

OFFICIAL STATEMENT

NEW ISSUE; BOOK-ENTRY-ONLY

RATINGS: S&P: AA (insured)

S&P: AA- (underlying)

Moody's: Aa3 (underlying)

(See "MISCELLANEOUS – Ratings" herein)

In the opinion of Howell Linkous & Nettles, LLC, Bond Counsel to the County, under existing law and assuming compliance by the County with certain covenants described herein, interest on the Bonds is excludable from gross income for federal income tax purposes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Such interest is, however, taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of determining the application of the 15-percent alternative minimum tax imposed on the adjusted financial statement income of such corporations for tax years beginning after December 31, 2022. Bond Counsel expresses no other opinions with regard to federal tax consequences arising from ownership of the Bonds. In the opinion of Bond Counsel, the Bonds and the interest thereon are exempt from all State, county, municipal, school district, and other taxes and assessments imposed within the State of South Carolina, except estate, transfer, and certain franchise taxes. See "LEGAL MATTERS - Tax Treatment" herein for additional information regarding the tax status of interest on the Bonds.

\$40,355,000

**COLLETON COUNTY, SOUTH CAROLINA
GENERAL OBLIGATION CAPITAL PROJECT SALES TAX BONDS,
SERIES 2023**

Dated: Date of Delivery

Due: July 1, as shown below

THE BONDS ARE SECURED BY AN IRREVOCABLE PLEDGE OF CERTAIN REVENUES DERIVED FROM THE CAPITAL PROJECT SALES TAX IMPOSED IN COLLETON COUNTY, SOUTH CAROLINA, AND AN IRREVOCABLE PLEDGE OF THE FULL FAITH, CREDIT, AND TAXING POWER OF COLLETON COUNTY, SOUTH CAROLINA, AND ARE PAYABLE FROM AN ANNUAL TAX, WITHOUT LIMIT AS TO RATE OR AMOUNT, ON ALL TAXABLE PROPERTY IN COLLETON COUNTY SUFFICIENT TO PAY PRINCIPAL AND INTEREST AS THEY RESPECTIVELY MATURE.

Colleton County, South Carolina (the "County") is issuing its \$40,355,000 General Obligation Capital Project Sales Tax Bonds, Series 2023 (the "Bonds") to provide funds (i) to defray a portion of the cost of acquiring, including in certain instances the acquisition of real property, constructing, furnishing, and equipping the Referendum Projects (as defined herein); and (ii) to pay costs of issuance of the Bonds. See "THE BONDS – Plan of Finance" herein.

Principal of the Bonds is payable in the stated principal amounts on each July 1 as set forth in the table below. Interest on the Bonds is payable semiannually on January 1 and July 1, beginning January 1, 2024, for interest accruing from the date of delivery at the interest rates set forth in the table below. The Bonds will initially be registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as a securities depository for the Bonds. The Bonds will be available to purchasers under the book-entry system maintained by DTC through brokers and dealers who are, or act through, DTC participants. Purchasers will not be entitled to receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant in order to receive payment of principal of and interest on such Bond. See "APPENDIX E –DTC AND BOOK-ENTRY ONLY SYSTEM" herein.

The scheduled payment of principal and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY.



MATURITY SCHEDULE

Due <u>July 1</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	<u>CUSIP†</u>	Due <u>July 1</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	<u>CUSIP†</u>
2024	\$5,085,000	1.00%	3.25%	194594HQ3	2028	\$6,010,000	3.00%	2.63%	194594HU4
2025	5,345,000	4.00	2.63	194594HR1	2029	6,195,000	3.00	2.64	194594HV2
2026	5,560,000	4.00	2.53	194594HS9	2030	6,380,000	3.00	2.65	194594HW0
2027	5,780,000	4.00	2.48	194594HT7					

The Bonds are not subject to optional redemption prior to their maturity.

This cover page contains certain information for quick reference only. It is *not* a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as, and if issued and accepted by the Underwriter, subject to the approving opinion as to legality of Howell Linkous & Nettles, LLC, Charleston, South Carolina, Bond Counsel and Disclosure Counsel to the County. Certain legal matters will be passed on for the County by Sean P. Thornton, Esq., Colleton County Attorney, Walterboro, South Carolina. Raymond James & Associates, Inc., Richmond, Virginia, has served as independent financial advisor to the County. It is expected that the Bonds in definitive form will be available for delivery on or about May 2, 2023, through the facilities of DTC.

Dated: April 18, 2023

†Copyright, American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, a division of FactSet Research Systems Inc. The CUSIP number listed on the cover page is being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and neither the Borrowers nor the Issuer make any representation with respect to such number nor undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in part of the Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “Bond Insurance” and “APPENDIX G - SPECIMEN MUNICIPAL BOND INSURANCE POLICY”.

No dealer, broker, salesman, or other person has been authorised by the Issuer to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement and, if given or made, such other information or representations may not be relied upon as having been authorised by the Issuer. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. Certain information contained in the Preliminary Official Statement and the Final Official Statement may have been obtained from sources other than records of the Issuer and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE. NEITHER THE DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER SINCE THE DATE HEREOF.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAVE THE ORDINANCES OR OTHER PROCEEDINGS OF THE COUNTY BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. ADDITIONALLY, WHILE THE BONDS MAY BE EXEMPT FROM THE REGISTRATION AND QUALIFICATION PROVISIONS OF THE SECURITIES LAWS OF THE VARIOUS STATES, SUCH EXEMPTION CANNOT BE REGARDED AS A RECOMMENDATION OF THE BONDS. NEITHER THE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

Reference herein to laws, rules, regulations, ordinances, resolutions, agreements, reports, and other documents do not purport to be comprehensive or definitive. All references to documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished on request.

IN CONNEXION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILISE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

This Official Statement contains statements which should be considered “forward-looking statements,” meaning they refer to possible future events or conditions. Such statements are generally identifiable by the use of the future tense or by terms such as “may,” “intend,” “will,” “expect,” “forecast,” “project,” “anticipate,” “estimate,” “plan,” “budget,” “believe,” “should,” “strategy,” “position,” or the negative of such terms or variations of such words or similar expressions. In particular, any statements, express or implied, concerning future operating results or the ability to generate tax revenues or cash flow to service indebtedness are forward-

looking statements. Investors are cautioned that reliance on any of those forward-looking statements involves risks and uncertainties and that, although the County's management believes that the assumptions on which those forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate. Those forward-looking statements, including forecasts, projections, and estimates, are based on currently available information, expectations, estimates, assumptions, and projections and management's judgment about the operations of the County government and general economic conditions. The forward-looking statements are not guarantees of future performance. Actual results may vary materially and adversely from what is contained in a forward-looking statement. Factors which may cause results different from those expected or anticipated include, among others, tightening of credit availability, changes in federal tax treatment of interest on governmental obligations, new legislation, natural disasters, the impact of weather on operating results, general economic and business conditions, demographic trends, the housing market, employment levels, changes in political, social, and economic conditions, impediments to the implementation of gap-closing actions, regulatory initiatives and compliance with governmental regulations, litigation, and various other events, conditions, and circumstances, many of which are beyond the control of the County. As a result, the forward-looking statements based on those assumptions also could be incorrect, and actual results may differ materially and adversely from any results indicated or suggested by those assumptions. Such forward-looking statements are included in, among other portions of this Official Statement, "COUNTY DEBT STRUCTURE – Annual Debt Service Requirements;" and "CERTAIN FISCAL MATTERS – Retirement Plan" herein.

In making such forward-looking statements, the County's expectations are based on assumptions considered reasonable by the County. All such forward-looking statements, however, involve uncertainties and are qualified in their entirety by reference to factors both identified within this Official Statement and from publicly available sources that could cause the actual results of the County to differ materially and adversely from those contemplated in such forward-looking statements.

Any forward-looking statement speaks only as of the date such statement is made, and the County undertakes no obligation to update any forward-looking statement in this Official Statement to reflect events or circumstances after the date of this Official Statement or to reflect the occurrence of unanticipated events. New factors arise or emerge from time to time and it is not possible for the County to predict all of such factors, nor can it assess the impact of each such factor or the extent to which any factor, or combination of factors, may cause results to differ materially and adversely from those contained in any forward-looking statement.

[THIS PAGE INTENTIONALLY LEFT BLANK.]

