

**NEWBERRY COUNTY,
SOUTH CAROLINA**

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

NEWBERRY COUNTY, SOUTH CAROLINA

FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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NEWBERRY COUNTY, SOUTH CAROLINA

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the County Council
of Newberry County
Newberry, South Carolina

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Newberry County, South Carolina** (the "County") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Aggregate Discretely Presented Component Units	Qualified
General Fund	Unmodified
Miscellaneous Special Revenue Fund	Unmodified
Capital Projects Fund	Unmodified
Debt Service Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Qualified Opinion on Aggregate Discretely Presented Component Units

In our opinion, except for possible effects of the matter described in the "Basis for Qualified and Unmodified Opinions" section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of the County, as of June 30, 2022, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Each Major Fund, and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Newberry County Memorial Hospital or the Westview Behavioral Health Services which represents 100% of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2022, and the respective changes in financial position for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Newberry County Memorial Hospital or the Westview Behavioral Health Services are based solely on the report of the other auditors.

Basis for Qualified and Unmodified Opinions

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

Matters Giving Rise to Qualified Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the Newberry County Regional Library, one of Newberry County's legally separate component units. Accounting principles generally accepted in the United States require the financial data for this component unit to be reported with the financial data of the County's primary government unless Newberry County also issues financial statements for the financial reporting entity that includes the financial data for its component units. Newberry County has not issued such reporting entity financial statements. The effects of not including the Newberry County Regional Library on the aggregate discretely presented component units have not been determined.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the General Fund, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the Miscellaneous Special Revenue Fund, the Schedule of Changes in the County's Total Other Postemployment Benefits Liability and Related Ratios, the Schedules of the County's Proportionate Share of the Net Pension Liability, and the Schedules of County Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements. The combining and individual nonmajor fund financial statements and the Uniform Schedule of Court Fines, Assessments, and Surcharges, as required by the State of South Carolina (the accompanying supplementary information) are presented for purposes of additional analysis and are not a required part of the 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the 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 September 5, 2023, on our consideration of Newberry 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 Newberry 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 Newberry County, South Carolina's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Columbia, South Carolina
September 5, 2023

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

INTRODUCTION

This narrative overview gives an analysis of the financial activities of the County for the fiscal year ended June 30, 2022. Our purpose is to inform our citizens of the effect of our County's operations and to present our financial position. The readers should also review the detail statements and the notes to the financial statements to enhance their understanding of the County's financial performance.

FINANCIAL HIGHLIGHTS

Key financial aspects were as follows:

- **Net Position:** The County's Total Net Position as of June 30, 2022, was \$3,195,288 which represented an increase of \$168,124 from the prior year end.
- **Revenues and Expenditures:** Revenues totaled \$39,225,515 and expenditures totaled \$40,866,665 for all Governmental Funds at the fund level. Accordingly, revenues were exceeded by expenditures in the amount of \$6,724,621 after other financing activities. The general fund decreased the fund balance by \$2,671,116, which includes a prior period adjustment of (\$108,305) that moved the recording of airport activities into the General Fund. The Miscellaneous Special revenue fund increased the fund balance by \$12,671. The debt service fund balance decreased \$3,624,822. The capital projects fund balance decreased \$923,360 from spending for lease purchase and sales tax projects.
- **Capital Assets:** The County had capital asset additions in the governmental activities of \$425,419 consisting of purchases of equipment and building improvements. Depreciation expense in governmental activities was \$2,553,394. This resulted in a net decrease of capital assets of \$2,127,975.
- **General Fund/Fund Balance:** Our principal operating fund, the General Fund, had \$30,645,331 in fiscal year 2022 Revenues, which primarily consisted of property taxes and intergovernmental sources. Net other financing uses were \$5,641,582 and \$27,566,560 in expenditures decreased the fund balance \$2,562,811.
- **Debt:** The County retired \$5,191,597 in principal for governmental activities bonds and financed purchases outstanding. The Debt Service Fund Balance decreased from \$9,054,931 to \$5,430,109. Bonds payable are \$7,603,544 at June 30, 2022 and financed purchases payable is \$2,287,388. Detail for long term debt is shown in Note 6. Pension liability detail and OPEB liability is Note 7.

NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (CONTINUED)
YEAR ENDED JUNE 30, 2022

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements (General, Special Revenue, Debt Service, Capital, Fiduciary, Proprietary), and; (3) notes to the financial statements. This report also contains other information in addition to the basic financial statements themselves. A description of these statements and some related definitions follow:

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. These statements outline functions of the County that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the County include legislative, finance, election and registration, public safety, public works, social services, education and cultural, and public health expenditures.

Statement of Net Position: The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two 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.

Statement of Activities: 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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (CONTINUED)
YEAR ENDED JUNE 30, 2022

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental, proprietary and fiduciary.

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 of spend-able resources, as well as on balances of spend-able resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

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

The County maintains its accounting records in conformity with the Governmental Accounting Standards. 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, Debt Service, Capital Projects Funds and non-major Special Revenue funds.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of county residents and are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The primary funds are held for school funds and magistrate/clerk of court.

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Notes to the 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 Supplemental Information: In addition to the basic financial statements and accompanying notes, this report also presents certain information concerning the County's budget process. The County adopts an annual expenditure budget for the general fund. A budgetary comparison statement has been provided for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$3,195,288 as of June 30, 2022. The largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its residents; consequently, these assets are not available for future spending.

The County's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of the County's net position for the fiscal year ended June 30, 2022.

Current assets	\$	32,272,345
Non-current assets		28,462,239
Deferred outflows of resources		<u>10,830,111</u>
 Total assets and deferred outflows		 <u>71,564,695</u>
 Current liabilities		 7,913,130
Non-current liabilities		48,700,565
Deferred inflows of resources		<u>11,755,712</u>
 Total liabilities & deferred inflows		 <u>68,369,407</u>
Net position	\$	<u>3,195,288</u>
 Net position - Invested in capital assets, net of related debt	 \$	 17,381,307
Restricted		7,499,158
Unrestricted		<u>(21,685,177)</u>
 Total Net Position	 \$	 <u>3,195,288</u>

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (CONTINUED)
YEAR ENDED JUNE 30, 2022**

The following are significant current year transactions that have had an impact on the Statement of Net Position:

- GO Bond principal payments of \$1,243,226 and bond issuance \$915,400.
- Purchases of equipment, renovations of \$425,419 and depreciation of \$2,553,394.
- GASB 68 - net pension liability - \$16,679,131
- GASB 75 - OPEB Liability - \$18,923,219

Changes in net position: The County's governmental activities revenues for the fiscal year ended June 30, 2022, were \$39,300,100. The total cost of all programs and services was \$39,131,976. The following table presents a summary of the activity that resulted in changes to total net position for the fiscal year ended June 30, 2022.

REVENUES:	Amount
Program revenues:	
Charges for services	\$ 3,851,447
Operating grants and contributions	740,430
Capital grants	--
General revenues:	
Property taxes	23,267,252
Intergovernmental sources	3,802,749
Sales tax	5,517,157
Miscellaneous	<u>2,121,065</u>
Total revenues	<u>39,300,100</u>
EXPENSES:	
Governmental - current	(38,150,994)
Interest and fees	<u>(980,982)</u>
Total expenses	<u>(39,131,976)</u>
Increase in net position	<u>\$ 168,124</u>

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (CONTINUED)
YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

The financial performance of the County as a whole is reflected in its governmental funds. As the County completed the year, its governmental funds reported a combined fund balance of \$23,696,092, a decrease of \$6,724,621 since June 30, 2021. A fund balance of \$10,844,408 or 46 percent of total governmental fund balance constitutes unreserved and unassigned, which is available for spending at the County's discretion.

The remaining fund balance is reserved:

- \$2,069,049 assigned for public safety.
- \$5,430,109 reserved for debt service.
- \$5,329,359 committed for capital projects.
- \$23,167 nonspendable for inventory – fuel.

The General Fund is the principal operating fund of the County. The decrease in fund balance in the General Fund for the fiscal year was \$2,671,116 was due to transfers into other funds as well as a prior period adjustment to move airport activities into the General Fund. The Debt Service Fund balance showed a decrease of \$3,624,822. The Capital Projects Funds showed a fund balance of \$3,339,015, a combination of remaining sales tax bond, financed purchase and GO Bonds proceeds. The Capital Projects had expenditures of \$3,883,578.

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (CONTINUED)
YEAR ENDED JUNE 30, 2022**

BUDGETARY HIGHLIGHTS

A schedule showing the original and final budget amounts compared to the County's actual financial activity for the General Fund is provided in this report.

The County budgeted \$27,294,855 in General Fund Revenue with actual revenue totaling \$30,645,331 for a difference of \$3,350,476. The budget for expenditures was \$27,332,899 with the actual expenditures being \$27,566,560 for a difference of \$233,661. The general fund transferred \$5,773,382 to special revenue projects. The results from revenue, expenditures and other financing sources and uses caused the fund balance to decrease by \$2,562,811. Changes to the original and final budget were made through budget amendments during the year to adjust for various projects and costs.

CAPITAL ASSETS

As of June 30, 2022, the County had invested \$28,462,239 in capital assets, net of accumulated depreciation, including buildings and facilities, fire service and rescue squad vehicles, other vehicles, and other equipment. Total depreciation expense for the year was \$2,553,394 for governmental activities.

The following schedule presents capital asset balances for the fiscal year ended June 30, 2022.

	Amount
Land	\$ 8,143,969
Buildings and improvements	38,619,549
Vehicles and equipment	24,154,392
Roads	11,340,105
Airport Improvements	<u>5,654,044</u>
 Total	 <u>\$ 87,912,059</u>

Additional information on the County's capital assets can be found in Note 5 of this report.

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (CONTINUED)
YEAR ENDED JUNE 30, 2022**

DEBT ADMINISTRATION

The following table presents a summary of the County's outstanding long-term debt for the fiscal year ended June 30, 2022.

	Amount
General obligation bonds	\$ 2,356,244
Special source revenue bonds	5,247,300
Financed purchases	2,287,388
Notes payable from direct borrowings	1,190,000
Compensated absences	<u>806,283</u>
 Total	 <u>\$ 11,887,215</u>

State statutes currently limit the amount of general obligation debt a County may issue to 8 percent of its total assessed valuation. Additional information on the County's long-term debt can be found in Note 6 of this report.

NET OPEB AND PENSION LIABILITIES

The County offers retiree health insurance to its employees that meet the requirements and years of service. The County has recorded a OPEB obligation to fund future benefits due under this program. The liability as of June 30, 2022, was \$18,923,219. Management will review the OPEB cost annually to determine how this benefit will impact the County and its employees in the future.

The County participates in the SC Retirement System and Police Officers Retirement System. As such the County has recorded a pension liability of \$16,679,131. The County continues to pay the required contribution rate for its employees.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Newberry County is one of the oldest counties in the State of South Carolina, having been created by the old Ninety-Six District in 1785. The county is located in the central piedmont portion of the state and encompasses a land area of 630 square miles. Approximately 54,000 acres located within the northeastern portion of Newberry County are within the Sumter National Forest.

Agriculture and manufacturing are important sources of employment for the residents of the County. Some of Newberry County's major taxpayers are Louis Rich, Renfro Corporation, Georgia Pacific Corporation and International Paper.

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (CONTINUED)
YEAR ENDED JUNE 30, 2022**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

Numerous factors will be considered by County Council during the process of developing the fiscal year 2022 - 2023 budget. Some of County Council's main goals are to enhance the tax base and job opportunities for Newberry County. This will be done by continuing the refinement of the County's economic development plan. This plan will consist of industrial, commercial and tourism elements. A portion of this plan includes the development of a new industrial park. County staff is currently developing a plan to implement GIS and also developing a plan to enhance the Newberry County Airport. Further, we are studying alternative sources for revenue.

Another goal established by Newberry County Council is to continue to improve the quality and efficiency of services to all our citizens. This will be accomplished by the proper alignment of resources with professional service priorities as established by County Council.

