Complete	190,000	177,910	12,090
Sandy Run Tanker Truck	In progress	370,000	237,555	132,445
Total Public Safety		<u>2,017,000</u>	<u>2,812,536</u>	<u>(795,536)</u>
Culture & Recreation				
Cameron Depot Renovations	In progress	400,000	309,217	90,783
St. Matthews Demo & Parks	In progress	545,000	527,229	17,771
St. Matthews Streetscape	In progress	420,000	355,726	64,274
Sandy Run Recreation	Complete	100,000	100,000	-
Total Culture & Recreation		<u>1,465,000</u>	<u>1,292,172</u>	<u>172,828</u>
Health & Welfare				
St. Matthews Lake Inspection	In progress	525,000	518,249	6,751
Calhoun Animal Shelter	In progress	100,000	353,114	(253,114)
Cameron Demo Project	In progress	250,000	200,273	49,727
Total Health & Welfare		<u>875,000</u>	<u>1,071,636</u>	<u>(196,636)</u>
Total One Percent Sales Tax Projects		<u>\$ 7,257,000</u>	<u>\$ 7,320,529</u>	<u>\$ (63,529)</u>

CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 13 – TAX ABATEMENTS

As of June 30, 2025, 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.

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, 2025, the amount of abated property taxes resulting from agreements entered into by the County totaled \$1,119,107 under these two programs. Of this total amount \$42,069 was abated for the Sandy Run Fire District with the remainder impacting the school district and certain municipalities within the County.

**CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 14 – PRIOR PERIOD ADJUSTMENT

The County has recorded prior period adjustments to the financial statements to adjust the governmental activities net position to properly reflect fund capital assets in the previous year. The adjustments are summarized as follows:

	<u>Governmental Activities Net Position</u>
Beginning net position, as previously reported at June 30, 2024	<u>\$ 23,105,003</u>
Prior period adjustments:	
Capital assets	<u>1,430,684</u>
Net position, as restated at July 1, 2024	<u>\$ 24,535,687</u>

The County has recorded a prior period adjustment to the financial statements to adjust the business-type net position to properly reflect capital assets in the previous year. The adjustments are summarized as follows:

	<u>Business-type Activities Net Position</u>
Beginning net position, as previously reported at June 30, 2024	<u>\$ 11,008,585</u>
Prior period adjustments:	
Capital assets	<u>97,200</u>
Net position, as restated at July 1, 2024	<u>\$ 11,105,785</u>

CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 15 – SUBSEQUENT EVENTS

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through April 15, 2026, the date the financial statements were available for issuance.

The following events have occurred after June 30, 2025:

- **Capital Project Commitments** – The County approved multiple capital projects, including:
 - Construction of a new Emergency Operations Center at a cost not to exceed approximately \$2.8 million (approved December 2025), and
 - A paving project for Pineland Trail totaling approximately \$505,000 (approved January 2026).
- **Solid Waste Authority Financing** – The County approved an amended and restated agreement with the Three Rivers Solid Waste Authority authorizing the issuance of revenue bonds in an amount not to exceed \$30 million to fund expansion of solid waste facilities. The County is a participating member of the Authority.
- **Short-Term Financing Authorization** – The County approved the issuance of a tax anticipation note in an amount not to exceed \$2.5 million to provide for cash flow needs for the fiscal year beginning July 1, 2025.
- **Economic Development Agreements** – The County approved various economic development agreements, including fee-in-lieu of tax arrangements and land purchase and sale agreements with private entities (including projects referred to as Project Steppenwolf, Project SAM, and Project Kelly). These agreements provide for incentives and other considerations in connection with development activities within the County.

REQUIRED SUPPLEMENTARY INFORMATION

CALHOUN COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>with Final Budget</u>
REVENUES				
Property taxes	\$ 11,646,154	\$ 11,646,154	\$ 12,565,369	\$ 919,215
Other taxes	-	-	1,418,671	1,418,671
Intergovernmental	1,297,072	1,297,072	1,621,570	324,498
Licenses, permits and fees	290,067	290,067	734,312	444,245
Fines and forfeitures	146,374	146,374	203,373	56,999
Charges for services	802,665	802,665	1,438,995	636,330
Other revenues	714,853	714,853	774,987	60,134
Total revenues	14,897,185	14,897,185	18,757,277	3,860,092
EXPENDITURES				
Current				
General government:				
County council	102,450	102,450	87,541	(14,909)
Finance	312,146	312,146	338,827	26,681
Voter registration	130,756	130,756	169,584	38,828
Human Resources	3,643,154	3,643,154	4,005,907	362,753
Administration	775,412	775,412	735,043	(40,369)
Outside agencies	771,640	771,640	771,639	(1)
Procurement	2,000	2,000	5,559	3,559
Tax assessor	334,145	334,145	273,260	(60,885)
Auditor	77,011	77,011	78,450	1,439
Tax collector	100,306	100,306	95,445	(4,861)
Treasurer	126,973	126,973	132,143	5,170
Veterans affairs	27,977	27,977	25,568	(2,409)
Information technology	467,140	467,140	562,365	95,225
Non-departmental	413,580	413,580	894,703	481,123
Total general government	7,284,690	7,284,690	8,176,034	891,344
Public safety:				
Emergency services	99,684	99,684	83,588	(16,096)
Communications	724,045	724,045	654,079	(69,966)
Animal control	230,043	230,043	216,926	(13,117)
Addressing	11,450	11,450	11,177	(273)
Sheriff	2,607,557	2,607,557	3,098,428	490,871
Total public safety	3,672,779	3,672,779	4,064,198	391,419
Public works:				
Buildings and grounds	950,895	950,895	974,712	23,817
Building inspection	228,266	228,266	330,542	102,276
Roads department	359,267	359,267	333,400	(25,867)
Soil and water	23,878	23,878	18,083	(5,795)
Total public works	1,562,306	1,562,306	1,656,737	94,431

