

**LAURENS COUNTY,
SOUTH CAROLINA**

**ANNUAL FINANCIAL
REPORT**

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



LAURENS COUNTY, SOUTH CAROLINA

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**LAURENS COUNTY, SOUTH CAROLINA
YEAR ENDED JUNE 30, 2023**

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of County Council
Laurens County, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Laurens County, South Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Laurens County, South Carolina's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Laurens County, South Carolina, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Other Matters

As discussed in Note 18 to the financial statements, Laurens County, South Carolina recorded prior period adjustments related to accumulated depreciation.

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the uniform schedule of court fines, assessments, and surcharges (per ACT), computation of legal debt margin, and schedule of delinquent taxes receivable but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2024, on our consideration of Laurens 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 Laurens 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 Laurens County, South Carolina's internal control over financial reporting and compliance.

Love Bailey & Associates, LLC

Love Bailey & Associates, LLC
Laurens, South Carolina
February 7, 2024

LAURENS COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Laurens County management's discussion and analysis offers readers of the County's financial statements a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2023. The County encourages readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the basic financial statements.

The government-wide financial statements include Laurens County (known as the primary government) and the Laurens County Library. The Laurens County Library meets the criteria to be included in these financial statements as a discreetly presented component unit of the County. Information included in this discussion and analysis focuses on the activities of the primary government.

Financial Highlights

- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2023, by \$62.5 million (net position). Of this amount, \$69.4 million is net investment in capital assets; \$6.5 million is restricted for capital activity, debt service, family services and public safety, and with unrestricted net position of approximately (\$13.4 million).
- The County's total net position increased \$18.6 million over the previous year due to a positive change in net position of \$18.7 million and a negative \$131 thousand prior period adjustment.
- The County repaid \$4.8 million of bond, financed purchases, notes and lease payables during the year.
- During the year, the County's General Fund balance increased by \$3.3 million. The General Fund total fund balance is \$17.3 million. Of this amount \$16.1 million is unassigned.
- The General Fund actual revenues were \$4.9 million greater than budgeted and General Fund expenditures were \$887 thousand greater than budgeted.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets and deferred outflows of resources, liabilities and deferred inflows of resources, 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.

LAURENS COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of Laurens County that are principally supported by taxes and intergovernmental revenues (governmental activities) and fees (business-type activities). The County's governmental activities include general government, judicial, public safety, public works, health and welfare, culture and recreation, housing and development, depreciation and amortization, and interest. The County's business-type activities include solid waste related services.

The government-wide financial statements can be found on pages 12 and 13 of this report.

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. Laurens County, like other state and local governments, 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 funds, proprietary funds, and fiduciary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

Laurens County maintains thirteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, Capital Fund, Fire Capital Reserve, and EMS which are major funds. Data from other governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of the nonmajor governmental funds is provided in the form of combining schedules elsewhere in this report. Laurens County adopts an annual appropriation budget for its General Fund and most of its other governmental funds. Required budgetary comparison schedules have been provided for the General Fund to demonstrate compliance with the budget.

**LAURENS COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

The basic governmental funds financial statements can be found on pages 14 and 16 of this report.

Proprietary fund: Laurens County utilizes one proprietary fund for its solid waste related activities. This fund accounts for the assessed solid waste fees. These statements are found on pages 18 through 20.

Fiduciary fund: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds 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 basic fiduciary fund financial statement can be found on page 21 through 22 of this report.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23 through 56 of this report.

Other information

In addition to the basic financial statements and accompanying notes, the Governmental Accounting Standards Board requires information pertaining to other post-employment benefits and the pension plan be presented to supplement the basic financial statements. This required supplemental information (RSI) is presented immediately following the notes to the financial statements. Combining and individual fund schedules referred to earlier are presented following the RSI. The RSI can be found on pages 57 through 65 and the combining and individual fund schedules can be found on pages 66 through 69 of this report.

Government-wide Financial Analysis

The government-wide financial statements are provided as part of the new approach mandated by the GASB. GASB sets the uniform standards for presenting government financial reports.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Laurens County, assets and deferred outflows exceeded liabilities and deferred inflow by \$62,487,074 at the close of the most recent fiscal year. The County's increase in net position for this fiscal year amounts to \$18,713,756.

One portion of the County's net position (\$69,370,311) reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (\$6,486,998) represents resources that are subject to restrictions on how they may be used. The remaining balance is a deficit of (\$13,370,235) unrestricted net position.

**LAURENS COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

**Laurens County's Net Position
(Dollars in Thousands)**

The net position displayed below shows the governmental and business-type activities assets, deferred outflows, liabilities, deferred inflows and net position at June 30th:

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|-----------------|-----------------------------|-----------------|-----------------|-----------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Current and other assets | \$52,957 | \$52,142 | \$ 4 | \$ 42 | \$52,961 | \$52,184 |
| Internal balances | (418) | (250) | 418 | 250 | - | - |
| Capital assets | <u>84,539</u> | <u>73,417</u> | <u>2,260</u> | <u>2,198</u> | <u>86,800</u> | <u>75,615</u> |
| Total Assets | <u>137,078</u> | <u>125,309</u> | <u>2,682</u> | <u>2,490</u> | <u>139,760</u> | <u>127,799</u> |
| Total deferred outflows of resources | <u>9,716</u> | <u>10,363</u> | <u>315</u> | <u>317</u> | <u>10,031</u> | <u>10,680</u> |
| Current liabilities | 8,901 | 27,085 | 126 | 119 | 9,027 | 27,240 |
| Long-term liabilities | <u>66,700</u> | <u>56,197</u> | <u>1,555</u> | <u>1,320</u> | <u>68,255</u> | <u>57,517</u> |
| Total liabilities | <u>75,601</u> | <u>83,282</u> | <u>1,681</u> | <u>1,439</u> | <u>77,282</u> | <u>84,721</u> |
| Total deferred inflows of resources | <u>9,997</u> | <u>9,597</u> | <u>25</u> | <u>256</u> | <u>10,022</u> | <u>9,853</u> |
| Net position | | | | | | |
| Invested in capital assets, net of related debt | 67,111 | 58,409 | 2,259 | 2,198 | 69,370 | 60,607 |
| Restricted | 6,487 | 6,042 | - | - | 6,487 | 6,042 |
| Unrestricted | <u>(12,402)</u> | <u>(21,658)</u> | <u>(968)</u> | <u>(1,086)</u> | <u>(13,370)</u> | <u>(22,744)</u> |
| Total net position | <u>\$61,196</u> | <u>\$42,793</u> | <u>\$ 1,291</u> | <u>\$ 1,112</u> | <u>\$62,487</u> | <u>\$43,905</u> |

**LAURENS COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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

**Laurens County's Changes in Net Position
(Dollars in Thousands)**

| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------------------|----------------------------|-----------------|-----------------------------|---------------|-----------------|-----------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues | | | | | | |
| Program revenue: | | | | | | |
| Charges for services | \$ 7,551 | \$ 7,335 | \$ 2,263 | \$ 2,423 | \$ 9,814 | \$ 9,758 |
| Operating grants and contributions | 8,295 | 16,110 | 85 | - | 8,380 | 16,110 |
| Capital grants and contributions | 8,764 | 4,304 | - | - | 8,764 | 4,304 |
| General revenue: | | | | | | |
| Taxes: | | | | | | |
| Property taxes | 32,675 | 30,553 | - | - | 32,675 | 30,553 |
| Capital projects sales tax | 8,173 | 6,611 | - | - | 8,173 | 6,611 |
| Interest earnings | 1,678 | 104 | - | - | 1,678 | 104 |
| Insurance proceeds | - | - | 77 | - | 77 | - |
| Gain on sale of assets | 88 | 41 | - | - | 88 | 41 |
| Miscellaneous | 180 | - | (2) | 4 | 178 | 4 |
| Total revenues | <u>67,404</u> | <u>65,058</u> | <u>2,423</u> | <u>2,427</u> | <u>69,827</u> | <u>67,485</u> |
| Expenses | | | | | | |
| General government | 7,215 | 21,260 | - | - | 7,215 | 21,260 |
| Judicial | 2,057 | 1,845 | - | - | 2,057 | 1,845 |
| Public safety | 24,158 | 13,059 | - | - | 24,158 | 13,059 |
| Public works | 3,095 | 6,522 | - | - | 3,095 | 6,522 |
| Health and welfare | 349 | 321 | - | - | 349 | 321 |
| Culture and recreation | 1,907 | 188 | - | - | 1,907 | 188 |
| Economic development | 3,977 | 3,398 | - | - | 3,977 | 3,398 |
| Interest | 968 | 391 | - | - | 968 | 391 |
| Solid waste | - | - | 2,021 | 2,828 | 2,021 | 2,828 |
| Depreciation and amortization | 5,137 | 5,926 | 175 | 149 | 5,312 | 6,075 |
| Loss on sale of asset | - | - | 54 | - | 54 | - |
| Total expenses | <u>48,863</u> | <u>52,910</u> | <u>2,250</u> | <u>2,977</u> | <u>51,113</u> | <u>55,887</u> |
| Transfers | <u>23</u> | <u>(1,438)</u> | <u>(23)</u> | <u>1,438</u> | <u>-</u> | <u>-</u> |
| Change in net position | <u>\$18,564</u> | <u>\$10,710</u> | <u>\$ 150</u> | <u>\$ 888</u> | <u>\$18,714</u> | <u>\$11,598</u> |

**LAURENS COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Primary Government Activities

Revenues for the County's governmental activities were \$67,403,573 for fiscal year 2023. Taxes constitute the largest source of County revenues, amounting to \$32,675,361 for the fiscal year 2023. The business-type activities had an increase in net position for the year of \$149,374.

Financial Analysis of Laurens County's Funds

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

Governmental funds

The focus of Laurens County governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Laurens County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of June 30, 2023, Laurens County governmental funds reported combined fund balances of \$48,226,569, a change in fund balance of \$1,620,547 caused an overall increase in fund balances over the prior year balances.

The General Fund is the chief operating fund of the County. At June 30, 2023, total fund balance in the General Fund was \$17,263,956, of which \$16,089,737 was unassigned. As a measure of the General Fund's liquidity, the total unassigned fund balances compared to total fund expenditures was 51 percent. The fund balance of the General Fund had an increase of \$3,342,474 that caused an overall increase in fund balance over the prior years balance.

The major Capital Fund is used to account for property taxes received and intergovernmental funds received from the state that are used for acquisition or construction of capital facilities. The Fund balance for this fund had a decrease of \$4,305,785 to arrive at a fund balance of \$20,792,926 at June 30, 2023.

The major Fire Capital Reserve Fund is used to account for property taxes received that are restricted for fire department capital projects. The fund balance for this fund had a decrease of \$37,998 during the fiscal year resulting in an ending fund balance of \$31,436 at June 30, 2023.

The major EMS Fund is used to account for activities of the County's emergency medical services, the resources of which are restricted for public safety. The fund balance for this fund had a decrease of \$548,497 to arrive at a deficit fund balance of \$(190,135) at June 30, 2023.

Other governmental funds are used to account for specific revenues and expenditures. Total fund balances of all other governmental funds increased by \$3,170,353 to arrive at ending fund balances of \$10,328,386 at June 30, 2023.

General Fund Budgetary Highlights

A budget to actual statement is provided for the General Fund on page 57 through 59 of this report. The expenditures incurred during the year were \$554,646 over the budgeted amounts and revenues received were \$4,865,527 over the budgeted amounts.

**LAURENS COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Capital Asset and Debt Administration

Capital assets

Laurens County's investment in capital assets for its governmental activities and business-type activities as of June 30, 2023 is stated below.

| | Governmental Activities | Business-Type Activities |
|---------------------------|----------------------------|-----------------------------|
| | (Dollars in Thousands) | |
| Land | \$ 4,969 | \$ 2 |
| Construction in process | 19,280 | - |
| Buildings | 32,348 | 1,241 |
| Equipment | 10,352 | 1,017 |
| Infrastructure | 17,504 | - |
| Total capital assets, net | \$ 84,453 | \$ 2,260 |

Additional information on the County's capital assets can be found in Note 5 on pages 34 through 35 of this report.

Long-term debt

During the FY 2023-2024, the County did not issue any new debt.

**Laurens County's Outstanding Debt
(Dollars in Thousands)**

| | Governmental Activities | | Business-type Activities | |
|--------------------------|-------------------------|-----------|--------------------------|------|
| | 2023 | 2022 | 2023 | 2022 |
| General obligation bonds | \$ 23,991 | \$ 28,288 | \$ - | \$ - |
| Notes payable | 89 | 178 | - | - |
| Financed purchases | 2,548 | 2,872 | - | - |
| Leases payable | 88 | 151 | | |
| Bond premium | 2,860 | 3,755 | - | - |
| | \$ 29,576 | \$ 35,244 | \$ - | \$ - |

Additional information on Laurens County's long-term debt can be found on Note 7 on pages 36 through 39 of this report.

Economic Factors and Next Year's Budget and Rates

The budget for FY 2023-2024 factors in growth that continued during FY2023 in the Northern sector of the County, the Lake Greenwood region, as well as other areas around the Cities of Gray Court, Laurens, Clinton, and Fountain Inn. Although the growth mentioned in the preceding paragraph may add revenue, Council and Administration reviewed staffing needs and equipment requests to service the citizens across all growth sectors. The need for more staff and equipment was a unique challenge for the FY2023-2024 budget.

**LAURENS COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

The County continued to enhance its Capital Improvement Plan (CIP) for FY24 which identified numerous capital asset needs and required updates. Council has systematically addressed CIP projects to gradually reduce the neglected CIP needs. At the end of FY23, only a few large CIP projects remain that do not have a financial implementation plan, which included new emergency services facilities (Law Enforcement, E911, Fire and EMS). County council and staff have started proactive discussions concerning available options to fund new construction along with improvements to County facilities. Council authorized the County Administrator to explore options for the funding of these facilities in the first half of FY 23-24.

Since the County has maintained a positive fund balance over the past four years, the County plans to continue its conservative financial strategy by ensuring all budgeted items are necessary to the operation of the County. The County is projected to be on the verge of one of the best economic expansions in its recent history. Thousands of new residential units are under construction and many others are approved for implementation. Commercial growth is also projected to follow the forecasted residential development. The County industrial economy remains strong.

The County's investment in its CIP, especially those CIP projects that affect quality of life, are further propelling the County's economic expansion. The county continues to administer the projects included in the voter-passed referendum that will add \$35,000,000 in capital sales taxes into the County spanning over a 6-8 year window. These projects are all quality-of-life investments, which are resulting in increased interest in making the County home to thousands of new residents, as well as improving the quality of life for existing residents. The Capital Projects that were included in the approved referendum are currently underway. A few of the projects are complete or near completion. The Evidence Storage Facility for the Laurens County Sheriff's Office is an example one of those completed projects. Another example would be the completion of the "Loop Trail" which is part of the Swamp Rabbit Trail System.

