

**NEWBERRY COUNTY,  
SOUTH CAROLINA**

**FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

# NEWBERRY COUNTY, SOUTH CAROLINA

## FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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# NEWBERRY COUNTY, SOUTH CAROLINA

## FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

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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, 2023, 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, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAS).

#### *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, 2023, and the respective changes in financial position for the year then ended in accordance with GAAS.

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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, 2023, 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 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.

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### ***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.

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***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.



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**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2024, 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  
March 25, 2024

# NEWBERRY COUNTY, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2023

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### INTRODUCTION

This narrative overview gives an analysis of the financial activities of Newberry County (the "County") for the fiscal year ended June 30, 2023. 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, 2023, was \$10,741,804 which represented an increase of \$7,546,516 from the prior year end.
- **Revenues and Expenditures:** Revenues totaled \$42,476,754 and expenditures totaled \$36,768,442 for all Governmental Funds at the fund level. Accordingly, expenditures were exceeded by revenues in the amount of \$6,361,912 after other financing activities. The general fund increased the fund balance by \$1,351,710. The Miscellaneous Special revenue fund increased the fund balance by \$404,713. The debt service fund balance decreased \$1,957,341 due to transfers to the capital projects fund. The capital projects fund balance increased the fund balance by \$6,457,467.
- **Capital Assets:** The County had capital asset additions in the governmental activities of \$692,452 consisting of purchases of vehicles and equipment. Depreciation expense in governmental activities was \$2,396,828. This resulted in a net decrease of capital assets of \$1,704,376.
- **General Fund/Fund Balance:** Our principal operating fund, the General Fund, had revenues of \$32,177,360 in fiscal year 2023, which primarily consisted of property taxes, intergovernmental sources, and fines and forfeitures. Net other financing uses were \$2,223,586 and \$28,602,064 in expenditures increased the fund balance \$1,351,710.
- **Debt:** The County retired \$3,189,240 in principal for governmental activities bonds and financed purchases outstanding. The Debt Service Fund Balance decreased from \$5,430,109 to \$3,472,768. Bonds payable are \$6,994,876 at June 30, 2023, and financed purchases payable is \$1,550,416. Detail for long term debt is shown in Note 6. Pension liability detail and OPEB liability is Note 7.

### 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.

# NEWBERRY COUNTY, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2023

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### **OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)**

**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).

**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.

**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.

# NEWBERRY COUNTY, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2023

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### 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 \$10,741,804 as of June 30, 2023. 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, 2023.

Current assets	\$	41,080,518
Non-current assets		26,757,863
Deferred outflows of resources		<u>9,234,430</u>
Total assets and deferred outflows		<u>77,072,811</u>
Current liabilities		10,375,907
Non-current liabilities		44,053,705
Deferred inflows of resources		<u>11,901,395</u>
Total liabilities & deferred inflows		<u>66,331,007</u>
Net position	\$	<u>10,741,804</u>
Net position -		
Invested in capital assets, net of related debt	\$	18,212,571
Restricted		6,051,893
Unrestricted		<u>(13,552,660)</u>
Total Net Position	\$	<u>10,741,804</u>

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

- GO Bond principal payments of \$987,268 and bond issuance \$653,600.
- Purchases of equipment of \$692,452 and depreciation of \$2,396,828.
- GASB 68 - net pension liability - \$18,063,561
- GASB 75 - OPEB Liability - \$16,056,844

# NEWBERRY COUNTY, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2023

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### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**Changes in net position:** The County's governmental activities revenues for the fiscal year ended June 30, 2023, were \$42,403,084. The total cost of all programs and services was \$34,856,568. The following table presents a summary of the activity that resulted in changes to total net position for the fiscal year ended June 30, 2023.

<b>REVENUES:</b>	Amount
Program revenues:	
Charges for services	\$ 4,046,044
Operating grants and contributions	1,510,823
Capital grants	--
General revenues:	
Property taxes	24,839,089
Intergovernmental sources	4,018,735
Sales tax	6,332,542
Miscellaneous	<u>1,655,851</u>
Total revenues	<u>42,403,084</u>
<b>EXPENSES:</b>	
Governmental - current	( 34,560,103)
Interest and fees	<u>( 296,465)</u>
Total expenses	<u>( 34,856,568)</u>
Increase in net position	<u>\$ 7,546,516</u>

# NEWBERRY COUNTY, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2023

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### **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 \$30,058,004, an increase of \$6,361,912 since June 30, 2022. A fund balance of \$13,351,364 or 44 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:

- \$2,579,125 assigned for public safety.
- \$3,472,768 reserved for debt service.
- \$10,620,525 committed for capital projects.
- \$34,222 nonspendable for inventory – fuel.

The General Fund is the principal operating fund of the County. The increase in fund balance in the General Fund for the fiscal year was \$1,351,711. The Debt Service Fund balance showed a decrease of \$1,957,341. The Capital Projects Funds showed a fund balance of \$9,796,482, a combination of remaining sales tax bond, financed purchase and GO Bonds proceeds. The Capital Projects had expenditures of \$1,852,246.

### **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 \$31,684,857 in General Fund Revenue with actual revenue totaling \$32,177,360 for a difference of \$492,503. The budget for expenditures was \$32,136,122 with the actual expenditures being \$28,602,064 for a difference of \$3,534,059. The general fund transferred \$2,326,053 to the miscellaneous special revenue fund and capital projects fund. The results from revenue, expenditures and other financing sources and uses caused the fund balance to increase by \$1,351,710. Changes to the original and final budget were made through budget amendments during the year to adjust for various projects and costs.

# NEWBERRY COUNTY, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2023

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### **CAPITAL ASSETS**

As of June 30, 2023, 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, 2023.

	Amount
Land	\$ 8,143,969
Buildings and improvements	38,619,549
Vehicles and equipment	24,794,421
Roads	11,340,105
Airport Improvements	<u>5,654,044</u>
Total	<u>\$ 88,552,088</u>

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

### **DEBT ADMINISTRATION**

The following table presents a summary of the County's outstanding long-term debt for the fiscal year ended June 30, 2023.

	Amount
General obligation bonds	\$ 2,022,576
Special source revenue bonds	4,972,300
Financed purchases	1,550,416
Compensated absences	<u>762,508</u>
Total	<u>\$ 9,307,800</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, 2023, was \$16,056,844. 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 \$18,063,561. The County continues to pay the required contribution rate for its employees.

# NEWBERRY COUNTY, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2023

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### **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 the 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 Kraft-Heinz, Samsung, Georgia-Pacific Corporation, and Kiswire.

Numerous factors will be considered by County Council during the process of developing the fiscal year 2024-2025 budget. Some of County Council's main goals are to enhance and expand the tax base while facilitating higher-wage job opportunities for its workforce. This will be done by continuing to refine the County's economic development plan. In 2023, the County began implementing its newest revision of its economic development strategic plan, which calls for strategic and smart growth. The strategic plan calls for the continued recruitment of better paying jobs in advanced manufacturing and adds a new emphasis on expanding small business and entrepreneurial support.

Another goal established by 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.

### LOCAL ECONOMIC HISTORY

Newberry's economic roots lie in agriculture, railroad trade and manufacturing. It began with yeomen farmers, many of Germanic origin before the United States was even a country. The Great Wagon Road stretched from Pennsylvania to Georgia, and Newberry was one of the many stops along the way. This early population of foreign-born settlers tilled the soil in mostly subsistence farming.

But then came the cotton gin and the railroads. These developments allowed subsistence farmers to become commercial farmers, and the local economy expanded in a big way. Dairy farms and cattle farms were the next to grow and thrive and make the County an important agricultural economy.

For 100 years after the Civil War, the textile mills reigned supreme in the local economy. The first textile mill was established in the City of Newberry in 1880, and the last textile mill closed in 1980. When the textile mills closed, it did leave the local community with a large workforce of manufacturing workers, and companies began locating in Newberry to employ those workers. Lumber mills, food processing and other industries sprouted and thrived. Kraft-Heinz processed turkeys, and Georgia Pacific manufactured lumber. These changes not only diversified the local economy, but also increased incomes and improved workplace conditions and productivity.

But it wasn't until the 1990s that the County set out to employ proactive economic development. In 1994, the County was a founding member of the Central South Carolina Alliance, then a 13-county partnership determined to grow the manufacturing base. This alliance made local economic development more professional and strategic.

In the mid-1990s, the County, the City of Newberry, the Chamber of Commerce and the County Development Board set out to be more proactive and invest, for the first time, in creating an industrial park. The group founded the Newberry County Industrial Park at the intersection of Interstate 26 and Main Street, and it was an almost instant success. Between 1996 and 2000, the County filled the park quickly with Trucast (a U.K.-based auto supplier), Kiswire (a Korean supplier for the US tire industry), Caterpillar (electric generators), and Komatsu, a Japanese company that assembled heavy construction equipment. These companies greatly diversified the manufacturing base, began to bring in foreign direct investment, and for the first time, companies not affiliated with agriculture began to grow.



# NEWBERRY COUNTY, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2023

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### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)**

#### LOCAL ECONOMIC HISTORY (CONTINUED)

The County hired its first full-time economic development practitioner in 2006 and founded its second industrial park with the purchase of 450 acres alongside Interstate 26, just six miles south of the City of Newberry. This \$6 million investment in economic development was controversial, and while it didn't meet with immediate success due to the Great Recession, this new Mid-Carolina Commerce Park would spur the County's second major surge since the turn of the millennium. In 2010, the community invested \$1 million in a new road in the park, as well as water and sewer and lighting expansions. And in 2012, County Council invested \$2 million in a new speculative building, its first ever. That speculative building was a game changer, and dramatically increased the number of companies considering the County.