(Continued)

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

CALHOUN COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Current				
Judicial:				
Sandy Run magistrate	62,902	62,902	62,029	(873)
Clerk of court	300,407	300,407	283,881	(16,526)
Probate of court	133,427	133,427	134,637	1,210
Solicitor	123,600	123,600	172,441	48,841
Magistrate office	149,759	149,759	155,843	6,084
Cameron magistrate	44,622	44,622	38,706	(5,916)
Master in equity	25,066	25,066	25,066	-
Total judicial	<u>839,783</u>	<u>839,783</u>	<u>872,603</u>	<u>32,820</u>
Culture and recreation:				
Library	531,124	531,124	653,254	122,130
Recreation	361,310	361,310	418,181	56,871
Museum	307,462	307,462	316,115	8,653
Total culture and recreation	<u>1,199,896</u>	<u>1,199,896</u>	<u>1,387,550</u>	<u>187,654</u>
Health and welfare:				
Coroner	88,901	88,901	109,367	20,466
Landfill	68,585	68,585	87,967	19,382
Emergency management services	2,210,750	2,210,750	2,266,499	55,749
Department of social services	6,000	6,000	5,059	(941)
Department of health and environmental control	6,000	6,000	1,164	(4,836)
Collection sites	773,090	773,090	790,307	17,217
Total health and welfare	<u>3,153,326</u>	<u>3,153,326</u>	<u>3,260,363</u>	<u>107,037</u>
Economic Development:				
Economic Development	89,950	89,950	90,760	810
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>17,802,730</u>	<u>17,802,730</u>	<u>19,508,245</u>	<u>1,705,515</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(2,905,545)</u>	<u>(2,905,545)</u>	<u>(750,968)</u>	<u>2,154,577</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,925,599	2,925,599
Transfers out	(150,000)	(150,000)	(150,000)	-
Total other financing sources (uses), net	<u>(150,000)</u>	<u>(150,000)</u>	<u>2,775,599</u>	<u>2,925,599</u>
Net change in fund balances	<u>\$ (3,055,545)</u>	<u>\$ (3,055,545)</u>	2,024,631	<u>\$ 5,080,176</u>
Fund balances, beginning of year			<u>2,613,456</u>	
Fund balances, end of year			<u>4,638,087</u>	

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

CALHOUN COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service Cost	\$ 50,293	\$ 52,511	\$ 54,934	\$ 73,753	\$ 96,553	\$ 69,790	\$ 78,149	\$ 75,237
Interest on total OPEB liability	168,658	164,845	115,998	82,263	85,606	113,254	124,442	119,210
Difference between expected and actual experience	(12,251)	-	(413,887)	-	(200,894)	-	(218,677)	-
Change in benefit terms	(266,033)	-	1,876,644	-	-	-	-	-
Effect of assumption changes	(237,998)	(148,609)	(89,696)	(525,920)	24,344	505,732	89,787	-
Benefit payments	(66,228)	(368,891)	(241,238)	(84,000)	(57,590)	(44,361)	(62,314)	(56,188)
Net change in total OPEB liability	(363,559)	(300,144)	1,302,755	(453,904)	(51,981)	644,415	11,387	138,259
Total OPEB liability - beginning	4,398,947	4,699,091	3,396,336	3,850,240	3,902,221	3,257,806	3,246,419	3,108,160
Total OPEB liability - ending	<u>\$ 4,035,388</u>	<u>\$ 4,398,947</u>	<u>\$ 4,699,091</u>	<u>\$ 3,396,336</u>	<u>\$ 3,850,240</u>	<u>\$ 3,902,221</u>	<u>\$ 3,257,806</u>	<u>\$ 3,246,419</u>
Covered -employee payroll	\$ 1,428,689	\$ 1,603,012	\$ 1,603,012	\$ 1,868,736	\$ 1,868,736	\$ 2,111,320	\$ 2,111,320	\$ 2,638,645
Total OPEB liability as as percentage of covered-employee payroll	282.45%	274.42%	293.14%	181.75%	206.03%	184.82%	154.30%	123.03%
Discount rate	4.71%	3.97%	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%
Measurement date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

Notes:

(1) Pursuant to GASB 75, a 10-year history of the information shown above is required. However, until a full 10-year history is compiled, information for those years which are available may be presented.

(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.

CALHOUN COUNTY, SOUTH CAROLINA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CALHOUN COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 SOUTH CAROLINA SYSTEM

SCRS	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
County's proportion of the net pension liability	0.045620%	0.045641%	0.045023%	0.043470%	0.043201%	0.042790%	0.041821%	0.043558%	0.043962%	0.042317%
County's proportionate share of the net pension liability	\$ 10,698,079	\$ 11,034,871	\$ 10,914,485	\$ 9,407,589	\$ 11,038,762	\$ 9,770,698	\$ 9,370,729	\$ 9,805,606	\$ 9,390,218	\$ 8,024,675
County's covered-employee payroll	\$ 6,670,037	\$ 6,243,360	\$ 5,746,296	\$ 5,202,500	\$ 4,913,948	\$ 4,822,942	\$ 4,518,487	\$ 4,333,800	\$ 4,145,965	\$ 4,259,068
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	160.4%	176.7%	189.9%	180.8%	224.6%	202.6%	207.4%	226.3%	226.5%	188.4%
Plan fiduciary net position as a percentage of the total pension liability	61.8%	58.6%	57.1%	60.7%	50.7%	54.4%	54.1%	53.3%	52.9%	57.0%