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY STATEMENT	vi
INTRODUCTION	1
General	1
THE BONDS	1
General Description of the Bonds	1
Book-Entry Only System	1
Registration, Transfers, and Exchanges	2
Mutilated, Lost, Stolen, or Destroyed Bonds	2
Tax Status of Interest on Bonds	2
Debt Service on the Bonds	2
No Optional Redemption	2
Authorisation	3
Security for the Bonds	3
Application of State Funds	3
Continuing Disclosure Undertaking	4
Plan of Finance	4
Estimated Sources and Uses of Proceeds	5
Parties and Professionals to the Transaction	5
Miscellaneous	5
BOND INSURANCE	6
Bond Insurance Policy	6
Build America Mutual Assurance Company	6
Capitalization of BAM	7
Additional Information Available from BAM	7
CAPITAL PROJECT SALES TAX	8
Authorisation	8
Pledge of Net Revenues of Capital Project Sales Tax	9
Sales Tax Collections in South Carolina	9
Historical Net Capital Project Sales Tax Collections	11
DESCRIPTION OF COLLETON COUNTY	12
General Description	12
Population	12
Per Capita Income	13
Retail Sales	14
Commerce and Industry	15
Labor Force Estimate	15
Unemployment Rates	16
Worker Commuter Patterns	17
Construction Activity	17
Education	18
Higher Education	18
Transportation	19
Utilities	19
Medical Services	20
News Media	20
Financial Institutions	20
Business Disruption Risk; COVID-19 (CoronaVirus)	20
Resilience, Sustainability and Climate Change	20
GOVERNMENT STRUCTURE	21
Government of the County	21
Services Provided	22
Other Services Provided within the County	23
CERTAIN FISCAL MATTERS	23
Revenue Sources	23
Assessment of Property for Property Tax Purposes	26
Homestead Exemption	27
Property Tax Reform	28

Exemptions and Limitations for Certain Industries.....	29
Assessed Value of Taxable Properties in Colleton County	30
Method by which Tax Levy is Made	30
Property Tax Collection Record	31
Millage Levied Within Colleton County	31
Largest Taxpayers.....	32
Budgetary Process and Controls.....	32
2022-2023 Budget Summary.....	33
Formal Fiscal Policies	33
Recent Economic Development Efforts	33
Management’s Discussion and Analysis	34
Independent Audits and Other Financial Information	37
Retirement Plan	37
Other Post Employment Benefits	38
Tort Liability and Insurance	39
COUNTY DEBT STRUCTURE	39
Outstanding Debt.....	39
Annual Debt Service Requirements	42
Overlapping Debt	43
Overlapping Debt Limits.....	43
Debt Ratios.....	44
Anticipated Capital Needs.....	45
Additional General Obligation Debt Now Permitted	45
Additional Lease-Purchase and Annual Appropriation Indebtedness	46
County’s Authority to Issue Revenue Bonds	46
Miscellaneous Debt Information	47
LEGAL MATTERS.....	47
Litigation.....	47
United States Bankruptcy Code.....	47
Legal Proceedings and Disclosure Counsel.....	48
Tax Treatment	48
MISCELLANEOUS.....	52
Underwriting	52
Continuing Disclosure.....	52
Independent Financial Advisor.....	53
Ratings.....	53
CUSIP Numbers	54
Conclusion.....	55

APPENDIX A - AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2022.

APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE.

APPENDIX C - FORM OF BOND COUNSEL OPINION.

APPENDIX D - FORM OF CONTINUING DISCLOSURE UNDERTAKING.

APPENDIX E - DTC AND BOOK-ENTRY ONLY SYSTEM.

APPENDIX F - ADDITIONAL DEBT INFORMATION.

APPENDIX G - SPECIMEN MUNICIPAL BOND INSURANCE POLICY.

SUMMARY STATEMENT

The following Summary Statement is qualified in its entirety by the more detailed information and financial statements contained in this Official Statement and the Appendices hereto (collectively, the “Official Statement”). All capitalised terms not otherwise defined in the Summary Statement shall have the meanings ascribed to such terms elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement and no person is authorised to detach this Summary Statement from the Official Statement or otherwise use it without the entire Official Statement.

The Issuer

Colleton County (the “County” or the “Issuer”) is located in the southeastern part of South Carolina bordering on the Atlantic Ocean. The County is governed by the County Council of Colleton County. See “DESCRIPTION OF COLLETON COUNTY,” “GOVERNMENT STRUCTURE,” and “CERTAIN FISCAL MATTERS” herein for more detailed information regarding the Issuer.

The Bonds

The Issuer’s General Obligation Capital Project Sales Tax Bonds, Series 2023 (the “Bonds”) are being issued in the initial principal amount of \$40,355,000. The Bonds are being issued initially in book-entry only form in denominations of \$5,000 and integral multiples thereof. See “THE BONDS” herein for a more complete description of the Bonds.

Purpose of the Bonds

The Bonds are being issued to provide funds (i) to defray a portion of the cost of acquiring, including in certain instances the acquisition of real property, constructing, furnishing, and equipping the Referendum Projects (as defined herein); and (ii) to pay costs of issuance of the Bonds. See “THE BONDS – Plan of Finance” herein for more information regarding the use of Bond proceeds.

Security and Source of Payment for the Bonds

The Bonds are general obligations of the County; and the full faith, credit, and taxing power of the County are irrevocably pledged to the payment of the principal and interest thereof. The Bonds are payable from and additionally secured by an irrevocable pledge of the net revenues from the capital project sales tax imposed in Colleton County. See “THE BONDS - Security for Bonds” herein.

Additional General Obligation Debt

The County may issue additional general obligation debt. See “COUNTY DEBT STRUCTURE – Additional General Obligation Debt Now Permitted” herein for a discussion of the ability of the County to issue additional general obligation debt.

Date of Issue

The Bonds will be initially dated and bear interest from their date of delivery.

Interest Payments

Interest on the Bonds is payable on January 1, 2024, and semi-annually thereafter on each January 1 and July 1.

Maturities

The Bonds mature on July 1, 2024 - 2030. See the cover page of this Official Statement for the principal amount of Bonds maturing in each year.

Paying Agent

All payments of principal of, and interest on, the Bonds will be paid by the Colleton County Treasurer, as paying agent to The Depository Trust Company (“DTC”) as registered owner of the Bonds. All payments made to DTC will be distributed to DTC Participants as described herein. See “THE BONDS – Book-Entry Only System” for additional information regarding DTC’s book-entry only system.

Redemption Provisions

The Bonds are not subject to optional redemption prior to their maturity.

Delivery of Bonds

It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about May 2, 2023.

Legal Opinion

The validity and tax opinion will be provided by Howell Linkous & Nettles, LLC, Bond Counsel to the County. See “LEGAL MATTERS – Tax Treatment” herein for additional information regarding the opinion of Bond Counsel.

Tax Exemption

In the opinion of Howell Linkous & Nettles, LLC, Bond Counsel to the County, under existing law and assuming compliance by the County with certain covenants described herein, interest on the Bonds is excludable from gross income for federal income tax purposes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Such interest is, however, taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of determining the application of the 15-percent alternative minimum tax imposed on the adjusted financial statement income of such corporations for tax years beginning after December 31, 2022. Bond Counsel expresses no other opinions with regard to federal tax consequences arising from ownership of the Bonds. In the opinion of Bond Counsel, the Bonds and the interest thereon are exempt from all State, county, municipal, school district, and other taxes and assessments imposed within the State of South Carolina, except estate, transfer, and certain franchise taxes. See “LEGAL MATTERS - Tax Treatment” herein for additional information regarding the tax status of interest on the Bonds.

\$40,355,000
COLLETON COUNTY, SOUTH CAROLINA
GENERAL OBLIGATION CAPITAL PROJECT SALES TAX BONDS,
SERIES 2023

INTRODUCTION

General

This Official Statement of Colleton County, South Carolina (herein, the “County” or the “Issuer”), including the cover page and appendices, sets forth certain information concerning the County and its proposed \$40,355,000 General Obligation Capital Project Sales Tax Bonds, Series 2023 (the “Bonds”), for all who may become holders thereof. This Introduction is only a brief description of the securities offered hereby. Any potential purchaser of the Bonds should make a full review of this entire Official Statement, as well as of the documents summarised or described herein. The information contained in this Introduction is qualified in its entirety by more complete information set forth elsewhere in this Official Statement. Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, such statements are set forth as such and not as representations of fact. No representation is made that any of the opinions or estimates will be realised.

Throughout the Official Statement, the term “Issuer” or “County” refers to Colleton County as a political subdivision of the State of South Carolina, while the term “Colleton County” generally refers to Colleton County as a geographical area.