#### MODERNIZING SUCCESS

Since 2015, the County has had an incredible run of economic development wins, with more than a dozen new projects won, worth an estimated \$840 million invested and more than 2,000 new jobs created. Also, during that time, existing industries expanded more than a dozen times. Of the approximately \$1.5 billion in private-sector investments in the County over the past three decades, more than half of that has come in the last 10 years.

Today, the County has one of the largest manufacturing footprints in the state, in terms of the percentage of the workforce employed by manufacturers. According to the SC Community Profiles released by the SC Dept. of Employment and Workforce (SCDEW), the County has about 27.3% of its workforce in manufacturing, which is about three times the national average, and twice the state average.

This is also why the County's unemployment rate (2.8% in Dec. of 2023) is typically one of the lowest unemployment rates in the state of South Carolina. Further, the County has one of the highest labor force participation rates in the state. It's also important to note that the County is among the most successful and developed counties in the state, and the smallest county in South Carolina to gain the Tier I designation.

#### SPECIFIC EXAMPLES OF INDUSTRIAL GROWTH

Back in 2006, a County boat builder sold its business to a large boat company with some 30 brands of boats under its umbrella. The facility was closed in 2008, amid the Great Recession. But Newberry's community leadership had the opportunity to bring it back in 2015. The former owners of the plant – the people who sold the plant in 2006 – reacquired the rights to build boats under the famous Sea Pro Boats brand, and they wanted to do it in the County. In exchange for 200 new jobs in Whitmire, a pocket of decline in an otherwise prosperous county, the County Council agreed to buy an empty building for the company, and transfer ownership after the company maintained those jobs for 5 years. This was the first meaningful economic development in Whitmire in decades. Sea Pro Boats continues today to manufacture boats that are sold all across the nation and remains the #1 employer in Whitmire.

In 2016, the County announced its first-ever BMW supplier, a family-owned German company named MM Technics. The County had been chasing BMW suppliers for a couple decades by this point but had never struck paydirt. That all changed with the announcement in December of 2016 that Newberry would be the site of the company's first North American facility, specifically dedicated to supplying the BMW operation in the Upstate of South Carolina. And the 65 new jobs would pay about 20% more than the local wage average. Since 2016, the company has expanded twice.

# NEWBERRY COUNTY, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2023

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### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)**

#### SPECIFIC EXAMPLES OF INDUSTRIAL GROWTH (CONTINUED)

In 2017, the County made international headlines when it was announced the community would be the host of Samsung's first U.S. facility to manufacture home appliances. The \$380 million announcement was the largest in county history and came with 1,000 new jobs. This announcement also came at an opportune time, after the announcement that a local manufacturing operation – Caterpillar – would be closing. At the end of the courtship of Samsung, the worldwide brand walked into the former Caterpillar building the day Caterpillar walked out, meaning the facility never missed a day of operations, and much of Caterpillar's displaced workforce instantly found new jobs.

In 2019, Samsung's first local supplier announced it would invest \$12 million and create 120 new jobs by building a new facility in Mid-Carolina Commerce Park. KRA is a Korea-based manufacturer that supplies Samsung's home appliance operations around the world. And it followed that 2019 announcement with an expansion in 2021, tripling the size of the facility, the size of the workforce and the amount of investment. To date, KRA has invested \$36 million, and hired more than 300 workers.

In 2021, the second Samsung supplier came to the County. Daeyoung Electronics announced a 250,000 sq. ft. facility with another 225 new jobs in Mid-Carolina Commerce Park II, directly across the highway from the original MCCP. The County had filled the accessible sites in the original park, and spent \$3 million acquiring a new industrial park, some 215 new acres dedicated to manufacturing space.

The County has also found its niche in the alternative energy arena. Since 2018, the County has announced five new solar farms with a combined investment of some \$279 million. While solar farms don't create new permanent jobs, they represent a new source of revenue for the county, often turning a piece of property that pays \$5,000 a year in taxes into property that pays \$150,000 per year in taxes. And they do this without applying pressure to local public services like schools.

#### HOUSING AND RETAIL GROWTH

The acquisition of Samsung in 2017 triggered a surge in local investments, and the growth of some sorely needed housing. For instance, less than a year after Samsung's announcement, a residential developer announced a new 88-home subdivision in the City of Newberry. This was the first new subdivision in the city in 25 years, and it was a direct result of Samsung's massive investment and job creation. Other developers followed suit, and currently there are about 800 new homes planned all across the county over the next five years.

Retail got a shot in the arm as well, with new stores and restaurants surging in the aftermath of Samsung. Retail establishments like Beall's, Harbor Freight, Big Lots and Bargain Hut all have new presences in the City of Newberry. And restaurants like Starbucks, Popeyes, Huddle House, Papa John's, Cookout and Firehouse Subs have all come in the past six years.

#### NEW INVESTMENT FOR FUTURE GROWTH

While meeting with much success, the County has not rested on its laurels. In 2020, the County announced a new 200-acre site specifically designed to host large facilities with massive utility appetites. The Newberry South Industrial Site is a partnership between Duke Energy and the local community. This property is currently under consideration by a worldwide manufacturer in the electric vehicle industry, a potential \$900 million investment with 400 new jobs.

Also, in 2021, the County invested \$3 million in the purchase of 215 acres near I-26. Mid-Carolina Commerce Park II is already the host of a \$51 million, 225-job Samsung supplier, and has several more sites available.

# NEWBERRY COUNTY, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2023

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### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)**

#### NEW INVESTMENT FOR FUTURE GROWTH (CONTINUED)

In 2022, the County also improved its existing Mid-Carolina Commerce Park with a new \$4.5 million road, along with water and sewer extensions. The park expansion opens up 10 new industrial sites on the west side of the creek that bisects the park. Previously inaccessible, this property is now being marketed to prospects around the globe.

#### OTHER ECONOMIC FACTORS

The Pandemic hammered home the importance of Internet access for everyone. Suddenly virtual meetings took the place of in-person meetings, and schools were teaching remotely. So, the County partnered with federal and state government and invested heavily in making fiber access countywide. Along with Carolina Connect, Newberry Electric Cooperative has reached not only into densely populated areas with limited internet access, but also to rural areas all across the county that had little or no internet access. Since NEC cannot legally spend member revenues on non-members, the County Council took the extraordinary steps to fund these internet expansions. Today, the County is crisscrossed by fiber optic lines and is one of the most connected small communities in the state.

Tourism remains strong and growing in the County, with the Newberry Opera House being its cultural core. Resurrected in the 1990s, the Opera House hosts about 100 shows per year and brings in about 100,000 tourists and patrons each year.

The County and the City of Newberry have also increased funding for parks and recreation. The 2010 Capital Projects Sales Tax, overwhelmingly approved by voters, funded a new city park with ballfields, walking trails and ponds. Meanwhile, the County's Parks and Recreation department is placing new emphasis on nature trails, healthy recreation, and youth team sports.

Newberry College also remains an essential component of the local economy, and it's growing. The 2023 incoming freshman class is the largest in school history, and the school has added virtual learning and new degree fields, including the ability to receive advanced degrees.

#### SUMMARY

The economic future remains bright for the County. Continual economic development investments keep the County competitive in the fastest growing state in the nation. While maintaining its agrarian roots, the County has found ways to diversify the local economy with more modern, better-paying jobs. Wage growth has been tremendous, with average pay increasing from about \$17 per hour in 2014, to about \$24 per hour today. Per capita income has similarly grown, from about \$36,000 a decade ago to about \$53,000 today, an almost 50% increase in the last decade.

Much as it successfully transitioned from agriculture to textiles manufacturing, and later from textiles to mainstream manufacturing, the County's new challenge is working towards the next transition, with the addition of high-paying advanced manufacturing in sciences, alternative energy, electric vehicles and robotics. With new emphases in workforce development, we are confident we will make this transition successfully.

# NEWBERRY COUNTY, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2023

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### **CURRENT AND PRIOR YEAR FINANCIAL ANALYSIS**

Tables I – II are presented for additional analysis of the County's finances for the FY 2022 - 2023.

Table I – Statement of Net Position – Governmental Activities – Total current assets increased \$8,808,173 versus the prior year due to increases in cash. Capital assets decreased \$1,704,376 net as shown in Note 5 for capital asset additions for equipment less depreciation expense. Total liabilities decreased \$2,184,083 due to the Net OPEB Obligation decrease & payment of long-term debt principal. Net position increased \$7,546,516 for spending in capital projects.