Notes to schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

**CALHOUN COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CALHOUN COUNTY'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM**

SCRS	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 1,237,959	\$ 1,158,768	\$ 1,000,430	\$ 888,444	\$ 765,065	\$ 750,451	\$ 657,892	\$ 587,664	\$ 479,272	\$ 470,843
Contributions in relation to the contractually required contribution	<u>1,237,959</u>	<u>1,158,768</u>	<u>1,000,430</u>	<u>888,444</u>	<u>765,065</u>	<u>750,451</u>	<u>657,892</u>	<u>587,664</u>	<u>479,272</u>	<u>470,843</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 6,670,037	\$ 6,243,360	\$ 5,746,296	\$ 5,202,500	\$ 4,913,948	\$ 4,822,942	\$ 4,518,487	\$ 4,333,800	\$ 4,145,965	\$ 4,259,068
Contributions as a percentage of covered-employee payroll	18.56%	18.56%	17.41%	17.08%	15.57%	15.56%	14.56%	13.56%	11.56%	11.06%

CALHOUN COUNTY, SOUTH CAROLINA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CALHOUN COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 POLICE OFFICERS RETIREMENT SYSTEM

PORS	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
County's proportion of the net pension liability	0.107961%	0.099440%	0.107173%	0.103469%	0.103385%	0.103637%	0.103980%	0.109930%	0.100960%	0.104330%
County's proportionate share of the net pension liability	\$ 3,230,501	\$ 3,027,049	\$ 3,214,112	\$ 2,662,187	\$ 3,428,466	\$ 2,970,175	\$ 2,946,318	\$ 3,011,681	\$ 2,560,749	\$ 2,273,847
County's covered-employee payroll	\$ 2,354,832	\$ 2,163,741	\$ 1,413,256	\$ 1,692,278	\$ 1,555,863	\$ 1,561,480	\$ 1,503,217	\$ 1,439,245	\$ 1,334,981	\$ 1,285,274
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	137.2%	139.9%	227.4%	157.3%	220.4%	190.2%	196.0%	209.3%	191.8%	176.9%
Plan fiduciary net position as a percentage of the total pension liability	70.5%	67.8%	66.4%	70.4%	58.8%	62.7%	61.7%	60.9%	60.4%	64.6%

Notes to schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

CALHOUN COUNTY, SOUTH CAROLINA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CALHOUN COUNTY'S CONTRIBUTIONS
 POLICE OFFICERS RETIREMENT SYSTEM

PORS	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 500,166	\$ 459,579	\$ 340,782	\$ 322,210	\$ 280,678	\$ 284,805	\$ 259,155	\$ 233,733	\$ 199,132	\$ 176,583
Contributions in relation to the contractually required contribution	500,166	459,579	340,782	322,210	280,678	284,805	259,155	233,733	199,132	176,583
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 2,354,832	\$ 2,163,741	\$ 1,413,256	\$ 1,692,278	\$ 1,555,863	\$ 1,561,480	\$ 1,503,217	\$ 1,439,245	\$ 1,334,981	\$ 1,285,274
Contributions as a percentage of covered-employee payroll	21.24%	21.24%	24.11%	19.04%	18.04%	18.24%	17.24%	16.24%	14.92%	13.74%

SUPPLEMENTARY INFORMATION

CALHOUN COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Special Revenue Funds					
	Sheriff's Department Fund	Victim's Advocate Fund	Child Support Fund	Calhoun Rural Fire District Fund	Banks Estate Fund	OC Tech and L.M. Gressette Center Fund
ASSETS						
Cash and cash equivalents	\$ 1,036	\$ -	\$ 53,459	\$ 173,697	\$ (10,476)	\$ 687,994
Taxes receivable, net	-	-	-	-	-	2,892
Accounts receivable, net	-	3,617	31,754	315,882	-	7,183
Due from other funds	-	1,077	132,655	713,552	388,321	-
Total assets	<u>1,036</u>	<u>4,694</u>	<u>217,868</u>	<u>1,203,131</u>	<u>377,845</u>	<u>698,069</u>
LIABILITIES						
Accounts payable	-	-	227	216,580	649	40,000
Due to other funds	-	14,463	-	-	-	-
Due to other governments	-	-	-	52,629	-	-
Accrued liabilities	-	3,243	(66)	3,163	-	-
Other liability	-	53,040	-	-	-	-
Total liabilities	<u>-</u>	<u>70,746</u>	<u>161</u>	<u>272,372</u>	<u>649</u>	<u>40,000</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	-	-	-	-	-	888
Deferred revenue - state treasurer's office	-	-	-	315,882	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>315,882</u>	<u>-</u>	<u>888</u>
FUND BALANCES						
Restricted for:						
General government	-	-	-	-	-	657,181
Public safety	1,036	-	-	614,877	-	-
Debt service	-	-	-	-	-	-
Health and welfare	-	-	217,707	-	-	-
Economic development	-	-	-	-	-	-
Committed for:						
Other purposes	-	-	-	-	377,196	-
Unassigned	-	(66,052)	-	-	-	-
Total fund balances (deficits)	<u>1,036</u>	<u>(66,052)</u>	<u>217,707</u>	<u>614,877</u>	<u>377,196</u>	<u>657,181</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,036</u>	<u>\$ 4,694</u>	<u>\$ 217,868</u>	<u>\$ 1,203,131</u>	<u>\$ 377,845</u>	<u>\$ 698,069</u>