As stated above, the County's assets have been neglected in the past few decades resulting in significant accumulation of immediate capital investment needs. Looking solely at the growing fund balance and overall economy of the County does not take account for the condition of the County's assets. The County will continue to be conservative in spending while wisely continuing to invest in the future.

The net results of this FY23 audit show the finances of the County once again moved in a positive direction, thanks to the hard work of the dedicated Laurens County Government employees and elected officials. As in the past budget cycles, The FY 23-24 Budget was prepared with the continuation of the goals set by County Council to produce a plan that provides the best services possible while minimizing financial impact to the taxpayer.

Contacting the County's Financial Management

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Renee W. Morrow, Finance Director, Laurens County, PO Box 1788, Laurens, SC 29360.

LAURENS COUNTY, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2023

| | Primary Government | | Total | Component Unit |
|--|--------------------------------|---------------------------------|----------------------|-------------------------------|
| | Governmental Activities | Business-type Activities | | Laurens County Library |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 42,103,522 | \$ 100 | \$ 42,103,622 | \$ 50,307 |
| Investments | 1,067,945 | - | 1,067,945 | 20,176 |
| Receivables: | | | | |
| Property taxes | 783,420 | - | 783,420 | - |
| Accounts receivable, net | 653,379 | 3,845 | 657,224 | 12,051 |
| Due from other governments | 3,243,105 | - | 3,243,105 | - |
| Prepaid expenses | 204,139 | - | 204,139 | 38,430 |
| Internal balances | <u>(418,168)</u> | <u>418,168</u> | <u>-</u> | <u>-</u> |
| Total current assets | <u>47,637,342</u> | <u>422,113</u> | <u>48,059,455</u> | <u>120,964</u> |
| Non-current assets: | | | | |
| Investments | 4,901,787 | - | 4,901,787 | - |
| Right to use leased assets, net of amortization | 86,912 | - | 86,912 | - |
| Capital assets | | | | |
| Non-depreciable | 24,249,652 | 2,031 | 24,251,683 | 33,700 |
| Depreciable - net | <u>60,202,897</u> | <u>2,257,533</u> | <u>62,460,430</u> | <u>890,480</u> |
| Total non-current assets | <u>89,441,248</u> | <u>2,259,564</u> | <u>91,700,812</u> | <u>924,180</u> |
| Total assets | <u>137,078,590</u> | <u>2,681,677</u> | <u>139,760,267</u> | <u>1,045,144</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Related to OPEB | 3,636,640 | - | 3,636,640 | 102,248 |
| Related to pension | <u>6,079,310</u> | <u>315,582</u> | <u>6,394,892</u> | <u>177,460</u> |
| Total deferred outflows of resources | <u>9,715,950</u> | <u>315,582</u> | <u>10,031,532</u> | <u>279,708</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 1,784,540 | 100,402 | 1,884,942 | 3,707 |
| Accrued liabilities | 1,046,535 | - | 1,046,535 | - |
| Accrued interest payable | 43,860 | - | 43,860 | - |
| Due to other governments | 278,238 | - | 278,238 | - |
| Unearned revenue | 481,042 | - | 481,042 | - |
| Current portion of accrued compensated absences | 304,342 | 25,162 | 329,504 | - |
| Current portion of long-term liabilities | <u>4,962,614</u> | <u>-</u> | <u>4,962,614</u> | <u>-</u> |
| Total current liabilities | <u>8,901,171</u> | <u>125,564</u> | <u>9,026,735</u> | <u>3,707</u> |
| Non-current liabilities: | | | | |
| Accrued compensated absences, net of current portion | 851,990 | - | 851,990 | - |
| Long-term liabilities, net of current portion | 24,612,942 | - | 24,612,942 | - |
| Net pension liability | 29,963,187 | 1,555,409 | 31,518,596 | 874,649 |
| Net OPEB obligation | <u>11,272,130</u> | <u>-</u> | <u>11,272,130</u> | <u>317,261</u> |
| Total non-current liabilities | <u>66,700,249</u> | <u>1,555,409</u> | <u>68,255,658</u> | <u>1,191,910</u> |
| Total liabilities | <u>75,601,420</u> | <u>1,680,973</u> | <u>77,282,393</u> | <u>1,195,617</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Related to OPEB | 9,519,216 | - | 9,519,216 | 263,628 |
| Related to pensions | <u>478,287</u> | <u>24,829</u> | <u>503,116</u> | <u>13,961</u> |
| Total deferred inflows of resources | <u>9,997,503</u> | <u>24,829</u> | <u>10,022,332</u> | <u>277,589</u> |
| NET POSITION | | | | |
| Invested capital assets, net of related debt | 67,110,747 | 2,259,564 | 69,370,311 | 924,180 |
| Restricted | | | | |
| Detention center | 318,642 | - | 318,642 | - |
| Debt service | 2,179,544 | - | 2,179,544 | - |
| Public safety | 3,721,512 | - | 3,721,512 | - |
| Capital projects | 267,300 | - | 267,300 | - |
| Unrestricted (deficit) | <u>(12,402,128)</u> | <u>(968,107)</u> | <u>(13,370,235)</u> | <u>(1,072,534)</u> |
| Total net position | <u>\$ 61,195,617</u> | <u>\$ 1,291,457</u> | <u>\$ 62,487,074</u> | <u>\$ (148,354)</u> |

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

LAURENS COUNTY, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

| FUNCTIONS AND PROGRAMS | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | Component Unit Laurens County Library |
|--|----------------------|-------------------------|--|--|--|-----------------------------|----------------------|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | |
| | | | | | Governmental Activities | Business-type Activities | Total | |
| Governmental activities | | | | | | | | |
| General government | \$ 7,215,294 | \$ 2,908,404 | \$ 8,181,202 | \$ 619,729 | \$ 4,494,041 | \$ - | \$ 4,494,041 | \$ - |
| Judicial | 2,056,864 | 1,465,202 | - | - | (591,662) | - | (591,662) | - |
| Public safety | 24,158,455 | 3,176,933 | 113,801 | - | (20,867,721) | - | (20,867,721) | - |
| Public works | 3,094,952 | - | - | 7,504,838 | 4,409,886 | - | 4,409,886 | - |
| Health and welfare | 348,604 | - | - | - | (348,604) | - | (348,604) | - |
| Culture and recreation | 1,906,479 | - | - | - | (1,906,479) | - | (1,906,479) | - |
| Housing and development | 3,976,957 | - | - | 638,994 | (3,337,963) | - | (3,337,963) | - |
| Depreciation and amortization | 5,136,646 | - | - | - | (5,136,646) | - | (5,136,646) | - |
| Interest | 968,215 | - | - | - | (968,215) | - | (968,215) | - |
| Total governmental activities | <u>48,862,466</u> | <u>7,550,539</u> | <u>8,295,003</u> | <u>8,763,561</u> | <u>(24,253,363)</u> | <u>-</u> | <u>(24,253,363)</u> | <u>-</u> |
| Business-type activity | | | | | | | | |
| Solid waste | 2,021,368 | 2,263,336 | 85,328 | - | - | 327,296 | 327,296 | - |
| Depreciation | 175,330 | - | - | - | - | (175,330) | (175,330) | - |
| Total business-type activity | <u>2,196,698</u> | <u>2,263,336</u> | <u>85,328</u> | <u>-</u> | <u>-</u> | <u>151,966</u> | <u>151,966</u> | <u>-</u> |
| Total primary government | <u>\$ 51,059,164</u> | <u>\$ 9,813,875</u> | <u>\$ 8,380,331</u> | <u>\$ 8,763,561</u> | <u>(24,253,363)</u> | <u>151,966</u> | <u>(24,101,397)</u> | <u>-</u> |
| Component unit | | | | | | | | |
| Laurens County Library | <u>\$ 778,483</u> | <u>\$ 123,796</u> | <u>\$ 706,398</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>\$ 51,711</u> |
| Total component unit | <u>\$ 778,483</u> | <u>\$ 123,796</u> | <u>\$ 706,398</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 51,711</u> |
| GENERAL REVENUES | | | | | | | | |
| Taxes: | | | | | | | | |
| Property taxes | | | | | 32,675,361 | - | 32,675,361 | - |
| Capital project sales tax | | | | | 8,173,105 | - | 8,173,105 | - |
| Interest earnings | | | | | 1,677,462 | - | 1,677,462 | - |
| Insurance proceeds | | | | | - | 77,171 | 77,171 | - |
| Miscellaneous | | | | | 180,305 | (2,099) | 178,206 | - |
| Gain on disposal of assets | | | | | 88,237 | - | 88,237 | - |
| Loss on sale of asset | | | | | - | (54,389) | (54,389) | - |
| Transfers | | | | | 23,275 | (23,275) | - | - |
| Total general revenues, capital contributions, and transfers | | | | | <u>42,817,745</u> | <u>(2,592)</u> | <u>42,815,153</u> | <u>-</u> |
| Change in net position | | | | | 18,564,382 | 149,374 | 18,713,756 | 51,711 |
| Net position, beginning of year | | | | | <u>42,792,654</u> | <u>1,112,022</u> | <u>43,904,676</u> | <u>(200,065)</u> |
| Prior period adjustment (Note 18) | | | | | (161,419) | 30,061 | (131,358) | - |
| Net position, beginning of year (as restated) | | | | | <u>42,631,235</u> | <u>1,142,083</u> | <u>43,773,318</u> | <u>(200,065)</u> |
| Net position, end of year | | | | | <u>\$ 61,195,617</u> | <u>\$ 1,291,457</u> | <u>\$ 62,487,074</u> | <u>\$ (148,354)</u> |

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

**LAURENS COUNTY, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

| | General Fund | Capital Fund | Fire Capital Reserve | EMS | Non-Major Governmental Funds | Total |
|--|----------------------|----------------------|-------------------------|-------------------|------------------------------------|----------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 37,393,332 | \$ - | \$ - | \$ - | \$ 4,710,190 | \$ 42,103,522 |
| Investments | 5,969,732 | - | - | - | - | 5,969,732 |
| Taxes receivable | 534,431 | - | 11,644 | 64,465 | 172,880 | 783,420 |
| Accounts receivable, net | 78,044 | - | - | 385,620 | 189,715 | 653,379 |
| Due from other funds | 1,794,215 | 19,965,254 | 38,222 | - | 5,883,923 | 27,681,614 |
| Due from other governments | 1,383,555 | 1,859,550 | - | - | - | 3,243,105 |
| Prepaid expenditures | <u>190,803</u> | <u>-</u> | <u>-</u> | <u>13,336</u> | <u>-</u> | <u>204,139</u> |
| Total assets | <u>\$ 47,344,112</u> | <u>\$ 21,824,804</u> | <u>\$ 49,866</u> | <u>\$ 463,421</u> | <u>\$ 10,956,708</u> | <u>\$ 80,638,911</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 623,093 | \$ 975,542 | \$ 7,775 | \$ 92,270 | \$ 85,860 | \$ 1,784,540 |
| Accrued liabilities | 989,749 | - | - | - | 56,786 | 1,046,535 |
| Due to other funds | 27,268,314 | - | - | 503,040 | 328,428 | 28,099,782 |
| Due to other governments | 278,238 | - | - | - | - | 278,238 |
| Unearned revenue | <u>424,706</u> | <u>56,336</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>481,042</u> |
| Total liabilities | <u>29,584,100</u> | <u>1,031,878</u> | <u>7,775</u> | <u>595,310</u> | <u>471,074</u> | <u>31,690,137</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue - property taxes | <u>496,056</u> | <u>-</u> | <u>10,655</u> | <u>58,246</u> | <u>157,248</u> | <u>722,205</u> |
| Total deferred inflows of resources | <u>496,056</u> | <u>-</u> | <u>10,655</u> | <u>58,246</u> | <u>157,248</u> | <u>722,205</u> |
| FUND BALANCES | | | | | | |
| Nonspendable | | | | | | |
| Prepaid expenditures | 190,803 | - | - | 13,336 | - | 204,139 |
| Restricted for | | | | | | |
| Detention center | 318,642 | - | - | - | - | 318,642 |
| Debt services | - | - | - | - | 2,179,544 | 2,179,544 |
| Public safety | 323,225 | - | - | - | 3,398,287 | 3,721,512 |
| Capital outlay | - | - | 31,436 | - | 235,864 | 267,300 |
| Committed for | | | | | | |
| Demolition projects | 133,755 | - | - | - | - | 133,755 |
| Roads and bridges | - | - | - | - | 4,620,744 | 4,620,744 |
| Parks and recreation | 168,284 | - | - | - | - | 168,284 |
| Clerk of court | 39,510 | - | - | - | - | 39,510 |
| Capital outlay | - | 20,792,926 | - | - | - | 20,792,926 |
| Unassigned (deficit) | <u>16,089,737</u> | <u>-</u> | <u>-</u> | <u>(203,471)</u> | <u>(106,053)</u> | <u>15,780,213</u> |
| Total fund balances | <u>17,263,956</u> | <u>20,792,926</u> | <u>31,436</u> | <u>(190,135)</u> | <u>10,328,386</u> | <u>48,226,569</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 47,344,112</u> | <u>\$ 21,824,804</u> | <u>\$ 49,866</u> | <u>\$ 463,421</u> | <u>\$ 10,956,708</u> | <u>\$ 80,638,911</u> |

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

LAURENS COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

| | | |
|--|---------------------|----------------------|
| Total fund balance - governmental funds | | \$ 48,226,569 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Some receivables will be collected after year-end, but are not available soon enough to pay for the current periods' expenditures and deferred outflows in the funds. | | |
| Delinquent taxes receivable. | | 722,205 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| | | 84,452,549 |
| Right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| | | 86,912 |
| Long-term liabilities, related deferred charges on bond refunding, and accrued interest payable are not due and payable in the current period and, therefore, are not reported in the funds: | | |
| Interest payable | (43,860) | |
| Accrued compensated absences | (1,156,332) | |
| Due within a year | (4,962,614) | |
| Due in more than one year | <u>(24,612,942)</u> | (30,775,748) |
| Other Post Employment Benefits (OPEB) liability, net of related deferred inflows and outflows, represents the future unfunded costs associated with current benefits. | | |
| | | (17,154,706) |
| Pension liability, net of related deferred inflows and outflows, represents the proportionate share of the future unfunded costs associated with the County's participation in the South Carolina Retirement System. | | |
| | | <u>(24,362,164)</u> |
| Total net position - governmental activities | | <u>\$ 61,195,617</u> |