CURRENT AND PRIOR YEAR FINANCIAL ANALYSIS

Tables I – II are presented for additional analysis of the County's finances for the FY 2021 - 2022.

Table I – Statement of Net Position – Governmental Activities – Total current assets decreased \$5,088,184 versus the prior year due to decreases in cash. Capital assets decreased \$2,127,975 net as shown in Note 5 for capital asset additions for equipment less depreciation expense. Total liabilities decreased \$19,600,096 due to the Net OPEB Obligation decrease & payment of long-term debt principal. Net position increased \$168,124 for spending in capital projects.

Table II – Statement of Activities – Governmental Activities – Total revenues increased \$3,722,384 (Property taxes increased \$549,150, sales tax increased \$526,854). Total expenses decreased \$1,161,657 due to decreases in social services, law enforcement, and administration expenses, partially offset by increases in public safety, public works, and miscellaneous expenses.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Division of Financial Services, Newberry County, 1309 College Street, Newberry, South Carolina 29108. (Telephone # 803-321-2100).

Information on component units and their financial reports can be obtained by contacting Division of Financial Services, Newberry County, 1309 College Street, Newberry, South Carolina 29108. (Telephone # 803-321-2100).

NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (CONTINUED)
YEAR ENDED JUNE 30, 2022

Tables I – Current vs. Prior – Statements of Net Position – Governmental Activities.

	Governmental Activities		
	2022	2021	Variance
Current and other assets	\$ 32,272,345	\$ 37,280,529	\$ (5,008,184)
Capital assets	28,462,239	30,590,214	(2,127,975)
Total assets	60,734,584	67,870,743	(7,136,159)
Other postemployment benefits	7,228,466	8,307,342	(1,078,876)
Pension - South Carolina Retirement System	1,588,647	1,735,209	(146,562)
Pension - South Carolina Police Officers Retirement System	2,012,998	2,050,210	(37,212)
Total deferred outflows of resources	10,830,111	12,092,761	(1,262,650)
Long-term liabilities debt	13,098,215	19,023,049	(5,924,834)
Other liabilities	7,913,130	10,559,074	(2,645,944)
Other postemployment benefits liability	18,923,219	26,808,197	(7,884,978)
Net Pension Liability:			
South Carolina Retirement System	9,638,456	11,254,173	(1,615,717)
South Carolina Police Officers Retirement System	7,040,675	8,569,298	(1,528,623)
Total liabilities	56,613,695	76,213,791	#####
Other postemployment benefits	8,500,388	85,397	8,414,991
Pension - South Carolina Retirement System	1,565,721	365,213	1,200,508
Pension - South Carolina Police Officers Retirement System	1,689,603	271,939	1,417,664
Total deferred inflows of resources	11,755,712	722,549	11,033,163
Net position:			
Net investment in capital assets	17,381,307	23,640,964	(6,259,657)
Restricted	7,499,158	9,137,425	(1,638,267)
Unrestricted	(21,685,177)	(29,751,225)	8,066,048
Total net position	\$ 3,195,288	\$ 3,027,164	\$ 168,124

NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (CONTINUED)
YEAR ENDED JUNE 30, 2022

Tables II – Current vs. Prior – Statement of Activities – Governmental Activities.

	Governmental Activities		
	<u>2022</u>	<u>2021</u>	<u>Variance</u>
Revenues			
Program revenues:			
Charges for services	\$ 3,851,447	\$ 3,464,059	\$ 387,388
Operating grants and contributions	740,430	204,004	536,426
General revenues:			
Property taxes	23,267,252	22,718,102	549,150
Sales taxes	5,517,157	4,990,303	526,854
Grants and contributions not restricted to specific programs	3,802,749	2,965,221	837,528
Unrestricted investment earnings	13,748	-	13,748
Miscellaneous	2,107,317	1,236,027	871,290
Total revenues	<u>39,300,100</u>	<u>35,577,716</u>	<u>3,722,384</u>
Program expenses			
Legislative	304,528	344,995	(40,467)
Administration	2,160,785	5,013,935	(2,853,150)
Tax assessment & collections	1,592,665	1,606,806	(14,141)
Election & registration	155,291	234,568	(79,277)
Administration of justice	2,144,555	2,090,733	53,822
Law enforcement	497,517	4,882,312	(4,384,795)
Public safety	13,561,784	7,321,679	6,240,105
Public works	11,390,076	7,424,114	3,965,962
Planning & development	544,968	648,120	(103,152)
Agriculture & home economics	129,076	98,166	30,910
Public health	23,062	16,870	6,192
Social services	320,342	7,767,227	(7,446,885)
Miscellaneous	4,946,081	1,514,246	3,431,835
Emergency telephone reporting	380,264	542,891	(162,627)
Interest on long-term debt	980,982	786,971	194,011
Total expenses	<u>39,131,976</u>	<u>40,293,633</u>	<u>(1,161,657)</u>
Increase (decrease) in net position	168,124	(4,715,917)	4,884,041
Net position, beginning of year	<u>3,027,164</u>	<u>7,743,081</u>	<u>(4,715,917)</u>
Net position, end of year	<u><u>\$ 3,195,288</u></u>	<u><u>\$ 3,027,164</u></u>	<u><u>\$ 168,124</u></u>

NEWBERRY COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2022

	Primary Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	\$ 28,740,074	\$ 2,384,791
Investments	-	41,556,665
Receivables:		
Taxes, net of allowance for doubtful accounts	808,728	-
Accounts, net of allowance for doubtful accounts	149,708	-
Other	-	7,049,224
Due from other governments	2,550,668	-
Inventory	23,167	1,946,745
Prepays and other assets	-	4,856,632
Investment in joint ventures	-	337,314
Capital assets:		
Right-to-use leased assets, net of accumulated amortization	-	161,466
Nondepreciable	8,143,969	1,050,026
Depreciable, net of accumulated depreciation	20,318,270	14,005,285
Total assets	60,734,584	73,348,148
DEFERRED OUTFLOWS OF RESOURCES		
Pension - South Carolina Retirement System	1,588,647	462,642
Pension - South Carolina Police Officers Retirement System	2,012,998	-
Other postemployment benefits	7,228,466	-
Total deferred outflows of resources	10,830,111	462,642
LIABILITIES		
Accounts payable	1,371,346	3,950,698
Accrued liabilities	542,855	2,771,616
Unearned revenues	3,160,242	-
Due to other governments	2,838,687	-
Noncurrent liabilities:		
Due within one year	4,374,207	815,386
Due in more than one year	8,724,008	3,562,630
Total other postemployment benefits liability	18,923,219	-
Net pension liability:		
South Carolina Retirement System	9,638,456	1,827,684
South Carolina Police Officers Retirement System	7,040,675	-
Total liabilities	56,613,695	12,928,014
DEFERRED INFLOWS OF RESOURCES		
Pension - South Carolina Retirement System	1,565,721	288,669
Pension - South Carolina Police Officers Retirement System	1,689,603	-
Other postemployment benefits	8,500,388	-
Total deferred inflows of resources	11,755,712	288,669
NET POSITION		
Net investment in capital assets	17,381,307	10,681,370
Restricted for:		
Public safety	2,069,049	1,473,605
Debt service	5,430,109	-
Unrestricted	(21,685,177)	48,439,132
Total net position	\$ 3,195,288	\$ 60,594,107

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

NEWBERRY COUNTY, SOUTH CAROLINA

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

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Units
Primary government:						
Governmental activities:						
Legislative	\$ 304,528	\$ -	\$ -	\$ -	\$ (304,528)	\$ -
Administration	2,160,785	-	-	-	(2,160,785)	-
Tax assessment & collections	1,592,665	-	-	-	(1,592,665)	-
Election & registration	155,291	-	-	-	(155,291)	-
Administration of justice	2,144,555	-	137,648	-	(2,006,907)	-
Law enforcement	497,517	159,093	5,662	-	(332,762)	-
Public safety	13,561,784	2,966,919	597,120	-	(9,997,745)	-
Public works	11,390,076	-	-	-	(11,390,076)	-
Planning & development	544,968	-	-	-	(544,968)	-
Agriculture & home economics	129,076	-	-	-	(129,076)	-
Public health	23,062	-	-	-	(23,062)	-
Social services	320,342	-	-	-	(320,342)	-
Miscellaneous	4,946,081	75,982	-	-	(4,870,099)	-
Emergency telephone reporting	380,264	649,453	-	-	269,189	-
Interest on long-term debt	980,982	-	-	-	(980,982)	-
Total governmental activities	<u>39,131,976</u>	<u>3,851,447</u>	<u>740,430</u>	<u>-</u>	<u>(34,540,099)</u>	<u>-</u>
Component units:						
Westview Behavioral Health Services	1,970,658	47,281	1,783,854	-	-	(139,523)
Newberry County Memorial Hospital	60,518,092	56,612,476	2,957,923	-	-	(947,693)
Total component units	<u>\$ 62,488,750</u>	<u>\$ 56,659,757</u>	<u>\$ 4,741,777</u>	<u>\$ -</u>	<u>-</u>	<u>(1,087,216)</u>
General revenues:						
Property taxes levied for:						
General purposes					21,887,155	-
Debt service					1,380,097	-
County apportionment					-	1,182,444
Sales taxes					5,517,157	-
Grants and contributions not restricted for a specific purpose					3,802,749	-
Unrestricted investment earnings (losses)					13,748	(4,683,862)
Miscellaneous					2,107,317	237,211
Total general revenues					<u>34,708,223</u>	<u>(3,264,207)</u>
Change in net position					168,124	(4,351,423)
Net position, beginning of year					3,027,164	64,945,530
Net position, end of year					<u>\$ 3,195,288</u>	<u>\$ 60,594,107</u>

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

NEWBERRY COUNTY, SOUTH CAROLINA

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

	<u>General</u>	<u>Miscellaneous Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 16,530,485	\$ 3,138,578	\$ 3,339,015	\$ 3,935,216	\$ 1,796,780	\$ 28,740,074
Receivables, net:						
Taxes	760,366	-	-	48,362	-	808,728
Accounts	149,708	-	-	-	-	149,708
Due from other governments	351,570	671,767	-	1,527,331	-	2,550,668
Inventory	23,167	-	-	-	-	23,167
Due from other funds	377,834	-	-	-	-	377,834
Total assets	<u>\$ 18,193,130</u>	<u>\$ 3,810,345</u>	<u>\$ 3,339,015</u>	<u>\$ 5,510,909</u>	<u>\$ 1,796,780</u>	<u>\$ 32,650,179</u>
LIABILITIES						
Accounts payable	\$ 1,340,575	\$ -	\$ -	\$ 30,771	\$ -	\$ 1,371,346
Accrued liabilities	457,794	-	-	-	-	457,794
Due to other governments	2,838,687	-	-	-	-	2,838,687
Due to other funds	-	-	-	-	377,834	377,834
Unearned revenue	-	3,138,578	-	-	21,664	3,160,242
Total liabilities	<u>4,637,056</u>	<u>3,138,578</u>	<u>-</u>	<u>30,771</u>	<u>399,498</u>	<u>8,205,903</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	698,155	-	-	44,609	-	742,764
Unavailable revenue - intergovernmental	-	-	-	5,420	-	5,420
Total deferred inflows of resources	<u>698,155</u>	<u>-</u>	<u>-</u>	<u>50,029</u>	<u>-</u>	<u>748,184</u>
FUND BALANCES						
Nonspendable:						
Inventory	23,167	-	-	-	-	23,167
Restricted for:						
Public safety	-	671,767	-	-	1,397,282	2,069,049
Debt service	-	-	-	5,430,109	-	5,430,109
Committed:						
Capital projects	-	-	3,339,015	-	-	3,339,015
Subsequent year's budget	1,990,344	-	-	-	-	1,990,344
Unassigned	10,844,408	-	-	-	-	10,844,408
Total fund balances	<u>12,857,919</u>	<u>671,767</u>	<u>3,339,015</u>	<u>5,430,109</u>	<u>1,397,282</u>	<u>23,696,092</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,193,130</u>	<u>\$ 3,810,345</u>	<u>\$ 3,339,015</u>	<u>\$ 5,510,909</u>	<u>\$ 1,796,780</u>	<u>\$ 32,650,179</u>