The County's Fiscal Year is the twelve-month period beginning July 1 in each year and ending June 30 of the succeeding year. Reference herein to “Fiscal Year” followed by a year designation means the Fiscal Year ended or ending June 30 of that year. For example, “Fiscal Year 2022” means the Fiscal Year ending June 30, 2022.

THE BONDS

General Description of the Bonds

The Bonds will be dated their date of delivery, and will mature on July 1 in the years and amounts set forth on the front cover of this Official Statement, and will bear interest at such rates as named by the successful bidder payable on January 1 and July 1 (the “Interest Payment Dates”), commencing January 1, 2024. The principal shall be payable to the registered owner thereof at maturity upon presentation and surrender of the Bonds at the office of the Colleton County Treasurer (the “Paying Agent”). Interest on the Bonds will be paid semiannually on each Interest Payment Date to the person in whose name such Bond is registered at the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding such Interest Payment Date (the “Record Date”). The Bonds are issued in fully-registered form in denominations of \$5,000 or any integral multiple thereof in book-entry only form. See “– Book-Entry Only System” for a description of the Book – Entry Only System with respect to the Bonds.

See “–Debt Service on the Bonds” herein for a table setting forth the scheduled annual principal and interest payments on the Bonds.

Book-Entry Only System

The Bonds will be available to purchasers under the book-entry system maintained by The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Purchasers will not be entitled to receive physical delivery of the Bonds. For so long as any purchaser is a beneficial owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant in order to receive payment of principal of and interest on such Bonds. See “APPENDIX E – DTC AND BOOK-ENTRY ONLY SYSTEM” hereto for additional information regarding DTC and its book-entry system.

Registration, Transfers, and Exchanges

For so long as a Book-Entry Only System for the Bonds is in place, the registration, transfer and exchange of the Bonds will be made as described in APPENDIX E – “DTC AND BOOK-ENTRY ONLY SYSTEM.”

See APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE” for a description of the registration, transfer, and exchange procedures for the Bonds if the Book-Entry Only System is discontinued.

Mutilated, Lost, Stolen, or Destroyed Bonds

See APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE” for a description of the procedures with regard to mutilated, lost, stolen, or destroyed Bonds if the Book-Entry Only System is discontinued.

Tax Status of Interest on Bonds

In the opinion of Howell Linkous & Nettles, LLC, Bond Counsel to the County, under existing law and assuming compliance by the County with certain covenants described herein, interest on the Bonds is excludable from gross income for federal income tax purposes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Such interest is, however, taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of determining the application of the 15-percent alternative minimum tax imposed on the adjusted financial statement income of such corporations for tax years beginning after December 31, 2022. Bond Counsel expresses no other opinions with regard to federal tax consequences arising from ownership of the Bonds. In the opinion of Bond Counsel, the Bonds and the interest thereon are exempt from all State, county, municipal, school district, and other taxes and assessments imposed within the State of South Carolina, except estate, transfer, and certain franchise taxes.

See “LEGAL MATTERS - Tax Treatment” herein for additional information regarding the tax status of interest on the Bonds. The form of the opinion of Bond Counsel with respect to the Bonds is attached hereto as APPENDIX C.

Debt Service on the Bonds

The table below sets forth scheduled annual principal and interest payments on the Bonds.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	\$ -0-	\$ 846,989	\$ 846,989
2025	5,085,000	1,250,375	6,335,375
2026	5,345,000	1,118,050	6,463,050
2027	5,560,000	899,950	6,459,950
2028	5,780,000	673,150	6,453,150
2029	6,010,000	467,400	6,477,400
2030	6,195,000	284,325	6,479,325
2031	<u>6,380,000</u>	<u>95,700</u>	<u>6,475,700</u>
Totals	\$40,355,000	\$5,635,939	\$45,990,939

No Optional Redemption

The Bonds are not subject to optional redemption prior to their maturity.

Authorisation

Pursuant to Title 4, Chapter 10, Article 3 of the Code of Laws of South Carolina 1976, as amended (the “Capital Project Sales Tax Act”), a referendum was held in Colleton County on November 8, 2022 (the “Capital Project Sales Tax Referendum”), to authorise the imposition of a one percent sales and use tax in Colleton County for the purpose of funding costs of certain capital projects. A bond referendum was also approved by the voters on November 8, 2022 (the “2022 Bond Referendum”) to authorise the issuance of not exceeding \$40,355,061 general obligation bonds to fund those costs. The Bonds will be issued pursuant to the County Bond Act (Title 4, Chapter 15 of the Code of Laws of South Carolina 1976, as amended) as amended and continued by Section 11-27-40 of the Code of Laws of South Carolina 1976, as amended (collectively, the “Enabling Act”).

The County Council of Colleton County (the “Colleton County”) has authorised the issuance of the Bonds under and pursuant to a bond ordinance (the “Bond Ordinance”) enacted by the County Council on April 4, 2023. A summary of certain provisions of the Bond Ordinance is attached hereto as APPENDIX B.

Security for the Bonds

General Obligation

The Enabling Act, and the Bond Ordinance pursuant thereto, irrevocably pledge for the payment of the principal of and interest on the Bonds, as they respectively mature, and for the creation of such sinking fund as may be necessary therefor, the full faith, credit, and taxing power of the County, and require that there shall be levied annually by the Colleton County Auditor and collected by the Colleton County Treasurer, in the same manner as other County taxes are levied and collected, a tax, without limit, on all taxable property in Colleton County, sufficient to pay the principal of and interest on the Bonds as they respectively mature and to create such sinking fund as may be necessary therefor.

In the opinion of Bond Counsel, any law which attempts to repeal or modify the aforesaid provisions of the Enabling Act would be invalid under Section 10 of Article 1 of the Constitution of the United States which prohibits the enactment of a law impairing the obligation of contracts.

Capital Project Sales Tax

The Capital Project Sales Tax Act authorises the County to pledge the net proceeds from the collection of a one percent sales and use tax imposed in Colleton County as security for the Bonds. The Bond Ordinance provides that the annual ad valorem tax to be levied for the payment of debt service on the Bonds will be reduced by the amount of net revenues collected from the Capital Project Sales Tax. In the Bond Ordinance, the County Council have pledged the net revenues of the Capital Project Sales Tax to pay debt service on the Bonds. See “CAPITAL PROJECT SALES TAX” herein for a more complete discussion of the Capital Project Sales Tax and the pledge of net revenues securing the payment of the Bonds.

Application of State Funds

Article X of the South Carolina Constitution provides that: “if at any time any political subdivision shall fail to effect the punctual payment of the principal of or interest on its general obligation debt, then, in such instance, the State Treasurer shall withhold from such political subdivision sufficient moneys from any state appropriation to which such political subdivision may be entitled and apply so much as shall be necessary to the payment of the principal and interest on the indebtedness of the political subdivision then due. Any and all appropriations for political subdivisions of the State shall be subject to the provisions of this subsection.”

Article X does not contain an express pledge or covenant to apply the State moneys referred to therein to the payment of county indebtedness. Neither the Enabling Act nor the Bonds nor the proceedings pursuant to which the Bonds are being issued contains any reference to the above-quoted provision of Article X. In the opinion of Bond Counsel, the constitutional provision above-quoted can be enforced only so long as it remains a part of the South Carolina Constitution, but an amendment to the South Carolina Constitution modifying or repealing the

above-quoted provision of Article X would be sustained against a claim by the holders of the Bonds that such an amendment is a law impairing the obligation of contracts in violation of Section 10 of Article 1 of the Constitution of the United States.

Any such constitutional amendment, to become effective, would have to be proposed by a vote of two-thirds (2/3rd) of the members of each House of the South Carolina General Assembly, favourably voted on in the succeeding State-wide general election, and then ratified by a majority vote of each House of the General Assembly at the next session.

During the last ten fiscal years, the County has received State appropriations as follows:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Amount Received</u> <u>From State Appropriations</u>
2013	\$1,469,389
2014	1,469,389
2015	1,469,389
2016	1,469,389
2017	1,543,614
2018	1,539,412
2019	1,539,412
2020	1,617,288
2021	1,606,715
2022	1,640,395

Continuing Disclosure Undertaking

Pursuant to a Continuing Disclosure Undertaking (the “Continuing Disclosure Undertaking”), the County will agree for the benefit of the holders of the Bonds and the “Beneficial Owners” (as defined in the Continuing Disclosure Undertaking) of the Bonds, to provide certain financial information and operating data relating to the County (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events with respect to the Bonds, if material. The Annual Report and notices of such material events will be filed by or on behalf of the County with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in APPENDIX D – “FORM OF CONTINUING DISCLOSURE UNDERTAKING.” See “MISCELLANEOUS – Continuing Disclosure” herein for additional information regarding the County’s continuing disclosure undertaking.