Table II – Statement of Activities – Governmental Activities – Total revenues increased \$3,102,984 (Property taxes increased \$1,571,837, sales tax increased \$815,385). Total expenses decreased \$4,275,408 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, the 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) YEAR ENDED JUNE 30, 2023

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

	<b>Governmental Activities</b>		
	<b>2023</b>	<b>2022</b>	<b>Variance</b>
Current and other assets	<b>\$ 41,080,518</b>	\$ 32,272,345	\$ 8,808,173
Capital assets	<b>26,757,863</b>	28,462,239	(1,704,376)
Total assets	<b>67,838,381</b>	60,734,584	7,103,797
Other postemployment benefits	<b>6,149,590</b>	7,228,466	(1,078,876)
Pension - South Carolina Retirement System	<b>1,379,473</b>	1,588,647	(209,174)
Pension - South Carolina Police Officers Retirement System	<b>1,705,367</b>	2,012,998	(307,631)
Total deferred outflows of resources	<b>9,234,430</b>	10,830,111	(1,595,681)
Long-term liabilities debt	<b>9,933,300</b>	13,098,215	(3,164,915)
Other liabilities	<b>10,375,907</b>	7,913,130	2,462,777
Other postemployment benefits liability	<b>16,056,844</b>	18,923,219	(2,866,375)
Net Pension Liability:			
South Carolina Retirement System	<b>9,977,297</b>	9,638,456	338,841
South Carolina Police Officers Retirement System	<b>8,086,264</b>	7,040,675	1,045,589
Total liabilities	<b>54,429,612</b>	56,613,695	(2,184,083)
Other postemployment benefits	<b>10,916,771</b>	8,500,388	2,416,383
Deferred inflows - lease receipts	<b>39,834</b>	-	39,834
Pension - South Carolina Retirement System	<b>688,607</b>	1,565,721	(877,114)
Pension - South Carolina Police Officers Retirement System	<b>256,183</b>	1,689,603	(1,433,420)
Total deferred inflows of resources	<b>11,901,395</b>	11,755,712	145,683
Net position:			
Net investment in capital assets	<b>18,212,571</b>	17,381,307	831,264
Restricted	<b>6,051,893</b>	7,499,158	(1,447,265)
Unrestricted	<b>(13,522,660)</b>	(21,685,177)	8,162,517
Total net position	<b>\$ 10,741,804</b>	\$ 3,195,288	\$ 7,546,516

# NEWBERRY COUNTY, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2023

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

	<b>Governmental Activities</b>		
	<u>2023</u>	<u>2022</u>	<u>Variance</u>
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 4,046,044	\$ 3,851,447	\$ 194,597
Operating grants and contributions	1,510,823	740,430	770,393
General revenues:			
Property taxes	24,839,089	23,267,252	1,571,837
Sales taxes	6,332,542	5,517,157	815,385
Grants and contributions not restricted to specific programs	4,018,735	3,802,749	215,986
Unrestricted investment earnings	21,471	13,748	7,723
Miscellaneous	1,634,380	2,107,317	(472,937)
Total revenues	<u>42,403,084</u>	<u>39,300,100</u>	<u>3,102,984</u>
<b>Program expenses</b>			
Legislative	394,373	304,528	89,845
Administration	2,254,551	2,160,785	93,766
Tax assessment & collections	1,671,371	1,592,665	78,706
Election & registration	242,689	155,291	87,398
Administration of justice	2,201,856	2,144,555	57,301
Law enforcement	622,896	497,517	125,379
Public safety	13,306,213	13,561,784	(255,571)
Public works	10,169,912	11,390,076	(1,220,164)
Planning & development	647,579	544,968	102,611
Agriculture & home economics	134,732	129,076	5,656
Public health	19,468	23,062	(3,594)
Social services	308,127	320,342	(12,215)
Miscellaneous	2,086,208	4,946,081	(2,859,874)
Emergency telephone reporting	500,128	380,264	119,864
Interest on long-term debt	296,465	980,982	(684,517)
Total expenses	<u>34,856,568</u>	<u>39,131,976</u>	<u>(4,275,408)</u>
<b>Increase (decrease) in net position</b>	<b>7,546,516</b>	<b>168,124</b>	<b>7,378,392</b>
<b>Net position, beginning of year</b>	<u><b>3,195,288</b></u>	<u><b>3,027,164</b></u>	<u><b>168,124</b></u>
<b>Net position, end of year</b>	<u><u><b>\$ 10,741,804</b></u></u>	<u><u><b>\$ 3,195,288</b></u></u>	<u><u><b>\$ 7,546,516</b></u></u>

# NEWBERRY COUNTY, SOUTH CAROLINA

## STATEMENT OF NET POSITION

JUNE 30, 2023

	<b>Primary Government Governmental Activities</b>	<b>Component Units</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 37,204,068	\$ 6,595,036
Investments	-	42,822,796
Receivables:		
Taxes, net of allowance for doubtful accounts	756,368	-
Accounts, net of allowance for doubtful accounts	294,130	-
Leases	39,834	-
Other	-	6,007,786
Due from other governments	2,751,896	-
Inventory	34,222	1,708,394
Prepays and other assets	-	2,995,530
Investment in joint ventures	-	307,657
Capital assets:		
Right-to-use lease assets, net of accumulated amortization	-	189,340
Nondepreciable	8,143,969	1,096,949
Depreciable, net of accumulated depreciation	18,613,894	13,930,234
Total assets	67,838,381	75,653,722
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension - South Carolina Retirement System	1,379,473	344,131
Pension - South Carolina Police Officers Retirement System	1,705,367	-
Other postemployment benefits	6,149,590	-
Total deferred outflows of resources	9,234,430	344,131
<b>LIABILITIES</b>		
Accounts payable	1,045,258	2,518,337
Accrued liabilities	549,768	2,636,482
Unearned revenues	5,932,482	92,592
Due to other governments	2,848,399	910,114
Noncurrent liabilities:		
Due within one year	1,446,513	659,598
Due in more than one year	8,486,787	3,149,076
Total other postemployment benefits liability	16,056,844	-
Net pension liability:		
South Carolina Retirement System	9,977,297	1,885,599
South Carolina Police Officers Retirement System	8,086,264	-
Total liabilities	54,429,612	11,851,798
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension - South Carolina Retirement System	688,607	122,654
Pension - South Carolina Police Officers Retirement System	256,183	-
Other postemployment benefits	10,916,771	-
Deferred lease receipts	39,834	-
Total deferred inflows of resources	11,901,395	122,654
<b>NET POSITION</b>		
Net investment in capital assets	18,212,571	10,170,894
Restricted for:		
Public safety	2,579,125	-
Capital assets	-	981,769
Scholarship fund	-	115,180
Debt service	3,472,768	-
Unrestricted	(13,522,660)	52,755,558
Total net position	\$ 10,741,804	\$ 64,023,401

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, 2023**

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
<b>Primary government:</b>						
Governmental activities:						
Legislative	\$ 394,373	\$ -	\$ -	\$ -	\$ (394,373)	\$ -
Administration	2,254,551	-	-	-	(2,254,551)	-
Tax assessment and collections	1,671,371	-	-	-	(1,671,371)	-
Election and registration	242,689	-	-	-	(242,689)	-
Administration of justice	2,201,856	-	148,721	-	(2,053,135)	-
Law enforcement	622,896	140,961	4,165	-	(477,770)	-
Public safety	13,306,213	3,316,821	1,357,937	-	(8,631,455)	-
Public works	10,169,912	-	-	-	(10,169,912)	-
Planning and development	647,579	-	-	-	(647,579)	-
Agriculture and home economics	134,732	-	-	-	(134,732)	-
Public health	19,468	-	-	-	(19,468)	-
Social services	308,127	-	-	-	(308,127)	-
Miscellaneous	2,086,208	103,673	-	-	(1,982,535)	-
Emergency telephone reporting	500,128	484,589	-	-	(15,539)	-
Interest on long-term debt	296,465	-	-	-	(296,465)	-
Total governmental activities	<u>34,856,568</u>	<u>4,046,044</u>	<u>1,510,823</u>	<u>-</u>	<u>(29,299,701)</u>	<u>-</u>
<b>Component units:</b>						
Westview Behavioral Health Services	2,045,076	17,385	1,887,865	-	-	(139,826)
Newberry County Memorial Hospital	60,128,146	58,749,917	97,913	-	-	(1,280,316)
Total component units	<u>\$ 62,173,222</u>	<u>\$ 58,767,302</u>	<u>\$ 1,985,778</u>	<u>\$ -</u>	<u>-</u>	<u>(1,420,142)</u>
General revenues:						
Property taxes levied for:						
General purposes					23,286,132	-
Debt service					1,552,957	-
County apportionment					-	1,250,000
Sales taxes					6,332,542	-
Grants and contributions not restricted for a specific purpose					4,018,735	-
Unrestricted investment earnings					21,471	3,049,618
Miscellaneous					1,634,380	560,318
Total general revenues					<u>36,846,217</u>	<u>4,859,936</u>
Change in net position					7,546,516	3,439,794
Net position, beginning of year, as restated					3,195,288	60,583,607
Net position, end of year					<u>\$ 10,741,804</u>	<u>\$ 64,023,401</u>