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

LAURENS COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

| | General Fund | Capital Fund | Fire Capital Reserve | EMS | Non-Major Governmental Funds | Total |
|--|----------------------|----------------------|-------------------------|---------------------|------------------------------------|----------------------|
| REVENUES | | | | | | |
| Property taxes | \$ 21,327,239 | \$ 1,746,038 | \$ 374,859 | \$ 1,746,574 | \$ 7,604,666 | \$ 32,799,376 |
| Licenses and permits | 911,871 | - | - | - | - | 911,871 |
| Intergovernmental | 7,889,060 | 8,173,105 | - | 9,398 | 8,146,706 | 24,218,269 |
| Charges for services | 3,610,074 | - | - | 2,475,263 | - | 6,085,337 |
| Fines, fees, and forfeitures | 1,465,199 | - | - | - | 101,529 | 1,566,728 |
| Interest | 542,677 | 1,013,662 | - | - | 121,123 | 1,677,462 |
| Other revenues | <u>163,365</u> | <u>16,500</u> | <u>-</u> | <u>440</u> | <u>-</u> | <u>180,305</u> |
| Total revenues | <u>35,909,485</u> | <u>10,949,305</u> | <u>374,859</u> | <u>4,231,675</u> | <u>15,974,024</u> | <u>67,439,348</u> |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General government | 7,205,003 | - | - | - | - | 7,205,003 |
| Judicial | 2,053,930 | - | - | - | - | 2,053,930 |
| Public safety | 14,415,067 | 138,094 | 12,044 | 5,236,848 | 4,321,946 | 24,123,999 |
| Public works | 3,090,538 | - | - | - | - | 3,090,538 |
| Health and welfare | 348,106 | - | - | - | - | 348,106 |
| Culture and recreation | 1,903,759 | - | - | - | - | 1,903,759 |
| Housing and development | 2,045,630 | - | - | - | 1,925,655 | 3,971,285 |
| Capital outlay | 366,014 | 11,586,846 | - | - | 5,297,249 | 17,250,109 |
| Debt service: | | | | | | |
| Principal | 59,076 | 2,590,000 | 324,136 | 1,040 | 1,799,149 | 4,773,401 |
| Interest | <u>2,390</u> | <u>1,053,500</u> | <u>76,677</u> | <u>34</u> | <u>161,945</u> | <u>1,294,546</u> |
| Total expenditures | <u>31,489,513</u> | <u>15,368,440</u> | <u>412,857</u> | <u>5,237,922</u> | <u>13,505,944</u> | <u>66,014,676</u> |
| Excess of revenues over (under) expenditures | <u>4,419,972</u> | <u>(4,419,135)</u> | <u>(37,998)</u> | <u>(1,006,247)</u> | <u>2,468,080</u> | <u>1,424,672</u> |
| OTHER FINANCING (USES) SOURCES | | | | | | |
| Proceeds from sale of assets | 34,500 | 113,350 | - | 24,750 | - | 172,600 |
| Transfers in (out) | <u>(1,111,998)</u> | <u>-</u> | <u>-</u> | <u>433,000</u> | <u>702,273</u> | <u>23,275</u> |
| Total other financing (uses) sources | <u>(1,077,498)</u> | <u>113,350</u> | <u>-</u> | <u>457,750</u> | <u>702,273</u> | <u>195,875</u> |
| Net change in fund balances | 3,342,474 | (4,305,785) | (37,998) | (548,497) | 3,170,353 | 1,620,547 |
| FUND BALANCES | | | | | | |
| Beginning of year | <u>13,921,482</u> | <u>25,098,711</u> | <u>69,434</u> | <u>358,362</u> | <u>7,158,033</u> | <u>46,606,022</u> |
| End of year | <u>\$ 17,263,956</u> | <u>\$ 20,792,926</u> | <u>\$ 31,436</u> | <u>\$ (190,135)</u> | <u>\$ 10,328,386</u> | <u>\$ 48,226,569</u> |

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

**LAURENS COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

| | | |
|---|------------------|----------------------|
| Net changes in fund balances - total governmental funds | | \$ 1,620,547 |
| Amounts reported for governmental activities in the statement of activities are different | | |
| Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. | | |
| Expenditures for capital assets | 17,250,109 | |
| Difference between capital asset loss and actual proceeds | (84,363) | |
| Less, current year depreciation | (5,968,801) | |
| Less, current year amortization | <u>(63,047)</u> | 11,133,898 |
| The issuance of long-term debt (e.g., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. | | |
| Lease obligation principal payments | 386,923 | |
| Note payable principal payments | 88,890 | |
| Bond principal payment | 4,297,588 | |
| Bond premium/discount | <u>895,202</u> | 5,668,603 |
| Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds. | | |
| Change in accrued interest on debt | 326,331 | |
| Change in compensated absences | (252,254) | |
| Change in OPEB liability and related deferred inflows/outflows | 293,895 | |
| Change in Pension liability and related deferred inflows/outflows | <u>(102,623)</u> | 265,349 |
| Some receivables will not be collected for several months after the County's fiscal year-end; they are not considered "available" revenues in the governmental funds. Change in - property taxes | | <u>(124,015)</u> |
| Change in net position of governmental activities | | <u>\$ 18,564,382</u> |

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

LAURENS COUNTY, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

| | <u>Solid Waste Fund</u> |
|---|-----------------------------|
| ASSETS | |
| Current assets: | |
| Cash | \$ 100 |
| Accounts receivable, net of allowance for doubtful accounts | 3,845 |
| Due from other funds | <u>418,168</u> |
| Total current assets | <u>422,113</u> |
| Non-current assets: | |
| Non-depreciable | 2,031 |
| Depreciable - net of accumulated depreciation | <u>2,257,533</u> |
| Total non-current assets | <u>2,259,564</u> |
| Total assets | <u>2,681,677</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Related to pensions | <u>315,582</u> |
| Total deferred outflows of resources | <u>315,582</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 100,402 |
| Current portion of compensated absences | <u>25,162</u> |
| Total current liabilities | <u>125,564</u> |
| Non-current liabilities | |
| Net pension liability | <u>1,555,409</u> |
| Total non-current liabilities | <u>1,555,409</u> |
| Total liabilities | <u>1,680,973</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Related to pensions | <u>24,829</u> |
| Total deferred inflows of resources | <u>24,829</u> |
| NET POSITION | |
| Invested in capital assets | 2,259,564 |
| Unrestricted | <u>(968,107)</u> |
| Total net position | <u>\$ 1,291,457</u> |

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

LAURENS COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2023

| | Solid Waste Fund |
|--|-----------------------------|
| OPERATING REVENUES | |
| Landfill user charges | \$ 2,263,336 |
| Intergovernmental | 85,328 |
| Total operating revenues | 2,348,664 |
| OPERATING EXPENSE | |
| Salaries and benefits | 1,133,259 |
| Professional services | 441,965 |
| Repairs and maintenance | 356,253 |
| Other operating expenses | 89,891 |
| Depreciation | 175,330 |
| Total operating expenses | 2,196,698 |
| Operating income | 151,966 |
| NON-OPERATING REVENUES (EXPENSES) | |
| Insurance proceeds | 77,171 |
| Miscellaneous | (2,099) |
| Loss on disposal of assets | (54,389) |
| Net non-operating revenues (expenses) | 20,683 |
| Net income before transfers | 172,649 |
| TRANSFERS | |
| Transfers in (out) | (23,275) |
| Change in net position | 149,374 |
| NET POSITION | |
| Beginning of year | 1,112,022 |
| Prior period adjustment (Note 18) | 30,061 |
| Beginning of year (as restated) | 1,142,083 |
| End of year | \$ 1,291,457 |

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

LAURENS COUNTY, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2023

| | Solid Waste Fund |
|--|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from customers | \$ 2,386,778 |
| Payments to suppliers | (1,049,693) |
| Payments to employees | (1,127,932) |
| Other payments | <u>(2,099)</u> |
| Net cash provided by operations | <u>207,054</u> |
| CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES | |
| Transfers in (out) | <u>(23,275)</u> |
| Net cash used in noncapital and related financing activities | <u>(23,275)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Insurance proceeds | 77,171 |
| Purchases of capital assets | <u>(260,950)</u> |
| Net cash used in investing activities | <u>(183,779)</u> |
| Net change in cash and cash equivalents | - |
| Cash and cash equivalents, beginning of year | <u>100</u> |
| Cash and cash equivalents, end of year | <u>\$ 100</u> |
| RECONCILIATION OF OPERATING INCOME | |
| TO CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Operating income | \$ 151,966 |
| Adjustments to reconcile operating income to net cash provided by (used for) operations: | |
| Depreciation | 175,330 |
| Miscellaneous payments | (2,099) |
| Changes in certain assets and liabilities: | |
| (Increase) decrease in accounts receivable | 38,114 |
| Increase (decrease) in accounts payable | 6,584 |
| Increase (decrease) in due to other funds | (168,168) |
| Increase (decrease) in net pension liability | <u>5,327</u> |
| Net cash provided by operations | <u>\$ 207,054</u> |

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

LAURENS COUNTY, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

ASSETS

| | |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 32,242,003 |
| Delinquent property taxes | <u>910,177</u> |
| Total assets | <u>33,152,180</u> |

LIABILITIES

| | |
|---|-------------------|
| Unknown funds (deficiency) surplus - Note 4 | 32,066,597 |
| Due to General Fund | <u>910,177</u> |
| Total liabilities | <u>32,976,774</u> |

NET POSITION

| | |
|--|--------------------------|
| Restricted for individuals, organizations and other governments | <u>175,406</u> |
| Total net position | <u><u>\$ 175,406</u></u> |

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

LAURENS COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023

ADDITIONS

| | |
|--------------------------|--------------------|
| Taxes | \$ 158,157,413 |
| Fines and fees | 1,731,937 |
| Criminal and civil bonds | <u>2,741,368</u> |
| Total additions | <u>162,630,718</u> |

DEDUCTIONS

| | |
|--|--------------------|
| Taxes and fees paid to other governments | 158,157,413 |
| Funds disbursed per court order | 4,321,764 |
| Other custodial funds disbursed | <u>176,158</u> |
| Total deductions | <u>162,655,335</u> |
| Change in net position | (24,617) |

NET POSITION

| | |
|-------------------|-------------------|
| Beginning of year | <u>200,023</u> |
| End of year | <u>\$ 175,406</u> |

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

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity and Component Unit

The County operates under a council form of government. For financial statement purposes, the County has divided its operations into the functions of the general government, judicial services, public safety, public works, health and welfare, culture and recreation, and housing and development. The County is a political subdivision of the State of South Carolina. A seven-member council elected from single-member districts govern it. These financial statements present all the fund types of the County.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County (the primary government) and its component unit. The component unit discussed below is included in the County’s reporting entity because of the significance of its operational and financial relationship with the County.

Component units may be presented by two different methods. Blended component units, although legally separate entities, are, in substance, part of the County’s operations. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the County. The component unit discussed below is included in the County’s reporting entity because of the significance of their operational or financial relationship with the County.

The Board of Laurens County Library (the “Library”) oversees the operations of the County library. The Library is governed by an eight-member Board of Trustees appointed by the County Council. The Library is fiscally dependent upon the primary government. Separate financial statements for the Library were not prepared.

Government-Wide and Fund Financial Statements

The government-wide financial statements consisting of the Statement of Net Position and the Statement of Activities report information on all the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. *Direct* expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement 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 the 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.

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 they are needed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are 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 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 services expenditures, as well as expenditures related to compensated absences, leases, and claims and judgements, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, intergovernmental grants, licenses, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in net total position. The Statement of Cash Flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation or capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The County reports the following major governmental funds:

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

Capital Fund – The Capital Fund is used to account for property taxes received and intergovernmental funds received from the state that are used for acquisition or construction of capital facilities.

Fire Capital Reserve Fund – The Fire Capital Reserve Fund is used to account for property taxes received that are restricted for fire department capital projects.

EMS Fund – The EMS Fund accounts for activities of the County’s emergency medical services, the resources of which are restricted for public safety.

The County reports the following major proprietary fund:

Solid Waste Fund – The Solid Waste Fund is used to account for the fees received from customers for provided landfill and waste disposal.

Additionally, the County reports the following fund types:

Special Revenue Funds - The special revenue funds account for revenue sources that are legally restricted or committed for expenditures of specific purposes.

Debt Service Funds – The debt service funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Funds – The capital project funds account for the acquisition or construction of capital facilities.

Custodial Funds – The custodial funds are used to account for assets held by the County as an agent for individuals, private organizations, other governmental units, and/or other funds.

Amounts reported as *program revenues* include: 1) charges for services 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.

Cash, Cash Equivalents, and Investments

The County and the discretely presented component unit’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

State statutes authorize the County and the discretely presented component unit to invest in obligations of the United States and agencies thereof; general obligations of the State of South Carolina or any of its political units; financial institutions to the extent that the same are insured by an agency of the federal government; certificates of deposit where the certificates are collaterally secured by securities of the type described previously and held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit secured, including interest, provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government; repurchase agreements when collateralized by securities as set forth in this section; and no load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or other financial institution when acting as trustee or agent for a bond or other debt issue of the County, if the particular portfolio of the investment company or investment trust in investment is made (i) is limited to obligations described in this section, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

Investments are stated at fair value; except repurchase agreements and U.S. Government agencies that have a maturity at the time of purchase of one year or less are shown at cost.

The County Treasurer pools cash and time deposits for some of the funds. Separate fund balance accounts are maintained for accounting purposes so that the equity of each fund is properly reflected in the overall cash. Interest earned is distributed to funds based on their average fund balances for the fiscal year. The purpose of pooling funds is to obtain maximum return of interest through the investment of funds.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. For the most part, the effect of interfund activity has been removed from the government-wide Statement of Net Position. In the fund financial statements, these receivables and payables are classified as “due from other funds” or “due to other funds”.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method.

Capital Assets

Capital assets and right-to-use leased assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. In accordance with GASB 34, infrastructure assets acquired after June 30, 1980, have been capitalized. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 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.

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The cost 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 improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of assets constructed.

Capital assets of the primary government are depreciated using the straight-line method over the following useful lives:

| Asset Category | Years |
|-------------------------------|-------|
| Buildings | 30 |
| Equipment | 3-10 |
| Right-to-use leased equipment | 3-10 |
| Infrastructure | 30 |

Leases

The County is a lessee for noncancellable leases of equipment. The County recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

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

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

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

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has four items that qualify for reporting in this category. These items relate to the County's Retirement Plans and OPEB Plan and are reported in the government-wide and proprietary Statements of Net Position.

- Experience gains result from periodic studies by the Plans' actuary, which adjust the net pension and total OPEB liabilities for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains are recorded as deferred outflows of resources and are amortized into pension and OPEB expense over the expected remaining service lives of the plan members.
- 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.
- Changes in actuarial assumptions adjust the pension and OPEB liabilities and are amortized into pension and OPEB expense over the expected remaining service lives of plan members.
- Any contributions made by the County to the pension plan before year end but subsequent to the measurement date of the County's net pension liability are reported as deferred outflows of resources. Any contributions made by the County to the OPEB plan before year end but subsequent to the measurement date of the County's total OPEB liability are reported as deferred outflows of resources.