Plan of Finance

The County will use the proceeds of the Bonds to provide funds (i) to defray a portion of the cost of acquiring, including in certain instances the acquisition of real property, constructing, furnishing, and equipping certain capital projects, including an animal services facility, a veteran’s park, a community center, an emergency operations center, recreation center additions, including a gym, activity rooms, and a pool facility, a park expansion, water infrastructure improvements, I95 business loop improvements, a municipal emergency operations center and town hall complex, and a greenway park and stream restoration in an amount totaling \$40,355,061, as authorized by the Capital Project Sales Tax Referendum (collectively, the “Referendum Projects”); and (ii) to pay costs of issuance of the Bonds. For a more detailed discussion of the Referendum Projects, see “CAPITAL PROJECT SALES TAX” herein. All of the Referendum Projects will be owned and, where applicable, operated by or under the jurisdiction of Colleton County government or the governments of local municipalities located in Colleton County.

Estimated Sources and Uses of Proceeds

The table below sets forth the estimated sources and uses of proceeds of the Bonds.

<u>Sources</u>	
Face Amount of Bonds	\$40,355,000.00
Original Issue Premium	<u>992,448.30</u>
Total	\$41,347,448.30
<u>Uses</u>	
Project Fund	\$40,355,000.00
Deposit to Debt Service Fund	728,092.78
Underwriter's Discount and Policy Premium	<u>264,355.52</u>
Total	\$41,347,448.30

Parties and Professionals to the Transaction

Issuer	Colleton County, South Carolina Walterboro, South Carolina
Paying Agent, Bond Registrar, and Authenticating Agent	Colleton County Treasurer Walterboro, South Carolina
Securities Depository	The Depository Trust Company New York, New York
Independent Financial Advisor	Raymond James & Associates, Inc. Richmond, Virginia
Bond Counsel and Disclosure Counsel	Howell Linkous & Nettles, LLC Charleston, South Carolina
County Attorney	Sean P. Thornton, Esq. Walterboro, South Carolina
Auditors	Mauldin & Jenkins, LLC Savannah, Georgia
Underwriter	FHN Financial Capital Markets Memphis, Tennessee

Miscellaneous

The interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. In the event that any action to be taken under the Bond Ordinance, including the payment of principal of and interest on the Bonds, is to be taken on a Saturday, Sunday, or legal holiday or bank holiday in the State of South Carolina or in a state where the office of the Paying Agent is located, the action shall be taken on the first secular or business day occurring thereafter. In the event that any action to be taken under the Bond Ordinance, including the payment of principal of and interest on the Bonds, is required to be taken or within which any right will lapse or expire shall terminate on a Saturday, Sunday, or legal holiday or bank holiday in the State of South Carolina or in a state where the office of any Paying Agent is located, the time shall continue to run until midnight on the next succeeding secular or business day.

The Bonds are being offered by the County when, as, and if issued, and subject to the delivery of the approving opinion as to legality of Howell Linkous & Nettles, LLC, Charleston, South Carolina, bond counsel to the County. It is expected that the Bonds will be available for delivery to the successful purchaser, on or about May 2, 2023, through the facilities of DTC.

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Prior to the delivery of the Bonds, copies of the documents described herein may be obtained by contacting the County's Financial Advisor, Raymond James & Associates, Inc., 5820 Patterson Avenue, Suite 100, Richmond, Virginia 23226; telephone (912) 634-2824, Attention: George Pugh. After closing, copies of the documents may be obtained from the Colleton County Administrator, 109 Benson Street, Walterboro, South Carolina 29488; telephone (843) 549.5221.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at <http://spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2022 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$490.7million, \$207.3 million and \$283.4 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at <http://www.buildamerica.com/videos>. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

CAPITAL PROJECT SALES TAX

Authorisation

The imposition and collection of the Capital Project Sales Tax is authorised by Title 4, Chapter 10, Article 3 of the Code of Laws of South Carolina 1976, as amended (the “Capital Project Sales Tax Act”). The Capital Project Sales Tax is collected and remitted in the same manner as the general sales tax. See “- Sales Tax Collections in South Carolina” below.

The Capital Project Sales Tax Act authorises any county council to impose a sales and use tax by county ordinance, subject to referendum approval, to pay for the costs of:

- (a) highways, roads, streets, bridges, public parking garages and related facilities;
- (b) courthouses, administration buildings, civic centers, hospitals, emergency medical facilities, police stations, fire stations, jails, correctional facilities, detention facilities, libraries, coliseums, educational facilities under the direction of an area commission for technical education, or any combination of these projects;
- (c) cultural, recreational, or historic facilities, or any combination of these facilities;
- (d) water, sewer, or water and sewer projects;
- (e) flood control projects and storm water management facilities;
- (f) beach access and beach renourishment;
- (g) dredging, dewatering, and construction spoil sites, disposing of spoil materials, and other matters directly related to the act of dredging;
- (h) jointly operated projects of the county, a municipality, special purpose district, and school district, or any combination of those entities, for the projects delineated in (a) through (g); and
- (i) any combination of the projects described in (a) through (h).

If the imposition of the tax is approved in the referendum, the tax will be imposed on the first day of May following the date of the referendum.

On November 8, 2022, the Capital Project Sales Tax Referendum was conducted in Colleton County on the issue of reimposing the Capital Project Sales Tax in the amount of one percent (1.0%) for a period of 7 years to pay costs of the following capital projects (collectively, the “Referendum Projects”) at a total cost of \$40,355,061:

- 1. Colleton County Animal Services Facility;
- 2. Veteran’s Park;
- 3. Town of Smoaks – Johnsville/Smoaks Community Center;
- 4. Colleton County Emergency Operations Center;
- 5. Colleton County Recreation Center Additions (New Gym and Activity Rooms);
- 6. Colleton County Recreation Center Additions (Pool Facility);
- 7. Town of Cottageville Park Expansion;
- 8. Town of Williams - Water Infrastructure Improvements;
- 9. City of Walterboro – I95 Business Loop Project Phase 3;
- 10. Edisto Municipal EOC and Town Hall Complex Phase 1; and
- 11. City of Walterboro – Ireland Creek Greenway Park and Stream Restoration.

The Capital Project Sales Tax Referendum was approved by a 50.4% to 49.6% voter margin. The Capital Project Sales Tax authorised by the Capital Project Sales Tax Referendum will be collected on net taxable sales in Colleton County beginning May 1, 2023, and ending April 30, 2030.

Article X, Section 14 of the South Carolina Constitution authorises counties to incur general obligation debt which is authorised by a majority vote of the qualified electors of the political subdivision voting in a referendum authorised by law. Pursuant to Section 11-27-40, paragraph 1 of the Code of Laws of South Carolina 1976, as amended, County Council is authorised to order a referendum as required by Article X of the State Constitution and to prescribe the notice thereof and to conduct or cause such a referendum to be conducted in a manner prescribed by Title 7 of the Code of Laws of South Carolina 1976, as amended. In compliance therewith

and with the Capital Project Sales Tax Act, a second question was presented to the qualified voters of Colleton County on November 8, 2022 in the Bond Referendum (the “2022 Bond Referendum”) regarding the approval of not exceeding \$40,355,061 general obligation bonds to fund costs of Referendum Projects. This second question was also approved by a majority of the voters.

Because the Bonds offered hereby were authorised by the 2022 Bond Referendum, they are not subject to the 8% debt limit imposed by the State Constitution on general obligation indebtedness. See “COUNTY DEBT STRUCTURE – Additional General Obligation Debt Now Permitted” herein.

The Capital Project Sales Tax is administered and collected by the South Carolina Department of Revenue in the same manner as other sales and use taxes. The revenues of the tax are remitted to the South Carolina Department of Revenue and placed on deposit with the State Treasurer and credited to a fund separate and distinct from the General Fund of the State. After deducting the amount of any refunds made and costs to the South Carolina Department of Revenue of administering the tax, not to exceed one percent of the revenues, the State Treasurer will distribute the revenues quarterly to the County Treasurer and the revenues must be used only for Referendum Projects or debt service on bonds issued to finance Referendum Projects. Net revenue derived from the collection of Capital Project Sales Tax will be remitted quarterly in January, April, July, and October, by the State Treasurer’s Office to the Colleton County Treasurer. Net revenues received by the County Treasurer will be deposited into a separate Capital Project Sales Tax Fund and applied solely to pay the costs of Referendum Projects or debt service on bonds issued to finance Referendum Projects, including debt service on the Bonds offered hereby.