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



**NEWBERRY COUNTY, SOUTH CAROLINA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	<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>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 15,835,996	\$ 6,167,081	\$ 11,575,523	\$ 1,957,309	\$ 1,668,159	\$ 37,204,068
Receivables, net:						
Taxes	718,015	-	-	38,353	-	756,368
Accounts	294,130	-	-	-	-	294,130
Leases	39,834	-	-	-	-	39,834
Due from other governments	487,534	751,851	-	1,512,511	-	2,751,896
Inventory	34,222	-	-	-	-	34,222
Due from other funds	1,877,528	-	-	-	23,003	1,900,531
Total assets	<u>\$ 19,287,259</u>	<u>\$ 6,918,932</u>	<u>\$ 11,575,523</u>	<u>\$ 3,508,173</u>	<u>\$ 1,691,162</u>	<u>\$ 42,981,049</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,045,258	\$ -	\$ -	\$ -	\$ -	\$ 1,045,258
Accrued liabilities	482,027	-	-	-	-	482,027
Due to other governments	2,848,399	-	-	-	-	2,848,399
Due to other funds	23,003	-	1,779,041	-	98,487	1,900,531
Unearned revenue	-	5,842,452	-	-	90,030	5,932,482
Total liabilities	<u>4,398,687</u>	<u>5,842,452</u>	<u>1,779,041</u>	<u>-</u>	<u>188,517</u>	<u>12,208,697</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	639,109	-	-	35,405	-	674,514
Deferred lease receipts	39,834	-	-	-	-	39,834
Total deferred inflows of resources	<u>678,943</u>	<u>-</u>	<u>-</u>	<u>35,405</u>	<u>-</u>	<u>714,348</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Inventory	34,222	-	-	-	-	34,222
Restricted for:						
Public safety	-	1,076,480	-	-	1,502,645	2,579,125
Debt service	-	-	-	3,472,768	-	3,472,768
Committed:						
Capital projects	-	-	9,796,482	-	-	9,796,482
Subsequent year's budget	824,043	-	-	-	-	824,043
Unassigned	13,351,364	-	-	-	-	13,351,364
Total fund balances	<u>14,209,629</u>	<u>1,076,480</u>	<u>9,796,482</u>	<u>3,472,768</u>	<u>1,502,645</u>	<u>30,058,004</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,287,259</u>	<u>\$ 6,918,932</u>	<u>\$ 11,575,523</u>	<u>\$ 3,508,173</u>	<u>\$ 1,691,162</u>	<u>\$ 42,981,049</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, 2023

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Total fund balances for governmental funds:		\$	30,058,004
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.			26,757,863
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.			674,514
Certain long-term liabilities are not due and payable in the current period and, therefore, are 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	\$	(2,022,576)	
Financed purchase obligations		(1,550,416)	
Revenue bonds		(4,972,300)	
Compensated absences payable		(762,508)	
Landfill post-closure liability		(625,500)	
Net pension liability, net of related deferred outflows of resources and deferred inflows of resources		(15,923,511)	
Total other postemployment liability, net of related deferred outflows of resources and deferred inflows of resources		<u>(20,824,025)</u>	
Total long-term liabilities			(46,680,836)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.			<u>(67,741)</u>
Net position of governmental activities		\$	<u><u>10,741,804</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, 2023**

	<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>
<b>REVENUES</b>						
Taxes	\$ 23,359,802	\$ -	\$ -	\$ 1,552,957	\$ -	\$ 24,912,759
Sales taxes	-	-	-	6,332,542	-	6,332,542
Intergovernmental	4,018,735	1,357,937	-	-	152,886	5,529,558
Charges for services	103,673	-	-	-	718,457	822,130
Fines and forfeitures	3,223,914	-	-	-	-	3,223,914
Interest revenue	-	-	21,190	137	144	21,471
Miscellaneous	1,471,236	-	81,171	-	81,973	1,634,380
Total revenues	<u>32,177,360</u>	<u>1,357,937</u>	<u>102,361</u>	<u>7,885,636</u>	<u>953,460</u>	<u>42,476,754</u>
<b>EXPENDITURES</b>						
Current:						
Legislative	394,706	-	-	-	-	394,706
Administration	1,967,853	-	-	-	-	1,967,853
Tax assessment and collections	1,679,979	-	-	-	-	1,679,979
Election and registration	241,005	-	-	-	-	241,005
Administration of justice	2,199,521	-	-	-	1,282	2,200,803
Law enforcement	-	-	-	-	173,676	173,676
Public safety	12,243,642	87,892	-	-	70,544	12,402,078
Public works	6,999,755	-	-	-	-	6,999,755
Planning and development	723,732	-	-	-	-	723,732
Agriculture and home economics	134,732	-	-	-	-	134,732
Public health	19,468	-	-	-	-	19,468
Social services	313,686	-	-	-	-	313,686
Miscellaneous	1,355,754	1,118,889	-	-	-	2,474,643
Emergency telephone reporting	-	-	-	-	500,128	500,128
Capital outlay	328,231	858,696	1,852,246	-	-	3,039,173
Debt service:						
Principal retirements	-	-	-	3,189,240	-	3,189,240
Interest and fiscal charges	-	-	-	313,785	-	313,785
Total expenditures	<u>28,602,064</u>	<u>2,065,477</u>	<u>1,852,246</u>	<u>3,503,025</u>	<u>745,630</u>	<u>36,768,442</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,575,296</u>	<u>(707,540)</u>	<u>(1,749,885)</u>	<u>4,382,611</u>	<u>207,830</u>	<u>5,708,312</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	102,467	1,112,253	8,207,352	1,213,800	-	10,635,872
Transfers out	(2,326,053)	-	-	(8,207,352)	(102,467)	(10,635,872)
Issuance of general obligation bonds	-	-	-	653,600	-	653,600
Total other financing sources (uses), net	<u>(2,223,586)</u>	<u>1,112,253</u>	<u>8,207,352</u>	<u>(6,339,952)</u>	<u>(102,467)</u>	<u>653,600</u>
Net change in fund balances	1,351,710	404,713	6,457,467	(1,957,341)	105,363	6,361,912
<b>Fund balances, beginning of year</b>	<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>
<b>Fund balances, end of year</b>	<u>\$ 14,209,629</u>	<u>\$ 1,076,480</u>	<u>\$ 9,796,482</u>	<u>\$ 3,472,768</u>	<u>\$ 1,502,645</u>	<u>\$ 30,058,004</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, 2023

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Net change in fund balances - total governmental funds	\$	6,361,912
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlay	\$	692,452	
Depreciation expense		<u>(2,396,828)</u>	(1,704,376)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(73,670)
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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	\$	3,189,240	
General obligation bonds proceeds		<u>(653,600)</u>	2,535,640

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	\$	43,775	
Pension liability and deferred outflows and inflows of resources		409,299	
Other postemployment benefits liability and deferred outflows and inflows of resources		(628,884)	
Landfill post-closure care costs		585,500	
Accrued interest on long-term debt		<u>17,320</u>	<u>427,010</u>

Change in net position of governmental activities	\$	<u><u>7,546,516</u></u>
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The accompanying notes are an integral part of these financial statements.

**NEWBERRY COUNTY, SOUTH CAROLINA**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2023**

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	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 38,500,042
Taxes receivable	1,274,176
Total assets	<u>39,774,218</u>
<b>LIABILITIES</b>	
Due to others	38,119,224
Uncollected taxes	1,274,176
Total liabilities	<u>39,393,400</u>
<b>NET POSITION</b>	
Restricted for individuals, organizations, and other governments	<u>380,818</u>
Total net position	<u>\$ 380,818</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, 2023**

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	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Taxes	\$ 162,651,767
Fine and fees	<u>1,207,287</u>
Total additions	<u>163,859,054</u>
<b>DEDUCTIONS</b>	
Taxes and fees paid to other governments	162,651,767
Funds disbursed per court order	<u>1,187,099</u>
Total deductions	<u>163,838,866</u>
Change in net position	20,188
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>360,630</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 380,818</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, 2023

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### 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

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### 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

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### 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

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### 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

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### 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

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### 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 2023 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

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### 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, 2023.

#### 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

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### 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, 2023.

##### 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.

##### Lease Accounting (Lessor)

The County is the lessor for certain noncancellable leases of real property and spaces within existing County buildings. The County recognizes a lease receivable and a deferred inflow of resources for deferred lease receipts in accordance with these transactions. At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments made at or before the lease commencement date, less certain other amounts to be paid by the County (if any). Subsequently, the deferred inflow of resources is amortized into lease revenue on a straight-line basis over the lease term.

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### Lease Accounting (Lessor) (Continued)

The lease agreements entered into by the County as lessor do not include stated interest rates. Therefore, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments that the County will receive over the term of the lease agreement.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease.

##### 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



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### 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.

##### 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 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 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### Deferred Inflows/Outflows of Resources (Continued)

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 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.

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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### 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.

##### 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Committed** - This classification includes amounts that can only be used for specific purposes pursuant to constraints determined by a formal action of the government's highest level of decision-making authority, the 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

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### **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, 2023, expenditures exceeded appropriations as follows:

	Excess
General Fund:	
Tax assessment and collection - treasurer	\$ 227,750
Tax assessment and collection - auditor	3,135
Administration of justice - probate judge	1,696
Administration of justice - probation and parole office	208
Administration of justice - public defender	4,048
Administration of justice - coroner	44,624
Administration of justice - magistrate	15,054
Public safety - sheriff's office	239,602
Public safety - communications	5,005
Public safety - building inspections	20,973
Public safety - substation	1,637
Public safety - other public safety	60,263
Public works - central maintenance	4,304
Public works - transfer station	857,436
Agriculture and home economics - Newberry soil and water conservation	9,755
Public health - Westview Behavioral	105
Miscellaneous Special Revenue Fund:	
Public safety	79,892
Capital outlay	144,196

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, 2023 are summarized below:

As reported in the Statement of Net Position:

Primary government	
Cash and cash equivalents	\$ 37,204,068

As reported in the Statement of Fiduciary

Net Position:

Custodial Funds - cash and cash equivalents	38,500,042
	\$ 75,704,110

Cash deposited with financial institutions	\$ 17,227,009
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SC Local Government Investment Pool	58,477,101
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	\$ 75,704,110
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## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. CASH AND INVESTMENTS (CONTINUED)

#### *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, 2023, the carrying amount of the County's deposits was \$17,252,121 and the bank balance was \$16,660,444. 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.