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net assets or fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The County has five types of items that qualify for reporting in this category, one of which arises only under a modified accrual basis of accounting.

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Accordingly, the first item, *unavailable revenue*, is reported only in the Governmental Funds Balance Sheet. The governmental funds report unavailable revenues and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The other four items relate to the County's pension and OPEB plans and are reported in the government-wide and proprietary fund Statements of Net Position.

- Experience losses are recorded as deferred inflows of resources and are amortized into pension and OPEB expense over the expected remaining service lives of the plan members.
- 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.
- 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 inflows.
- 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.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when the employees separate from service with the County. All vacation pay is accrued when incurred in the government-wide financial statements. Employees are required to take the equivalent of at least one work week of annual leave per year. Accumulated annual leave time may be carried over from one calendar year to the next, subject to a maximum of 30 days. Upon leaving the

County's employment, the maximum payout of accrued leave shall not exceed 30 days. 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.

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the County Council through the adoption of a resolution. Only the County Council may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the County’s intent to be used for specific purposes but are neither restricted nor committed. Through resolution, the County Council has authorized the County Administrator to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net Position – Net position represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

NOTE 2 – BUDGETARY ACCOUNTING AND REPORTING

Budgetary Policies

On or before March 1 of each year, all agencies of the County submit requests for appropriation to the County Administrator so that a budget may be prepared. The budget is prepared by fund, function and department, and includes information on the past year and current year estimates.

Before April 1, the proposed budget is presented to the County Council for review. The County Council holds public hearings and may add to, subtract from or change appropriations. Any changes in the budget must be within the revenues and reserves estimated as available by the County Administrator. The revenue estimates must be changed by an affirmative vote of majority of the County Council. Department heads may make budget transfers within their department's budgets. Transfers from one department to another require County Council approval. The legal level of budgetary control is the department level. The other special revenue funds are budgeted as grants are awarded and are budgeted on a project basis; therefore, some grants span several years. The capital projects funds are budgeted on a project basis and some projects span several years.

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 – BUDGETARY ACCOUNTING AND REPORTING, Continued

Excess of Expenditures over Appropriations

For the year ended June 30, 2023, expenditures exceeded appropriations as follows:

| <u>Fund/Department</u> | <u>Excess</u> |
|-------------------------------|---------------|
| General Fund: | |
| County council | \$ 21,559 |
| Benefits and insurance | 125,520 |
| Equipment | 670,000 |
| Clerk of court | 3,542 |
| Probate court | 30,268 |
| Coroner | 36,589 |
| Detention center | 201,777 |
| E911 | 171,584 |
| Emergency management services | 708 |
| Sheriff | 413,256 |
| Building and grounds | 46,687 |
| Health department | 11,373 |
| Social services | 12,264 |
| Parks and recreation | 52,434 |
| Litter and humane | 79,293 |
| Airport | 40,241 |
| Inspections | 8,050 |
| Technical education | 291,283 |
| EMS Fund: | |
| Emergency medical services | 467,568 |
| Debt services | 1,074 |

These over-expenditures were funded by under-expenditures in other departments of the General Fund.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

At June 30, 2023, the carrying amount of the County's deposits and investments was \$48,073,354. To reconcile this information to the financial statements, we include the following:

| | |
|---|----------------------|
| Cash and investments | \$ 80,178,009 |
| Cash on hand | 207,831 |
| Less: fiduciary cash and investments | (32,242,003) |
| Less: component unit cash and investments | (70,483) |
| | <u>\$ 48,073,354</u> |

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

Custodial Credit Risk for Deposit

Custodial credit risk is the risk that in the event of bank failure, the County’s deposits may not be recovered. The County does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. State law requires that all of the County’s deposits be covered by FDIC insurance or by collateral held in the pledging financial institutions’ trust departments in the County’s name. At June 30 2023, the carrying amount of the County’s deposits was \$48,073,354 for the primary government, \$32,242,003 for Fiduciary Funds and \$70,483 for the component unit. The bank balances for these funds total \$82,519,176. Of the bank balance of \$82,519,176, \$1,599,927 is secured by FDIC and \$80,919,249 is secured by collateral pledged in the County’s name.

Investments

As of June 30, 2023, the County had the following investments:

| Investment Type | Fair Value Level | Fair Value | Investment Maturity (in Years) | | | |
|------------------------|------------------|----------------------|--------------------------------|---------------------|-------------|-------------|
| | | | Less than 1 | 1 - 5 | 6-10 | Over 10 |
| LGIP | Level 1 | \$ 59,399,903 | \$ 59,399,903 | \$ - | \$ - | \$ - |
| Certificate of Deposit | Level 1 | <u>5,969,732</u> | <u>1,067,945</u> | <u>4,901,787</u> | - | - |
| | Total | <u>\$ 65,369,635</u> | <u>\$ 60,467,848</u> | <u>\$ 4,901,787</u> | <u>\$ -</u> | <u>\$ -</u> |

Investment Policy, Risk, and Concentration Information

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. Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. The County does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2023, none of the County or Library deposits were exposed to custodial credit risk as uninsured and uncollateralized as defined by GASB pronouncements.

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 – RECEIVABLES

Other receivables at June 30, 2023, are shown below less an estimated allowance for uncollectible accounts as follows:

| | Governmental Activities | Business-type Activities |
|--|----------------------------|-----------------------------|
| General fund accounts receivable | \$ 78,044 | \$ - |
| EMS receivable | 2,785,015 | - |
| Victims' assistance receivable | 347 | - |
| C funds receivable | 189,368 | - |
| Solid waste fees | - | <u>3,845</u> |
| Total receivables | 3,052,774 | 3,845 |
| Less, allowance for uncollectible accounts | | |
| EMS fees | <u>(2,399,395)</u> | <u>-</u> |
| Receivables, net | <u>\$ 653,379</u> | <u>\$ 3,845</u> |

Property taxes are levied on the assessed value of real and personal property, excluding automobiles, as of December 31, of the calendar year preceding the fiscal year. The levy date for automobiles is the first day of the month in which the vehicle license expires and the tax is due by the end of the same month. Liens attach to the property at the time taxes are levied. Taxes are due, without penalty, for real and personal property, excluding automobiles, through January 15. After that time, penalties are added depending on the date paid as follows: January 16 through February 1 - 3% of tax; February 2 through March 16 - 10% of tax; March 17 and thereafter - 15% of tax. At June 30, 2023, the property taxes receivable for the governmental activities was \$783,420.

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 – CAPITAL ASSETS

A summary of changes in capital assets for the governmental funds follows:

| | July 1, 2022 Balance | Additions | Transfers/ Adjustments | Deletions | June 30, 2023 Balance |
|--|-------------------------|----------------------|---------------------------|--------------------|--------------------------|
| Governmental Activities: | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | \$ 4,969,385 | \$ - | \$ - | \$ - | \$ 4,969,385 |
| Construction in progress | <u>12,195,253</u> | <u>15,444,688</u> | <u>(8,359,674)</u> | - | <u>19,280,267</u> |
| Total capital assets, not being depreciated | <u>17,164,638</u> | <u>15,444,688</u> | <u>(8,359,674)</u> | - | <u>24,249,652</u> |
| Capital assets, being depreciated | | | | | |
| Building | 38,628,614 | 133,786 | 8,359,674 | (8,965) | 47,113,109 |
| Equipment | 30,726,686 | 1,671,635 | - | (2,865,196) | 29,533,125 |
| Infrastructure | <u>114,900,152</u> | - | - | - | <u>114,900,152</u> |
| Total capital assets, being depreciated | <u>184,255,452</u> | <u>1,805,421</u> | <u>8,359,674</u> | <u>(2,874,161)</u> | <u>191,546,386</u> |
| Less accumulated depreciation | | | | | |
| Building | 13,591,062 | 1,184,106 | - | (8,904) | 14,766,264 |
| Equipment | 19,913,410 | 2,049,003 | - | (2,780,894) | 19,181,519 |
| Infrastructure | <u>94,660,014</u> | <u>2,735,692</u> | - | - | <u>97,395,706</u> |
| Total accumulated depreciation | <u>128,164,486</u> | <u>5,968,801</u> | - | <u>(2,789,798)</u> | <u>131,343,489</u> |
| Total capital assets, being depreciated, net | <u>56,090,966</u> | <u>(4,163,380)</u> | <u>8,359,674</u> | <u>(84,363)</u> | <u>60,202,897</u> |
| Governmental activities, capital assets, net | <u>\$ 73,255,604</u> | <u>\$ 11,281,308</u> | <u>\$ -</u> | <u>\$ (84,363)</u> | <u>\$ 84,452,549</u> |

Governmental activities depreciation expense for the year ended June 30, 2023 totaled \$5,968,801.

A summary of changes in capital assets for the proprietary fund type follows:

| | July 1, 2022 Balance | Additions | Transfers/ Adjustments | Deletions | June 30, 2023 Balance |
|---|-------------------------|------------------|---------------------------|--------------------|--------------------------|
| Business-type Activities: | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | \$ 2,031 | - | - | - | \$ 2,031 |
| Total capital assets, not being depreciated | <u>2,031</u> | - | - | - | <u>2,031</u> |
| Capital assets, being depreciated | | | | | |
| Building | 1,328,961 | 9,095 | - | - | 1,338,056 |
| Equipment | <u>1,818,751</u> | <u>251,855</u> | - | <u>(352,890)</u> | <u>1,717,716</u> |
| Total capital assets, being depreciated | <u>3,147,712</u> | <u>260,950</u> | - | <u>(352,890)</u> | <u>3,055,772</u> |
| Less accumulated depreciation | | | | | |
| Building | 51,958 | 45,536 | - | - | 97,494 |
| Equipment | <u>869,452</u> | <u>129,794</u> | - | <u>(298,501)</u> | <u>700,745</u> |
| Total accumulated depreciation | <u>921,410</u> | <u>175,330</u> | - | <u>(298,501)</u> | <u>798,239</u> |
| Total capital assets, being depreciated, net | <u>2,226,302</u> | <u>85,620</u> | - | <u>(54,389)</u> | <u>2,257,533</u> |
| Business-type activities, capital assets, net | <u>\$ 2,228,333</u> | <u>\$ 85,620</u> | <u>\$ -</u> | <u>\$ (54,389)</u> | <u>\$ 2,259,564</u> |

Business-type activities depreciation expense for the year ended June 30, 2023 totaled \$175,330.

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 – CAPITAL ASSETS, Continued

A summary of changes in capital assets for the discretely presented component unit, Laurens County Library, follows:

| | <u>July 1, 2022</u> <u>Balance</u> | <u>Additions</u> | <u>Transfers/ Adjustments</u> | <u>Deletions</u> | <u>June 30, 2023</u> <u>Balance</u> |
|---|---------------------------------------|------------------|-----------------------------------|------------------|--|
| Business-type Activities: | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | \$ 33,700 | \$ - | \$ - | \$ - | \$ 33,700 |
| Total capital assets, not being depreciated | <u>33,700</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>33,700</u> |
| Capital assets, being depreciated | | | | | |
| Building | 1,633,833 | - | - | - | 1,633,833 |
| Equipment and books | <u>1,113,180</u> | <u>107,989</u> | <u>-</u> | <u>(100,786)</u> | <u>1,120,383</u> |
| Total capital assets, being depreciated | <u>2,747,013</u> | <u>107,989</u> | <u>-</u> | <u>(100,786)</u> | <u>2,754,216</u> |
| Less accumulated depreciation | | | | | |
| Building | 896,324 | 14,888 | - | - | 911,212 |
| Equipment | <u>976,332</u> | <u>76,978</u> | <u>-</u> | <u>(100,786)</u> | <u>952,524</u> |
| Total accumulated depreciation | <u>1,872,656</u> | <u>91,866</u> | <u>-</u> | <u>(100,786)</u> | <u>1,863,736</u> |
| Total capital assets, being depreciated, net | <u>874,357</u> | <u>16,123</u> | <u>-</u> | <u>-</u> | <u>890,480</u> |
| Business-type activities, capital assets, net | <u>\$ 908,057</u> | <u>\$ 16,123</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 924,180</u> |

Laurens County Library depreciation expense for the year ended June 30, 2023 totaled \$91,866.

NOTE 6 – RIGHT TO USE LEASE ASSETS

The County has recorded thirty-one right to use leased assets. The assets are right to use assets for leased equipment. The related leases are discussed in Note 7. The right to use lease assets are amortized over the terms of the related leases. A summary of changes in right to use lease assets for the governmental activities follows:

| | <u>July 1, 2022</u> <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>June 30, 2023</u> <u>Balance</u> |
|--------------------------------------|---------------------------------------|------------------|--------------------|--|
| Governmental Activities: | | | | |
| Right to use lease assets | | | | |
| Equipment | \$ 149,959 | \$ - | \$ (63,047) | \$ 86,912 |
| Total right to use lease assets, net | <u>\$ 149,959</u> | <u>\$ -</u> | <u>\$ (63,047)</u> | <u>\$ 86,912</u> |

Governmental activities amortization expense for the year ended June 30, 2023 totaled \$63,047.

**LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – LONG-TERM DEBT

Governmental Activities

The following is a summary of the changes in long-term liability transactions of the governmental activities of Laurens County for the fiscal year:

| | Balance July 1, 2022 | Additions | Retirements | Balance June 30, 2023 | Due Within One Year |
|--|-------------------------|-------------------|-----------------------|--------------------------|---------------------------|
| General Obligation Bonds | \$ 28,288,270 | \$ - | \$ (4,297,588) | \$ 23,990,682 | \$ 4,478,628 |
| Notes Payable | 177,780 | - | (88,890) | 88,890 | 88,890 |
| Financed Purchases | 2,871,742 | - | (324,136) | 2,547,606 | 335,475 |
| Leases Payable | <u>151,360</u> | - | <u>(62,787)</u> | <u>88,573</u> | <u>59,621</u> |
| | 31,489,152 | - | (4,773,401) | 26,715,751 | 4,962,614 |
| Unamortized Premium (Discount) for Bonds | <u>3,755,007</u> | - | <u>(895,202)</u> | <u>2,859,805</u> | - |
| Total Bonds, Notes Payable And Financing Leases | 35,244,159 | - | (5,668,603) | 29,575,556 | 4,962,614 |
| Accrued Compensated Absences | <u>904,078</u> | <u>556,596</u> | <u>(304,342)</u> | <u>1,156,332</u> | <u>304,342</u> |
| | <u>\$ 36,148,237</u> | <u>\$ 556,596</u> | <u>\$ (5,972,945)</u> | <u>\$ 30,731,888</u> | <u>\$ 5,266,956</u> |

General Obligation Bonds

| | |
|---|----------------------|
| Laurens County General Obligation Bond, \$3,700,000 Series 2013 due in annual principal installments ranging from \$333,300 to \$417,700 through December 17, 2023, interest at 2.30% due annually. | \$ 417,733 |
| Laurens County General Obligation Bond, \$2,450,000 Series 2015 due in annual principal installments ranging from \$240,000 to \$268,000 through July 15, 2025, interest at 2.28% due annually. | 530,000 |
| Laurens County General Obligation Bond, \$4,500,000 Series 2019A due in annual principal installments ranging from \$408,000 to \$444,000 through March 1, 2025, interest at 2.15% due semiannually. | 3,249,007 |
| Laurens County General Obligation Bond, \$3,750,000 Series 2019B due in one annual principal installments ranging from \$590,000 to \$616,000 through March 1, 2025 interest 1.93% due semiannually. | 1,313,942 |
| Laurens County General Obligation (Capital Project Sales Tax) Bond, \$23,490,000 Series 2021 due in annual principal installments ranging from \$2,420,000 to \$3,470,000 through July 1, 2029, interest at 5.00% due semiannually. | <u>18,480,000</u> |
| | <u>\$ 23,990,682</u> |

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 – LONG-TERM DEBT, Continued

The following schedule lists the principal and interest outstanding for general obligation bonds at June 30, 2023:

| | Annual Interest | Annual Principal |
|------------|--------------------|---------------------|
| 2024 | \$ 1,040,704 | \$ 4,478,598 |
| 2025 | 867,697 | 4,232,541 |
| 2026 | 696,445 | 3,448,964 |
| 2027 | 536,935 | 3,608,724 |
| 2028 | 369,715 | 3,773,694 |
| Thereafter | 205,158 | 4,448,161 |
| | \$ 3,716,654 | \$ 23,990,682 |

Notes Payable:

\$266,670 note payable to finance EMS equipment for the EMS capital projects fund, dated September 29, 2020, due in three annual principal installments of \$88,890 through September 29, 2023. The note bears no interest.

| | |
|--|-----------|
| | \$ 88,890 |
| | \$ 88,890 |

The following schedule lists the principal and interest outstanding for the notes payable at June 30, 2023:

| | Annual Interest | Annual Principal |
|------|--------------------|---------------------|
| 2024 | \$ - | \$ 88,890 |
| | \$ - | \$ 88,890 |

Leases:

The County has entered into agreements for financing the acquisition of various equipment. The following is an analysis of assets under financed purchases as of June 30, 2023:

| | Governmental Activities |
|--------------------------------|----------------------------|
| Equipment | \$ 1,462,443 |
| Less: Accumulated depreciation | (1,347,829) |
| | \$ 114,614 |

The County recorded depreciation expense of \$262,979 in the fiscal year ended June 30, 2023, on assets under financed purchases.

(Continued)

**LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – LONG-TERM DEBT, Continued

Financed purchases debt service requirements to maturity are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------|---------------------|-------------------|---------------------|
| 2024 | \$ 335,475 | \$ 67,952 | \$ 403,427 |
| 2025 | 344,432 | 58,995 | 403,427 |
| 2026 | 353,628 | 49,799 | 403,427 |
| 2027 | 363,070 | 40,357 | 403,427 |
| 2028 | 372,764 | 30,663 | 403,427 |
| Thereafter | <u>778,237</u> | <u>31,201</u> | <u>809,438</u> |
| | <u>\$ 2,547,606</u> | <u>\$ 278,967</u> | <u>\$ 2,826,573</u> |

The County has entered into multiple noncancelable leases as the lessee for various right to use leased assets. The incremental borrowing rate for these leases is 2%. As of June 30, 2023, the County has \$88,573 outstanding in leases payable.

The annual requirements to amortize all leases payable as of June 30, 2023, including interest payments are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------|------------------|-----------------|------------------|
| 2024 | \$ 59,621 | \$ 1,238 | \$ 60,859 |
| 2025 | 15,769 | 436 | 16,205 |
| 2026 | 10,325 | 200 | 10,525 |
| 2027 | <u>2,858</u> | <u>32</u> | <u>2,890</u> |
| | <u>\$ 88,573</u> | <u>\$ 1,906</u> | <u>\$ 90,479</u> |

NOTE 8 – TRANSFERS TO/FROM OTHER FUNDS

Total transfers during the year ended June 30, 2023, consisted of the following individual amounts:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|---------------------------|---------------------|----------------------|
| General Fund | \$ - | \$ 1,111,998 |
| EMS | 433,000 | - |
| Other Governmental Funds: | | |
| Rural Fire | 702,273 | - |
| Enterprise Funds | <u>-</u> | <u>23,275</u> |
| Total | <u>\$ 1,135,273</u> | <u>\$ 1,135,273</u> |

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 – DUE TO/FROM OTHER FUNDS – INTERNAL BALANCES

The Governmental Funds short-term interfund receivables and payables at June 30, 2023, were as follows:

| | Interfund Receivable | Interfund Payable |
|-------------------------------|-------------------------|----------------------|
| Governmental Funds | | |
| General Fund | \$ 1,794,215 | \$ 27,268,314 |
| Capital Fund | 19,965,254 | - |
| Fire Capital Reserve | 38,222 | - |
| EMS | - | 503,040 |
| Other Governmental Funds: | | |
| Community Development | - | 3,000 |
| Victims Assistance | - | 65,133 |
| Rural Fire | 1,832,539 | - |
| Special District | 1,626,370 | - |
| Laurens Rural Fire Department | 525,056 | - |
| Special Source Revenue Bond | 333,149 | - |
| General Obligation Bond | 1,315,119 | - |
| EMS Capital Projects | 251,690 | - |
| C Funds | - | 260,295 |
| Enterprise Funds | 418,168 | - |
| Total | \$ 28,099,782 | \$ 28,099,782 |

The above balances resulted 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.

NOTE 10 – FUND BALANCE REPORTING AND NET POSITION

Net position of the Government-wide financial statements represents the difference between assets and liabilities. Reported amounts for invested in capital assets and restricted net position were as follows:

| | Governmental Activities | Business-type Activities |
|--|----------------------------|-----------------------------|
| Invested in capital assets | \$ 84,539,461 | \$ 2,259,564 |
| Less, general obligation bonds, TAN's, BAN's and revenue bonds | (26,850,487) | - |
| Less, installment purchase contracts and notes payable | (2,725,069) | - |
| Total invested in capital assets, net of related debt | \$ 54,963,905 | \$ 2,259,564 |

(Continued)

**LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 – FUND BALANCE REPORTING AND NET POSITION, Continued

| | Governmental Activities |
|-------------------------------|----------------------------|
| Restricted: | |
| Detention center | \$ 318,642 |
| Debt service | 2,179,544 |
| Public safety | 3,721,512 |
| Capital projects | 267,300 |
| Total restricted net position | \$ 6,486,998 |

The County has classified their funds balances with the following hierarchy: Nonspendable, Restricted, Assigned and Unassigned according to GASB Statement 54.

The County’s fund balances as of June 30, 2023 were classified as follows:

| | General Fund | Capital Fund | Fire Capital Reserve | EMS | Non-Major Governmental Funds | Total Governmental Funds |
|----------------------------|---------------|---------------|----------------------|--------------|------------------------------|--------------------------|
| Nonspendable: | | | | | | |
| Prepaid expenditures | \$ 190,803 | \$ - | \$ - | \$ 13,336 | \$ - | \$ 204,139 |
| Restricted: | | | | | | |
| Detention center | 318,642 | - | - | - | - | 318,642 |
| Debt services | - | - | - | - | 2,179,544 | 2,179,544 |
| Public safety | 323,225 | - | - | - | 3,398,287 | 3,721,512 |
| Capital outlay | - | - | 31,436 | - | 235,864 | 267,300 |
| Committed for: | | | | | | |
| Demolition projects | 133,755 | - | - | - | - | 133,755 |
| Roads and bridges | - | - | - | - | 4,620,744 | 4,620,744 |
| Parks and recreation | 168,284 | - | - | - | - | 168,284 |
| Clerk of court | 39,510 | - | - | - | - | 39,510 |
| Capital outlay | - | 20,792,926 | - | - | - | 20,792,926 |
| Unassigned: | 16,089,737 | - | - | (203,471) | (106,053) | 15,780,213 |
| Total Fund Balances | \$ 17,263,956 | \$ 20,792,926 | \$ 31,436 | \$ (190,135) | \$ 10,328,386 | \$ 48,226,569 |

The EMS fund had a deficit fund balance at June 30, 2023, of \$190,135. The nonmajor Community Development fund and Victims’ Assistance fund had a deficit fund balance at June 30, 2023, of \$41,182 and \$64,871 respectively.

NOTE 11 – PENSION PLANS

State Retirement Plan

The County participates in the State of South Carolina’s retirement plans, which are administered by the South Carolina Public Employee Benefit Authority (“PEBA”).

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the retirement systems and benefit programs of the state of South

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 – PENSION PLANS, Continued

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 Systems’ Pension Trust Funds. The ACFR is publicly available through PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is 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 for the state.

Plan Descriptions

- 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.
- 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.

Plan Membership

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

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 – PENSION PLANS, Continued

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

Plan Benefits

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

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

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 – PENSION PLANS, Continued

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

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

Plan 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. The Retirement Funding and Administration Act of 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 scheduled 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 as necessary to meet the amortization period set in statute.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization S.C. PEBA | 4 period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded.

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 – PENSION PLANS, Continued

Required employee contribution rates¹ are as follows:

| | <u>Fiscal Year 2023¹</u> | <u>Fiscal Year 2022¹</u> |
|----------------------|---|---|
| SCRS | | |
| Employee Class Two | 9.00% | 9.00% |
| Employee Class Three | 9.00% | 9.00% |
| PORS | | |
| Employee Class Two | 9.75% | 9.75% |
| Employee Class Three | 9.75% | 9.75% |

Required employer contribution rates¹ are as follows:

| | <u>Fiscal Year 2023¹</u> | <u>Fiscal Year 2022¹</u> |
|-----------------------------------|-------------------------------------|-------------------------------------|
| SCRS | | |
| Employee Class Two | 17.41% | 16.41% |
| Employee Class Three | 17.41% | 16.41% |
| Employer Incidental Death Benefit | 0.15% | 0.15% |
| PORS | | |
| Employee Class Two | 19.84% | 18.84% |
| Employee Class Three | 19.84% | 18.84% |
| Employer Incidental Death Benefit | 0.20% | 0.20% |
| Employer Accidental Death Benefit | 0.20% | 0.20% |

Actuarial Assumptions and Methods

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

The June 30, 2022, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2021. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, 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. S.C. PEBA | 5 The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022.

(Continued)

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

**LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 – PENSION PLANS, Continued

| | SCRS | PORS |
|--|--|--|
| Actuarial cost method: | Entry age normal | Entry age normal |
| Investment rate of return ² | 7% | 7% |
| Projected salary increases | 3.0% to 11.0% (varies by service) ¹ | 3.5% to 10.5% (varies by service) ¹ |
| Benefit adjustments | lesser of 1% or \$500 annually | lesser of 1% or \$500 annually |

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

Assumptions used in the determination of the June 30, 2022, TPL are as follows.

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

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system’s TPL determined in accordance with GASB 67 less that system’s fiduciary net position. NPL totals, as of June 30, 2022, for SCRS and PORS are presented below.

| System | County’s Net Pension Liability (Asset) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | County’s Proportionate Share of the Collective Net Pension Liability |
|--------|--|---|--|
| SCRS | \$ 18,808,259 | 57.1% | .077585% |
| PORS | \$ 13,584,986 | 66.4% | .452987% |

(Continued)

² Includes inflation at 2.25%

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 – PENSION PLANS, Continued

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

Long-term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 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 on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

| Allocation/Exposure | Policy Target | Expected Arithmetic Real Rate of Return | Long Term Expected Portfolio Real Rate of Return |
|---|---------------|---|--|
| Public Equity³ | 46.0% | 6.79% | 3.12% |
| Bonds | 26.0% | (0.35)% | (0.09)% |
| Private Equity^{1 4} | 9.0% | 8.75% | 0.79% |
| Private Debt² | 7.0% | 6.00% | 0.42% |
| Real Assets | 12.0% | | |
| Real Estate ² | 9.0% | 4.12% | 0.37% |
| Infrastructure ² | 3.0% | 5.88% | 0.18% |
| Total Expected Real Return ⁵ | 100.0% | | 4.79% |
| Inflation for Actuarial Purposes | | | 2.25% |
| Total Expected Nominal Return | | | 7.04% |

(Continued)

³ The target weight to Private Equity will be equal to its actual weight, reported by the custodial bank, as of prior month end. When flows have occurred, flow adjusted weights are used to more accurately reflect the impact of the asset class weight. Private Equity and Public Equity combine for 55% of the entire portfolio.

⁴ Staff and Consultant will notify the Commission if Private Markets assets exceed 25% of total assets.

⁵ Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 20% of total assets.

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 – PENSION PLANS, Continued

Pensions

At June 30, 2023, the County reported a liability of \$18,808,259 and \$13,584,986 for its proportionate share of the net pension liability for SCRS and PORS, respectively. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

For the year ended June 30, 2023, the County recognized pension expense for the SCRS and PORS plans of \$1,862,432 and \$1,656,868, respectively. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description | Deferred outflow of resources | Deferred inflow of resources |
|--|----------------------------------|---------------------------------|
| SCRS | | |
| Differences between expected and actual experience | \$ 766,634 | \$ 81,966 |
| Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions | 859,086 | 165,223 |
| Net difference between projected and actual earnings on pension plan investments | 29,006 | - |
| County’s contributions subsequent to the measurement date | 1,805,938 | - |
| Total SCRS | <u>\$ 3,460,664</u> | <u>\$ 247,189</u> |
| PORS | | |
| Differences between expected and actual experience | \$ 793,629 | \$ 268,552 |
| Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions | 676,164 | 1,336 |
| Net difference between projected and actual earnings on pension plan investments | 41,023 | - |
| County’s contributions subsequent to the measurement date | 1,600,872 | - |
| Total PORS | <u>\$ 3,111,688</u> | <u>\$ 269,888</u> |

The \$1,805,938 and \$1,600,872 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date for the SCRS and PORS plans, respectively, during the year ended June 30, 2023, will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2024.

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 – PENSION PLANS, Continued

The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at the measurement date. Average remaining service lives of all employees provided with pensions through the pension plan at the measurement date was 4 years for SCRS and PORS:

| Year Ended June 30, | SCRS | PORS | Total |
|------------------------|--------------|--------------|--------------|
| 2023 | \$ 596,688 | \$ 666,536 | \$ 1,263,224 |
| 2024 | 581,632 | 467,611 | 1,049,243 |
| 2025 | (261,291) | (421,263) | (682,554) |
| 2026 | 490,508 | 528,044 | 1,018,552 |
| | \$ 1,407,537 | \$ 1,240,928 | \$ 2,648,465 |

Discount Rate

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

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7 percent, as well as what the employers’ NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

| System | 1.00% Decrease (6%) | Current Discount Rate (7%) | 1.00% Increase (8%) |
|---|------------------------|----------------------------------|------------------------|
| County’s proportionate share of the net pension liability of the SCRS | \$ 24,114,509 | \$ 18,808,259 | \$ 14,396,802 |
| County’s proportionate share of the net pension liability of the PORS | \$ 18,943,444 | \$ 13,584,986 | \$ 9,198,583 |

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 – PENSION PLANS, Continued

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2022, and the accounting valuation report as of June 30, 2022. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' ACFR.