Pledge of Net Revenues of Capital Project Sales Tax

The Bonds offered hereby are general obligations of the County, secured by an irrevocable pledge of the County’s full faith, credit, and taxing power. In accordance with the Capital Project Sales Tax Act, the County has also secured the payment of debt service on the Bonds with a pledge of the net revenues received by the County from the collection of the Capital Project Sales Tax. In the Bond Ordinance, the County has reserved the right to issue additional bonds or other obligations (including general obligation bonds and revenue bonds) also secured on a parity basis with the pledge of net revenues securing the Bonds.

Sales Tax Collections in South Carolina

South Carolina imposes a 6% sales tax on the gross proceeds of all retail sales of tangible personal property (with certain exceptions) within the State. There is a complementary 6% use tax on tangible personal property purchased at retail on which the sales tax was not paid. Various items are exempted from the sales and use tax; among these items are: textbooks used in elementary schools, high schools, and institutions of higher learning; livestock; feed for use in the production and maintenance of poultry or livestock; insecticides, chemicals, fertilizers and seeds for use solely on the farm, etc. in the productions for sale of products on the farm; newspapers; fuel to manufacturers, meals to school children; telephone toll charges; gasoline or other motor fuels taxed at the same rate as gasoline, machinery used in planting or cultivating of farm crops; machines used in mining, quarrying, compounding, processing and manufacturing of tangible personal property; railroad cars and locomotives; fuel used in the curing of agricultural products; electricity used in manufacturing tangible personal property for sale; sales of motor vehicles and certain trailers to nonresidents for immediate transportation to and use in another state; sales of automobiles and motorbikes to a person domiciled in or resident of another state who is located in South Carolina by reason or orders of the Armed Forces of the United States; library books, sales of medicine and prosthetic devices sold by prescription; sales of electricity and combustibles for residential purposes; 35% of gross proceeds of sales of mobile and modular homes, and sales of tangible personal property of the federal government.

Sales and use taxes are reported and paid monthly on a form provided by the South Carolina Department of Revenue. Returns and payments are due no later than the 20th day of the month following the month in which the sales were made. The tax is remitted for the month the sale was made regardless of whether the tax was collected from the customer during the month. If returns are filed and taxes paid in full by the due date, a discount on taxes due will be allowed. For taxes of less than \$100, a discount of 3% of the tax is provided. For taxes of \$100 or more, the discount of 2% of the tax due. Failure to pay the sales tax may result in a penalty of 25% plus interest at the rate of ½% per month.

Since 2006, South Carolina law has provided a new mechanism for the funding of a portion of school operations and a limitation on annual growth in millage levied by political subdivisions and school districts for operations. S.C. Code Sections 11-11-155 and 12-36-1110 essentially substitute revenues to be collected by an increase in the State sales tax of one percent (in addition to the previous five percent) for local property taxes on owner-occupied residential property attributable to school district operating levies. See “CERTAIN FISCAL MATTERS – Property Tax Reform” herein for a more complete discussion of recent property tax reform legislation.

Until recently, the sales tax in South Carolina was imposed solely for State government purposes. Local option sales taxes are authorized to be imposed within individual counties pursuant to several state statutes, depending upon the purpose to which the tax proceeds will be applied. All of these statutes require that the local option sales tax must be approved by referendum before the sales tax may be imposed.

In 1990, the County implemented the imposition of a local option sales tax (“LOST”) in the amount of one percent (1.0%) approved by a referendum held on November 6, 1990. County Council has applied nearly all the net revenues collected from LOST to a reduction of property taxes. See “CERTAIN FISCAL MATTERS – Revenue Sources – Revenues from Local Option Sales Taxes” herein for more information on LOST and for a ten-year history of collections of LOST.

Beginning in 2007, S.C. Code Section 12-36-1110 and 12-36-2120 have exempted the sale of certain items from the sales tax. See “CERTAIN FISCAL MATTERS – Property Tax Reform – Sales Tax Imposition; Exemption of Owner-Occupied Residential Property from School Operating Taxes” herein. Legislation is periodically introduced to exempt certain items from the sales tax. No assurance can be given by the County that the sales tax will continue to be imposed upon the sale of all items upon which it is currently levied until all of the Bonds have matured.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Historical Net Capital Project Sales Tax Collections

The Capital Project Sales Tax to be imposed by the Capital Project Sales Tax Referendum is a reimposed tax. The original capital project sales tax (the “2014 CPST”) in Colleton County was imposed by referendum on November 4, 2014, and has been collected for a period of 8 years, from May 1, 2015 until April 30, 2023. The history of collections of the 2014 CPST is as follows:

<u>One Year Period Ending April 30</u>	<u>Amount Received From State Appropriations</u>
2015†	\$ 141
2016	3,727,717
2017	4,198,030
2018	4,304,496
2019	4,496,031
2020	4,584,740
2021	5,408,026
2022	6,034,800
2023††	4,811,256

† The 2014 CPST was imposed beginning May 1, 2015 and collections reported for Fiscal Year 2015 represented only collections that had been remitted to the South Carolina Department of Revenue through June 2015. The majority of the collections for May 2015 and June 2015 were remitted during the first quarter payment for Fiscal Year 2016 as local retailers began to use the updated sales tax remittance forms.

†† Estimated collections from July 1, 2023 through April 30, 2023 based on 6-month actual collections from July 1, 2022 through December 31, 2022.

The table below sets forth the net taxable sales in Colleton County which were subject to the State six percent sales tax and one percent Local Option Sales Tax (“LOST”) for the past ten years, and the capital project sales tax for the past eight years.

<u>Fiscal Year Ended June 30</u>	<u>Net Taxable Sales</u>
2013	\$ 263,760,741
2014	276,470,793
2015	284,915,527
2016	302,779,227
2017	316,901,616
2018	315,566,652
2019	317,065,526
2020	315,155,201
2021	354,322,371
2022	388,966,807

Source: South Carolina Department of Revenue.

For a ten-year history of collections of another local option sales tax in Colleton County on comparable taxable sales upon which the Capital Project Sales Tax is collected, see “CERTAIN FISCAL MATTERS – Revenue Sources – Revenues from Local Option Sales Taxes” herein.

DESCRIPTION OF COLLETON COUNTY

General Description

Colleton County was founded in 1682 through a land grant to Sir John Colleton by King Charles II, of England and was one of the original proprietary counties in the present-day Carolinas. The County was subsequently officially formed in 1798, and is in the southeastern part of South Carolina bordering on the Atlantic Ocean. The County is in the Lowcountry region of South Carolina, located midway between Charleston, South Carolina and Savannah, Georgia on the I-95 corridor. The County is located adjacent to Dorchester and Charleston Counties, two of the fastest growing counties in the State. Summerville in Dorchester County and Charleston in Charleston County are both roughly 30 miles from Walterboro and are directly accessed via Highway 17A to Summerville and Highway 64 and Highway 17 to Charleston. The County occupies a large land area of 1,056.48 square miles, and much of the land area remains in its natural state which is a keystone for recreation in the county. The County boasts lush forests, brimming marshes, abundant wildlife, and undeveloped coastline where many residents and visitors alike find enjoyment in hunting, fishing, boating, kayaking, and shrimping. Walterboro, the county seat and principal municipality in the County, is located on I-95 and has two exits, both of which have developed as overnight stopping places for tourists based on the numerous lodging and dining options. One of the projects included in the November 2014 voter-approved Capital Projects Sales Tax referendum was significant infrastructure improvements and beautification between exits 53 and 57 on the I-95 business corridor loop. The work, which is now in its final phase, was done to draw more visitors from the immediate exit areas and into the downtown area of Walterboro so that visitors would be more likely to patronize the various retail, recreational, and dining options in downtown Walterboro.

The County has experienced growth through a variety of manufacturing facilities calling Colleton County home. Industries currently located in the various County industrial parks as well as other stand-alone industrial sites include textiles, food products, floral forms, bearings, metal buildings, sports drinks, U.S. flags, automotive belts, bio-energy briquettes, promotional/fund raising branded products, wood products, airframe components, and boats.