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

NEWBERRY COUNTY, SOUTH CAROLINA

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

Total fund balances for governmental funds:	\$	23,696,092
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		28,462,239
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		748,184
Certain long-term liabilities are not due and payable in the current period and are therefore not reported in the funds. All liabilities, both current and long-term, are reported in the Statement of Net Position net of issuance premiums, discounts, and refunding deferral amounts.		
General obligation bonds	\$ (2,356,244)	
Financed purchase obligations	(2,287,388)	
Revenue bonds	(5,247,300)	
Notes payable from direct borrowings	(1,190,000)	
Compensated absences payable	(806,283)	
Landfill postclosure liability	(1,211,000)	
Net pension liability, net of related deferred outflows of resources and deferred inflows of resources	(16,332,810)	
Total other postemployment liability, net of related deferred outflows of resources and deferred inflows of resources	<u>(20,195,141)</u>	
Total long-term liabilities		(49,626,166)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		<u>(85,061)</u>
Net position of governmental activities	\$	<u><u>3,195,288</u></u>

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

NEWBERRY COUNTY, SOUTH CAROLINA

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

	<u>General</u>	<u>Miscellaneous Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 21,812,570	\$ -	\$ -	\$ 1,380,097	\$ -	\$ 23,192,667
Sales taxes	-	-	-	5,517,157	-	5,517,157
Intergovernmental	3,802,749	597,120	-	-	143,310	4,543,179
Charges for services	75,982	-	-	-	882,623	958,605
Fines & forfeitures	2,892,842	-	-	-	-	2,892,842
Interest revenue	-	-	1,721	12,027	-	13,748
Miscellaneous	2,061,188	-	-	-	46,129	2,107,317
Total revenues	<u>30,645,331</u>	<u>597,120</u>	<u>1,721</u>	<u>6,909,281</u>	<u>1,072,062</u>	<u>39,225,515</u>
EXPENDITURES						
Current:						
Legislative	304,195	-	-	-	-	304,195
Administration	1,733,299	-	-	-	-	1,733,299
Tax assessment & collections	1,591,518	-	-	-	-	1,591,518
Election & registration	163,104	-	-	-	-	163,104
Administration of justice	2,115,614	-	-	-	35,460	2,151,074
Law enforcement	-	-	-	-	84,825	84,825
Public safety	11,703,587	600,906	-	-	66,012	12,370,505
Public works	6,603,682	-	-	-	-	6,603,682
Planning & development	616,952	-	-	-	-	616,952
Agriculture & home economics	129,076	-	-	-	-	129,076
Public health	23,062	-	-	-	-	23,062
Social services	319,280	-	-	-	-	319,280
Miscellaneous	2,184,156	2,276,119	-	-	-	4,460,275
Emergency telephone reporting	-	-	-	-	380,264	380,264
Capital outlay	79,035	-	3,883,578	-	-	3,962,613
Debt service:						
Principal retirements	-	-	-	5,191,597	-	5,191,597
Interest & fiscal charges	-	-	-	781,344	-	781,344
Total expenditures	<u>27,566,560</u>	<u>2,877,025</u>	<u>3,883,578</u>	<u>5,972,941</u>	<u>566,561</u>	<u>40,866,665</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,078,771</u>	<u>(2,279,905)</u>	<u>(3,881,857)</u>	<u>936,340</u>	<u>505,501</u>	<u>(1,641,150)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	131,800	2,292,576	3,480,806	1,003,309	-	6,908,491
Transfers out	(5,773,382)	-	(1,003,309)	-	(131,800)	(6,908,491)
Financed purchase proceeds	-	-	481,000	-	-	481,000
General obligation bond proceeds	-	-	-	915,400	-	915,400
Payments to escrow agent	-	-	-	(6,479,871)	-	(6,479,871)
Total other financing sources (uses), net	<u>(5,641,582)</u>	<u>2,292,576</u>	<u>2,958,497</u>	<u>(4,561,162)</u>	<u>(131,800)</u>	<u>(5,083,471)</u>
Net change in fund balances	<u>(2,562,811)</u>	<u>12,671</u>	<u>(923,360)</u>	<u>(3,624,822)</u>	<u>373,701</u>	<u>(6,724,621)</u>
Fund balances, beginning of year as previously reported	<u>15,529,035</u>	<u>659,096</u>	<u>4,262,375</u>	<u>9,054,931</u>	<u>915,276</u>	<u>30,420,713</u>
Prior period adjustment	<u>(108,305)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,305</u>	<u>-</u>
Fund balances, beginning of year as restated	<u>15,420,730</u>	<u>659,096</u>	<u>4,262,375</u>	<u>9,054,931</u>	<u>1,023,581</u>	<u>30,420,713</u>
Fund balances, end of year	<u>\$ 12,857,919</u>	<u>\$ 671,767</u>	<u>\$ 3,339,015</u>	<u>\$ 5,430,109</u>	<u>\$ 1,397,282</u>	<u>\$ 23,696,092</u>

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

NEWBERRY COUNTY, SOUTH CAROLINA

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

Net change in fund balances - total governmental funds \$ (6,724,621)

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

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

Capital outlay	\$ 425,419	
Depreciation expense	<u>(2,553,394)</u>	(2,127,975)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 74,585

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. Also, the refunding deferral amount, which is the difference in the amount that is sent to the paying agent to be escrowed for payment of refunded debt and the principal amount of debt refunded, is amortized as an adjustment of interest expense in the Statement of Activities. The effects of these items are as follows:

Repayment of the principal of long-term debt	\$ 11,351,597	
General obligation bonds proceeds	(915,400)	
Financed purchases proceeds	<u>(481,000)</u>	9,955,197

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The following amounts represent the net liability changes using the full accrual method of accounting:

Compensated absences	\$ 64,200	
Pension liability and deferred outflows and inflows of resources	342,394	
Other postemployment benefits liability and deferred outflows and inflows of resources	(1,608,889)	
Landfill post-closure care costs	73,000	
Accrued interest on long-term debt	<u>120,233</u>	<u>(1,009,062)</u>

Change in net position of governmental activities \$ 168,124

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

NEWBERRY COUNTY, SOUTH CAROLINA

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

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 38,568,091
Taxes receivable	<u>1,351,623</u>
Total assets	<u>39,919,714</u>
LIABILITIES	
Due to others	38,207,461
Uncollected taxes	<u>1,351,623</u>
Total liabilities	<u>39,559,084</u>
NET POSITION	
Restricted for individuals, organizations, and other governments	<u>360,630</u>
Total net position	<u>\$ 360,630</u>

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

NEWBERRY COUNTY, SOUTH CAROLINA

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

	<u>Custodial Funds</u>
ADDITIONS	
Taxes	\$ 134,239,967
Fine and fees	<u>1,183,794</u>
Total additions	<u>135,423,761</u>
DEDUCTIONS	
Taxes and fees paid to other governments	134,239,967
Funds disbursed per court order	<u>1,028,379</u>
Total deductions	<u>135,268,346</u>
Change in net position	155,415
NET POSITION, BEGINNING OF YEAR, AS RESTATED	<u>205,215</u>
NET POSITION, END OF YEAR	<u><u>\$ 360,630</u></u>

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

NOTES TO FINANCIAL STATEMENTS

NEWBERRY COUNTY, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Newberry County, South Carolina (the "County") operates under a council-administrator form of government and provides the following services as authorized by its charter: public safety (police and fire), road maintenance, health and social services, and general administrative services.

The primary government financial statements of Newberry 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.

General

The accounting and reporting policies of the County, relating to the funds and account groups included in the accompanying general-purpose financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the County are described below.

Reporting Entity

As required by generally accepted accounting principles, these financial statements present Newberry County, South Carolina and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operation or financial relationship with the County.

The **Newberry County Memorial Hospital** (the "Hospital") is a discretely presented component unit established in 1925 by the County to operate, control, and manage all matters concerning the County's health care function. The Hospital is governed by a Board of Trustees, which is appointed by the County. The Board of Trustees selects management staff, establishes budgets, and controls all aspects of the operation of the Hospital. The County can impose its will on the Hospital. The Hospital has a June 30 year-end.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The **Westview Behavioral Health Services** (the “Agency”) is a discretely presented component unit that was created by County Council in 1973 to develop, implement, and administer programs for the prevention, control and treatment of alcohol and drug problems in Newberry County. The Agency is governed by a Board of Directors, which is appointed by the County. The Agency has a June 30 year-end.

The **Newberry County Regional Library** (the “Library”), a discretely presented component unit, was created by County Council in 1979. The County provides the Library with an annual appropriation which is the majority of the Library’s revenues. The Library is governed by a Board of Directors, which is appointed by the County Council. The Board of Directors is responsible for the hiring and termination of management personnel. The Library has a June 30 year-end.

Audited financial statements of the discretely presented component units may be obtained by written request to Division of Financial Services, Newberry County, 1309 College Street, Newberry, South Carolina 29108.

Basis of Presentation

Government-wide Financial Statements

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities and fund financial statements which provide a more detailed level of financial information.

The Statement of Net Position and the Statement of Activities display 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 Statement of Net Position presents the financial condition for the County at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the County. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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 focus of governmental 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.

The County reports the following major governmental funds:

General Fund

The General Fund represents the County's main operating fund and is used to account for all financial resources except those required to be accounted for in another fund. All property taxes, intergovernmental revenue, charges for services, fines and fees, and miscellaneous revenue are recorded in this fund except amounts which are specifically collected to service debt or for which the County Treasurer collects taxes and other funds in a fiduciary capacity. Operational expenditures for general government, public safety, public works and other departments of the County are paid through the General Fund.

Miscellaneous Special Revenue Fund

The Miscellaneous Special Revenue Fund is used to account for monies collected from various sources. Such monies are restricted for their specific purpose.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources specifically allocated for the County's future building and construction projects.

Debt Service Fund

This fund accounts for the accumulation of resources for and the payment of bond principal and interest. Debt service funds of the County are established and maintained in accordance with Acts passed by the General Assembly of South Carolina authorizing the sale of general obligation debt bonds of the County. Bonds and interest for which the County Treasurer collects and remits receipts to, or on behalf of, other governmental units are accounted for as part of the custodial fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

Additionally, the County reports the following fund types:

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditure for specified purposes. Resources restricted to expenditures for purposes normally financed from the general fund may be accounted for through the general fund provided that applicable legal requirements can be appropriately satisfied and use of special revenue funds is not required unless they are legally mandated.

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

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources management focus* and the *accrual basis of accounting*, as are the 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 revenue as soon as all eligibility requirements imposed by the provider have been met. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of the County are included on the Statement of Net Position.

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

Amounts reported as *program revenues* include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements

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

With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify funds.

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Revenue - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlement and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: delinquent taxes, sales tax, grants, interest, fees and charges for services.

Unavailable Revenue

Unavailable revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of year-end, but which were levied to finance fiscal year 2022 operations, have been recorded as unavailable revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unavailable revenue.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as commitments of fund balance and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. The County did not have any material encumbrances at June 30, 2022.

Assets, Liabilities and Net Position or Fund Balance

Cash and Investments

Cash includes demand deposits as well as cash equivalents and short-term investments with a maturity date within three months of the date acquired by the County.

Investments with a readily determined fair market value are stated at fair value which approximates cost. State statutes authorize the County to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its political subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposits collaterally secured, repurchase agreements secured by the foregoing obligations, and the South Carolina Local Government Investment Pool (LGIP). The LGIP is an investment mechanism authorized by the South Carolina State Legislature and is not registered with the SEC as an investment company. There is no regulatory oversight of the pool. The pool's primary objective is to acquire maximum returns on investments by pooling available funds with funds from other political subdivisions. 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. Investments in the pool are stated at fair value which approximates cost.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Fund Balance (Continued)

Receivables

All property taxes receivable are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 2% of outstanding property taxes at June 30, 2022.