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025**

	Special Revenue Funds			Debt Service Funds		Total Nonmajor Governmental Funds	
	E-911 Fund	Council on Aging Fund	Community Development Alliance Fund	Calhoun Economic Development Corporation	Debt Service Fund		Calhoun County Rural Fire District Debt Service Fund
ASSETS							
Cash and cash equivalents	\$ -	\$ 673,311	\$ 59	\$ 344,818	\$ 277,806	\$ (130,166)	\$ 2,071,538
Taxes receivable, net	-	-	-	-	5,574	1,742	10,208
Accounts receivable, net	13,930	3,533	-	-	-	-	375,899
Due from funds	-	-	-	300,000	243,736	237,736	2,017,077
Total assets	<u>\$ 13,930</u>	<u>\$ 676,844</u>	<u>\$ 59</u>	<u>\$ 644,818</u>	<u>\$ 527,116</u>	<u>\$ 109,312</u>	<u>\$ 4,474,722</u>
LIABILITIES							
Accounts payable	\$ -	\$ 553	\$ -	\$ -	\$ -	\$ 112,547	\$ 370,556
Due to other funds	341,877	-	111	640	-	-	357,091
Due to other governments	-	-	-	-	-	-	52,629
Accrued liabilities	6,830	-	-	-	-	-	13,170
Other liability	112,843	-	-	-	-	-	165,883
Total liabilities	<u>461,550</u>	<u>553</u>	<u>111</u>	<u>640</u>	<u>-</u>	<u>112,547</u>	<u>959,329</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	-	-	-	-	2,424	1,105	4,417
Deferred revenue - state treasurer's office	-	-	-	-	-	-	315,882
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,424</u>	<u>1,105</u>	<u>320,299</u>
FUND BALANCES							
Restricted for:							
General government	-	-	-	-	-	-	657,181
Public safety	-	-	-	-	-	-	615,913
Debt service	-	-	-	-	524,692	-	524,692
Health and welfare	-	676,291	-	-	-	-	893,998
Economic development	-	-	-	644,178	-	-	644,178
Committed for:							
Other purposes	-	-	-	-	-	-	377,196
Unassigned	(447,620)	-	(52)	-	-	(4,340)	(518,064)
Total fund balances (deficits)	<u>(447,620)</u>	<u>676,291</u>	<u>(52)</u>	<u>644,178</u>	<u>524,692</u>	<u>(4,340)</u>	<u>3,195,094</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 13,930</u>	<u>\$ 676,844</u>	<u>\$ 59</u>	<u>\$ 644,818</u>	<u>\$ 527,116</u>	<u>\$ 109,312</u>	<u>\$ 4,474,722</u>

CALHOUN COUNTY, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2025

	Special Revenue Funds					
	Sheriff's Department Fund	Victim's Advocate Fund	Child Support Fund	Calhoun Rural Fire District Fund	Banks Estate Fund	OC Tech and L.M. Gressette Center Fund
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 506,974
Other taxes	-	-	-	654,036	-	-
Intergovernmental	-	15,954	81,088	-	-	51,724
Charges for services	-	-	-	437,330	-	-
Other revenues	-	-	-	-	-	13,520
Total revenues	<u>-</u>	<u>15,954</u>	<u>81,088</u>	<u>1,091,366</u>	<u>-</u>	<u>572,218</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	7,398	390,579
Public safety	1,899	50,483	-	807,459	-	-
Health and welfare	-	-	17,686	-	-	-
Capital outlay	-	-	-	19,833	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>1,899</u>	<u>50,483</u>	<u>17,686</u>	<u>827,292</u>	<u>7,398</u>	<u>390,579</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(1,899)</u>	<u>(34,529)</u>	<u>63,402</u>	<u>264,074</u>	<u>(7,398)</u>	<u>181,639</u>
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,899)	(34,529)	63,402	264,074	(7,398)	181,639
Fund balances (deficits), beginning of year	<u>2,935</u>	<u>(31,523)</u>	<u>154,305</u>	<u>350,803</u>	<u>384,594</u>	<u>475,542</u>
Prior period adjustment (see Note 13)	-	-	-	-	-	-
Fund balances (deficits), beginning of year (as restated)	<u>2,935</u>	<u>(31,523)</u>	<u>154,305</u>	<u>350,803</u>	<u>384,594</u>	<u>475,542</u>
Fund balances (deficits), end of year	<u>\$ 1,036</u>	<u>\$ (66,052)</u>	<u>\$ 217,707</u>	<u>\$ 614,877</u>	<u>\$ 377,196</u>	<u>\$ 657,181</u>

(Continued)