#### *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.

## NOTES TO FINANCIAL STATEMENTS

### 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

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, 2023, 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, 2023, including the applicable allowances for uncollectible accounts, are as follows:

	General	Miscellaneous Special Revenue	Debt Service	Total
Taxes receivable	\$ 732,668	\$ -	\$ 39,136	\$ 771,804
Accounts receivable	294,130	-	-	294,130
Lease receivables	39,834	-	-	39,834
Due from other governments	487,534	751,851	1,512,511	2,751,896
Less: Allowance	(14,653)	-	(783)	(15,436)
Net receivables	<u>\$ 1,539,513</u>	<u>\$ 751,851</u>	<u>\$ 1,550,864</u>	<u>\$ 3,842,228</u>



## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS

Capital asset activity for the County's governmental activities for the year ended June 30, 2023 was as follows:

<b>Governmental Activities</b>	Balance June 30, 2022	Additions	Deletions	Transfers	Balance June 30, 2023
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	24,154,392	692,452	(52,423)	-	24,794,421
Roads	11,340,105	-	-	-	11,340,105
Airport improvements	5,654,044	-	-	-	5,654,044
Total capital assets being depreciated	<u>79,768,090</u>	<u>692,452</u>	<u>(52,423)</u>	<u>-</u>	<u>80,408,119</u>
Less accumulated depreciation for:					
Buildings and improvements	(21,947,652)	(953,364)	-	-	(22,901,016)
Vehicles and equipment	(22,015,764)	(1,066,528)	52,423	-	(23,029,869)
Roads	(11,340,105)	-	-	-	(11,340,105)
Airport improvements	(4,146,299)	(376,936)	-	-	(4,523,235)
Total accumulated depreciation	<u>(59,449,820)</u>	<u>(2,396,828)</u>	<u>52,423</u>	<u>-</u>	<u>(61,794,225)</u>
Total capital assets being depreciated, net	<u>20,318,270</u>	<u>(1,704,376)</u>	<u>-</u>	<u>-</u>	<u>18,613,894</u>
Governmental activities capital assets, net	<u>\$ 28,462,239</u>	<u>\$ (1,704,376)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,757,863</u>

Depreciation expense was charged to functions as follows:

Tax assessment	\$ 1,964
Administration of justice	4,542
Law enforcement	337,268
Detention	111,952
Public safety	615,157
Public works	1,323,903
Planning and development	<u>2,042</u>
Total Governmental Activities Depreciation Expense	<u>\$ 2,396,828</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM LIABILITIES

<b>Governmental Activities</b>	Balance June 30, 2022	Additions	Reductions	<b>Balance June 30, 2023</b>	Due within One Year
General obligation bonds	\$ 2,356,244	\$ 653,600	\$ (987,268)	<b>\$ 2,022,576</b>	\$ 339,577
Special source revenue bonds	5,247,300	-	(275,000)	<b>4,972,300</b>	284,200
Financed purchases	2,287,388	-	(736,972)	<b>1,550,416</b>	602,058
Notes payable from direct borrowings	1,190,000	-	(1,190,000)	-	-
Landfill post-closure care	1,211,000	-	(585,500)	<b>625,500</b>	146,500
Compensated absences	806,283	30,403	(74,178)	<b>762,508</b>	74,178
Total OPEB liability	18,923,219	1,306,054	(4,172,429)	<b>16,056,844</b>	-
Net pension liability - SCRS	9,638,456	1,987,684	(1,648,843)	<b>9,977,297</b>	-
Net pension liability - PORS	7,040,675	2,441,529	(1,395,940)	<b>8,086,264</b>	-
	<u>\$ 48,700,565</u>	<u>\$ 6,419,270</u>	<u>\$ (11,066,130)</u>	<u><b>\$ 44,053,705</b></u>	<u>\$ 1,446,513</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, 2023, the County issued series 2022 general obligation bonds in the amount of \$653,600. The bond proceeds were used to defray the costs of the County's financed purchases. The series 2022 bonds were issued on December 16, 2022, and matured on April 5, 2023. The County paid the entire balance of the bond in the year ended June 30, 2023.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

#### General Obligation Bonds (Continued)

General obligation bonds outstanding at June 30, 2023, are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
2018C GO Bond	3.940%	10 years	2029	\$ 800,000	\$ 423,376
2020A GO Bond	1.270%	10 years	2030	1,668,000	1,118,900
2020B GO Bond	1.80%	10 years	2030	800,000	480,300
					<u>\$ 2,022,576</u>

The annual requirements to retire all general obligation bonds as of June 30, 2023, including interest payments, are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
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	364,720	10,416	375,136
2029 - 2030	262,600	5,746	268,346
	<u>\$ 2,022,576</u>	<u>\$ 121,119</u>	<u>\$ 2,143,695</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 \$172,938,916, the legal debt limit is \$13,835,113, and the legal debt margin is \$11,812,537 as of June 30, 2023.

## 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, 2023, 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	\$ 4,972,300
					<u>\$ 4,972,300</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, 2023, including interest payments, are as follows:

Year Ending June 30,	Special Source Revenue Bonds		
	Principal	Interest	Total
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	324,200	126,536	450,736
2029 - 2033	1,791,500	462,301	2,253,801
2034 - 2038	1,661,500	141,349	1,802,849
	<u>\$ 4,972,300</u>	<u>\$ 1,338,066</u>	<u>\$ 6,310,366</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

#### 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, 2023:

Year Ending June 30,	Financed Purchases		
	Principal	Interest	Total
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>\$ 1,550,416</u>	<u>\$ 89,834</u>	<u>\$ 1,640,250</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, 2023. The County estimates its responsibility for post-closure care costs associated with the closed landfill to be \$625,500 at June 30, 2023, 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

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### 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](http://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 and participating charter schools, public higher education institutions, other participating local subdivisions of government and first-term individuals elected to the South Carolina General Assembly at or after the 2012 general election.

## NOTES TO FINANCIAL STATEMENTS

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### 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

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### 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. The General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was schedule to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The Board shall increase the employer contribution rates necessary to meet the amortization period set in statue.

Pension reformed legislation modified statue such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year, if necessary, in order to improve the funding of the plans. The statue set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statue, the contributions rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded. For the year ended June 30, 2023, the County contributed \$901,653 to the SCRS plan and \$918,824 to the PORS plan.

Required employee contribution rates for the year ended June 30, 2023, 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, 2023, are as follows:

**South Carolina Retirement System**

Employer class two	17.41% of earnable compensation
Employer class three	17.41% of earnable compensation
Employer incidental death benefit	0.15% of earnable compensation

**South Carolina Police Officers Retirement System**

Employer class two	19.84% of earnable compensation
Employer class three	19.84% 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, 2022, (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, 2021, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board, which utilized membership data as of July 1, 2021. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2022, 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, 2023, (measurement date of June 30, 2022), 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:

<b>System</b>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Employers' Net Pension Liability</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>County's Proportionate Share of the Collective Net Pension Liability</b>
SCRS	\$ 56,454,779,872	\$ 32,212,626,932	\$ 24,242,152,940	57.1%	0.041157%
PORS	\$ 8,937,686,946	\$ 5,938,707,767	\$ 2,998,979,179	66.4%	0.269634%

## 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, 2022 (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, 2021, actuarial valuations. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods to calculate the TPL as of June 30, 2022.

	<b>SCRS</b>	<b>PORS</b>
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial assumptions:		
Investment rate of return	7.00%	7.00%
Projected salary increases	3.0% to 11.0% (varied by service)	3.5% to 10.5% (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.

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

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table 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
<b>Public equity</b>	<b>46.0%</b>	6.79%	3.12%
<b>Bonds</b>	<b>26.0%</b>	-0.35%	-0.09%
<b>Private equity</b>	<b>9.0%</b>	8.75%	0.79%
<b>Private debt</b>	<b>7.0%</b>	6.00%	0.42%
<b>Real assets</b>	<b>12.0%</b>		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
	100.0%		
		Total expected real return	4.79%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	7.04%

*Discount Rate:*

The discount rate used to measure the TPL was 7.00 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	\$	12,792,126	\$	9,977,297
County's portion - PORS	\$	11,275,809	\$	8,086,264
		7,637,132		5,475,322

*Pension Expense:*

For the year ended June 30, 2023, the County recognized its proportionate share of collective pension expense of \$837,233 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 (\$265,049) for a total of \$572,184 for the SCRS plan. Additionally, for the year ended June 30, 2023, the County recognized its proportionate share of collective pension expense of \$787,654 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 \$50,969 for a total of \$838,623 for the PORS plan. Total pension expense for the County, included for both the SCRS and PORS plans, was \$1,410,807.

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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, 2023, 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:

<b>SCRS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 86,684	\$ 43,481
Changes of assumptions	319,995	-
Net difference between projected and actual earnings on pension plan investments	15,387	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	55,754	645,126
Employer contributions subsequent to the measurement date	<u>901,653</u>	<u>-</u>
Total	<u>\$ 1,379,473</u>	<u>\$ 688,607</u>
<b>PORS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 135,671	\$ 159,852
Changes of assumptions	336,725	-
Net difference between projected and actual earnings on pension plan investments	24,418	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	289,729	96,331
Employer contributions subsequent to the measurement date	<u>918,824</u>	<u>-</u>
Total	<u>\$ 1,705,367</u>	<u>\$ 256,183</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 \$901,653 and \$918,824 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, 2024. 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
2024	\$ (25,186)	\$ 301,979
2025	(49,694)	208,287
2026	(396,108)	(294,217)
2027	260,201	314,311

*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](http://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 two options for active employees and non-Medicare eligible retirees (Savings Plan, and Standard Plan). 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 194 covered members for the year ended June 30, 2023; 25 members are retirees receiving benefits and 169 are active participants and dependents.