Intergovernmental Receivable

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.

Investments

Investments, consisting primarily of the LGIP, are stated at fair market value. It is generally the policy of the County to hold investments to maturity.

Inventory

The County has fuel facilities at the County Airport. The County values its inventory at cost using the first-in/first-out (FIFO) method. The cost inventories are recorded as expenditures when consumed rather than when purchased or produced.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Fund Balance (Continued)

Capital Assets

Capital assets, which include buildings and improvements, furniture, fixtures, equipment, and infrastructure assets (e.g., roads, bridges and similar items), are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of three years.

Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at acquisition value.

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

Major outlays for capital assets and improvements are capitalized as the projects are constructed.

All reported capital assets except land and site preparation are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the modified accelerated cost recovery method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	15 - 30
Vehicles and equipment	3 - 10
Roads	3 - 10
Airport Improvements	3 - 10

Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Fund Balance (Continued)

Deferred Inflows/Outflows 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 so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has five (5) items that qualify for reporting in this category. These items relate to the County's pension and other postemployment benefits (OPEB) plans and are reported in the government-wide Statement of Net Position. (1) Experience gains result from periodic studies by the Plans' actuaries, which adjust the net pension liability and total OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of Plan members. These experience losses are recorded as deferred outflows of resources and are amortized into pension and OPEB expense over the expected remaining service lives of the Plan members. (2) The differences between projected investment return on pension investments and actual return on those investments are deferred and amortized against pension expense over a five-year period. (3) The changes in the County's proportionate share of the collective net pension liability and differences between actual employer contributions and proportionate share of the total plan employer contributions are specific to cost-sharing multiple employer defined benefit pension plans and represent the current period amortized portions of these deferred outflows. (4) Changes in actuarial assumptions adjust the net pension liability and the total OPEB liability and are amortized into pension and OPEB expense over the expected remaining service lives of Plan members. (5) Any contributions made by the County to the pension plan before year end but subsequent to the measurement date of the County's net pension liability are reported as deferred outflows of resources. Any contributions made by the County to the OPEB plan before year end but subsequent to the measurement date of the County's total OPEB liability are reported as deferred outflows of resources.

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet reports 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 so will not be recognized as an inflow of resources (revenue) until that time. The County has four (4) types of items that qualify for reporting in this category, one of which arises only under a modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the Governmental Funds Balance Sheet. The governmental funds report unavailable revenues from property taxes and intergovernmental revenue. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Fund Balance (Continued)

Deferred Inflows/Outflows of Resources (Continued)

The other three items relate to the County's pension and OPEB plans and are reported in the government-wide Statement of Net Position. (1) Certain experience gains (discussed in a previous paragraph) are deferred and amortized against pension and OPEB expense over a five-year period, resulting in recognition as deferred inflows of resources. (2) Changes in the proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions are reported as deferred inflows of resources and will be recognized as an increase of the net pension liability. (3) Changes in actuarial assumptions (discussed in the previous paragraph) adjust the total OPEB liability and are amortized against OPEB expense over the expected remaining service lives of Plan members.

Interfund Transactions

Transactions among County funds that would be treated as revenues and expenditures or expenses if they involved organizations external to County government are accounted for as revenues and expenditures or expenses in the funds involved. Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended are separately reported in the respective fund's operating statements.

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

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the straight-line 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Fund Balance (Continued)

Fund Balance

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 inventories as being nonspendable as these items 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 by 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 County Council, through passage of an ordinance. These amounts cannot be used for any other purpose unless the County 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, the County Council has authorized the County Administrator to assign fund balances to a specific purpose. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Fund Balance (Continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, 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.

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as needed, but County Council reserves the right to selectively spend unrestricted resources first and to defer the use of the restricted funds.

Use of Estimates

The financial statements include estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenditures/expenses. Actual results could differ from these estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

County Council adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and the Miscellaneous Special Revenue Fund prior to the beginning of each fiscal year. The adopted budgets specify expenditure limits appropriated to each County department. Departmental expenditures may not exceed amounts appropriated without the approval of County Council and unexpended appropriations lapse at fiscal year-end. Budget amounts reflected in the accompanying financial statements represent the adopted budget and any revisions approved by County Council during the fiscal year. Line item transfers within operating departments are approved by the County Council. County Council must approve transfers between departments or funds and any additional appropriations.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Excess of Expenditures Over Appropriations

For the year ended June 30, 2022, expenditures exceeded appropriations as follows:

	Excess
General Fund:	
Administration of justice - criminal & civil court	\$ 31,351
Administration of justice - probation & parole office	126
Administration of justice - coroner	3,265
Public safety - building inspections	4,557
Public safety - substation	804
Public safety - other public safety	2,821
Public works - transfer station	537,031
Agriculture & home economics - Newberry soil & water conservation	6,638
Nondepartmental - contingency	1,373,026
Miscellaneous Special Revenue Fund:	
Public safety	600,906
Miscellaneous	417,459

These over-expenditures were funded by under-expenditures in other departments or greater than anticipated revenues.

NOTE 3. CASH AND INVESTMENTS

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

As reported in the Statement of Net Position:

Primary government	
Cash and cash equivalents	\$ 28,740,074

As reported in the Statement of Fiduciary

Net Position:	
Custodial Funds - cash and cash equivalents	38,568,091
	\$ 67,308,165

Cash deposited with financial institutions	\$ 23,933,705
SC Local Government Investment Pool	43,374,460
	\$ 67,308,165

Custodial credit risk

This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County's policy regarding cash custodial credit risk is to require the banks with which the County maintains deposits to collateralize or insure the County's funds. As of June 30, 2022, the carrying amount of the County's deposits was \$23,933,705 and the bank balance was \$23,915,445. All of the County's deposits at year-end were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust departments in the County's name.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements

The LGIP is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the County does not disclose investments in the LGIP within the fair value hierarchy.

Credit Risk

This is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. The County has no investment policy that would further limit its investment choices other than state law. The County is invested in the LGIP. The LGIP is not rated, but generally, investments in this pool are collateralized by debt securities in corporate obligations, state or political subdivision obligations of investment grade or higher quality and in federal agency securities.

Interest Rate Risk

This is the risk that the fair value of securities in the portfolio will fall due to changes in the market interest rates. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk

This is the risk of loss attributable to the magnitude of the County's investment in a single issuer. The County places no limit on the amount the County may invest in any one issuer.

Custodial Credit Risk

This is the risk that, in the event of a failure of the counterparty, the County may not be able to recover the value of investments, or collateral securities that are in possession of an outside party. The County has no investment policy that would further limit its investment choices other than state law.

NOTE 4. RECEIVABLES AND PROPERTY TAXES

Property taxes are levied on real properties owned on the preceding December 31 of each County fiscal year ended June 30. Liens attach to the property at the time the taxes are levied, which is usually in October of each year. These taxes are due without penalty through January 15. Penalties are added to taxes depending on the date paid as follows:

January 16 through February 1	5% of tax
February 2 through March 16	10% of tax
March 17 through March 31	15% of tax plus collection cost

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES AND PROPERTY TAXES (CONTINUED)

Current year real property taxes become delinquent on March 17. The levy date for motor vehicle taxes is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month. Only the portion of uncollected taxes at June 30, 2022, that are collected within sixty days after June 30, is considered to be available to liquidate current liabilities under the modified accrual basis of accounting. Therefore, a unavailable revenue account has been provided equal to the delinquent accounts in excess of the sixty-day period.

Amounts recorded under the accrual basis of accounting are recognized as revenue when assessed and levied.

Receivables as of June 30, 2022, including the applicable allowances for uncollectible accounts, are as follows:

	General	Miscellaneous Special Revenue	Debt Service	Total
Taxes receivable	\$ 775,884	\$ -	\$ 49,349	\$ 825,233
Accounts receivable	149,708	-	-	149,708
Due from other governments	351,570	671,767	1,527,331	2,550,668
Less: Allowance	(15,518)	-	(987)	(16,505)
Net receivables	\$ 1,261,644	\$ 671,767	\$ 1,575,693	\$ 3,509,104

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the County's governmental activities for the year ended June 30, 2022 was as follows:

Governmental Activities	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 8,143,969	\$ -	\$ -	\$ -	\$ 8,143,969
Total capital assets not being depreciated	<u>8,143,969</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,143,969</u>
Capital assets being depreciated:					
Buildings and improvements	38,619,549	-	-	-	38,619,549
Vehicles and equipment	23,728,973	425,419	-	-	24,154,392
Roads	11,340,105	-	-	-	11,340,105
Airport improvements	5,654,044	-	-	-	5,654,044
Total capital assets being depreciated	<u>79,342,671</u>	<u>425,419</u>	<u>-</u>	<u>-</u>	<u>79,768,090</u>
Less accumulated depreciation for:					
Buildings and improvements	(20,994,288)	(953,364)	-	-	(21,947,652)
Vehicles and equipment	(20,792,670)	(1,223,094)	-	-	(22,015,764)
Roads	(11,340,105)	-	-	-	(11,340,105)
Airport improvements	(3,769,363)	(376,936)	-	-	(4,146,299)
Total accumulated depreciation	<u>(56,896,426)</u>	<u>(2,553,394)</u>	<u>-</u>	<u>-</u>	<u>(59,449,820)</u>
Total capital assets being depreciated, net	<u>22,446,245</u>	<u>(2,127,975)</u>	<u>-</u>	<u>-</u>	<u>20,318,270</u>
Governmental activities capital assets, net	<u>\$ 30,590,214</u>	<u>\$ (2,127,975)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,462,239</u>

Depreciation expense was charged to functions as follows:

Tax assessment	\$ 5,476
Administration of justice	6,721
Law enforcement	304,393
Detention	108,299
Public safety	689,990
Public works	1,436,473
Planning and development	2,042
Total Governmental Activities Depreciation Expense	<u>\$ 2,553,394</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES

Governmental Activities	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due within One Year
General obligation bonds	\$ 2,684,070	\$ 915,400	\$ (1,243,226)	\$ 2,356,244	\$ 333,668
Special source revenue bonds	5,500,000	-	(252,700)	5,247,300	275,000
Sales tax bonds	9,025,000	-	(9,025,000)	-	-
Financed purchases	2,637,059	481,000	(830,671)	2,287,388	736,972
Notes payable from direct borrowings	1,190,000	-	-	1,190,000	1,190,000
Landfill post-closure care	1,284,000	-	(73,000)	1,211,000	1,211,000
Compensated absences	870,483	563,367	(627,567)	806,283	627,567
Total OPEB liability	26,808,197	1,861,876	(9,746,854)	18,923,219	-
Net pension liability - SCRS	11,254,173	1,395,609	(3,011,326)	9,638,456	-
Net pension liability - PORS	8,569,298	1,677,879	(3,206,502)	7,040,675	-
	<u>\$ 69,822,280</u>	<u>\$ 6,895,131</u>	<u>\$ (28,016,846)</u>	<u>\$ 48,700,565</u>	<u>\$ 4,374,207</u>

The General Fund has typically been used in prior years to liquidate the liabilities for compensated absences and the net pension, OPEB, and landfill liabilities.

General Obligation Bonds

During the year ended June 30, 2019, the County issued series 2018C general obligation bonds in the amount of \$800,000. The bond proceeds were used to defray the costs of renovating certain County buildings. The series 2018 bonds are payable in annual installments of \$92,393, including principal and interest, on March 1st each year over the term of the bonds.

During the year ended June 30, 2021, the County issued series 2020A and 2020B general obligation bonds in the amount of \$1,668,000 and \$800,000, respectively. The bond proceeds were used to defray the costs of renovating certain County buildings. The series 2020A bonds are payable in annual installments of \$85,600 to \$186,600, including principal and interest, on March 1st each year over the term of the bonds. The series 2020B bonds are payable in annual installments of \$44,900 to \$76,400, including principal and interest, on March 1st each year over the term of the bonds.