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description

In addition to providing pension benefits, the County, authorized by its County Council, provides certain healthcare benefits for eligible retired employees and their dependents through a single employer plan. The Laurens County Library (Component Unit) also participates in the post-employment health care benefits with the County. The coverage is optional and not all retirees participate. Employees retiring with 10 or more years of service, regardless of age, may elect to remain in the county health insurance group. Also, employees retiring with 15 years or more of service can remain in the county health insurance group at no charge to retiree. Individual coverage premiums and any spouse or family coverage must be paid by the retiree, as set forth by the State Health Plan in such amounts as may be in effect at the time of retirement. Upon Medicare eligibility, each retiree must convert to Medicare as their primary coverage, with supplemental coverage paid by the County for the retiree. Any spouse of a retiree may remain in the County plan until Medicare eligibility, provided all premiums are paid by the retiree. Spouses may be included in the supplement plan, with premiums paid by the retiree. Cash in lieu of coverage shall not be an option. Any deputized officer determined totally disabled as a result of the performance of his duties, shall qualify for these same benefits with 15 years of service regardless of age. Benefits are effective at date of retirement or when the employee is eligible for retirement benefits.

Plan Membership

The Plan has 407 covered members for the year ended June 30, 2023; 62 members are retirees receiving benefits and 345 are active participants and dependents.

Funding Policy and Contributions

The County currently pays for other post-employment benefits on a pay-as-you-go basis. For the year ended June 30, 2023, the County paid \$360,415 toward the cost of retiree health insurance for eligible retired employees. The County's obligation to contribute to the Plan was established and may be amended by the Laurens County Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the plan.

Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2022, with the actuary using standard techniques to roll forward the liability to the measurement date.

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS, Continued

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-----------------------------|---|
| Discount rate: | 1.92% as of June 30, 2021 3.69% as of June 30, 2022 |
| Healthcare cost trend rate: | 6.00% - 4.00%. Ultimate Trend after 13 years |
| Inflation rate: | 2.25% |
| Salary increase: | 3.50% - 10.50% for PORS eligible employees and 3.00% - 9.50% for SCRS eligible employees, including inflation |
| Participation rate: | 95% of all eligible employees and 15% of future retirees and beneficiaries who are required to pay the full premium |

For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with the following multipliers applied to the base tables: 97% for male SCRS members, 107% for female SCRS members, 127% for male PORS members, and 107% for female PORS members. The rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP2019 to account for future mortality improvements.

Discount Rate

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

Changes in the Total OPEB Liability

The changes in the total OPEB liability of the County for the year ended June 30, 2023 (June 30, 2022 measurement date), were as follows:

| | <u>Total OPEB Liability</u> |
|---|---------------------------------|
| Balances beginning of year | \$ 17,516,068 |
| Changes for the year: | |
| Service cost | 650,377 |
| Interest | 338,202 |
| Difference between actual and expected experience | (2,690,111) |
| Assumption changes | (3,771,968) |
| Benefit payments and implicit subsidy | <u>(453,177)</u> |
| Net changes | <u>(5,926,677)</u> |
| Balances end of year | <u>\$ 11,589,391</u> |

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS, Continued

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, (June 30, 2022 measurement date), as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.69%) or 1-percentage-point higher (4.69%) than the current discount rate:

| Sensitivity of the Total OPEB Liability to Changes in the Discount Rate | | |
|---|-------------------------------------|------------------------|
| 1% Decrease (2.69%) | Current Discount Rate (3.69%) | 1% Increase (4.69%) |
| \$ 13,533,828 | \$ 11,589,391 | \$ 10,024,345 |

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, (June 30, 2022 measurement date), as well as what the County’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.00% decreasing to 3.00%) or 1-percentage-point higher (7.00% decreasing to 5.00%) than the current healthcare cost trend rates:

| Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate | | |
|---|---|---|
| 1% Decrease (5.00% decreasing to 3.00%) | Current Healthcare Cost Trend Rates (6.00% decreasing to 4.00%) | 1% Increase (7.00% decreasing to 5.00%) |
| \$ 9,798,532 | \$ 11,589,391 | \$ 13,888,680 |

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.

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS, Continued

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:

| Description | | |
|---|-----------|------------------|
| Service cost (annual cost of current service) | \$ | 650,377 |
| Interest on the total OPEB liability | | 338,202 |
| Recognition of current year amortization - difference between expected and actual experience & assumption changes | | (702,836) |
| Recognition of prior year amortization - difference between projected and actual investment earnings | | <u>(227,495)</u> |
| Total aggregate OPEB expense | <u>\$</u> | <u>58,248</u> |

At June 30, 2023, the County reported deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 11,219 | \$ 5,684,969 |
| Changes of assumptions | 3,367,254 | 4,097,875 |
| Employer contributions subsequent to the measurement date | <u>360,415</u> | <u>-</u> |
| Total | <u>\$ 3,738,888</u> | <u>\$ 9,782,844</u> |

County contributions subsequent to the measurement date of \$360,415 are deferred outflows of resources and will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2024. 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 | \$ | (930,331) |
| 2025 | | (930,331) |
| 2026 | | (930,331) |
| 2027 | | (839,122) |
| 2028 | | (688,812) |
| Thereafter | | <u>(2,085,444)</u> |
| Total | <u>\$</u> | <u>(6,404,371)</u> |

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 13 – RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries insurance through the State Budget and Control Board Office of Insurance Reserve Fund (the “Fund”). The County pays premiums to the Fund for its general insurance coverage. The agreement for formation of the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through commercial companies for each insured event. Additionally, the County participates in a self-funded program to provide workers' compensation insurance through the South Carolina Association of Counties, which works in a similar way as the Insurance Reserve Fund. The County continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 14 – COMMITMENTS

At June 30, 2023, the County had outstanding construction commitments totaling approximately \$7,856,520.

NOTE 15 – CONTINGENT LIABILITIES

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 16 – 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.

NOTE 17 – TAX ABATEMENT PROGRAM

As of June 30, 2023, the County provides tax abatements through one program – the Economic Development Program.

The County, acting through its County Council, is authorized and empowered under and pursuant to the provisions of Chapter 44 of Title 12, Code of Laws of South Carolina 1976, as amended, to enter into agreements with any industry or business whereby the industry or business would pay fees in lieu of taxes with respect to certain properties which constitute “economic development properties” through which powers the industrial development of the State of South Carolina will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate or remain in the State and thus utilize and employ the manpower, products, and resources of the State and benefit the general public welfare of the County by providing services, employment, recreation, or other public benefits not otherwise provided locally.

(Continued)

**LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 17 – TAX ABATEMENT PROGRAM, Continued

Abatements are obtained through the program by application by a sponsor to County Council prior to commencing the improvements and are subject to approval by County Council by passage of an ordinance. Eligible abatement agreements are subject to a minimum investment as outlined in each individual agreement. The Code of Laws of South Carolina provides for a recapture of fees upon termination of approved agreements that did not meet the minimum investment criteria in the time frame provided for in each agreement. At the time of termination, the sponsor shall pay to the County an additional fee equal to the difference between the total amount of property taxes that would have been paid by the sponsor had the project been taxable, taking into account exemptions from property taxes that would have been available to the sponsor, and the amount of fee payments actually made by the sponsor.

Abatement agreements under the Economic Development Program equal a 100% reduction in property taxes during the exemption period as outlined in the agreement. A fee in lieu of tax (FILOT) is to be paid within the following parameters: the sponsor shall pay to the County an annual fee payment in connection with the economic development property which has been placed in service, in an amount not less than that the property taxes that would be due on the economic development property if it were taxable but using (1) an assessment ratio of not less than 4%; (2) a millage rate this is either fixed for the life of the fee or is allowed to increase or decrease every fifth year in step with the average cumulative actual millage rate applicable to the project based upon the preceding five-year period; or (3) a fair market value for the economic development property.

No other commitments were made by the County as part of the agreements. Taxes abated as a result of the agreements under the Economic Development Program totaled approximately \$322,241 for the year ended June 30, 2023.

NOTE 18 – PRIOR PERIOD ADJUSTMENT

The County has recorded a prior period adjustment to the financial statements to adjust the governmental activities to properly reflect capital assets accumulated depreciation at July 1, 2022. The adjustment is summarized as follows:

| | <u>Governmental Activities Net Position</u> |
|---|---|
| Beginning net position, as previously reported at June 30, 2022 | <u>\$ 42,792,654</u> |
| Prior period adjustments: | |
| Accumulated depreciation prior period adjustment | <u>(161,419)</u> |
| Net position, as restated at July 1, 2022 | <u>\$ 42,631,235</u> |

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 18 – PRIOR PERIOD ADJUSTMENT, Continued

The County has recorded a prior period adjustment to the financial statements to adjust the proprietary fund to properly reflect capital assets accumulated depreciation at July 1, 2022. The adjustment is summarized as follows:

| | <u>Proprietary Fund Net Position</u> |
|---|--|
| Beginning net position, as previously reported at June 30, 2022 | <u>\$ 1,112,022</u> |
| Prior period adjustments: | |
| Accumulated depreciation prior period adjustment | <u>30,061</u> |
| Net position, as restated at July 1, 2022 | <u>\$ 1,142,083</u> |

NOTE 19 – SUBSEQUENT EVENTS

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through February 7, 2024, the date the financial statements were available for issuance.

The following events have occurred after June 30, 2023:

- The County entered into a non-binding agreement to purchase 330 acres for \$200,000 from Natural Conservancy for Equestrian Trails.
- Property that had been acquired over the years through grants was given to the Laurens County Developmental Corporation.
- The County approved to accept \$1.5 million from the SC General Assembly from the State’s Budgeted Appropriations to house Department of Social Services (DSS) in the MS Bailey Building.
- Approval was given for the County Administrator to engage in professional services to fund and design/plan two County Facilities, the rest of the Historic Courthouse (remodel/construction) and the rest of the Winn Dixie Building to house the Emergency Operations Center.

REQUIRED SUPPLEMENTARY INFORMATION

LAURENS COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL -
GENERAL FUND
YEAR ENDED JUNE 30, 2023

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|----------------------------|-------------------------|-------------------|-------------------|--|
| | <u>Original</u> | <u>Final</u> | | <u>Favorable</u> <u>(Unfavorable)</u> |
| REVENUES | | | | |
| Property taxes | \$ 21,856,474 | \$ 21,856,474 | \$ 21,327,239 | \$ (529,235) |
| Licenses and permits | 579,900 | 579,900 | 911,871 | 331,971 |
| Intergovernmental | 4,123,434 | 4,123,434 | 7,889,060 | 3,765,626 |
| Charges for services | 3,159,150 | 3,159,150 | 3,610,074 | 450,924 |
| Fines and forfeitures | 1,305,000 | 1,305,000 | 1,465,199 | 160,199 |
| Interest income | - | - | 542,677 | 542,677 |
| Miscellaneous | <u>20,000</u> | <u>20,000</u> | <u>163,365</u> | <u>143,365</u> |
| Total revenues | <u>31,043,958</u> | <u>31,043,958</u> | <u>35,909,485</u> | <u>4,865,527</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | | | | |
| Administrative | 704,403 | 704,403 | 624,247 | 80,156 |
| County attorney | 251,586 | 251,586 | 228,117 | 23,469 |
| Tax assessor | 614,662 | 614,662 | 607,063 | 7,599 |
| Auditor | 560,392 | 560,392 | 516,009 | 44,383 |
| Contingency | 75,000 | 75,000 | 74,878 | 122 |
| County Council | 227,591 | 227,591 | 249,150 | (21,559) |
| Finance | 468,151 | 468,151 | 437,479 | 30,672 |
| Human resources | 393,446 | 393,446 | 383,089 | 10,357 |
| Planning | 152,301 | 152,301 | 142,763 | 9,538 |
| Registration and elections | 344,100 | 344,100 | 339,574 | 4,526 |
| Treasurer | 1,304,807 | 1,304,807 | 1,039,448 | 265,359 |
| Purchasing | 138,525 | 138,525 | 129,388 | 9,137 |
| Risk management | 96,688 | 96,688 | 71,622 | 25,066 |
| Benefits and insurance | 1,319,392 | 1,319,392 | 1,444,912 | (125,520) |
| Equipment | - | - | 670,000 | (670,000) |
| Miscellaneous | <u>247,700</u> | <u>247,700</u> | <u>247,264</u> | <u>436</u> |
| Total general government | <u>6,898,744</u> | <u>6,898,744</u> | <u>7,205,003</u> | <u>(306,259)</u> |
| Judicial | | | | |
| Clerk of court | 770,793 | 770,793 | 774,335 | (3,542) |
| Magistrate court | 745,446 | 745,446 | 702,733 | 42,713 |
| Probate court | 530,254 | 530,254 | 560,522 | (30,268) |
| Judicial grants | <u>36,000</u> | <u>36,000</u> | <u>16,340</u> | <u>19,660</u> |
| Total judicial | <u>2,082,493</u> | <u>2,082,493</u> | <u>2,053,930</u> | <u>28,563</u> |

LAURENS COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL -
GENERAL FUND
YEAR ENDED JUNE 30, 2023