As noted above Colleton County offers residents and visitors some excellent outdoor and indoor recreational venues. Outdoor recreational venues include the ACE Basin estuary, the Walterboro Wildlife Sanctuary, Edisto Beach State Park, Colleton State Park and the County-owned ACE Basin Sports Complex and Dogwood Hills Golf Course. Indoor recreational venues include the South Carolina Artisans Center and the County-owned Civic Center and Colleton Museum and Farmers Market.

The County has six municipalities: the Town of Cottageville, the Town of Edisto Beach, the Town of Lodge, the Town of Smoaks, the City of Walterboro, and the Town of Williams. Walterboro, located near the center of the County, is the county seat and had a population of 5,544 as of the April 2020 Census. The Town of Edisto Beach is primarily a beach resort community with approximately 445 full time residents.

Population

The following table sets forth the population, including percentage of annual increase, in the County, the State, and the United States. Pursuant to the U.S. Census Bureau, the population of the County was 38,604 as of the April 2020 Census.

<u>Year</u>	<u>County</u>	<u>Percentage Change</u>	<u>State</u>	<u>Percentage Change</u>	<u>United States</u>	<u>Percentage Change</u>
1980	31,776	15.0%	3,121,820	20.5%	226,505,000	11.5%
1990	34,377	8.2	3,486,703	11.7	248,710,000	9.8
2000	38,264	11.3	4,012,012	15.1	281,421,906	13.2
2010	38,892	1.6	4,625,364	15.3	308,745,538	9.7
2020	38,604	0.0	5,118,425	10.7	331,449,281	7.4

In 2020, the population of the County had a median age of 42.3 years, as compared to the State average of 39.7 years. The following table gives the populations of the County and the State in 2019 as a percentage of age group.

<u>Age Group</u>	<u>County</u>	<u>Percent</u>	<u>State</u>	<u>Percent</u>
Under 5 years	2,109	5.6%	289,537	5.6%
5 to 9 years	2,222	5.9	300,712	5.8
10 to 14 years	2,448	6.5	334,285	6.5
15 to 19 years	2,335	6.2	339,558	6.6
20 to 24 years	2,297	6.1	321,418	6.2
25 to 34 years	4,255	11.3	670,757	13.1
35 to 44 years	4,331	11.5	628,604	12.2
45 to 54 years	4,670	12.4	635,042	12.3
55 to 59 years	2,598	6.9	352,888	6.9
60 to 64 years	2,900	7.7	340,375	6.6
65 to 74 years	4,557	12.1	571,319	11.1
75 to 84 years	2,147	5.7	277,347	5.4
85 years and over	<u>791</u>	<u>2.1</u>	<u>86,872</u>	<u>1.7</u>
Total	37,660	100.0%	5,148,714	100.0%

Source: U.S. Bureau of the Census.

Per Capita Income

The per capita personal income for Colleton County for 2020 was \$36,276 compared to \$48,021 for South Carolina. The County estimates 2020 median household income in the County to be \$44,399.

Per capita personal income statistics for Colleton County, the State, and the United States are set forth below.

<u>Year</u>	<u>Colleton County</u>	<u>State</u>	<u>United States</u>
2012	\$30,436	\$35,831	\$44,267
2013	31,505	36,934	44,462
2014	31,289	38,041	46,414
2015	33,120	39,465	48,112
2016	33,120	40,744	50,392
2017	32,804	42,296	51,812
2018	34,362	43,711	54,155
2019	34,996	45,455	56,082
2020	36,276	48,021	59,450
2021	36,748	52,467	63,444

Source: U.S. Department of Commerce, Bureau of Economic Analysis, regional economic accounts, S.C. Office of Research and Statistics of Economic Research.

Total personal income in Colleton County for the years 2013-2022 is as follows:

2013	\$1,190,505,000
2014	1,216,892,000
2015	1,249,641,000
2016	1,249,641,000
2017	1,244,027,000
2018	1,292,389,000
2019	1,317,949,000
2020	1,366,771,000
2021	1,402,252,000
2022	1,413,402,000

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Retail Sales

The following tables show retail sales for businesses located in Colleton County (including municipalities), according to the South Carolina Department of Revenue:

Year Ended <u>June 30</u>	Total Retail Sales in <u>Colleton County</u>	Increase (Decrease) over <u>Previous Year</u>
2013	\$692,865,741	(0.10)%
2014	703,005,474	1.46
2015	684,385,232	2.65
2016	700,894,638	2.41
2017	722,856,267	3.13
2018	741,109,793	2.53
2019	740,890,117	0.00
2020	770,334,081	3.97
2021	830,227,499	7.78
2022	918,462,364	10.63

Source: South Carolina Department of Revenue.

Commerce and Industry

The following table shows the ten largest employers in Colleton County as of June 2022, their type of business and their approximate number of employees for the most recent data available:

<u>Name</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Colleton County School District	Public Schools	750
Colleton County Government	County Government	474
Colleton Medical Center	Hospital	420
Walmart Supercenter	Retail	300
City of Walterboro	Municipal Government	100
Carolina Composite	Manufacturer (boats)	100
Rockford Manufacturing	Manufacturer (steel buildings)	100
Carolina Visuals, LLC	Manufacturer (banners)	100
Crescent Dairy and Beverages, LLC†	Manufacturer (shelf stable prod.)	75
Floralife	Wholesale Florist	60
Palmetto Rural Telephone Cooperative	Utility	60

Source: Colleton County Economic Development

† During Fiscal Year 2023, Crescent Dairy and Beverages, LLC was purchased by Gehl Foods Southeast, LLC, which announced plans to continue and expand the existing manufacturing operations in Colleton County.

Labor Force Estimate

Employment includes nonagricultural wage and salary employment, self-employed, unpaid family and private household workers, and agricultural workers. Persons in labor disputes are counted as employed. The use of rounded data does not imply that the numbers are exact.

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Employed	16,036	15,980	16,283	15,717	15,470	15,102
Unemployed	<u>808</u>	<u>657</u>	<u>538</u>	<u>1,015</u>	<u>708</u>	<u>497</u>
Total Labor Force	16,844	16,637	16,821	16,732	16,178	15,599
County Unemployment Rate	4.7%	3.9%	3.1%	6.1%	4.4%	3.2%
State Unemployment Rate	4.2%	3.4%	2.8%	6.2%	4.0%	3.3%
U.S. Unemployment Rate	4.4%	3.9%	3.7%	8.1%	5.3%	3.6%

Source: United States Department of Labor, Bureau of Labor Statistics.

The South Carolina Employment Security Commission reported that in 2022 Colleton County had the 27th largest labor force in the State (of 46 counties in the State).

The table below sets forth average monthly employees in the industries described below, based on the North American Industry Classification System (NAICS).

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Agriculture and Forestry	448	435	455	436	425
Utilities	76	73	73	66	56
Construction	466	574	610	582	541
Manufacturing	842	665	642	599	662
Wholesale Trade	287	375	387	352	336
Retail Trade	1,572	1,534	1,488	1,372	1,551
Transportation	178	178	141	131	176
Information	88	132	116	114	147
Financial and Insurance	278	243	223	220	225
Real Estate	109	96	88	82	98
Professional	155	142	155	153	158
Administrative	820	907	874	695	478
Education	838	875	902	878	822
Health Care	1,482	1,650	1,696	1,244	1,405
Recreation	122	122	139	119	120
Accommodations and Food Service	1,247	1,158	1,197	1,063	1,148
Other Services	339	339	225	186	196
Public Administration	<u>1,019</u>	<u>985</u>	<u>1,011</u>	<u>1,019</u>	<u>1,025</u>
Total	10,366	10,483	10,422	9,311	9,569

Source: South Carolina Department of Employment and Workforce.

Unemployment Rates

The South Carolina Office of Research and Statistics gives the average annual unemployment rates in Colleton County, the State, and the United States for each of the last ten years as shown below (not seasonally adjusted):

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2013	9.9%	7.7%	7.4%
2014	7.6	6.3	6.2
2015	7.0	5.5	5.3
2016	5.8	4.9	4.9
2017	4.7	4.2	4.4
2018	3.9	3.5	3.9
2019	3.1	2.8	3.7
2020	6.1	6.2	8.1
2021	4.4	4.0	5.3
2022	3.2	3.3	3.6

Monthly average unemployment rates in Colleton County for the years shown are as follows:

<u>Month</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
January	5.3%	4.2%	3.3%	6.0%	4.1%
February	4.9	3.8	3.2	5.8	4.5
March	4.2	3.7	3.4	5.2	3.5
April	3.2	2.9	8.2	4.8	2.8
May	3.3	2.9	9.1	3.8	3.2
June	4.1	3.3	7.2	4.7	3.6
July	4.2	3.1	8.1	4.8	3.4
August	4.1	2.9	5.9	4.7	3.5
September	3.5	2.1	5.6	3.4	3.2
October	3.6	2.6	5.7	3.3	3.7
November	3.4	2.5	6.2	3.2	2.8
December	3.6	2.7	6.8	3.5	3.2

Source: South Carolina Employment Security Commission, South Carolina Labor Force & Industry, Labor Market Information.