During the year ended June 30, 2022, the County issued series 2021 general obligation bonds in the amount of \$915,400. The bond proceeds were used to defray the costs of renovating certain County buildings. The series 2021 bonds were issued on December 9, 2021 and matured on April 5, 2022. The County paid the entire balance of the bond in the year ended June 30, 2022.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds (Continued)

General obligation bonds outstanding at June 30, 2022, are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
2018C GO Bond	3.940%	10 years	2029	\$ 800,000	\$ 500,844
2020A GO Bond	1.270%	10 years	2030	1,668,000	1,301,300
2020B GO Bond	1.80%	10 years	2030	800,000	554,100
					<u>\$ 2,356,244</u>

The annual requirements to retire all general obligation bonds as of June 30, 2022, including interest payments, are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2023	\$ 333,668	\$ 41,430	\$ 375,098
2024	339,577	35,478	375,055
2025	345,654	29,402	375,056
2026	351,802	23,202	375,004
2027	358,223	16,875	375,098
2028 - 2030	627,320	16,162	643,482
	<u>\$ 2,356,244</u>	<u>\$ 162,549</u>	<u>\$ 2,518,793</u>

The general obligation bonds are secured by a pledge of the full faith, credit and taxing power of the County. The general obligation bonds contain a provision that, in the event of default, the bonds would immediately become due and payable.

There are a number of limitations and restrictions contained in the various debt instruments. The County is in compliance with all significant limitations and restrictions including the legal debt limit imposed by Article X, Section 15 of the Constitution of the State of South Carolina, 1895, as amended. The County is allowed to incur general obligation (general purpose) bonded indebtedness in an amount not exceeding 8% of the assessed value of all taxable property of the County. Based on the taxable assessed property valuation net of exemptions of \$168,017,770, the legal debt limit is \$13,441,422, and the legal debt margin is \$9,895,178 as of June 30, 2022.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Special Source Revenue Bonds

The County also issues bonds where the County pledges income service from the acquired or constructed assets to pay debt service. Revenue bonds outstanding as of June 30, 2022, are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
2021 Special Source Revenue Bond	3.500%	15 years	2037	\$ 5,500,000	\$ 5,247,300
					<u>\$ 5,247,300</u>

During 2021, the County issued revenue bonds to purchase land for industrial parks to attract new business and investment in the County. The principal and interest of the revenue bonds are payable from the gross revenues derived from the County's fee-in-lieu payments. The bonds do not constitute a general obligation of the County.

The annual requirements to retire the revenue bonds as of June 30, 2022, including interest payments, are as follows:

Year Ending June 30,	Special Source Revenue Bonds		
	Principal	Interest	Total
2023	\$ 275,000	\$ 175,785	\$ 450,785
2024	284,200	166,572	450,772
2025	293,700	157,051	450,751
2026	303,500	147,212	450,712
2027	313,700	137,045	450,745
2028 - 2032	1,733,400	520,370	2,253,770
2033 - 2037	2,043,800	209,906	2,253,706
	<u>\$ 5,247,300</u>	<u>\$ 1,513,941</u>	<u>\$ 6,761,241</u>

Notes Payable from Direct Borrowings

During 2013, the County entered into a note payable with Santee Cooper in the amount of \$1,200,000 to promote economic development. The note is secured by a pledge of the full faith, credit and taxing power of the County. The note carries a service charge of two percent (2%) of the unpaid balance for each year of the life of the note. In 2022, the County entered into an agreement with Santee Cooper to pay off the entire balance of the note in the year ended June 30, 2023.

The outstanding principal balance of the note payable is as follows as of June 30, 2022:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
2013 Promissory Note	2.000%	10 years	2023	\$ 1,200,000	\$ 1,190,000
					<u>\$ 1,190,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Notes Payable from Direct Borrowings (Continued)

The annual requirements to pay the outstanding note payable as of June 30, 2022, including interest payments, are as follows:

Year Ending June 30,	Notes Payable from Direct Borrowings		
	Principal	Interest	Total
2023	\$ 1,190,000	\$ 23,800	\$ 1,213,800
	<u>\$ 1,190,000</u>	<u>\$ 23,800</u>	<u>\$ 1,213,800</u>

Financed Purchases

The County has entered into agreements for financing the acquisition of various equipment. These agreements qualify as financed purchases for accounting purposes and, therefore, have been recorded at the present value of the future minimum payments as of the date of their inception. The following is a schedule of future minimum payments under financed purchases and the present value of the net minimum payments at June 30, 2022:

Year Ending June 30,	Financed Purchases		
	Principal	Interest	Total
2023	\$ 736,972	\$ 49,615	\$ 786,587
2024	602,058	34,458	636,516
2025	412,257	23,538	435,795
2026	238,972	16,400	255,372
2027	145,208	11,503	156,711
2028	151,921	3,935	155,856
	<u>\$ 2,287,388</u>	<u>\$ 139,449</u>	<u>\$ 2,426,837</u>

Environmental Remediation Obligations and Contingencies

The County is legally responsible for a portion of post-closure care costs associated with a municipal solid-waste landfill which was closed in 1993. State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the landfill site after closure. However, the County may incur additional liabilities if the landfill is proven unsafe. The County has recorded a liability in the government-wide Statement of Net Position for the total estimated post-closure care costs. The estimated total post-closure care cost is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2022. The County estimates its responsibility for post-closure care costs associated with the closed landfill to be \$1,211,000 at June 30, 2022, which is recorded in the Statement of Net Position as a noncurrent liability. However, the actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS

Retirement Plan

Overview:

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

Plan Description:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Plan Description: (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.

Membership:

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

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

South Carolina Police Officers Retirement System - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; 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. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Benefits (Continued):

South Carolina Retirement System - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least 8 or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (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. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the Board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the Board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent. For the year ended June 30, 2022, the County contributed \$811,945 to the SCRS plan and \$821,012 to the PORS plan.

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

South Carolina Retirement System

Employee class two	9.00% of earnable compensation
Employee class three	9.00% of earnable compensation

South Carolina Police Officers Retirement System

Employee class two	9.75% of earnable compensation
Employee class three	9.75% of earnable compensation

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Contributions (Continued):

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

South Carolina Retirement System

Employer class two	16.41% of earnable compensation
Employer class three	16.41% of earnable compensation
Employer incidental death benefit	0.15% of earnable compensation

South Carolina Police Officers Retirement System

Employer class two	18.84% of earnable compensation
Employer class three	18.84% of earnable compensation
Employer incidental death benefit	0.20% of earnable compensation
Employer accidental death program	0.20% of earnable compensation

Net Pension Liability:

The June 30, 2021, (the measurement date) total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS), and are based on the July 1, 2020, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board, which utilized membership data as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2021, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67, less that system's fiduciary net position. As of June 30, 2022, (measurement date of June 30, 2021), the net pension liability amounts for the County's proportionate share of the collective net pension liabilities associated with the SCRS and PORS plans are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	County's Proportionate Share of the Collective Net Pension Liability
SCRS	\$ 55,131,579,363	\$ 33,490,305,970	\$ 21,641,273,393	60.7%	0.044537%
PORS	\$ 8,684,586,488	\$ 6,111,672,064	\$ 2,572,914,424	70.4%	0.273646%

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods:

Actuarial valuations of the 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, 2021 (the measurement date) total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS), and are based on the July 1, 2020, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board, which utilized membership data as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2021, using generally accepted actuarial principles. There was no legislation enacted during the 2021 legislative session that had a material change in the benefit provisions for any of the systems. In FY 2021, the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return at July 1, 2021, to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

The following table provides a summary of the actuarial assumptions and methods to calculate the TPL as of June 30, 2021.

	SCRS	PORS
	Entry Age Normal	Entry Age Normal
Actuarial cost method		
Actuarial assumptions:		
Investment rate of return	7.00%	7.00%
	3.0% to 11.0%	3.5% to 10.5%
Projected salary increases	(varied by service)	(varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued):

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumption, 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.

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued):

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

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Discount Rate (Continued):

The following table presents the sensitivity of the net pension liability to changes in the discount rate.

Sensitivity of the Net Position Liability to Changes in the Discount Rate				
		1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's portion - SCRS	\$	12,625,177	\$	9,638,456
County's portion - PORS	\$	10,215,119	\$	7,155,872
		7,155,872		4,440,320

Pension Expense:

For the year ended June 30, 2022, the County recognized its proportionate share of collective pension expense of \$703,813 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of (\$137,655) for a total of \$566,158 for the SCRS plan. Additionally, for the year ended June 30, 2022, the County recognized its proportionate share of collective pension expense of \$770,251 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of \$15,534 for a total of \$785,785 for the PORS plan. Total pension expense for the County, included for both the SCRS and PORS plans, was \$1,351,943.

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NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

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

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

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 164,180	\$ 13,008
Changes of assumptions	527,577	-
Net difference between projected and actual earnings on pension plan investments	-	1,400,113
Changes in proportion and differences between employer contributions and proportionate share of contributions	84,945	152,600
Employer contributions subsequent to the measurement date	<u>811,945</u>	<u>-</u>
Total	<u>\$ 1,588,647</u>	<u>\$ 1,565,721</u>
PORS	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 239,518	\$ 21,927
Changes of assumptions	502,174	-
Net difference between projected and actual earnings on pension plan investments	-	1,578,488
Changes in proportion and differences between employer contributions and proportionate share of contributions	450,294	89,188
Employer contributions subsequent to the measurement date	<u>821,012</u>	<u>-</u>
Total	<u>\$ 2,012,998</u>	<u>\$ 1,689,603</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued): County contributions subsequent to the measurement date of \$811,945 and \$821,012 for the SCRS plan and the PORS plan, respectively, are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	SCRS	PORS
2023	\$ (107,702)	\$ (1,745)
2024	(62,794)	71,677
2025	(94,619)	(22,885)
2026	(523,904)	(544,664)

Pension Plan Fiduciary Net Position:

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for SCRS and PORS. The ACFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, P.O. Box 11960, Columbia, SC 29211-1960.

Other Post-employment Benefits (OPEB)

Plan Description. In addition to providing pension benefits through the South Carolina Retirement System, the County offers medical, prescription drug, dental, long-term disability, and life insurance benefits to its employees. All benefits are available to County retirees except disability and life insurance. The same rate structure (considering total premiums) is charged for active employees as for retirees, with slight variations for Medicare-eligible retirees. The medical/prescription drug plans consist of four options for active employees and non-Medicare eligible retirees (Savings Plan, Standard, Blue Choice HMO, and CIGNA HMO). Medicare-eligible retirees may elect a Medicare Supplement option, but not the Savings Plan option.

An employee (other than a Council Member or Elected Official) who has completed at least 20 years of service with the County is eligible to receive lifetime County-paid retiree medical and dental benefits, subject to a cap that varies by plan and tier and is based on the amount the County contributes to similarly situated active employees.