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|--------------------------------|-------------------------|-------------------|-------------------|--|
| | <u>Original</u> | <u>Final</u> | | <u>Favorable</u> <u>(Unfavorable)</u> |
| EXPENDITURES, Continued | | | | |
| Public safety | | | | |
| Emergency operations | \$ 1,491,107 | \$ 1,491,107 | \$ 1,232,705 | \$ 258,402 |
| Coroner | 457,485 | 457,485 | 494,074 | (36,589) |
| Detention center | 4,577,353 | 4,577,353 | 4,779,130 | (201,777) |
| E911 | 646,643 | 646,643 | 818,227 | (171,584) |
| Emergency management services | 9,922 | 9,922 | 10,630 | (708) |
| Emergency management | 150,033 | 150,033 | 131,657 | 18,376 |
| Sheriff | <u>6,901,402</u> | <u>6,901,402</u> | <u>7,314,658</u> | <u>(413,256)</u> |
| Total public safety | <u>14,233,945</u> | <u>14,233,945</u> | <u>14,781,081</u> | <u>(547,136)</u> |
| Public works | | | | |
| Building and grounds | 1,314,775 | 1,314,775 | 1,361,462 | (46,687) |
| Public works | 290,398 | 290,398 | 268,869 | 21,529 |
| Roads and bridges | <u>1,786,218</u> | <u>1,786,218</u> | <u>1,460,207</u> | <u>326,011</u> |
| Total public works | <u>3,391,391</u> | <u>3,391,391</u> | <u>3,090,538</u> | <u>300,853</u> |
| Health and welfare | | | | |
| Health department | 15,000 | 15,000 | 26,373 | (11,373) |
| Social services | 64,000 | 64,000 | 76,264 | (12,264) |
| Veterans affairs | <u>265,771</u> | <u>265,771</u> | <u>245,469</u> | <u>20,302</u> |
| Total health and welfare | <u>344,771</u> | <u>344,771</u> | <u>348,106</u> | <u>(3,335)</u> |
| Culture and recreation | | | | |
| Libraries | 1,040,367 | 1,040,367 | 874,506 | 165,861 |
| Parks and recreation | 486,500 | 486,500 | 538,934 | (52,434) |
| Litter and humane | <u>411,026</u> | <u>411,026</u> | <u>490,319</u> | <u>(79,293)</u> |
| Total culture and recreation | <u>1,937,893</u> | <u>1,937,893</u> | <u>1,903,759</u> | <u>34,134</u> |
| Housing and development | | | | |
| Airport | 92,286 | 92,286 | 132,527 | (40,241) |
| Clemson extension | 32,800 | 32,800 | 32,422 | 378 |
| Inspections | 691,851 | 691,851 | 699,901 | (8,050) |
| Local government assistance | 582,502 | 582,502 | 575,997 | 6,505 |
| Special appropriations | 313,500 | 313,500 | 313,500 | - |
| Technical education | <u>-</u> | <u>-</u> | <u>291,283</u> | <u>(291,283)</u> |
| Total housing and development | <u>1,712,939</u> | <u>1,712,939</u> | <u>2,045,630</u> | <u>(332,691)</u> |

LAURENS COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL -
GENERAL FUND
YEAR ENDED JUNE 30, 2023

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|---|-------------------------|-------------------|----------------------|--|
| | <u>Original</u> | <u>Final</u> | | <u>Favorable</u> <u>(Unfavorable)</u> |
| EXPENDITURES, Continued | | | | |
| Debt service | | | | |
| Principal | \$ - | \$ - | \$ 59,076 | \$ (59,076) |
| Interst | - | - | 2,390 | (2,390) |
| Total debt service | - | - | 61,466 | (61,466) |
| Total expenditures | 30,602,176 | 30,602,176 | 31,489,513 | (887,337) |
| Excess of revenues over (under) expenditures | 441,782 | 441,782 | 4,419,972 | 5,752,864 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of assets | - | - | 34,500 | 34,500 |
| Transfers in (out) | - | - | (1,111,998) | (1,111,998) |
| Total other financing sources (uses) | - | - | (1,077,498) | (1,077,498) |
| Net change in fund balance | <u>\$ 441,782</u> | <u>\$ 441,782</u> | 3,342,474 | <u>\$ 4,675,366</u> |
| FUND BALANCE | | | | |
| Beginning of year | | | <u>13,921,482</u> | |
| End of year | | | <u>\$ 17,263,956</u> | |

LAURENS COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL -
EMS FUND
YEAR ENDED JUNE 30, 2023

| | Budgeted | | Actual | Variance |
|---|---------------------|---------------------|---------------------|----------------------------|
| | Original | Final | | Favorable (Unfavorable) |
| REVENUES | | | | |
| Property taxes | \$ 2,053,198 | \$ 2,053,198 | \$ 1,746,574 | \$ (306,624) |
| Intergovernmental | - | - | 9,398 | 9,398 |
| Charges for services | 2,106,192 | 2,106,192 | 2,475,263 | 369,071 |
| Miscellaneous | - | - | 440 | 440 |
| TOTAL REVENUES | <u>4,159,390</u> | <u>4,159,390</u> | <u>4,231,675</u> | <u>72,285</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Public Safety | | | | |
| Emergency medical services | 4,769,280 | 4,769,280 | 5,236,848 | (467,568) |
| Debt service | | | | |
| Principal | - | - | 1,040 | (1,040) |
| Interest | - | - | 34 | (34) |
| TOTAL EXPENDITURES | <u>4,769,280</u> | <u>4,769,280</u> | <u>5,237,922</u> | <u>(468,642)</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | <u>(609,890)</u> | <u>(609,890)</u> | <u>(1,006,247)</u> | <u>(396,357)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from the sale of assets | - | - | 24,750 | 24,750 |
| Transfers in (out) | - | - | 433,000 | 433,000 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>457,750</u> | <u>457,750</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) | <u>\$ (609,890)</u> | <u>\$ (609,890)</u> | <u>(548,497)</u> | <u>\$ 61,393</u> |
| Fund balance, beginning of year | | | <u>358,362</u> | |
| Fund balance, end of year | | | <u>\$ (190,135)</u> | |

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

For the last fiscal year

| | YEAR ENDED JUNE 30, | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| Total OPEB liability | | | | | | |
| Service cost | \$ 650,377 | \$ 566,746 | \$ 446,350 | \$ 710,300 | \$ 721,301 | \$ 998,727 |
| Interest | 338,202 | 372,690 | 535,024 | 544,482 | 540,748 | 461,770 |
| Assumption changes | (3,771,968) | 1,874,329 | 1,700,642 | 1,325,017 | (277,231) | (1,656,100) |
| Difference between expected and actual experience of the total OPEB liability | (2,690,111) | (49,251) | (4,264,436) | (31,761) | (781,978) | 30,629 |
| Benefit payments | (453,177) | (353,822) | (364,906) | (362,258) | (329,617) | (311,990) |
| Net change in total OPEB liability | (5,926,677) | 2,410,692 | (1,947,326) | 2,185,780 | (126,777) | (476,964) |
| Total OPEB liability - beginning | 17,516,068 | 15,105,376 | 17,052,702 | 14,866,922 | 14,993,699 | 15,470,663 |
| Total OPEB liability - ending | <u>\$ 11,589,391</u> | <u>\$ 17,516,068</u> | <u>\$ 15,105,376</u> | <u>\$ 17,052,702</u> | <u>\$ 14,866,922</u> | <u>\$ 14,993,699</u> |
| Discount rate | 3.69% | 1.92% | 2.45% | 3.13% | 3.62% | 3.56% |
| Covered-employee payroll | 16,399,769 | 14,297,484 | 13,417,208 | 11,061,717 | 10,435,414 | 10,383,497 |
| Total OPEB liability as a percentage of covered-employee payroll | 70.67% | 122.51% | 112.58% | 154.16% | 142.47% | 144.40% |
| Measurement date | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 |

Notes

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

LAURENS COUNTY, SOUTH CAROLINA
SCHEDULE OF LAURENS COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM

Only nine years of information is presented as only nine years of data were available.

| SCRS | Year Ended June 30, | | | | | | | | |
|--|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| County's proportion of the net pension liability | 0.077585% | 0.073709% | 0.072003% | 0.074999% | 0.072683% | 0.075351% | 0.076610% | 0.079116% | 0.081547% |
| County's proportionate share of the net pension liability | \$ 18,808,259 | \$ 15,951,473 | \$ 18,398,091 | \$ 17,125,278 | \$ 16,285,878 | \$ 16,962,771 | \$ 16,363,782 | \$ 15,004,730 | \$ 14,039,690 |
| County's covered-employee payroll | \$ 9,240,718 | \$ 8,313,742 | \$ 7,994,473 | \$ 7,918,169 | \$ 7,522,584 | \$ 7,598,329 | \$ 7,404,426 | \$ 7,418,056 | \$ 7,084,548 |
| County's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 203.5% | 191.9% | 230.1% | 216.3% | 216.5% | 223.2% | 221.0% | 202.3% | 198.2% |
| Plan fiduciary net position as a percentage of the total pension liability | 57.1% | 60.7% | 50.7% | 54.4% | 54.1% | 53.3% | 52.9% | 57.0% | 59.9% |

Notes to schedule:

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

**LAURENS COUNTY, SOUTH CAROLINA
SCHEDULE OF LAURENS COUNTY'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM**

Only nine years of information is presented as only nine years of data were available.

| SCRS | Year Ended June 30, | | | | | | | | |
|--|---------------------|------------------|------------------|------------------|------------------|------------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Contractually required contribution | \$ 1,805,938 | \$ 1,530,264 | \$ 1,293,620 | \$ 1,243,940 | \$ 1,152,885 | \$ 1,008,781 | \$ 807,823 | \$ 755,187 | \$ 784,756 |
| Contributions in relation to the contractually required contribution | <u>1,805,938</u> | <u>1,530,264</u> | <u>1,293,620</u> | <u>1,243,940</u> | <u>1,152,885</u> | <u>1,008,781</u> | <u>807,823</u> | <u>755,187</u> | <u>784,756</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| County's covered-employee payroll | \$ 10,284,387 | \$ 9,240,718 | \$ 8,313,742 | \$ 7,994,473 | \$ 7,918,169 | \$ 7,522,584 | \$ 7,598,329 | \$ 7,404,426 | \$ 7,418,056 |
| Contributions as a percentage of covered-employee payroll | 17.56% | 16.56% | 15.56% | 15.56% | 14.56% | 13.41% | 10.63% | 10.20% | 10.58% |

LAURENS COUNTY, SOUTH CAROLINA
SCHEDULE OF LAURENS COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE OFFICERS RETIREMENT SYSTEM

Only nine years of information is presented as only nine years of data were available.

| PORS | Year Ended June 30, | | | | | | | | |
|--|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| County's proportion of the net pension liability | 0.452987% | 0.448851% | 0.418882% | 0.399571% | 0.400571% | 0.412650% | 0.426480% | 0.446030% | 0.443260% |
| County's proportionate share of the net pension liability | \$ 13,584,986 | \$ 11,548,554 | \$ 13,891,026 | \$ 11,451,467 | \$ 11,350,343 | \$ 11,304,799 | \$ 10,817,584 | \$ 9,721,209 | \$ 8,485,948 |
| County's covered-employee payroll | \$ 7,159,051 | \$ 6,718,637 | \$ 6,365,919 | \$ 5,798,470 | \$ 5,567,832 | \$ 5,561,808 | \$ 5,462,034 | \$ 5,525,694 | \$ 5,277,264 |
| County's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 189.8% | 171.9% | 218.2% | 197.5% | 203.9% | 203.3% | 198.1% | 175.9% | 160.8% |
| Plan fiduciary net position as a percentage of the total pension liability | 66.4% | 70.4% | 58.8% | 62.7% | 61.7% | 60.9% | 60.4% | 64.6% | 67.6% |

Notes to schedule:

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

**LAURENS COUNTY, SOUTH CAROLINA
SCHEDULE OF LAURENS COUNTY'S CONTRIBUTIONS
POLICE OFFICERS RETIREMENT SYSTEM**

Only nine years of information is presented as only nine years of data were available.

| PORS | Year Ended June 30, | | | | | | | | |
|--|---------------------|------------------|------------------|------------------|----------------|----------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Contractually required contribution | \$ 1,600,872 | \$ 1,377,401 | \$ 1,224,589 | \$ 1,161,144 | \$ 999,656 | \$ 881,944 | \$ 728,635 | \$ 678,396 | \$ 684,542 |
| Contributions in relation to the contractually required contribution | <u>1,600,872</u> | <u>1,377,401</u> | <u>1,224,589</u> | <u>1,161,144</u> | <u>999,656</u> | <u>881,944</u> | <u>728,635</u> | <u>678,396</u> | <u>684,542</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| County's covered-employee payroll | \$ 7,909,447 | \$ 7,159,051 | \$ 6,718,637 | \$ 6,365,919 | \$ 5,798,470 | \$ 5,567,832 | \$ 5,561,808 | \$ 5,462,034 | \$ 5,525,694 |
| Contributions as a percentage of covered-employee payroll | 20.24% | 19.24% | 18.23% | 18.24% | 17.24% | 15.84% | 13.10% | 12.42% | 12.39% |

**COMBINING AND INDIVIDUAL NON-MAJOR FUND
FINANCIAL STATEMENTS AND SCHEDULES**

LAURENS COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

| | Special Revenue Funds | | | | Debt Service Funds | | | Capital Projects Funds | | Total |
|---|-----------------------|---------------------|---------------------|---------------------|-------------------------------|-----------------------------|-------------------------|------------------------|---------------------|----------------------|
| | Community Development | Victims' Assistance | Rural Fire | Special District | Laurens Rural Fire Department | Special Source Revenue Bond | General Obligation Bond | EMS Capital Projects | C Funds | |
| ASSETS | | | | | | | | | | |
| Cash and cash equivalents | \$ 18,519 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,691,671 | \$ 4,710,190 |
| Taxes receivable | - | - | 108,390 | - | 9,855 | - | 54,635 | - | - | 172,880 |
| Accounts receivable | - | 347 | - | - | - | - | - | - | 189,368 | 189,715 |
| Due from other funds | - | - | 1,832,539 | 1,626,370 | 525,056 | 333,149 | 1,315,119 | 251,690 | - | 5,883,923 |
| TOTAL ASSETS | <u>\$ 18,519</u> | <u>\$ 347</u> | <u>\$ 1,940,929</u> | <u>\$ 1,626,370</u> | <u>\$ 534,911</u> | <u>\$ 333,149</u> | <u>\$ 1,369,754</u> | <u>\$ 251,690</u> | <u>\$ 4,881,039</u> | <u>\$ 10,956,708</u> |
| LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES | | | | | | | | | | |
| LIABILITIES | | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 70,034 | \$ - | \$ - | \$ - | \$ - | \$ 15,826 | \$ - | \$ 85,860 |
| Accrued expenses | 56,701 | 85 | - | - | - | - | - | - | - | 56,786 |
| Due to other funds | 3,000 | 65,133 | - | - | - | - | - | - | 260,295 | 328,428 |
| Total Liabilities | <u>59,701</u> | <u>65,218</u> | <u>70,034</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>15,826</u> | <u>260,295</u> | <u>471,074</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | | |
| Unavailable revenue - property taxes | - | - | 98,978 | - | 8,303 | - | 49,967 | - | - | 157,248 |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>98,978</u> | <u>-</u> | <u>8,303</u> | <u>-</u> | <u>49,967</u> | <u>-</u> | <u>-</u> | <u>157,248</u> |
| FUND BALANCES | | | | | | | | | | |
| Restricted | | | | | | | | | | |
| Debt service | - | - | - | - | 526,608 | 333,149 | 1,319,787 | - | - | 2,179,544 |
| Public safety | - | - | 1,771,917 | 1,626,370 | - | - | - | - | - | 3,398,287 |
| Capital outlay | - | - | - | - | - | - | - | 235,864 | - | 235,864 |
| Committed | | | | | | | | | | |
| Roads and bridges | - | - | - | - | - | - | - | - | 4,620,744 | 4,620,744 |
| Unassigned | (41,182) | (64,871) | - | - | - | - | - | - | - | (106,053) |
| Total Fund Balances | <u>(41,182)</u> | <u>(64,871)</u> | <u>1,771,917</u> | <u>1,626,370</u> | <u>526,608</u> | <u>333,149</u> | <u>1,319,787</u> | <u>235,864</u> | <u>4,620,744</u> | <u>10,328,386</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES | <u>\$ 18,519</u> | <u>\$ 347</u> | <u>\$ 1,940,929</u> | <u>\$ 1,626,370</u> | <u>\$ 534,911</u> | <u>\$ 333,149</u> | <u>\$ 1,369,754</u> | <u>\$ 251,690</u> | <u>\$ 4,881,039</u> | <u>\$ 10,956,708</u> |