Worker Commuter Patterns

A significant percentage of the workers who live in Colleton County commute to other counties to work. Likewise, but to a lesser extent, a significant percentage of the workers employed in Colleton County commute from other counties for their employment. Statistics regarding worker commutes for 2021, the latest data available, are summarised below:

<u>Commuting Patterns</u>	<u>Workers</u>	<u>Percentage (%)</u>
Work and Live in County	9,319	27.0%
In-Commuters	10,683	31.0
Out-Commuters	<u>14,512</u>	<u>42.0</u>
Total	34,514	100.0%

Source: U.S. Census Bureau

Construction Activity

The following table shows the approximate number of building permits issued in Colleton County and its municipalities, and the approximate cost of construction represented by those permits in each of the last ten calendar years:

<u>Calendar Year</u>	<u>RESIDENTIAL</u>		<u>COMMERCIAL</u>		<u>MULTI-FAMILY</u>	
	<u>Number of Permits</u>	<u>Estimated Construction Costs</u>	<u>Number of Permits</u>	<u>Estimated Construction Costs</u>	<u>Number of Permits</u>	<u>Estimated Construction Costs</u>
2013	35	\$ 12,858,855	16	\$ 9,636,470	0	\$ 0
2014	36	8,124,245	10	9,014,559	0	0
2015	39	7,520,147	8	2,165,746	0	0
2016	39	11,516,978	6	1,749,446	0	0
2017	42	11,189,917	10	8,594,313	0	0
2018	49	12,046,238	15	7,818,441	0	0
2019	37	9,099,114	4	2,099,992	0	0
2020	53	13,444,404	13	7,342,036	0	0
2021	54	15,576,205	7	1,733,000	0	0
2022	<u>67</u>	<u>21,650,871</u>	<u>8</u>	<u>1,236,520</u>	<u>0</u>	<u>0</u>
Total	488	\$132,735,223	105	\$54,038,991	0	\$ 0

Source: Colleton County

Education

The School District of Colleton County includes all of Colleton County. The public schools in Colleton County had an enrollment of 4,971 students for the 2021-2022 school year. The public schools in the School District are operating in compliance with Title 6 of the 1964 Civil Rights Act.

Public school enrollment in the School District for the last ten school years is shown in the following table:

<u>School Year</u>	<u>Enrollment</u>	<u>% Increase or (Decrease)</u>
2012-13	5,999	1.94%
2013-14	5,954	(0.01)
2014-15	5,856	(1.65)
2015-16	5,707	(2.54)
2016-17	5,715	0.14
2017-18	5,625	(1.58)
2018-19	5,467	(2.81)
2019-20	5,329	(2.52)
2020-21	5,138	(3.58)
2021-22	4,971	(3.25)

Source: S.C. Department of Education

The Colleton County School District operates one early childhood center, five elementary schools, one middle school, one high school, one career center and one adult education center/alternative parallel program. All Colleton County Schools are fully accredited by the State Department of Education. The Colleton High School is fully accredited by the Southern Association of Colleges and Schools.

In addition to the public schools which are part of the Colleton County School District, there are several private or parochial schools serving students in Colleton County. These include Colleton Preparatory Academy, a private K-4 through 12th grade school located in Walterboro; New Hope Christian School, a private Christian-affiliated K-11 school located in Islandton; North Walterboro Christian academy, a private Christian-affiliated K-12 school located in Walterboro; and Community Christian Academy, a private Christian-affiliated K-12 school located in Lodge.

According to the U.S. Census Bureau, education attainment for residents of Colleton County over the age of 25 in the year 2021 is set forth in the following table.

<u>No. of Years Completed</u>	<u>Number</u>	<u>Percentage</u>
High school graduates (includes equivalency)	11,449	49.43%
Some college, or associates degree	7,337	31.68
Bachelor's degree	2,746	11.85
Master's, professional, or doctorate degree	1,630	7.04

Higher Education

The University of South Carolina - Salkehatchie provides higher education in the Colleton County area. The USC-Salkehatchie branch campus, located in the City of Walterboro is a two-year college, which offers Associate Degrees in Arts and Science. The Academy for Career Excellence provides vocational training for Beaufort and Jasper Counties. The Thunderbolt Career & Technology Center is the primary provider of vocational

training in the County. The Colleton Career Skills Center helps deliver a variety of resources to provide a skilled workforce to the County's business and industry. Training is focused on the attainment of nationally recognized NCCER certifications for the purpose of filling local industry needs. Class offerings include welding, machine tool, CNC, industrial maintenance, and commercial driver's license certification.

Although not located in the County, the Medical University of South Carolina, The Citadel, the College of Charleston and Charleston Southern University offer higher education in adjacent Charleston County. The University of South Carolina Beaufort South Campus and the Technical College of the Lowcountry New River Campus are located just outside the County limits in adjacent Beaufort County.

Transportation

Interstate 95 (I-95), the main eastern seaboard artery built in the late 1960's and early 1970's, transects the County. Each year, more than 14 million cars and trucks pass through the County on I-95. At Exit 33 (US 17 and I-95) just south of the County, roughly 1.5 million vehicles enter or exit I-95. Many of these cars and trucks join with traffic coming from Port Royal Island at Gardens Corner to be part of the roughly three million vehicles that travel toward Charleston on US 17 each year. US 17 is the main artery between Charleston and Walterboro, carrying a range of 11,000 to 16,000 vehicles per day.

The South Carolina Department of Highways and Public Transportation, originally created in 1917, is charged with the responsibility of the systematic planning, construction, maintenance, and operation of the State Highway System, which is funded in part by the State gas tax. Beginning in 2017, the General Assembly approved legislation to increase the State gas tax by twelve cents by phasing in the increase at two cents per year for six years. The revenues derived from the State gas tax have topped \$3 billion and led to roughly 8,500 miles in road improvements across the state, including 321 miles in the County. This includes Interstate 95, a major traffic artery from Boston to Miami, runs in a north-south direction through the County and connects with Savannah, Georgia, and Fayetteville, North Carolina.

The Walterboro-Colleton County Airport Commission provides service, rental, and instruction to aircraft through the Lowcountry Regional Airport with three runways with the maximum being 6,004 feet taxiway, and safety over-run, NDB instrument approved with ILS. The airport is lighted but is unattended at night. Hangar space is available; however, the airport has no control tower.

Charleston International Airport in adjoining Charleston County is served by major airlines, including Alaska Airlines, Allegiant Air, American Airlines, Delta Airlines, Frontier Airlines, Jet Blue, Southwest Airlines and United Airlines. General aviation travelers are also served by the Lowcountry Regional Airport. Passenger rail service is provided by Amtrak. Rail freight services are provided in the County by CSX Transportation. Norfolk & Southern provides freight rail services to nearby Charleston and Savannah.

In May 2017, Palmetto Railways, a division of the South Carolina Department of Commerce, acquired the Hampton and Branchville Railroad, a shortline rail line service traversing Colleton County and connecting to the interstate rail system of CSX Transportation. The acquisition will preserve the rail line and maintain service to a number of key economic development sites within Colleton County.

Ocean freight services are provided by major container port facilities in nearby Savannah and Charleston, and the County is also served by a number of local, regional and national trucking firms.

Utilities

Electric service is provided in Colleton County by Dominion Energy and Coastal Electric Cooperative. Natural Gas is provided by Dominion Energy, which owns and operates a major natural gas pipeline that runs through the County. Municipalities in the County pump water from the Floridian Aquifer and the Savannah River. Water and wastewater services are supplied by the City of Walterboro. Telephone and cable communications services are provided by AT&T, Palmetto Rural Telephone Cooperative, Xfinity (Comcast), Frontier, as well as a number of cellular service providers.

Medical Services

The County is served by Colleton Regional Hospital, located on the outskirts of Walterboro. Colleton Regional Hospital, with approximately 135 beds, is part of the Hospital Corporation of America (HCA) hospital network.