CALHOUN COUNTY, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2025

	Special Revenue Funds				Debt Service Funds		Total Nonmajor Governmental Funds
	E-911 Fund	Council on Aging Fund	Community Development Alliance Fund	Calhoun Economic Development Corporation	Debt Service Fund	Calhoun County Rural Fire District Debt Service Fund	
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ 157,751	\$ 867,167	\$ 133,162	\$ 1,665,054
Other taxes	-	-	-	-	-	-	654,036
Intergovernmental	87,666	384,289	-	2,771	-	-	623,492
Charges for services	-	-	-	-	-	-	437,330
Other revenues	2	12,628	32,451	-	-	-	58,601
Total revenues	<u>87,668</u>	<u>396,917</u>	<u>32,451</u>	<u>160,522</u>	<u>867,167</u>	<u>133,162</u>	<u>3,438,513</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	397,977
Public safety	65,970	-	-	-	-	-	925,811
Health and welfare	-	589,740	-	-	-	-	607,426
Economic development	-	-	44,718	41,546	-	-	86,264
Capital outlay	-	-	-	-	-	-	19,833
Debt service:							
Principal	-	-	-	-	556,000	326,304	882,304
Interest and fiscal charges	-	-	-	-	26,094	10,553	36,647
Total expenditures	<u>65,970</u>	<u>589,740</u>	<u>44,718</u>	<u>41,546</u>	<u>582,094</u>	<u>336,857</u>	<u>2,956,262</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>21,698</u>	<u>(192,823)</u>	<u>(12,267)</u>	<u>118,976</u>	<u>285,073</u>	<u>(203,695)</u>	<u>482,251</u>
OTHER FINANCING SOURCES							
Transfers in	-	150,000	-	-	-	-	150,000
Total other financing sources	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Net change in fund balances	21,698	(42,823)	(12,267)	118,976	285,073	(203,695)	632,251
Fund balances (deficits), beginning of year	<u>(469,318)</u>	<u>719,114</u>	<u>12,215</u>	<u>525,202</u>	<u>239,619</u>	<u>199,355</u>	<u>2,562,843</u>
Fund balances (deficits), end of year	<u>\$ (447,620)</u>	<u>\$ 676,291</u>	<u>\$ (52)</u>	<u>\$ 644,178</u>	<u>\$ 524,692</u>	<u>\$ (4,340)</u>	<u>\$ 3,195,094</u>

CALHOUN COUNTY
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	<u>Delinquent Tax</u>	<u>School District</u>	<u>Clerk of Court</u>	<u>Master in Equity</u>	<u>Magistrate Court</u>	<u>First Circuit Solicitor</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$ 781,563	\$ 10,892,495	\$ 49,761	\$ 21,454	\$ 29,655	\$ 293,412	\$ 11,774,928
Due from other funds	17,591	-	-	-	-	-	17,591
Taxes receivables	-	88,978	-	-	-	-	88,978
Total assets	<u>799,154</u>	<u>10,981,473</u>	<u>49,761</u>	<u>21,454</u>	<u>29,655</u>	<u>293,412</u>	<u>11,881,497</u>
LIABILITIES							
Due to others	682,631	10,892,495	15,473	-	19,754	-	11,610,353
Due to other funds	114,762	-	-	-	-	-	114,762
Uncollected taxes	-	88,978	-	-	-	-	88,978
Total liabilities	<u>797,393</u>	<u>10,981,473</u>	<u>15,473</u>	<u>-</u>	<u>19,754</u>	<u>-</u>	<u>11,814,093</u>
FIDUCIARY NET POSITION							
Restricted for individuals, organizations and other governments	<u>1,761</u>	<u>-</u>	<u>34,288</u>	<u>21,454</u>	<u>9,901</u>	<u>293,412</u>	<u>67,404</u>
Total fiduciary net position	<u>\$ 1,761</u>	<u>\$ -</u>	<u>\$ 34,288</u>	<u>\$ 21,454</u>	<u>\$ 9,901</u>	<u>\$ 293,412</u>	<u>\$ 67,404</u>

**CALHOUN COUNTY, SOUTH CAROLINA
 COMBINING STATEMENT OF CHANGES IN
 FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2025**

	<u>Delinquent Tax</u>	<u>School District</u>	<u>Clerk of Court</u>	<u>Master in Equity</u>	<u>Magistrate Court</u>	<u>First Circuit Solicitor</u>	<u>Total</u>
ADDITIONS							
Taxes and assessments	\$ 1,324,932	\$ 52,225,679	\$ -	\$ -	\$ -	\$ -	\$ 53,550,611
Fines and fees	-	-	323,750	-	247,747	563,022	571,497
Intergovernmental	-	-	-	-	-	1,463,503	-
Total additions	<u>1,324,932</u>	<u>52,225,679</u>	<u>323,750</u>	<u>-</u>	<u>247,747</u>	<u>2,026,525</u>	<u>54,122,108</u>
DEDUCTIONS							
Taxes and fees paid to other governments	1,323,171	52,225,679	-	-	-	-	53,548,850
Funds disbursed per court order	-	-	326,994	-	244,526	1,733,113	571,520
Total deductions	<u>1,323,171</u>	<u>52,225,679</u>	<u>326,994</u>	<u>-</u>	<u>244,526</u>	<u>1,733,113</u>	<u>54,120,370</u>
Change in fiduciary net position	1,761	-	(3,244)	-	3,221	293,412	1,738
NET POSITION							
Fiduciary net position, beginning of year	-	-	37,532	21,454	6,680	-	65,666
Fiduciary net position, end of year	<u>\$ 1,761</u>	<u>\$ -</u>	<u>\$ 34,288</u>	<u>\$ 21,454</u>	<u>\$ 9,901</u>	<u>\$ 293,412</u>	<u>\$ 67,404</u>

**CALHOUN COUNTY , SOUTH CAROLINA
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
SANDY RUN FIRE DISTRICT
YEAR ENDED JUNE 30, 2025**

	<u>Sandy Run Fire District</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 119,767
Receipts from (payments to) other funds	(265,073)
Payments to suppliers	<u>(7,405)</u>
Net cash used in operating activities	<u>(152,711)</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on finance lease obligations	<u>(197,166)</u>
Net cash used in capital and related financing activities	<u>(197,166)</u>
Net decrease in cash and cash equivalents	(349,877)
Cash and cash equivalents, beginning of year	<u>349,877</u>
Cash and cash equivalents, end of year	<u><u>\$ -</u></u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$ (284,961)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	39,946
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(2,000)
(Increase) decrease in taxes receivable	(234)
Increase (decrease) in accounts payable	113,516
Increase (decrease) in accruals	246,095
Increase (decrease) in due to other funds	<u>(265,073)</u>
Net cash used in operating activities	<u><u>\$ (152,711)</u></u>