LAURENS COUNTY, SOUTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

| | Special Revenue Funds | | | | Debt Service Funds | | | Capital Projects Funds | | Total |
|---|-----------------------|---------------------|---------------------|---------------------|-------------------------------|-----------------------------|-------------------------|------------------------|---------------------|----------------------|
| | Community Development | Victims' Assistance | Rural Fire | Special District | Laurens Rural Fire Department | Special Source Revenue Bond | General Obligation Bond | EMS Capital Projects | C Funds | |
| REVENUES | | | | | | | | | | |
| Property taxes | \$ - | \$ - | \$ 3,549,286 | \$ 388,651 | \$ 189,996 | \$ 851,447 | \$ 2,054,801 | \$ 570,485 | \$ - | \$ 7,604,666 |
| Intergovernmental | 638,994 | - | 2,874 | - | - | - | - | - | 7,504,838 | 8,146,706 |
| Fines and forfeitures | - | 101,529 | - | - | - | - | - | - | - | 101,529 |
| Interest income | - | 515 | - | 56,527 | 21,066 | - | 43,015 | - | - | 121,123 |
| TOTAL REVENUES | 638,994 | 102,044 | 3,552,160 | 445,178 | 211,062 | 851,447 | 2,097,816 | 570,485 | 7,504,838 | 15,974,024 |
| EXPENDITURES | | | | | | | | | | |
| Current | | | | | | | | | | |
| Public safety | - | 149,847 | 4,112,719 | - | - | - | - | 59,380 | - | 4,321,946 |
| Housing and development | 695,705 | - | - | 650,000 | - | 479,950 | - | - | 100,000 | 1,925,655 |
| Capital outlay | - | - | - | - | - | - | - | 171,288 | 5,125,961 | 5,297,249 |
| Debt service | | | | | | | | | | |
| Principal | - | - | 2,671 | - | 257,000 | - | 1,450,588 | 88,890 | - | 1,799,149 |
| Interest | - | - | 60 | - | 17,944 | - | 143,941 | - | - | 161,945 |
| TOTAL EXPENDITURES | 695,705 | 149,847 | 4,115,450 | 650,000 | 274,944 | 479,950 | 1,594,529 | 319,558 | 5,225,961 | 13,505,944 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | (56,711) | (47,803) | (563,290) | (204,822) | (63,882) | 371,497 | 503,287 | 250,927 | 2,278,877 | 2,468,080 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Transfers in (out) | - | - | 702,273 | - | - | - | - | - | - | 702,273 |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | 702,273 | - | - | - | - | - | - | 702,273 |
| Net change in fund balance | (56,711) | (47,803) | 138,983 | (204,822) | (63,882) | 371,497 | 503,287 | 250,927 | 2,278,877 | 3,170,353 |
| Fund balances, beginning of year | 15,529 | (17,068) | 1,632,934 | 1,831,192 | 590,490 | (38,348) | 816,500 | (15,063) | 2,341,867 | 7,158,033 |
| Prior period adjustment (Note 21) | - | - | - | - | - | - | - | - | - | - |
| Fund balances, beginning of year (as restated) | 15,529 | (17,068) | 1,632,934 | 1,831,192 | 590,490 | (38,348) | 816,500 | (15,063) | 2,341,867 | 7,158,033 |
| Fund balances, end of year | \$ (41,182) | \$ (64,871) | \$ 1,771,917 | \$ 1,626,370 | \$ 526,608 | \$ 333,149 | \$ 1,319,787 | \$ 235,864 | \$ 4,620,744 | \$ 10,328,386 |

LAURENS COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

| | <u>Treasurer's Office</u> | <u>Probate Court</u> | <u>Magistrates</u> | <u>Clerk of Court</u> | <u>Sheriff's Office</u> | <u>Total</u> |
|--|-------------------------------|--------------------------|--------------------|---------------------------|-----------------------------|-------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 31,433,792 | \$ 13,267 | \$ 199,207 | \$ 175,406 | \$ 420,331 | \$ 32,242,003 |
| Taxes receivable | 910,177 | - | - | - | - | 910,177 |
| Total assets | <u>32,343,969</u> | <u>13,267</u> | <u>199,207</u> | <u>175,406</u> | <u>420,331</u> | <u>33,152,180</u> |
| LIABILITIES | | | | | | |
| Due to others | 31,433,792 | 13,267 | 199,207 | - | 420,331 | 32,066,597 |
| Uncollected taxes | 910,177 | - | - | - | - | 910,177 |
| Total liabilities | <u>32,343,969</u> | <u>13,267</u> | <u>199,207</u> | <u>-</u> | <u>420,331</u> | <u>32,976,774</u> |
| NET POSITION | | | | | | |
| Restricted for individuals, organizations and other governments | <u>-</u> | <u>-</u> | <u>-</u> | <u>175,406</u> | <u>-</u> | <u>175,406</u> |
| Total net position | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 175,406</u> | <u>\$ -</u> | <u>\$ 175,406</u> |

**LAURENS COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023**

| | <u>Treasurer's Office</u> | <u>Probate Court</u> | <u>Magistrates</u> | <u>Clerk of Court</u> | <u>Sheriff's Office</u> | <u>Total</u> |
|--|-------------------------------|--------------------------|--------------------|---------------------------|-----------------------------|--------------------|
| ADDITIONS | | | | | | |
| Taxes | \$ 158,157,413 | \$ - | \$ - | \$ - | \$ - | \$ 158,157,413 |
| Fines and fees | - | 139,736 | 1,416,043 | - | 176,158 | 1,731,937 |
| Criminal and civil bonds | - | - | - | 2,741,368 | - | 2,741,368 |
| Total additions | <u>158,157,413</u> | <u>139,736</u> | <u>1,416,043</u> | <u>2,741,368</u> | <u>176,158</u> | <u>162,630,718</u> |
| DEDUCTIONS | | | | | | |
| Taxes and fees paid to other governments | 158,157,413 | - | - | - | - | 158,157,413 |
| Funds disbursed per court order | - | 139,736 | 1,416,043 | 2,765,985 | - | 4,321,764 |
| Other custodial funds disbursed | - | - | - | - | 176,158 | 176,158 |
| Total deductions | <u>158,157,413</u> | <u>139,736</u> | <u>1,416,043</u> | <u>2,765,985</u> | <u>176,158</u> | <u>162,655,335</u> |
| Change in fiduciary net position | - | - | - | (24,617) | - | (24,617) |
| NET POSITION | | | | | | |
| Beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>200,023</u> | <u>-</u> | <u>200,023</u> |
| End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 175,406</u> | <u>\$ -</u> | <u>\$ 175,406</u> |

**LAURENS COUNTY, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - LAURENS COUNTY LIBRARY
YEAR ENDED JUNE 30, 2023**

| | Component Unit |
|--|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from customers and users | \$ 123,796 |
| Intergovernmental receipts | 706,398 |
| Payments to suppliers | (214,926) |
| Payments to employees | (484,792) |
| Net cash provided by operations | 130,476 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchases of capital assets | (107,989) |
| Net cash used in investing activities | (107,989) |
| Net change in cash and cash equivalents | 22,487 |
| Cash and cash equivalents, beginning of year | 27,820 |
| Cash and cash equivalents, end of year | \$ 50,307 |
| RECONCILIATION OF OPERATING INCOME | |
| TO CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Operating income | \$ 51,711 |
| Adjustments to reconcile operating income to net cash provided by (used for) operations: | |
| Depreciation | 91,866 |
| Changes in certain assets and liabilities: | |
| Increase (decrease) in accounts payable | (7,824) |
| Increase (decrease) in OPEB liability | (8,272) |
| Increase (decrease) in net pension liability | 2,995 |
| Net cash provided by operations | \$ 130,476 |

OTHER INFORMATION

LAURENS COUNTY, SOUTH CAROLINA
UNIFORM SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES (PER ACT 96)
YEAR ENDED JUNE 30, 2023

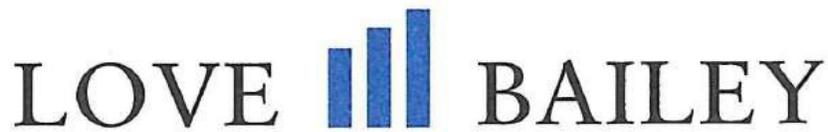
FOR THE STATE TREASURER'S OFFICE:

| COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT | General Sessions | Magistrate Court | Municipal Court | Total |
|--|---------------------|---------------------|--------------------|------------------|
| Court Fines and Assessments: | | | | |
| Court fines and assessments collected | \$ 1,281,844 | \$ 1,305,664 | N/A | \$ 2,587,508 |
| Court fines and assessments remitted to State Treasurer | (280,654) | (658,856) | N/A | (939,510) |
| Total Court Fines and Assessments retained | 1,001,190 | 646,808 | N/A | 1,647,998 |
| Surcharges and Assessments retained for victim services: | | | | |
| Surcharges collected and retained | \$ 24,561 | \$ - | N/A | \$ 24,561 |
| Assessments retained | 4,305 | 69,482 | N/A | 73,787 |
| Total Surcharges and Assessments retained for victim services | \$ 28,866 | \$ 69,482 | N/A | \$ 98,348 |

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

| VICTIM SERVICE FUNDS COLLECTED | Municipal | County | Total |
|---|------------------|--------------------|--------------------|
| Carryforward from Previous Year – Beginning Balance | N/A | \$ (17,068) | \$ (17,068) |
| Victim Service Revenue: | | | |
| Victim Service Fines Retained by City/County Treasurer | N/A | - | - |
| Victim Service Assessments Retained by City/County Treasurer | N/A | 73,787 | 73,787 |
| Victim Service Surcharges Retained by City/County Treasurer | N/A | 24,561 | 24,561 |
| Interest Earned | N/A | 515 | 515 |
| Grant Funds Received | | | |
| Grant from: | N/A | - | - |
| General Funds Transferred to Victim Service Fund | N/A | - | - |
| Contribution Received from Victim Service Contracts: | | | |
| (1) City of Laurens | N/A | - | - |
| (2) City of Clinton | N/A | 3,112 | 3,112 |
| (3) Town of Gray Court | N/A | 69 | 69 |
| Total Funds Allocated to Victim Service Fund + Beginning Balance (A) | N/A | \$ 84,976 | \$ 84,976 |
| Expenditures for Victim Service Program: | Municipal | County | Total |
| Salaries and Benefits | N/A | \$ 126,429 | \$ 126,429 |
| Operating Expenditures | N/A | 23,418 | 23,418 |
| Victim Service Contract(s): | | | |
| (1) Entity's Name | N/A | - | - |
| (2) Entity's Name | N/A | - | - |
| Victim Service Donation(s): | | | |
| (1) Domestic Violence Shelter: | N/A | - | - |
| (2) Rape Crisis Center: | N/A | - | - |
| (3) Other local direct crime victims service agency: | N/A | - | - |
| Transferred to General Fund | N/A | - | - |
| Total Expenditures from Victim Service Fund/Program (B) | N/A | 149,847 | 149,847 |
| Total Victim Service Funds Retained by Municipal/County Treasurer (A-B) | N/A | (64,871) | (64,871) |
| Less: Prior Year Fund Deficit Repayment | N/A | - | - |
| Carryforward Funds – End of Year | N/A | \$ (64,871) | \$ (64,871) |

COMPLIANCE SECTION



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Honorable Members of County Council
Laurens County, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Laurens County, South Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Laurens County, South Carolina's basic financial statements, and have issued our report thereon dated February 7, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Love Bailey & Associates, LLC

Love Bailey & Associates, LLC
Laurens, South Carolina
February 7, 2024



CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Members of County Council
Laurens County, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Laurens County, South Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Laurens County, South Carolina's major federal programs for the year ended June 30, 2023. Laurens County, South Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Laurens County, South Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Love Bailey & Associates, LLC

Love Bailey & Associates, LLC
Laurens, South Carolina
February 7, 2024

LAURENS COUNTY, SOUTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2023

| Federal Grantor/Pass-through Grantor/Program or Cluster Title | Assistance Listing | Grant Identification Number | Federal Expenditures |
|---|--------------------|-----------------------------|----------------------|
| <u>U.S. Department of Treasury</u> | | | |
| COVID-19 State and Local Fiscal Recovery Program | 21.027 | N/A | \$ 660,000 |
| <u>U.S. Department of Homeland Security</u> | | | |
| South Carolina Law Enforcement Division Local Emergency Management Performance | 97.042 | 22LEMPG01 | 55,408 |
| <u>U.S. Department of Justice</u> | | | |
| Edward R. Byrne Justice Assistance Grant | 16.738 | 15PBJA-21-GG-01813-JAGX | 16,341 |
| Bullet Proof Vest Program | 16.607 | 2021BUBX | 10,496 |
| <u>U.S. Department of Transportation</u> | | | |
| South Carolina Department of Transportation Airport Improvement Program | 20.106 | 3-45-0036-017-2019 | 15,343 |
| <u>U.S. Department of Health and Human Services</u> | | | |
| South Carolina Department of Social Services Child Support Enforcement | 20.106 | 3-45-0036-017-2019 | 785 |
| <u>Pass Through Grants</u> | | | |
| South Carolina Department of Commerce Community Development Block Grants/State's Program | 14.228 | 4-CI-20-012 | <u>638,994</u> |
| Total Federal Expenditures | | | <u>\$ 1,397,367</u> |

LAURENS COUNTY, SOUTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the County under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

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

NOTE 3 – INDIRECT COST RATE

The County chose not to use the 10% de minimis indirect cost rate for the year ended June 30, 2023.

NOTE 4 – NON-CASH AWARDS AND LOANS

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

**LAURENS COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditor's Results

Financial statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified? _____ Yes X None reported

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

Unmodified

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

Identification of major programs:

Community Development Block Grants/State's Program 14.228

Dollar threshold used to distinguish between type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

**LAURENS COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

SECTION II – FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV – SCHEDULE OF PRIOR YEAR FINDINGS

None reported.