Plan Membership. The Plan has 225 covered members for the year ended June 30, 2022; 22 members are retirees receiving benefits and 203 are active participants and dependents.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Other Post-employment Benefits (OPEB) (Continued)

Funding Policy and Contributions. As required an actuary will determine the County's OPEB obligation at least once every two fiscal years. The amount is calculated in accordance with certain parameters. Accounting standards do not require pre-funding of OPEB benefits. Therefore, the County's funding policy is to continue to pay healthcare premiums for retirees as they fall due. The County has elected not to establish an irrevocable trust at this time. The County Council reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the County. 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, 2022, and was determined by an actuarial valuation as of July 1, 2020, with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial Assumptions. The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	3.69% as of June 30, 2022
Healthcare cost trend rate:	4.00% for 2022-2023, 5.20% for 2024-2069, and 4.00% for 2070 and later years; Medicare ages: 4.00% for all years
Inflation rate:	2.75%
Salary increase:	3.00%

Discount Rate. The discount rate used to measure the total OPEB liability was 3.69% as of June 30, 2022. This rate was determined using an index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher, which was 3.69% as determined by the Bond Buyer 20-Bond GO Index Rate as of June 30, 2022.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Other Post-employment Benefits (OPEB) (Continued)

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

	Total OPEB Liability
Balances beginning of year	\$ 26,808,197
Changes for the year:	
Service cost	1,323,769
Interest	538,107
Assumption changes	(9,534,777)
Benefit payments and implicit subsidy	(212,077)
Net changes	(7,884,978)
Balances end of year	\$ 18,923,219

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County as of June 30, 2022, 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 (2.69%) or 1-percentage-point higher (4.69%) than the current discount rate:

<u>Newberry County Health Care Plan</u>		
<u>Sensitivity of the Total OPEB Liability to Changes in the Discount Rate</u>		
	Current	
1% Decrease (2.69%)	Discount Rate (3.69%)	1% Increase (4.69%)
\$ 23,700,976	\$ 18,923,219	\$ 15,320,219

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Other Post-employment Benefits (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the County as of June 30, 2022, 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:

<u>Newberry County Health Care Plan</u>		
<u>Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate</u>		
<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
\$ 14,750,889	\$ 18,923,219	\$ 24,643,894

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2022, the County recognized OPEB expense as follows:

<u>Description</u>	
Service cost	\$ 1,323,769
Interest on the total OPEB liability	538,107
Recognition of outflow (inflow) of resources due to liabilities	(40,910)
Total OPEB expense	<u>\$ 1,820,966</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Other Post-employment Benefits (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued). At June 30, 2022, the County reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 74,306
Changes of assumptions	7,228,466	8,426,082
Total	\$ 7,228,466	\$ 8,500,388

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

Year ended June 30:

2023	\$ (40,910)
2024	(40,910)
2025	(40,910)
2026	(40,910)
2027	(40,910)
Thereafter	(1,067,372)

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND ASSETS AND LIABILITIES

Interfund receivable and payable balances as of June 30, 2022, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 377,834
		\$ 377,834

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.

Any transactions to transfer revenues from the fund budgeted to receive them to the fund budgeted to expend them are reported as transfers from and to other funds.

Total transfers during the year ended June 30, 2022, consisted of the following individual amounts:

Transfer in Fund	Transfer Out Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 131,800
Debt Service Fund	Capital Projects Fund	1,003,309
Capital Projects Fund	General Fund	3,480,806
Miscellaneous Special Revenue	General Fund	2,292,576
		\$ 6,908,491

Transfers are used to: (1) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors or omissions; injuries to employees; and natural disasters. The County has joined with other electing members of the South Carolina Association of Counties to form a risk pool for the purpose of risk management and insurance of workers compensation claims. The County pays an annual premium to the South Carolina Association of Counties for its workers compensation insurance coverage. The risk pool agreement provides that it will be self-sustaining through member premiums.

The County continues to carry commercial insurance through the State of South Carolina Insurance Reserve for all other risks of loss, including general liability and employee health and accident insurance. Settled claims resulting from these risks have not exceeded coverage in any of the last three fiscal years.

NOTE 10. COMMITMENTS AND CONTINGENCIES

The County participates in a number of federal and state assisted grant programs. These programs are subject to audits by grantors or their representatives. The audits of these programs for or including the year ended June 30, 2022, have not yet been conducted. Therefore, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

NOTE 11. LITIGATION

The County is party to a number of lawsuits arising in the course of operations. It is the opinion of management, in consultation with legal counsel, that it cannot be determined whether resolution of the other pending cases will have a material adverse effect on the financial condition of the County.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. TAX ABATEMENTS

The County enters into various agreements with businesses for economic incentives to create jobs in the County. County Council votes for and approves the fee in lieu of tax agreements. As of June 30, 2022, the County has 20 active fee in lieu of tax agreements. These agreements result in a net reduction of property tax revenue for the General Fund and Debt Service Fund of \$4,242,268 on business property valued at \$640,422,215.

NOTE 13. NET INVESTMENT IN CAPITAL ASSETS

The amount reported on the Statement of Net Position at June 30, 2022, for the net investment in capital asset is calculated as follows:

Governmental activities	<u>June 30, 2022</u>
Capital assets, net of accumulated depreciation	\$ 28,462,239
Less:	
General obligation bonds outstanding	(2,356,244)
Revenue bonds	(5,247,300)
Financed purchases	(2,287,388)
Notes payable	(1,190,000)
Net investment in capital assets	<u>\$ 17,381,307</u>

NOTE 14. RESTATEMENTS

Errors in Prior Year Reporting

The County determined certain restatements to the July 1, 2021 beginning fiduciary net position and beginning fund balance of the General Fund and the nonmajor special revenue funds were required in accordance with GASB Statements No. 54 and No. 84.

1. Fiduciary Net Position:

	<u>Custodial Funds</u>
Fiduciary net position, as previously reported	\$ -
Recognition of the beginning net position of the former Agency Funds now reported as Custodial Funds	205,215
Fiduciary net position, as restated	<u>\$ 205,215</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 14. RESTATEMENTS (CONTINUED)

Errors in Prior Year Reporting (Continued)

2. Fund Balance of the General Fund and Airport Fund (previously reported as a nonmajor special revenue fund):

	General Fund
Fund balance, as previously reported	\$ 15,529,035
Restatement for the correction of an error in prior year reporting	(108,305)
Fund balance, as restated	\$ 15,420,730
	Airport Fund
Fund deficit, as previously reported	\$ (108,305)
Restatement for the correction of an error in prior year reporting	108,305
Fund balance, as restated	\$ -

Restatement No. 1 – Implementation of GASB 84

In conjunction with the implementation of GASB Statement No. 84, *Fiduciary Activities*, the County is required to reevaluate the accounting treatment of fiduciary activities. The standard, which was required to be implemented in fiscal year 2021, requires the County to determine if funds are still considered fiduciary, and if so, whether they are considered custodial funds under the new definitions of GASB Statement No. 84. Therefore, in conjunction with the implementation of GASB Statement No. 84, restatement number 1 described above was required to the beginning net position of the Fiduciary Activities to properly report the custodial funds as of July 1, 2021.

Restatement No. 2 – Movement of airport activity from a special revenue fund to the General Fund

The County owns and operates an airport for which the revenues derived from the acquired or constructed assets of the airport are used to pay for related airport expenditures. Generally Accepted Accounting Principles do not allow for such activities to be accounted for in a special revenue fund. The County has determined that a restatement is necessary to increase the beginning fund deficit for its Airport Fund of \$108,305 and decrease the beginning fund balance of its General Fund by \$108,305 to record the activity of the airport as of July 1, 2021, in the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

NEWBERRY COUNTY, SOUTH CAROLINA

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 20,266,660	\$ 20,266,660	\$ 21,812,570	\$ 1,545,910
Intergovernmental	3,590,858	3,590,858	3,802,749	211,891
Charges for services	40,060	40,060	75,982	35,922
Fines and forfeitures	2,391,179	2,391,179	2,892,842	501,663
Miscellaneous	1,006,098	1,006,098	2,061,188	1,055,090
Total revenues	27,294,855	27,294,855	30,645,331	3,350,476
EXPENDITURES:				
Current:				
Legislative:				
County council	314,451	314,451	304,195	10,256
Total legislative	314,451	314,451	304,195	10,256
Administration:				
County administrator	784,672	784,672	730,051	54,621
Miscellaneous operating	1,246,749	1,246,749	1,003,248	243,501
Total administration	2,031,421	2,031,421	1,733,299	298,122
Tax assessment & collection:				
Treasurer	463,561	463,561	455,261	8,300
Auditor	418,023	418,023	399,882	18,141
Assessor	691,569	691,569	622,222	69,347
Tax collector	169,861	169,861	114,153	55,708
Total tax assessment & collection	1,743,014	1,743,014	1,591,518	151,496
Registration & Collection Board:	221,809	221,809	163,104	58,705
Administration of justice:				
Criminal & civil court	183,523	183,523	214,874	(31,351)
Clerk of court	537,390	537,390	530,604	6,786
Family court	216,320	216,320	201,126	15,194
Probate judge	309,559	309,559	302,818	6,741
Probation & parole office	950	950	1,076	(126)
Public defender	97,659	97,659	97,073	586
Coroner	205,994	205,994	209,259	(3,265)
Magistrate	572,515	572,515	558,784	13,731
Total administration of justice	2,123,910	2,123,910	2,115,614	8,296
Public safety:				
Sheriff's office	5,010,880	5,010,880	4,843,968	166,912
Corrections	2,303,728	2,303,728	2,213,872	89,856
Animal control	427,844	427,844	388,211	39,633
Communications	1,224,521	1,224,521	1,197,462	27,059
Board of rescue squads	315,953	315,953	272,142	43,811
Hazardous materials	18,630	18,630	12,654	5,976
GIS department	125,306	125,306	101,800	23,506
Board of rural fire control	940,992	940,992	898,062	42,930
Building inspections	213,208	213,208	217,765	(4,557)
Ambulance	1,352,471	1,352,471	1,347,969	4,502
Substation	33,500	33,500	34,304	(804)
Other public safety	172,557	172,557	175,378	(2,821)
Total public safety	12,139,590	12,139,590	11,703,587	436,003
Public works:				
Central maintenance	493,076	493,076	490,801	2,275
Building maintenance	1,297,129	1,297,129	1,115,160	181,969
Community hall	19,000	19,000	11,539	7,461
Collections	1,107,000	1,107,000	1,031,963	75,037
Transfer station	2,103,347	2,103,347	2,640,378	(537,031)
Other public works	1,540,935	1,540,935	1,313,841	227,094
Total public works	6,560,487	6,560,487	6,603,682	(43,195)
Planning & development:				
Economic development	\$ 383,513	\$ 383,513	\$ 330,480	\$ 53,033
Comprehensive planning	300,491	300,491	281,472	19,019
Small business	5,000	5,000	5,000	-
Total planning & development	689,004	689,004	616,952	72,052

NEWBERRY COUNTY, SOUTH CAROLINA

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

EXPENDITURES: (CONTINUED)	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Agriculture & home economics:				
Clemson extension	28,500	28,500	28,500	-
Newberry soil & water conservation	93,938	93,938	100,576	(6,638)
Total agriculture & home economics	<u>122,438</u>	<u>122,438</u>	<u>129,076</u>	<u>(6,638)</u>
Public health:				
Health department	4,550	4,550	3,879	671
Beckman mental health	12,750	12,750	12,750	-
Newberry free medical clinic	5,000	5,000	5,000	-
Westview Behavioral	1,500	1,500	1,433	67
Total public health	<u>23,800</u>	<u>23,800</u>	<u>23,062</u>	<u>738</u>
Social services:				
Department of social services	76,392	76,392	73,278	3,114
Veteran's affairs	179,563	179,563	179,457	106
Council on aging	60,000	60,000	60,000	-
Sexual trauma	4,250	4,250	4,250	-
Sistercare, Inc.	2,295	2,295	2,295	-
Total social services	<u>322,500</u>	<u>322,500</u>	<u>319,280</u>	<u>3,220</u>
Nondepartmental:				
Airport	155,060	130,060	80,659	49,401
Government association	380	380	175	205
S.C. Association of Counties	9,146	9,146	9,146	-
National Association of Counties	750	750	750	-
Newberry County Chamber	10,175	10,175	5,065	5,110
Medically indigent	66,447	66,447	56,991	9,456
Emergency services training	22,502	22,502	12,175	10,327
Helena Community Center	7,200	7,200	3,545	3,655
Newberry Opera House	25,000	25,000	25,000	-
Newberry County Literacy	6,000	6,000	6,000	-
Newberry County Museum	70,000	70,000	49,664	20,336
Recreation	288,892	288,892	246,037	42,855
Contingency	315,923	315,923	1,688,949	(1,373,026)
Total nondepartmental	<u>977,475</u>	<u>952,475</u>	<u>2,184,156</u>	<u>(1,231,681)</u>
Capital outlay	<u>88,000</u>	<u>88,000</u>	<u>79,035</u>	<u>8,965</u>
Total expenditures	<u>27,357,899</u>	<u>27,332,899</u>	<u>27,566,560</u>	<u>(233,661)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(63,044)</u>	<u>(38,044)</u>	<u>3,078,771</u>	<u>3,116,815</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	131,800	31,800
Transfers out	-	-	(5,773,382)	(5,773,382)
Total other financing sources (uses), net	<u>100,000</u>	<u>100,000</u>	<u>(5,641,582)</u>	<u>(5,741,582)</u>
Net change in fund balances	36,956	61,956	(2,562,811)	(2,624,767)
Fund balances, beginning of year as previously reported	<u>15,529,035</u>	<u>15,529,035</u>	<u>15,529,035</u>	<u>-</u>
Prior period adjustment	<u>(108,305)</u>	<u>(108,305)</u>	<u>(108,305)</u>	<u>-</u>
Fund balances, beginning of year as restated	<u>15,420,730</u>	<u>15,420,730</u>	<u>15,420,730</u>	<u>-</u>
Fund balances, end of year	<u>\$ 15,457,686</u>	<u>\$ 15,482,686</u>	<u>\$ 12,857,919</u>	<u>\$ (2,624,767)</u>