CALHOUN COUNTY, SOUTH CAROLINA
SCHEDULE OF LEGAL DEBT MARGIN
JUNE 30, 2025

ASSESSED PROPERTY VALUATION		<u>\$ 70,785,720</u>
DEBT LIMIT (8% OF ASSESSED VALUE)		\$ 5,662,858
DEBT APPLICABLE TO DEBT LIMIT		
Total bonded debt	\$ 4,088,140	
Bonded debt not applicable to County's debt limit	<u>(3,181,140)</u>	
Bonded debt applicable to County's debt limit	907,000	
Total debt applicable to debt limit		<u>907,000</u>
LEGAL DEBT MARGIN		<u>\$ 4,755,858</u>

CALHOUN COUNTY, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (PER ACT 96)
YEAR ENDED JUNE 30, 2025

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected	\$ 63,931	\$ 220,206	N/A	\$ 284,137
Court fines and assessments remitted to State Treasurer	(59,532)	(112,225)	N/A	(171,757)
Total Court Fines and Assessments retained	\$ 4,399	\$ 107,981	N/A	\$ 112,380
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	\$ 2,751	\$ 3,359	N/A	\$ 6,110
Assessments retained	20	8,801	N/A	8,821
Total Surcharges and Assessments retained for victim services	\$ 2,771	\$ 12,160	N/A	\$ 14,931

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	N/A	\$ -	\$ -
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer	N/A	-	-
Victim Service Assessments Retained by City/County Treasurer	N/A	8,821	8,821
Victim Service Surcharges Retained by City/County Treasurer	N/A	6,110	6,110
Interest Earned	N/A	1,023	1,023
Grant Funds Received	N/A	-	-
Grant from:			
General Funds Transferred to Victim Service Fund	N/A	-	-
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	\$ 15,954	\$ 15,954
Expenditures for Victim Service Program:	Municipal	County	Total
Salaries and Benefits	N/A	\$ 49,583	\$ 49,583
Operating Expenditures	N/A	900	900
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	50,483	50,483
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	N/A	(34,529)	(34,529)
Less: Prior Year Fund Deficit Repayment	N/A	(31,523)	(31,523)
Carryforward Funds – End of Year	N/A	\$ (66,052)	\$ (66,052)

Developed by the Office of the Attorney General, Department of Crime Victim Compensation

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 County Council
Calhoun County, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Calhoun County, South Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Calhoun County, South Carolina's basic financial statements and have issued our report thereon dated April 15, 2026.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002, 2025-003, 2025-004, and 2025-005 to be material weaknesses.

Report on Compliance and Other Matters

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

Calhoun County, South Carolina's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Calhoun County, South Carolina's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Calhoun County, South Carolina'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.



Love Bailey, LLC
Laurens, South Carolina
April 15, 2026



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

To the Chairman and Members of County Council
Calhoun County, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Calhoun County, South Carolina and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Calhoun County, South Carolina's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Calhoun County, South Carolina's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Calhoun County, South Carolina's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Calhoun County, South Carolina's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Love Bailey, LLC

Love Bailey, LLC
Laurens, South Carolina
April 15, 2026

**CALHOUN COUNTY, SOUTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2025**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Assistance Listing</u>	<u>Grant Identification Number</u>	<u>Expenditures to Subrecipients</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Treasury</u>				
(Direct)				
Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027	N/A	\$ -	\$ 1,169,759
<u>U.S. Department of Homeland Security</u>				
(Passed through the South Carolina Emergency Management Division)				
Emergency Management Performance Grant	97.042	LEMPG24	-	30,201
Total Federal Expenditures			<u>\$ -</u>	<u>\$ 1,199,960</u>

CALHOUN COUNTY, SOUTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity for Calhoun County, South Carolina (the "County") under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the statements of financial position, activities, and cash flows of the County.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting for the governmental fund types and the accrual basis of accounting for the proprietary fund types. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The County has elected to use the 15% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 – NON-CASH AWARDS AND LOANS

There were no federal awards expended in the form of noncash assistance during the fiscal year. There were also no loans or loan guarantees outstanding at year end.

**CALHOUN COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) Identified?	_____	Yes	_____ X _____	No None reported
- Significant deficiency(ies) Identified?	_____	Yes	_____ X _____	No reported
Noncompliance material to financial statements noted?	_____	Yes	_____ X _____	No

Federal awards

Internal control over major programs:

- Material Weakness(es) Identified?	_____	Yes	_____ X _____	No None reported
- Significant deficiency(ies) Identified?	_____	Yes	_____ X _____	No reported

Type of auditor's report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	Yes	_____ X _____	No
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Identification of major programs:

Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)		21.027		

Dollar threshold used to distinguish between type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?	_____	Yes	_____ X _____	No
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**CALHOUN COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

Material Weaknesses

2025-001: Delinquent Tax Office

Criteria:

Effective internal control standards require adequate segregation of duties, particularly in cash handling functions. No single individual should have control over all phases of a transaction—collection, recording, and deposit. This is essential to prevent fraud, detect errors timely, and ensure the integrity of financial reporting.

Condition:

- 1.) The delinquent tax collector is the sole person responsible for collecting receipts and turning them into the treasurer's office. No review is performed to check behind the delinquent tax collector to ensure the accuracy of the collections.

- 2.) No review process in place over bank statement reconciliations.

Context:

This finding was noted during the internal control walkthroughs over financial reporting for the fiscal year ended June 30, 2025.