## NOTES TO FINANCIAL STATEMENTS

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### 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, 2023, and was determined by an actuarial valuation as of July 1, 2022, 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, 2022 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 and 3.86% as of June 30, 2023
Healthcare cost trend rate:	6.00% for 2023, 5.50% for 2024, 5.25% for 2025-2029, 5.00% for 2030-2039, 4.75% for 2040-2049, 4.50% for 2050-2069, and 4.00% for 2070 and later years; Medicare ages: 4.50% for 2023-2029, and 4.00% for 2030

**Discount Rate.** The discount rate used to measure the total OPEB liability was 3.86% as of June 30, 2023. 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 3.86% as determined by the Bond Buyer 20-Bond GO Index Rate as of June 30, 2023.

## 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, 2023, were as follows:

	<b>Total OPEB Liability</b>
<b>Balances beginning of year</b>	\$ 18,923,219
<b>Changes for the year:</b>	
Service cost	709,865
Interest	596,189
Difference between actual and expected experience	(3,089,802)
Assumption changes	(826,601)
Benefit payments and implicit subsidy	(256,026)
<b>Net changes</b>	<b>(2,866,375)</b>
<b>Balances end of year</b>	<b>\$ 16,056,844</b>

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, 2023, 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 (2.86%) or 1-percentage-point higher (4.86%) than the current discount rate:

<b><u>Newberry County Health Care Plan</u></b>		
<b><u>Sensitivity of the Total OPEB Liability to Changes in the Discount Rate</u></b>		
<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
<b>(2.86%)</b>	<b>Discount Rate</b>	<b>(4.86%)</b>
<b>(2.86%)</b>	<b>(3.86%)</b>	<b>(4.86%)</b>
\$ 19,783,011	\$ 16,056,844	\$ 13,176,611

## 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, 2023, 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>
\$ 12,706,144	\$ 16,056,844	\$ 20,607,755

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, 2023, 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, 2023, the County recognized OPEB expense as follows:

<u>Description</u>	
Service cost	\$ 709,865
Interest on the total OPEB liability	596,189
Recognition of outflow (inflow) of resources due to liabilities	(421,144)
Total OPEB expense	<u>\$ 884,910</u>

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2023, the County reported deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 2,853,036
Changes of assumptions	6,149,590	8,063,735
Total	\$ 6,149,590	\$ 10,916,771

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:

2024	\$ (421,144)
2025	(421,144)
2026	(421,144)
2027	(421,144)
2028	(421,144)
Thereafter	(2,661,461)

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. INTERFUND ASSETS AND LIABILITIES

Interfund receivable and payable balances as of June 30, 2023, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 98,487
General Fund	Capital Projects Fund	1,779,041
Nonmajor Governmental Funds	General Fund	23,003
		\$ 1,900,531

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, 2023, consisted of the following individual amounts:

Transfer in Fund	Transfer Out Fund	Amount
Miscellaneous Special Revenue	General Fund	\$ 1,112,253
General Fund	Nonmajor Governmental Funds	102,467
Debt Service Fund	General Fund	1,213,800
Capital Projects Fund	Debt Service Fund	8,207,352
		\$ 10,635,872

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

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### **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, 2023, 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

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### 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, 2023, the County has 25 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 \$6,989,967 on business property valued at \$608,686,522.

### NOTE 13. NET INVESTMENT IN CAPITAL ASSETS

The amount reported on the Statement of Net Position at June 30, 2023, for the net investment in capital asset is calculated as follows:

<b>Governmental activities</b>	<b><u>June 30, 2023</u></b>
Capital assets, net of accumulated depreciation	\$ 26,757,863
Less:	
General obligation bonds outstanding	(2,022,576)
Revenue bonds	(4,972,300)
Financed purchases	(1,550,416)
<b>Net investment in capital assets</b>	<b><u>\$ 18,212,571</u></b>

### NOTE 14. RESTATEMENT

Westview Behavioral Health Services, a discretely presented component unit of the County, has recorded a prior period adjustment to the financial statements to adjust the net position to properly reflect the accounts payable balance that was not included in the previous year. The adjustments are summarized as follows:

	<b><u>Westview Behavioral Health Services</u></b>
Component unit net position, as previously reported	\$ (172,948)
Restatement for the correction of an error in prior year reporting	(10,500)
Component unit net position, as restated	<b><u>\$ (183,448)</u></b>

## **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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 21,411,538	\$ 21,411,538	\$ 23,359,802	\$ 1,948,264
Intergovernmental	5,941,897	5,941,897	4,018,735	(1,923,162)
Charges for services	40,060	40,060	103,673	63,613
Fines and forfeitures	3,259,124	3,259,124	3,223,914	(35,210)
Miscellaneous	1,032,238	1,032,238	1,471,236	438,998
Total revenues	31,684,857	31,684,857	32,177,360	492,503
<b>EXPENDITURES:</b>				
<b>Current:</b>				
<b>Legislative:</b>				
County council	478,373	478,373	394,705	83,668
Total legislative	478,373	478,373	394,706	83,668
<b>Administration:</b>				
County administrator	1,055,659	1,055,659	996,546	59,113
Miscellaneous operating	1,818,484	1,818,484	971,307	847,177
Total administration	2,874,143	2,874,143	1,967,853	906,290
<b>Tax assessment and collection:</b>				
Treasurer	259,228	259,228	486,978	(227,750)
Auditor	425,932	425,932	429,067	(3,135)
Assessor	705,174	705,174	624,302	80,872
Tax collector	170,981	170,981	139,632	31,349
Total tax assessment and collection	1,561,315	1,561,315	1,679,979	(118,664)
<b>Registration and Collection Board:</b>	247,119	247,119	241,005	6,114
<b>Administration of justice:</b>				
Criminal and civil court	183,523	183,523	181,590	1,933
Clerk of court	548,380	548,380	545,123	3,257
Family court	219,407	219,407	199,945	19,462
Probate judge	316,443	316,443	318,139	(1,696)
Probation and parole office	950	950	1,158	(208)
Public defender	99,303	99,303	103,351	(4,048)
Coroner	209,731	209,731	254,355	(44,624)
Magistrate	580,806	580,806	595,860	(15,054)
Total administration of justice	2,158,543	2,158,543	2,199,521	(40,978)
<b>Public safety:</b>				
Sheriff's office	5,082,224	5,082,224	5,321,826	(239,602)
Corrections	2,419,670	2,419,670	2,260,326	159,344
Animal control	429,207	429,207	410,151	19,056
Communications	1,240,220	1,240,220	1,245,225	(5,005)
Board of rescue squads	260,953	260,953	238,785	22,168
Hazardous materials	17,330	17,330	10,554	6,776
GIS department	134,185	134,185	81,937	52,248
Board of rural fire control	862,792	862,792	762,877	99,915
Building inspections	205,739	205,739	226,712	(20,973)
Ambulance	1,419,990	1,419,990	1,414,858	5,132
Substation	33,500	33,500	35,137	(1,637)
Other public safety	174,991	174,991	235,254	(60,263)
Total public safety	12,280,801	12,280,801	12,243,642	37,159
<b>Public works:</b>				
Central maintenance	510,619	510,619	514,923	(4,304)
Building maintenance	1,383,999	1,383,999	991,004	392,995
Community hall	22,000	22,000	12,405	9,595
Collections	1,041,313	1,041,313	995,166	46,147
Transfer station	2,142,605	2,142,605	3,000,041	(857,436)
Other public works	1,588,841	1,588,841	1,486,216	102,625
Total public works	6,689,377	6,689,377	6,999,755	(310,378)
<b>Planning and development:</b>				
Economic development	453,308	453,308	387,779	65,529
Comprehensive planning	359,956	359,956	335,953	24,003
Total planning and development	813,264	813,264	723,732	89,532