NEWBERRY COUNTY, SOUTH CAROLINA

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 597,120	\$ 597,120
Total revenues	<u>-</u>	<u>-</u>	<u>597,120</u>	<u>597,120</u>
EXPENDITURES:				
Current:				
Public safety	-	-	600,906	(600,906)
Miscellaneous	1,858,660	1,858,660	2,276,119	(417,459)
Total expenditures	<u>1,858,660</u>	<u>1,858,660</u>	<u>2,877,025</u>	<u>(1,018,365)</u>
Deficiency of revenues under expenditures	<u>(1,858,660)</u>	<u>(1,858,660)</u>	<u>(2,279,905)</u>	<u>(421,245)</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	2,292,576	2,292,576
Total other financing sources	<u>-</u>	<u>-</u>	<u>2,292,576</u>	<u>2,292,576</u>
Net change in fund balances	(1,858,660)	(1,858,660)	12,671	1,871,331
Fund balances, beginning of year	<u>659,096</u>	<u>659,096</u>	<u>659,096</u>	<u>-</u>
Fund balances, end of year	<u>\$ (1,199,564)</u>	<u>\$ (1,199,564)</u>	<u>\$ 671,767</u>	<u>\$ 1,871,331</u>

NEWBERRY COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30

South Carolina Retirement System

Plan Year Ended June 30,	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered payroll	County's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.044537%	\$ 9,638,456	\$ 5,037,221	191.3%	60.7%
2020	0.044045%	11,254,173	4,915,499	229.0%	50.7%
2019	0.045258%	10,334,307	4,779,135	216.2%	54.4%
2018	0.045444%	10,182,511	4,702,211	216.5%	54.1%
2017	0.047277%	10,642,813	4,764,253	227.0%	53.3%
2016	0.046346%	9,899,437	4,488,298	212.1%	52.8%
2015	0.045572%	8,642,950	4,271,819	217.5%	57.0%
2014	0.043778%	7,536,604	4,271,819	188.2%	59.9%

South Carolina Police Officers Retirement System

Plan Year Ended June 30,	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered payroll	County's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.27365%	\$ 7,040,675	\$ 4,115,390	171.1%	70.4%
2020	0.25841%	8,569,298	3,903,008	219.6%	58.8%
2019	0.24986%	7,160,735	3,624,065	197.6%	62.7%
2018	0.25756%	7,298,949	3,571,991	204.3%	61.7%
2017	0.27525%	7,540,586	3,713,087	203.7%	60.9%
2016	0.27641%	7,010,994	3,524,119	199.2%	60.4%
2015	0.27652%	6,026,656	3,425,356	201.7%	64.6%
2014	0.27645%	5,292,435	3,425,356	156.9%	67.5%

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

The assumptions used in the preparation of the above schedules are disclosed in Note 7 to the financial statements.

NEWBERRY COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF COUNTY CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30

South Carolina Retirement System

Fiscal Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	County's covered payroll	Contributions as a percentage of covered payroll
2022	\$ 811,945	\$ 811,945	\$ -	\$ 4,903,051	16.56%
2021	776,236	776,236	-	5,037,221	15.41%
2020	757,478	757,478	-	4,915,499	15.41%
2019	688,673	688,673	-	4,779,135	14.41%
2018	630,566	630,566	-	4,702,211	13.41%
2017	543,601	543,601	-	4,764,253	11.41%
2016	489,673	489,673	-	4,488,298	10.91%
2015	459,221	459,221	-	4,271,819	10.75%

South Carolina Police Officers Retirement System

Fiscal Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	County's covered payroll	Contributions as a percentage of covered payroll
2022	\$ 821,012	\$ 821,012	\$ -	\$ 4,267,214	19.24%
2021	734,186	734,186	-	4,115,390	17.84%
2020	696,297	696,297	-	3,903,008	17.84%
2019	610,293	610,293	-	3,624,065	16.84%
2018	565,803	565,803	-	3,571,991	15.84%
2017	513,891	513,891	-	3,713,087	13.84%
2016	470,117	470,117	-	3,524,119	13.34%
2015	445,639	445,639	-	3,425,356	13.01%

NEWBERRY COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF COUNTY CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30

Notes to the schedule:

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

Actuarial assumption used in determining the statutorily required contribution are as follows:

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

NEWBERRY COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30

Total OPEB liability	2022	2021	2020	2019	2018
Service cost	\$ 1,323,769	\$ 1,067,254	\$ 641,417	\$ 641,417	\$ 641,417
Interest on the total OPEB liability	538,107	565,744	469,710	469,710	469,710
Difference between actual and expected experience	-	(96,488)	-	-	-
Assumption changes	(9,534,777)	9,386,218	-	-	-
Benefit payments	<u>(212,077)</u>	<u>(154,095)</u>	<u>(112,355)</u>	<u>(102,141)</u>	<u>(108,519)</u>
Net change in total OPEB liability	(7,884,978)	10,768,633	998,772	1,008,986	1,002,608
Total OPEB liability - beginning	26,808,197	16,039,564	15,040,792	14,031,806	13,029,198
Total OPEB liability - ending	<u>\$ 18,923,219</u>	<u>\$ 26,808,197</u>	<u>\$ 16,039,564</u>	<u>\$ 15,040,792</u>	<u>\$ 14,031,806</u>
Covered-employee payroll	\$ 9,860,330	\$ 8,498,446	\$ 8,850,650	\$ 8,850,650	\$ 8,135,387
Total OPEB liability as a percentage of covered-employee payroll	191.91%	315.45%	181.22%	169.94%	172.48%

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

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.

The discount rate changed from 3.62% as of June 30, 2018, to 3.13% as of June 30, 2019.

The discount rate changed from 3.13% as of June 30, 2019, to 2.45% as of June 30, 2020.

The discount rate changed from 2.45% as of June 30, 2020, to 1.92% as of June 30, 2021.

The discount rate changed from 1.92% as of June 30, 2021, to 3.69% as of June 30, 2022.

COMBINING STATEMENTS AND SCHEDULES

NEWBERRY COUNTY, SOUTH CAROLINA

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

	<u>Sheriff's Fund</u>	<u>Sheriff's Grant Fund</u>	<u>Victim's Advocate Fund</u>	<u>Emergency 911 Fund</u>	<u>DSS Clerk of Court Fund</u>	<u>Totals</u>
ASSETS						
Cash and cash equivalents	\$ 409,291	\$ 135,934	\$ 273,096	\$ 610,909	\$ 367,550	\$ 1,796,780
Total assets	<u>409,291</u>	<u>135,934</u>	<u>273,096</u>	<u>610,909</u>	<u>367,550</u>	<u>1,796,780</u>
LIABILITIES						
Unearned revenue	21,664	-	-	-	-	21,664
Due to other funds	45,364	-	162,846	169,624	-	377,834
Total liabilities	<u>67,028</u>	<u>-</u>	<u>162,846</u>	<u>169,624</u>	<u>-</u>	<u>399,498</u>
FUND BALANCES						
Restricted for:						
Public safety	342,263	135,934	110,250	441,285	367,550	1,397,282
Total fund balances	<u>342,263</u>	<u>135,934</u>	<u>110,250</u>	<u>441,285</u>	<u>367,550</u>	<u>1,397,282</u>
Total liabilities and fund balances	<u>\$ 409,291</u>	<u>\$ 135,934</u>	<u>\$ 273,096</u>	<u>\$ 610,909</u>	<u>\$ 367,550</u>	<u>\$ 1,796,780</u>

NEWBERRY COUNTY, SOUTH CAROLINA

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

	Sheriff's Fund	Sheriff's Grant Fund	Victim's Advocate Fund	Emergency 911 Fund	DSS Clerk of Court Fund	Totals
Revenues:						
Intergovernmental	\$ -	\$ 5,662	\$ -	\$ -	\$ 137,648	\$ 143,310
Charges for services	159,093	-	74,077	649,453	-	882,623
Miscellaneous	-	46,129	-	-	-	46,129
Total revenues	<u>159,093</u>	<u>51,791</u>	<u>74,077</u>	<u>649,453</u>	<u>137,648</u>	<u>1,072,062</u>
Expenditures:						
Current:						
Administration of justice	-	-	-	-	35,460	35,460
Law enforcement	41,490	43,335	-	-	-	84,825
Public safety	-	-	66,012	-	-	66,012
Emergency telephone reporting	-	-	-	380,264	-	380,264
Total expenditures	<u>41,490</u>	<u>43,335</u>	<u>66,012</u>	<u>380,264</u>	<u>35,460</u>	<u>566,561</u>
Excess of revenues over expenditures	<u>117,603</u>	<u>8,456</u>	<u>8,065</u>	<u>269,189</u>	<u>102,188</u>	<u>505,501</u>
Other financing uses						
Transfers out	-	-	-	-	(131,800)	(131,800)
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(131,800)</u>	<u>(131,800)</u>
Net change in fund balances	117,603	8,456	8,065	269,189	(29,612)	373,701
Fund balances, beginning of year	<u>224,660</u>	<u>127,478</u>	<u>102,185</u>	<u>172,096</u>	<u>397,162</u>	<u>1,023,581</u>
Fund balances, end of year	<u>\$ 342,263</u>	<u>\$ 135,934</u>	<u>\$ 110,250</u>	<u>\$ 441,285</u>	<u>\$ 367,550</u>	<u>\$ 1,397,282</u>

NEWBERRY COUNTY, SOUTH CAROLINA

COMBINING STATEMENT OF FIDUCIARY NET POSITION

CUSTODIAL FUNDS

JUNE 30, 2022

ASSETS	Magistrate/ Clerk of Court	Newberry County Schools	Total
Cash and cash equivalents	\$ 481,996	\$ 38,086,095	\$ 38,568,091
Taxes receivable	-	1,351,623	1,351,623
Total assets	481,996	39,437,718	39,919,714
LIABILITIES			
Due to others	121,366	38,086,095	38,207,461
Uncollected taxes	-	1,351,623	1,351,623
Total liabilities	121,366	39,437,718	39,559,084
NET POSITION			
Restricted for individuals, organizations and other governments	360,630	-	360,630
Total net position	\$ 360,630	\$ -	\$ 360,630

NEWBERRY COUNTY, SOUTH CAROLINA

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

	Magistrate/ Clerk of Court	Newberry County Schools	Total
ADDITIONS			
Taxes	\$ -	\$ 134,239,967	\$ 134,239,967
Fines and fees	1,183,794	-	1,183,794
Total additions	<u>1,183,794</u>	<u>134,239,967</u>	<u>135,423,761</u>
DEDUCTIONS			
Taxes and fees paid to other governments	-	134,239,967	134,239,967
Funds disbursed per court order	<u>1,028,379</u>	-	<u>1,028,379</u>
Total deductions	<u>1,028,379</u>	<u>134,239,967</u>	<u>135,268,346</u>
Change in fiduciary net position	155,415	-	155,415
Net position, beginning of year, restated	<u>205,215</u>	-	<u>205,215</u>
Net position, end of year	<u>\$ 360,630</u>	<u>\$ -</u>	<u>\$ 360,630</u>