Effect:

When one person is solely responsible for collecting, recording, and depositing funds, the risk of intentional fraud, theft, or accidental errors increases significantly. Such a lack of checks and balances compromises the reliability of financial reporting and could result in undetected misappropriation of County revenues.

Cause:

This issue stems from limited staffing within the Delinquent Tax Office, coupled with the absence of enforced policies requiring oversight or review of cash-handling processes. Additionally, there was a lack of cross-training and no compensating controls implemented to mitigate the risks posed by a single individual managing critical financial tasks.

Recommendation:

- 1.) Require a secondary individual (e.g., an independent reviewer or a treasurer's office representative) to review and reconcile the collections against receipts and deposit records.

- 2.) Assign a separate person, such as a supervisor or treasurer, to review bank reconciliations after they are prepared.

Response:

Management concurs with the recommendation. Corrective action will be taken to address the issue noted. The County will implement the necessary procedures and controls to mitigate the risks identified.

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Material Weaknesses, Continued

2025-002: Magistrate Office

Criteria:

Governmental accounting standards require that cash handling and financial reconciliation duties be segregated. Additionally, supervisory review of reconciliations is a key control to ensure accuracy, completeness, and the safeguarding of public funds. Independent verification helps prevent and detect errors or irregularities in financial transactions.

Condition:

The Chief Magistrate reviews the bank reconciliations for the other magistrates, but no review is performed over the bank reconciliations the Chief of Magistrate performs.

Context:

This finding was noted during the internal control walkthroughs over financial reporting for the fiscal year ended June 30, 2025.

Effect:

Failure to implement a review of bank reconciliations increases the risk of errors, misstatements, or intentional manipulation of financial records going unnoticed. This could lead to financial losses, diminished accountability, and public mistrust in the County's financial stewardship.

Cause:

This deficiency occurred due to the lack of formally assigned responsibilities for oversight of bank reconciliations. Operational reliance on a single staff member performing reconciliations without review reflects gaps in internal controls and suggests that management underestimated the importance of independent verification procedures.

Recommendation:

Assign a separate person, such as finance department or treasurer's office, to review bank reconciliations performed by the Chief of Magistrate after they are prepared.

Response:

Management concurs with the recommendation. Corrective action will be taken to address the issue noted. The County will implement the necessary procedures and controls to mitigate the risks identified.

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Material Weaknesses, Continued

2025-003: Clerk of Court

Criteria:

Strong internal controls dictate that the responsibilities for receiving, recording, and depositing funds be segregated among different individuals. This control is fundamental in public sector financial management to minimize the risk of fraud and ensure the accuracy of financial records. Where segregation is not feasible due to staffing constraints, compensating controls must be implemented.

Condition:

- 1.) The Clerk of Court can both receive money (deposits) and has check signing authority (disbursements).

- 2.) Bank reconciliations are not being performed on a monthly basis.

Context:

This finding was noted during the internal control walkthroughs over financial reporting for the fiscal year ended June 30, 2025.

Effect:

Allowing one person to manage both the receipt and disbursement of funds creates significant risks of undetected fraud, misappropriation, or errors. This weakness jeopardizes the integrity of the Clerk of Court's financial transactions and exposes the County to financial losses and reputational damage.

Cause:

This condition resulted from operational practices that prioritized efficiency over risk mitigation. The Clerk's office lacked sufficient staff to separate duties effectively and failed to implement compensating controls such as independent reviews, supervisory oversight, or periodic audits to address the risks associated with combining incompatible duties.

Recommendation:

- 1.) Assign the responsibility for receiving deposits and signing checks to two separate individuals. Alternatively, implement dual-signature requirements for checks written to ensure review by a second party.

- 2.) Make monthly bank reconciliations mandatory and include this requirement in written internal control policies. Require the reconciliations to be reviewed and signed off by a supervisor or independent party.

Response:

Management concurs with the recommendation. Corrective action will be taken to address the issue noted. The County will implement the necessary procedures and controls to mitigate the risks identified.

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Material Weaknesses, Continued

2025-004: Finance Department

Criteria:

Sound financial management and internal controls require that all credit card purchases be properly authorized, supported by detailed receipts, and approved by an appropriate supervisor prior to payment. Additionally, adherence to documented procurement policies is critical to ensuring accountability and transparency.

Condition:

- 1.) There is uncertainty about how the petty cash fund is managed, reflecting weak documentation or oversight.

- 2.) Roles and responsibilities are shared, and checks are reviewed by one of two staff members, creating an increased risk of errors. Pre-signed checks are used, reducing accountability and increasing the risk of unauthorized transactions.

- 3.) Key processes, such as bank reconciliations, are not being documented and completed monthly, which may lead to delayed detection of issues or lack of immediate oversight.

Context:

This finding was noted during the internal control walkthroughs over financial reporting for the fiscal year ended June 30, 2025.

Effect:

Failure to implement proper documentation and approval processes for credit card transactions increases the risk of unauthorized spending, fraudulent purchases, or misallocation of County funds. This also weakens the County's ability to maintain accurate financial records and undermines public trust in financial management.

Cause:

The condition arose due to a lack of formalized procedures requiring detailed documentation and supervisory approval for credit card transactions. Additionally, there was insufficient oversight by financial management to enforce procurement policies consistently. Limited training and failure to implement a systematic review process contributed to this breakdown in internal controls.

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Material Weaknesses, Continued

Recommendation:

- 1.) Provide training and develop policies over petty cash management within the County.
- 2.) Clearly define roles and ensure separate individuals handle recording, reconciliation, and approval processes. Address staffing shortages to reduce dependency on external consultants and ensure continuity of operations.
- 3.) Implement regular, timely internal reviews of reconciliations, cash handling, and disbursements. Require bank reconciliations to be completed monthly and reviewed by a designated official.