**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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES: (CONTINUED)</b>				
<b>Current (Continued):</b>				
<b>Agriculture and home economics:</b>				
Clemson extension	\$ 28,500	\$ 28,500	\$ 28,500	\$ -
Newberry soil and water conservation	96,477	96,477	106,232	(9,755)
Total agriculture and home economics	<u>124,977</u>	<u>124,977</u>	<u>134,732</u>	<u>(9,755)</u>
<b>Public health:</b>				
Health department	4,550	4,550	3,300	1,250
Beckman mental health	12,750	12,750	9,563	3,187
Newberry free medical clinic	5,000	5,000	5,000	-
Westview Behavioral	1,500	1,500	1,605	(105)
Total public health	<u>23,800</u>	<u>23,800</u>	<u>19,468</u>	<u>4,332</u>
<b>Social services:</b>				
Department of social services	76,392	76,392	71,717	4,675
Veteran's affairs	181,818	181,818	175,424	6,394
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>324,755</u>	<u>324,755</u>	<u>313,686</u>	<u>11,069</u>
<b>Nondepartmental:</b>				
Airport	145,060	145,060	118,856	26,204
Government association	380	380	-	380
S.C. Association of Counties	9,146	9,146	9,146	-
National Association of Counties	750	750	750	-
Newberry County Chamber	175	175	-	175
Medically indigent	66,447	66,447	54,881	11,566
Emergency services training	22,502	22,502	17,613	4,889
Helena Community Center	7,200	7,200	3,701	3,499
Newberry Opera House	25,000	25,000	25,000	-
Newberry County Literacy	7,000	7,000	7,000	-
Newberry County Museum	50,000	50,000	50,000	-
Recreation	266,798	266,798	240,919	25,879
Contingency	3,561,534	3,561,534	827,888	2,733,646
Total nondepartmental	<u>4,161,992</u>	<u>4,161,992</u>	<u>1,355,754</u>	<u>2,806,238</u>
<b>Capital outlay</b>	<u>397,663</u>	<u>397,663</u>	<u>328,231</u>	<u>69,432</u>
Total expenditures	<u>32,136,122</u>	<u>32,136,122</u>	<u>28,602,064</u>	<u>3,534,059</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(451,265)</u>	<u>(451,265)</u>	<u>3,575,296</u>	<u>4,026,561</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	190,000	190,000	102,467	(87,533)
Transfers out	-	-	(2,326,053)	(2,326,053)
Total other financing sources (uses), net	<u>190,000</u>	<u>190,000</u>	<u>(2,223,586)</u>	<u>(2,413,586)</u>
Net change in fund balances	(261,265)	(261,265)	1,351,710	1,612,975
<b>Fund balances, beginning of year</b>	<u>12,857,919</u>	<u>12,857,919</u>	<u>12,857,919</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 12,596,654</u>	<u>\$ 12,596,654</u>	<u>\$ 14,209,629</u>	<u>\$ 1,612,975</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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 1,357,937	\$ 1,357,937
Total revenues	<u>-</u>	<u>-</u>	<u>1,357,937</u>	<u>1,357,937</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Public safety	8,000	8,000	87,892	(79,892)
Miscellaneous	1,208,553	1,208,553	1,118,889	89,664
<b>Capital outlay</b>	714,500	714,500	858,696	(144,196)
Total expenditures	<u>1,931,053</u>	<u>1,931,053</u>	<u>2,065,477</u>	<u>(134,424)</u>
Deficiency of revenues under expenditures	<u>(1,931,053)</u>	<u>(1,931,053)</u>	<u>(707,540)</u>	<u>1,223,513</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	1,112,253	1,112,253
Total other financing sources	<u>-</u>	<u>-</u>	<u>1,112,253</u>	<u>1,112,253</u>
Net change in fund balances	(1,931,053)	(1,931,053)	404,713	2,335,766
<b>Fund balances, beginning of year</b>	<u>671,767</u>	<u>671,767</u>	<u>671,767</u>	<u>-</u>
<b>Fund balances (deficits), end of year</b>	<u>\$ (1,259,286)</u>	<u>\$ (1,259,286)</u>	<u>\$ 1,076,480</u>	<u>\$ 2,335,766</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
2022	0.041157%	\$ 9,977,297	\$ 4,903,051	203.5%	57.1%
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
2022	0.26963%	\$ 8,086,264	\$ 4,267,214	189.5%	66.4%
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

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### South Carolina Retirement System

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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
2023	\$ 901,653	\$ 901,653	\$ -	\$ 5,134,699	17.56%
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%

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### South Carolina Police Officers Retirement System

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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
2023	\$ 918,824	\$ 918,824	\$ -	\$ 4,551,666	20.19%
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

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### 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, 2020	July 1, 2020
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	27 year maximum, closed period	27 year maximum, closed period
Investment return	7.25%	7.25%
Inflation	2.25%	2.25%
Salary increases	3.00% plus step-rate increases for members with 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	2023	2022	2021	2020	2019	2018
Service cost	\$ 709,865	\$ 1,323,769	\$ 1,067,254	\$ 641,417	\$ 641,417	\$ 641,417
Interest on the total OPEB liability	596,189	538,107	565,744	469,710	469,710	469,710
Difference between actual and expected experience	(3,089,802)	-	(96,488)	-	-	-
Assumption changes	(826,601)	(9,534,777)	9,386,218	-	-	-
Benefit payments	(256,026)	(212,077)	(154,095)	(112,355)	(102,141)	(108,519)
<b>Net change in total OPEB liability</b>	<b>(2,866,375)</b>	<b>(7,884,978)</b>	<b>10,768,633</b>	<b>998,772</b>	<b>1,008,986</b>	<b>1,002,608</b>
<b>Total OPEB liability - beginning</b>	<b>18,923,219</b>	<b>26,808,197</b>	<b>16,039,564</b>	<b>15,040,792</b>	<b>14,031,806</b>	<b>13,029,198</b>
<b>Total OPEB liability - ending</b>	<b>\$ 16,056,844</b>	<b>\$ 18,923,219</b>	<b>\$ 26,808,197</b>	<b>\$ 16,039,564</b>	<b>\$ 15,040,792</b>	<b>\$ 14,031,806</b>
<b>Covered-employee payroll</b>	<b>\$ 10,555,833</b>	<b>\$ 9,860,330</b>	<b>\$ 8,498,446</b>	<b>\$ 8,850,650</b>	<b>\$ 8,850,650</b>	<b>\$ 8,135,387</b>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>152.11%</b>	<b>191.91%</b>	<b>315.45%</b>	<b>181.22%</b>	<b>169.94%</b>	<b>172.48%</b>

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.

The discount rate changed from 3.69% as of June 30, 2022, to 3.86% as of June 30, 2023.

# **COMBINING STATEMENTS AND SCHEDULES**



**NEWBERRY COUNTY, SOUTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	<b>Sheriff's Fund</b>	<b>Sheriff's Grant Fund</b>	<b>Victim's Advocate Fund</b>	<b>Emergency 911 Fund</b>	<b>DSS Clerk of Court Fund</b>	<b>Totals</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 414,980	\$ 190,977	\$ 198,132	\$ 451,548	\$ 412,522	\$ 1,668,159
Due from other funds	23,003	-	-	-	-	23,003
Total assets	<u>437,983</u>	<u>190,977</u>	<u>198,132</u>	<u>451,548</u>	<u>412,522</u>	<u>1,691,162</u>
<b>LIABILITIES</b>						
Unearned revenue	90,030	-	-	-	-	90,030
Due to other funds	-	7,166	65,519	25,802	-	98,487
Total liabilities	<u>90,030</u>	<u>7,166</u>	<u>65,519</u>	<u>25,802</u>	<u>-</u>	<u>188,517</u>
<b>FUND BALANCES</b>						
Restricted for:						
Public safety	347,953	183,811	132,613	425,746	412,522	1,502,645
Total fund balances	<u>347,953</u>	<u>183,811</u>	<u>132,613</u>	<u>425,746</u>	<u>412,522</u>	<u>1,502,645</u>
Total liabilities and fund balances	<u>\$ 437,983</u>	<u>\$ 190,977</u>	<u>\$ 198,132</u>	<u>\$ 451,548</u>	<u>\$ 412,522</u>	<u>\$ 1,691,162</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, 2023**

	<b>Sheriff's Fund</b>	<b>Sheriff's Grant Fund</b>	<b>Victim's Advocate Fund</b>	<b>Emergency 911 Fund</b>	<b>DSS Clerk of Court Fund</b>	<b>Totals</b>
<b>Revenues:</b>						
Intergovernmental	\$ -	\$ 4,165	\$ -	\$ -	\$ 148,721	\$ 152,886
Charges for services	140,961	-	92,907	484,589	-	718,457
Interest revenue	144	-	-	-	-	144
Miscellaneous	-	81,973	-	-	-	81,973
Total revenues	<u>141,105</u>	<u>86,138</u>	<u>92,907</u>	<u>484,589</u>	<u>148,721</u>	<u>953,460</u>
<b>Expenditures:</b>						
Current:						
Administration of justice	-	-	-	-	1,282	1,282
Law enforcement	135,415	38,261	-	-	-	173,676
Public safety	-	-	70,544	-	-	70,544
Emergency telephone reporting	-	-	-	500,128	-	500,128
Total expenditures	<u>135,415</u>	<u>38,261</u>	<u>70,544</u>	<u>500,128</u>	<u>1,282</u>	<u>745,630</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,690</u>	<u>47,877</u>	<u>22,363</u>	<u>(15,539)</u>	<u>147,439</u>	<u>207,830</u>
<b>Other financing uses</b>						
Transfers out	-	-	-	-	(102,467)	(102,467)
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(102,467)</u>	<u>(102,467)</u>
Net change in fund balances	5,690	47,877	22,363	(15,539)	44,972	105,363
<b>Fund balances, beginning of year</b>	<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>
<b>Fund balances, end of year</b>	<u>\$ 347,953</u>	<u>\$ 183,811</u>	<u>\$ 132,613</u>	<u>\$ 425,746</u>	<u>\$ 412,522</u>	<u>\$ 1,502,645</u>

**NEWBERRY COUNTY, SOUTH CAROLINA**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**

**CUSTODIAL FUNDS**

**JUNE 30, 2023**

	<b>Magistrate/ Clerk of Court</b>	<b>Newberry County Schools</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 543,800	\$ 37,956,242	\$ 38,500,042
Taxes receivable	-	1,274,176	1,274,176
<b>Total assets</b>	<b>543,800</b>	<b>39,230,418</b>	<b>39,774,218</b>
<b>LIABILITIES</b>			
Due to others	162,982	37,956,242	38,119,224
Uncollected taxes	-	1,274,176	1,274,176
<b>Total liabilities</b>	<b>162,982</b>	<b>39,230,418</b>	<b>39,393,400</b>
<b>NET POSITION</b>			
Restricted for individuals, organizations and other governments	380,818	-	380,818
<b>Total net position</b>	<b>\$ 380,818</b>	<b>\$ -</b>	<b>\$ 380,818</b>