NEWBERRY COUNTY, SOUTH CAROLINA

**COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022**

	Westview Behavioral Health Services	Newberry County Memorial Hospital	Total
ASSETS			
Cash and cash equivalents	\$ 754,203	\$ 1,630,588	\$ 2,384,791
Investments	-	41,556,665	41,556,665
Receivables:			
Other	332,273	6,522,207	6,854,480
Drugs and supplies	-	1,946,745	1,946,745
Estimated third-party payor settlements	-	194,744	194,744
Prepays and other assets	13,413	3,369,614	3,383,027
Capital assets, net of accumulated depreciation	465,609	14,589,702	15,055,311
Right-to-use leased assets, net of accumulated amortization	-	161,466	161,466
Assets limited as to use			
By donor	-	110,493	110,493
By board	-	1,363,112	1,363,112
Investment in joint ventures	-	337,314	337,314
	<u>1,565,498</u>	<u>71,782,650</u>	<u>73,348,148</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan - South Carolina Retirement System	462,642	-	462,642
Total deferred outflows of resources	<u>462,642</u>	<u>-</u>	<u>462,642</u>
LIABILITIES			
Accounts payable	\$ -	\$ 1,899,914	\$ 1,899,914
Accrued salaries, wages and related costs	34,197	2,737,419	2,771,616
Estimated third-party payor settlements	-	919,607	919,607
Refundable advance	-	1,131,177	1,131,177
Long-term liabilities:			
Due within one year	50,538	764,848	815,386
Due in more than one year	-	3,562,630	3,562,630
Net pension liability	1,827,684	-	1,827,684
Total liabilities	<u>1,912,419</u>	<u>11,015,595</u>	<u>12,928,014</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan - South Carolina Retirement System	288,669	-	288,669
Total deferred inflows of resources	<u>288,669</u>	<u>-</u>	<u>288,669</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	465,609	10,215,761	10,681,370
Restricted	-	1,473,605	1,473,605
Unrestricted (deficit)	(638,557)	49,077,689	48,439,132
Total net position (deficit)	<u>\$ (172,948)</u>	<u>\$ 60,767,055</u>	<u>\$ 60,594,107</u>

NEWBERRY COUNTY, SOUTH CAROLINA

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

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Westview Behavioral Health Services</u>	<u>Newberry County Memorial Hospital</u>	<u>Total</u>
Component units:							
Westview Behavioral Health Services	\$ 1,970,658	\$ 47,281	\$ 1,783,854	\$ -	\$ (139,523)	\$ -	\$ (139,523)
Newberry County Memorial Hospital	60,518,092	56,612,476	2,957,923	-	-	(947,693)	(947,693)
Total governmental activities	<u>\$ 62,488,750</u>	<u>\$ 56,659,757</u>	<u>\$ 4,741,777</u>	<u>\$ -</u>	<u>(139,523)</u>	<u>(947,693)</u>	<u>(1,087,216)</u>
			General revenues:				
			County apportionment		-	1,182,444	1,182,444
			Salary supplement		60,944	-	60,944
			State block grant		2,231	-	2,231
			Alcohol tax		167,391	-	167,391
			Investment income (loss)		157	(4,684,019)	(4,683,862)
			Miscellaneous		6,645	-	6,645
			Total general revenues		<u>237,368</u>	<u>(3,501,575)</u>	<u>(3,264,207)</u>
			Change in net position		97,845	(4,449,268)	(4,351,423)
			Net position (deficit), beginning of year		(270,793)	65,216,323	64,945,530
			Net position (deficit), end of year		<u>\$ (172,948)</u>	<u>\$ 60,767,055</u>	<u>\$ 60,594,107</u>

**SUPPLEMENTARY INFORMATION REQUIRED
BY THE STATE OF SOUTH CAROLINA**

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

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected	\$ 44,957	\$ 558,072	N/A	\$ 603,029
Court fines and assessments remitted to State Treasurer	24,408	509,844	N/A	534,252
Total Court Fines and Assessments retained	\$ 20,549	\$ 48,228	N/A	\$ 68,777
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	\$ 1,755	\$ 11,832	N/A	\$ 13,587
Assessments retained	13,651	46,796	N/A	60,447
Total Surcharges and Assessments retained for victim services	\$ 15,406	\$ 58,628	N/A	\$ 74,034

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	N/A	\$ 102,185	\$ 102,185
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer	N/A	-	-
Victim Service Assessments Retained by City/County Treasurer	N/A	60,447	60,447
Victim Service Surcharges Retained by City/County Treasurer	N/A	13,587	13,587
Interest Earned	N/A	43	43
Grant Funds Received			
Grant from:	N/A	-	-
General Funds Transferred to Victim Service Fund	N/A	-	-
Contribution Received from Victim Service Contracts:			
(1) Town 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	\$ 176,262	\$ 176,262

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

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	N/A	\$ 61,763	\$ 61,763
Operating Expenditures	N/A	4,249	4,249
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	66,012	66,012
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	N/A	110,250	110,250
Less: Prior Year Fund Deficit Repayment	N/A	-	-
Carryforward Funds – End of Year	N/A	\$ 110,250	\$ 110,250

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 County Council
of Newberry County
Newberry, South Carolina**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Newberry County, South Carolina** (the "County") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 5, 2023. Our report includes a reference to other auditors who audited the financial statements of the Newberry County Memorial Hospital and the Westview Behavioral Health Services as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of the internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

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 responses, 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 responses as items 2022-001, 2022-002, and 2022-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2022-004 to be a significant deficiency.

Report on Compliance and Other Matters

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

Newberry County's Response to Findings

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

Purpose of This Report

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



Columbia, South Carolina
September 25, 2023

NEWBERRY COUNTY, SOUTH CAROLINA

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

SECTION I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:
Material weaknesses identified? Yes No

Significant deficiencies identified? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

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

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2022-001. General Ledger

Criteria: The general ledger used by the County needs to utilize proper fund accounting. Fund accounting should ensure that each fund maintains a set of self-balancing accounts. Entries between funds should be recorded by offsetting "due to/from" accounts in order to maintain fund integrity. Revenues and expenditures should have separate accounts to track the annual totals for each category of revenue and expenditure. Accounts payable should be reconciled to ensure voided checks are recorded correctly. The software should be maintained to correctly roll balances forward.

Condition: Entries are made between funds, which result in individual funds being out of balance. Revenue and expenditure accounts in the debt service and special revenue funds are comingled so totals of revenues and expenditures are not shown. The accounting software also does not properly account for voided checks. The software did not properly roll balances forward from the prior year.

Context: The issues noted above were found during walkthroughs and testing of general ledger accounts.

Effect: Failure to have a dependable general ledger software can lead to individual funds being out of balance, errors occurring and not being detected in a timely manner, and accounts being misstated. For the fiscal year ended June 30, 2022, audit adjustments amounting to approximately \$14 million across six (6) County funds were required to properly state June 30, 2022 balances.

NEWBERRY COUNTY, SOUTH CAROLINA

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

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2022-001. General Ledger (Continued)

Cause: There is a lack of a dependable general ledger software and proper controls to ensure that all transactions are being properly recorded.

Recommendation: The software used for the general ledger should be reevaluated and accounting staff should be trained in the proper methodology of accounting.

Views of Responsible Officials and Planned Corrective Action: We concur. The County is in the process of reevaluating the general ledger software and will train accounting staff in the proper methodology of accounting.

2022-002. Proper Reporting of Fiduciary Funds

Criteria: Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, was issued for the County's fiscal year ended June 30, 2021. The Statement establishes criteria for identifying fiduciary activities of the County and states that an activity meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

Condition: The County has two funds that fall under the criteria of a fiduciary fund. The County did not implement GASB Statement No. 84 as required as of June 30, 2021.

Context: We addressed this matter with County officials, who worked diligently to determine that fiduciary activities were accounted for properly.

Effect: The County has determined that a restatement to beginning fiduciary net position was required to properly report the fiduciary funds as required under GASB Statement No. 84. As such the County determined a restatement to increase beginning fiduciary net position in the amount of \$205,215 as of July 1, 2021.

Cause: There was a lack of appropriate controls implemented at the County during the prior fiscal year to ensure that all activities were properly reported, and new accounting standards were implemented.

Recommendation: We recommend that the County implement the necessary controls to identify all activities that are a part of its reporting entity be properly reported in the period in which such activities begin or are required to be reported in accordance with generally accepted accounting principles.

Views of Responsible Officials and Planned Corrective Action: We concur. The County will implement the necessary controls and procedures to identify all activities that are a part of the reporting entity be properly reported in the period in which such activities begin or are required to be reported in accordance with generally accepted accounting principles.

NEWBERRY COUNTY, SOUTH CAROLINA

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

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2022-003. Fund Accounting

Criteria: GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for identifying governmental type funds of the County. According to GASB Statement No. 54, a special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or Capital projects.

Condition: The County reported its Airport Fund as a special revenue fund although it does not meet the criteria set by GASB Statement No. 54.

Context: We addressed this matter with County officials, and they were able to determine that the Airport fund should be reclassified into the General Fund in accordance with the above criteria.

Effect: The County has determined that a restatement to beginning fund balance for the General Fund and nonmajor governmental funds was required to properly report airport activity under GASB Statement No. 54. As such, the County determined a restatement to decrease beginning fund balance of the General Fund and increase beginning fund balance of nonmajor governmental funds in the amount of \$108,305.

Cause: The County improperly included the operations of the Airport as a special revenue fund as of June 30, 2021.

Recommendation: We recommend the County implement procedures to ensure that funds and activities are properly classified.

Views of Responsible Officials and Planned Corrective Action: We concur. The County will establish procedures to ensure that all activities, operations, and funds meet the established criteria.

2022-004. Segregation of Duties

Criteria: Internal controls should be in place to provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: Appropriate segregation of duties among the function of cash receipts does not exist.

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

Effect: Failure to properly segregate duties among recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.

NEWBERRY COUNTY, SOUTH CAROLINA

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

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2022-004. Segregation of Duties (Continued)

Cause: The lack of segregation of duties is due to the lack of a properly developed integrated work plan with appropriate controls and an improper allocation of available resources.

Recommendation: The duties of cashier, posting accounts receivable records, handling of mail cash receipts, and making bank deposits should be segregated among employees.

Views of Responsible Officials and Planned Corrective Action: We concur. The County is in the process of reviewing its respective systems to evaluate and determine the most efficient and effective solution to properly segregate duties regarding the receipt of cash to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Reported.

SECTION IV SCHEDULE OF PRIOR YEAR FINDINGS

2021-001 General Ledger

Criteria: The general ledger used by the County needs to utilize proper fund accounting. Fund accounting should ensure that each fund maintains a set of self-balancing accounts. Entries between funds should be recorded by offsetting "due to/from" accounts in order to maintain fund integrity. Revenues and expenditures should have separate accounts to track the annual totals for each category of revenue and expenditure. Accounts payable should be reconciled to ensure voided checks are recorded correctly. The software should be maintained to correctly roll balances forward.

Condition: Entries are made between funds, which result in individual funds being out of balance. Revenue and expenditure accounts in the debt service and special revenue funds are comingled so totals of revenues and expenditures are not shown. The accounting software also does not properly account for voided checks. The software did not properly roll balances forward from the prior year.

Status: Unresolved. See current year finding 2022-001

NEWBERRY COUNTY, SOUTH CAROLINA

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

SECTION IV SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)

2021-002 Segregation of Duties

Criteria: Internal controls should be in place to provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: Appropriate segregation of duties among the function of cash receipts does not exist.

Status: Unresolved. See current year finding 2022-004

2021-003 Cash Reconciliation

Criteria: Bank accounts should be reconciled monthly to find and correct any errors.

Condition: The County failed to properly reconcile multiple bank accounts each month.

Status: Resolved.