Response:

Management concurs with the recommendation. Corrective action will be taken to address the issue noted. The County will implement the necessary procedures and controls to mitigate the risks identified.

2025-005: Year-end Close

Criteria:

Internal control is a process designed to provide reasonable assurance about the achievement of an entity's objectives regarding 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 2025 fiscal year. Significant audit adjustments (totaling approximately \$19.8 million) across nineteen (19) County funds and the County's discretely presented component unit were determined and required to be recorded in the months that followed June 30, 2025. 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.

(Continued)

**CALHOUN COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Material Weaknesses, Continued

Context:

We addressed these matters with County officials, who were able to ultimately determine the propriety of all respective details and reconciliations as of and for the fiscal year ended June 30, 2025.

Effect:

A significantly delayed conclusion to the 2025 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 in 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.

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 to make the accounting function a stronger and more capable finance department.

Response:

Management concurs with the recommendation. Corrective action will be taken to address the issue noted. The County will implement the necessary procedures and controls to mitigate the risks identified.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

**CALHOUN COUNTY, SOUTH CAROLINA
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2025**

SECTION IV – SCHEDULE OF PRIOR YEAR FINDINGS

2024-001 Delinquent Tax Office

Finding:

The delinquent tax collector is the sole person responsible for collecting receipts and turning them into the treasurer's office. No review is performed to check behind the delinquent tax collector to ensure the accuracy of the collections. No review process in place over bank statement reconciliations. When one person is solely responsible for collecting, recording, and depositing funds, the risk of intentional fraud, theft, or accidental errors increases significantly. Such a lack of checks and balances compromises the reliability of financial reporting and could result in undetected misappropriation of County revenues.

Current Status:

See Finding 2025-001

2024-002 Magistrate Office

Finding:

The Chief Magistrate reviews the bank reconciliations for the other magistrates, but no review is performed over the bank reconciliations the Chief of Magistrate performs. Failure to implement a review of bank reconciliations increases the risk of errors, misstatements, or intentional manipulation of financial records going unnoticed. This could lead to financial losses, diminished accountability, and public mistrust in the County's financial stewardship.

Current Status:

See Finding 2025-002

2024-003 Clerk of Court

Finding:

The Clerk of Court can both receive money (deposits) and has check signing authority (disbursements). Bank reconciliations are not being performed on a monthly basis. Allowing one person to manage both the receipt and disbursement of funds creates significant risks of undetected fraud, misappropriation, or errors. This weakness jeopardizes the integrity of the Clerk of Court's financial transactions and exposes the County to financial losses and reputational damage.

Current Status:

See Finding 2025-003

**CALHOUN COUNTY, SOUTH CAROLINA
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2025**

2024-004 Finance Department

Finding:

When credit card purchases and backup is sent to the Finance Department, there is no formal policy governing credit card usage, including what expenditures are allowed and who has authorization to use the cards. Additionally, there was no formal process of indicating the information had been reviewed for accuracy and sufficient backup. In some instances no backup was provided for credit card purchases to the Finance Department from different departments within the County. There is uncertainty about how the petty cash fund is managed, reflecting weak documentation or oversight. Roles and responsibilities are shared, and checks are reviewed by one of two staff members, creating an increased risk of errors. Pre-signed checks are used, reducing accountability and increasing the risk of unauthorized transactions. Key processes, such as bank reconciliations, are outsourced to an external CPA consultant, which may lead to delayed detection of issues or lack of immediate oversight. Failure to implement proper documentation and approval processes for credit card transactions increases the risk of unauthorized spending, fraudulent purchases, or misallocation of County funds. This also weakens the County's ability to maintain accurate financial records and undermines public trust in financial management.

Current Status:

See Finding 2025-004

2024-005 Sheriff's Department

Finding:

The Sheriff's office has a donations bank account that has not been recorded as County funds in the past. No bank reconciliations have been performed over this bank account. There was a lack of documentation over the approval process for payments out of the donations account and receipt of funds for the donation account. Without proper reconciliation and oversight of the donations account, there is an increased risk of funds being misappropriated, misused, or going unreported. This undermines the integrity of financial reporting, exposes the County to potential legal risks, and diminishes public trust in the responsible stewardship of donated funds.

Current Status:

The finding was not repeated in fiscal year 2025.

CALHOUN COUNTY, SOUTH CAROLINA
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2025

2024-006 Year-end Close

Finding:

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 2024 fiscal year. Significant audit adjustments (totaling approximately \$2.5 million) across fifteen (15) County funds and the County's discretely presented component unit were determined and required to be recorded in the months that followed June 30, 2024. 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.

Current Status:

See Finding 2025-005

2024-007 Revenue Recognition Controls

Finding:

At year-end, the County's Finance Director, with the assistance of an external CPA, performed a detailed review of bank statements and identified a series of deposits that were never posted to the County's books. These included property tax receipts, grant revenues, and other miscellaneous receipts that had not been recorded when received. The total amount of the unrecorded revenue exceeded the County's overall materiality threshold for the audit. The failure to record these revenue transactions in a timely manner led to a material misstatement of the County's financial statements prior to adjustments. Without the manual review performed by the external CPA and Finance Director, the financial statements would have been materially misstated. This control failure undermines confidence in the County's internal controls over financial reporting and raises concerns about the accuracy of interim financial data used for decision-making and reporting to stakeholders.

Current Status:

The finding was not repeated in fiscal year 2025.