**NEWBERRY COUNTY, SOUTH CAROLINA**

**COMBINING STATEMENT OF CHANGES IN  
FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>Magistrate/ Clerk of Court</b>	<b>Newberry County Schools</b>	<b>Total</b>
<b>ADDITIONS</b>			
Taxes	\$ -	\$ 162,651,767	\$ 162,651,767
Fines and fees	1,207,287	-	1,207,287
Total additions	<u>1,207,287</u>	<u>162,651,767</u>	<u>163,859,054</u>
<b>DEDUCTIONS</b>			
Taxes and fees paid to other governments	-	162,651,767	162,651,767
Funds disbursed per court order	1,187,099	-	1,187,099
Total deductions	<u>1,187,099</u>	<u>162,651,767</u>	<u>163,838,866</u>
Change in fiduciary net position	20,188	-	20,188
<b>Net position, beginning of year</b>	<u>360,630</u>	<u>-</u>	<u>360,630</u>
<b>Net position, end of year</b>	<u>\$ 380,818</u>	<u>\$ -</u>	<u>\$ 380,818</u>

**NEWBERRY COUNTY, SOUTH CAROLINA**

**COMPONENT UNITS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2023**

	<b>Westview Behavioral Health Services</b>	<b>Newberry County Memorial Hospital</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,055,580	\$ 5,539,456	\$ 6,595,036
Investments	-	42,822,796	42,822,796
Receivables:			
Other	312,290	5,695,496	6,007,786
Drugs and supplies	-	1,708,394	1,708,394
Estimated third-party payor settlements	-	190,792	190,792
Prepays and other assets	22,772	2,781,966	2,804,738
Capital assets, net of accumulated depreciation	440,798	13,489,436	13,930,234
Right-to-use lease assets, net of accumulated amortization	-	189,340	189,340
Assets limited as to use:			
By donor	-	115,180	115,180
By board	-	981,769	981,769
Investment in joint ventures	-	307,657	307,657
Total assets	<u>1,831,440</u>	<u>73,822,282</u>	<u>75,653,722</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan - South Carolina Retirement System	344,131	-	344,131
Total deferred outflows of resources	<u>344,131</u>	<u>-</u>	<u>344,131</u>
<b>LIABILITIES</b>			
Accounts payable	-	2,518,337	2,518,337
Accrued salaries, wages and related costs	70,925	2,565,557	2,636,482
Unearned revenue - capital grant	92,592	-	92,592
Estimated third-party payor settlements	-	910,114	910,114
Long-term liabilities:			
Due within one year	54,631	604,967	659,598
Due in more than one year	-	3,149,076	3,149,076
Net pension liability	1,885,599	-	1,885,599
Total liabilities	<u>2,103,747</u>	<u>9,748,051</u>	<u>11,851,798</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan - South Carolina Retirement System	122,654	-	122,654
Total deferred inflows of resources	<u>122,654</u>	<u>-</u>	<u>122,654</u>
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	440,798	9,730,096	10,170,894
Restricted	-	1,096,949	1,096,949
Unrestricted (deficit)	(491,628)	53,247,186	52,755,558
Total net position (deficit)	<u>\$ (50,830)</u>	<u>\$ 64,074,231</u>	<u>\$ 64,023,401</u>

**NEWBERRY COUNTY, SOUTH CAROLINA**

**COMPONENT UNITS  
COMBINING STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<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>
<b>Component units:</b>							
Westview Behavioral Health Services	\$ 2,045,076	\$ 17,385	\$ 1,887,865	\$ -	\$ (139,826)	\$ -	\$ (139,826)
Newberry County Memorial Hospital	60,128,146	58,749,917	97,913	-	-	(1,280,316)	(1,280,316)
Total governmental activities	<u>\$ 62,173,222</u>	<u>\$ 58,767,302</u>	<u>\$ 1,985,778</u>	<u>\$ -</u>	<u>(139,826)</u>	<u>(1,280,316)</u>	<u>(1,420,142)</u>
			<b>General revenues:</b>				
			County apportionment		-	1,250,000	1,250,000
			Salary supplement		66,796	-	66,796
			State block grant		2,231	-	2,231
			Alcohol tax		191,527	-	191,527
			Investment income		4,614	3,045,004	3,049,618
			Miscellaneous		7,276	292,488	299,764
			Total general revenues		<u>272,444</u>	<u>4,587,492</u>	<u>4,859,936</u>
			Change in net position		132,618	3,307,176	3,439,794
			Net position (deficit), beginning of year, as restated		(183,448)	60,767,055	60,583,607
			Net position (deficit), end of year		<u>\$ (50,830)</u>	<u>\$ 64,074,231</u>	<u>\$ 64,023,401</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, 2023**

FOR THE STATE TREASURER'S OFFICE:

<b>COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT</b>	<b><u>General Sessions</u></b>	<b><u>Magistrate Court</u></b>	<b><u>Municipal Court</u></b>	<b><u>Total</u></b>
<b>Court Fines and Assessments:</b>				
Court fines and assessments collected	\$ 183,055	\$ 506,822	N/A	\$ 689,877
Court fines and assessments remitted to State Treasurer	170,564	458,126	N/A	628,690
<b>Total Court Fines and Assessments retained</b>	<b>\$ 12,491</b>	<b>\$ 48,696</b>	<b>N/A</b>	<b>\$ 61,187</b>
<b>Surcharges and Assessments retained for victim services:</b>				
Surcharges collected and retained	\$ 16,783	\$ 13,243	N/A	\$ 30,026
Assessments retained	27,247	35,453	N/A	62,700
<b>Total Surcharges and Assessments retained for victim services</b>	<b>\$ 44,030</b>	<b>\$ 48,696</b>	<b>N/A</b>	<b>\$ 92,726</b>

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<b><u>VICTIM SERVICE FUNDS COLLECTED</u></b>	<b><u>Municipal</u></b>	<b><u>County</u></b>	<b><u>Total</u></b>
<b>Carryforward from Previous Year – Beginning Balance</b>	N/A	\$ 110,250	\$ 110,250
<b><u>Victim Service Revenue:</u></b>			
Victim Service Fines Retained by City/County Treasurer	N/A	-	-
Victim Service Assessments Retained by City/County Treasurer	N/A	62,700	62,700
Victim Service Surcharges Retained by City/County Treasurer	N/A	30,026	30,026
Interest Earned	N/A	181	181
Grant Funds Received			
Grant from:	N/A	-	-
General Funds Transferred to Victim Service Fund	N/A	-	-
<b>Contribution Received from Victim Service Contracts:</b>			
(1) Town of	N/A	-	-
(2) Town of	N/A	-	-
(3) City of	N/A	-	-
<b>Total Funds Allocated to Victim Service Fund + Beginning Balance (A)</b>	<b>N/A</b>	<b>\$ 203,157</b>	<b>\$ 203,157</b>



**NEWBERRY COUNTY, SOUTH CAROLINA**  
**UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<b><u>Expenditures for Victim Service Program:</u></b>	<b><u>Municipal</u></b>	<b><u>County</u></b>	<b><u>Total</u></b>
Salaries and Benefits	N/A	\$ 66,569	\$ 66,569
Operating Expenditures	N/A	3,975	3,975
<b>Victim Service Contract(s):</b>			
(1) Entity's Name:	N/A	-	-
(2) Entity's Name	N/A	-	-
<b>Victim Service Donation(s):</b>			
(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	-	-
<b>Total Expenditures from Victim Service Fund/Program (B)</b>	<b>N/A</b>	<b>70,544</b>	<b>70,544</b>
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	N/A	132,613	132,613
<b>Less: Prior Year Fund Deficit Repayment</b>	<b>N/A</b>	<b>-</b>	<b>-</b>
<b>Carryforward Funds – End of Year</b>	<b>N/A</b>	<b>\$ 132,613</b>	<b>\$ 132,613</b>

## **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

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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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 25, 2024. 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 deficiency described in the accompanying schedule of findings and responses as item 2023-001 to be a material weakness.

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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 2023-002 to be a significant deficiency.

### **Report on Compliance and Other Matters**

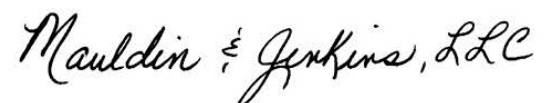
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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  
March 25, 2024

# NEWBERRY COUNTY, SOUTH CAROLINA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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### 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

The Uniform Guidance allows for an alternative to the Single Audit (in the form of a compliance attestation engagement) for those governments who meet two criteria: 1) a total Coronavirus State and Local Fiscal Recovery Funds award of \$10 million or less, and 2) other expenditures from other programs of less than \$750,000 in total. Newberry County, South Carolina meets both criteria and has elected to do a compliance attestation engagement for the year ended June 30, 2023.

### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

#### 2023-001. 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, 2023, audit adjustments amounting to approximately \$4.3 million across four (4) County funds were required to properly state June 30, 2023 balances.

# NEWBERRY COUNTY, SOUTH CAROLINA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

#### 2023-001. 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.

#### 2023-002. 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.

**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.

**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

Not applicable.

# NEWBERRY COUNTY, SOUTH CAROLINA

## SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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### SECTION IV SCHEDULE OF PRIOR YEAR FINDINGS

#### **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.

**Status:** Unresolved. See current year finding 2023-001

#### **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.

**Status:** Resolved.

#### **2022-003 Fund Accounting**

**Criteria:** Governmental Accounting Standards Board (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

**Status:** Resolved.

# NEWBERRY COUNTY, SOUTH CAROLINA

## SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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### SECTION IV SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)

#### **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.

**Status:** Unresolved. See current year finding 2023-002