Adjoining Charleston County has seven hospitals - five private regional hospitals, the state's teaching hospital, the Medical University of South Carolina ("MUSC"), and the Ralph H. Johnson Veterans' Affairs Medical Center. Several of these private hospitals have been in growth mode. Roper St. Francis Health Care opened a new 85-bed, full-service hospital in Mt. Pleasant in 2010. East Cooper Regional Medical Center also opened a new 140-bed hospital in Mt. Pleasant during 2010.

News Media

Colleton County is served by all three major television networks by stations which are located in Charleston, South Carolina. Colleton County is served by one weekly newspaper, The Press and Standard.

Financial Institutions

As of June 30, 2022, Colleton County was served by 12 branches of commercial banks and credit unions. As of June 30, 2022, banks in Colleton County reported total deposits of \$648.1 million.

Business Disruption Risk; COVID-19 (CoronaVirus)

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the County's ability to conduct its business. A prolonged disruption in the County's operations could have an adverse effect on the County's financial condition and results of operations. The County took significant fiscal and operational steps to address the COVID-19 pandemic in the Fiscal Years ended June 30, 2020 and 2021. The County expects most fiscal impact from COVID-19 to have occurred in those fiscal years. The County continues, however, to monitor the ongoing nature of the pandemic in light of the rates of vaccination, spread of variant strains of the virus, and the responses from federal and State authorities to these variables. The degree of any future fiscal impacts on the County is uncertain, but the County believes its contingency reserves and fund balances provide significant financial flexibility to address potential future fiscal impacts.

Resilience, Sustainability and Climate Change

Climate Change

Although the majority of the County's population is located roughly 35 miles inland in the City of Walterboro, the County borders the Atlantic Ocean and the Town of Edisto Beach is within the County's limits. This does provide some protection from extreme weather though the County is still susceptible to the effects of extreme weather events, including hurricanes, flooding, and tornadoes. These extreme weather events could damage local infrastructure that provides essential services to the residents and visitors in the County. The economic impacts resulting from such extreme weather events could include loss of revenue (declines in tourism and usage), interruption of services, and escalated expenses (recovery costs). The County has taken a proactive approach to prepare for unexpected extreme weather events. No assurances can be given, however, that a future extreme weather event driven by climate change will not adversely affect the operations or financial condition of the County.

The proactive approach undertaken by the County includes development of emergency response plans and having partnerships in place to ensure continuity of services and the ability to quickly re-establish normal operating conditions. These preparations include a number of Memoranda of Agreement in place with other governmental and non-governmental organizations to provide for shared resources and quick mobilization in response to extreme weather events. The County Emergency Management Division regularly conducts county-wide drills with County partner agencies and participates in State-wide drills to continually assess functionality of response efforts.

The County did experience impacts from Hurricane Matthew during October 2016. Total response (public safety and essential personnel overtime) and damage (storm-related flooding and debris removal) was \$902 thousand of which \$676 thousand was reimbursed by federal and State grants. The County did not experience any material impacts from either Hurricane Florence in 2018 or Hurricane Dorian in 2019 or Hurricane Ian in 2022.

Cybersecurity

The County utilizes a number of technology systems for public safety, financial operations, planning and general operations. All technology systems are at risk of potential cybersecurity threats involving attempts to compromise, modify, disable, and exfiltrate and/or control data. The systems control critical applications which have public safety implications and contain or manage personal information related to staff, residents, or customers, which makes the protection of these systems from cyber threats of the utmost importance.

Events that may expose systems and data could be the result of internal or external actions which are deliberate or unintentional. No matter the source, any such system compromise could have significant consequences to County operations, data integrity and data privacy. In response, the County has implemented the following measures:

- Security training for all staff to aid in spotting dangerous phishing e-mails and other similar exploits.
- Technology directing all network connected devices to install operating system and antivirus updates as available.
- Technology assigned domain permissions by groups (department, offices).
- Isolation of services and databases on separate, distinct service.
- Network segmentation through virtual LANs.
- Offsite disaster response database backups and server infrastructure.

Though no efforts can completely eliminate the chances of system hijacking, compromise, or data extraction, these measures can reduce the probability of significant damage and allow for a quick response if such an event occurs.

GOVERNMENT STRUCTURE

Government of the County

Colleton County has a council-administrator form of government. The County is governed by a five-member County Council. Members of County Council are elected from residence districts or at-large. The County Council acts as the governing body of the County with power to pass ordinances, adopt regulations, and appoint the Administrator, who is the administrative head of the County government and is responsible for the administration of all of the departments of the County government which County Council has the authority to control. State law requires that the Administrator be employed with regard to his executive and administrative qualifications only. The term of employment of the Administrator is at the pleasure of the County Council and he is compensated for services as County Council may determine.

The County Council is responsible for adopting an annual budget for all County departments, setting a tax rate, and levying *ad valorem* taxes necessary to carry out County functions and pay County indebtedness. The current members of County Council are as follows:

<u>Name</u>	<u>Number of Years Served on Council</u>	<u>Principal Occupation</u>	<u>Current Term Expires</u>
Scott Biering	1	Business Owner	2026
Joseph F. Flowers, M.D.	21	Physician	2024
Steven D. Murdaugh	23	Attorney	2026
Phillip M. Taylor, Sr.	9	Minister	2024
Bubba Trippe	1	Funeral Assistant	2026

The powers and duties of the County Administrator include: (1) executing policies, directives and legislative actions of the County Council; (2) directing operational and administrative activities of the County; (3) preparing annual budgets; (4) supervising the expenditure of funds; and (5) employing and discharging personnel. The County Administrator is responsible for preparing the annual operating and capital improvement budget for submission to County Council. The Administrator supervises the expenditure of appropriated funds; major changes in the budget in the course of the fiscal year must be approved by County Council.

Kevin Griffin is the County Administrator for the County, and has served in that capacity since September, 2010. Mr Griffin earned his B.S. degree in Agriculture from Clemson University and his Master of City & Regional Planning from Clemson University. Prior to assuming the position of County Administrator in September, 2010, Mr Griffin worked for over a decade in several planning and administrative positions in county and municipal governments in South Carolina, including Charleston County, Florence County, and the City of Hardeeville.

The Colleton County Administrator executes the policies, directives, and legislative actions promulgated by the Council, establishes administrative policies, and supervises the expenditure of appropriated funds. This office oversees all payroll actions, including administration of the Compensation and Classification Plan for all personnel to be placed on the Colleton County payroll and management of all other employee benefits approved by the County Council.

Jon Carpenter has served as the Chief Financial Officer for the County since October 2016. Prior to that time, Mr. Carpenter worked for over fifteen years in several senior financial management positions including a cabinet agency of the State of South Carolina and Richland County, South Carolina. Mr. Carpenter holds a B.S. degree in Accounting from Appalachian State University and is currently licensed as a Certified Public Accountant in the State of South Carolina.

The Chief Financial Officer executes the policies, directives, and legislative actions promulgated by the County Council, establishes administrative policies, and supervises the expenditure of appropriated funds. This office oversees all payroll actions, including administration of the Compensation and Classification Plan for all personnel to be placed on the County payroll and management of all other employee benefits approved by the County Council.

In addition to the elected County Council, various County officers are elected, including the County Treasurer, County Auditor, Clerk of Court, Probate Judge, Sheriff, Coroner, Solicitor, and Register of Mesne Conveyance.

Services Provided

The County operates and maintains various programs which are funded from County revenues, as reflected in its annual budget for the fiscal year ending June 30, 2023. These programs include:

- (1) Public Safety (including law enforcement, emergency preparedness planning, detention facilities and fire protection in the unincorporated areas of Colleton County);
- (2) Health Services (including Emergency Medical Services, drug and alcohol rehabilitation programs and contributions to the State's Medically Indigent Assistance Fund);
- (3) Public Works (including street and drainage maintenance and mosquito abatement);
- (4) Solid Waste Management (solid waste disposal and recycling);
- (5) Judicial Administration (including prosecuting and public defender legal services and criminal, civil, probate and family court administration);
- (6) Tax Collection and Dispersal;
- (7) Libraries;
- (8) Recreation;
- (9) Planning and Zoning Administration; and
- (10) Veterans Assistance.

All of the above services are funded by the County out of its general operating ad valorem tax levy. The County currently has no plans for increasing the above services or providing services in addition to those described above.

The audited General Fund balance for the fiscal years ended June 30, 2022 and 2021 were \$10,780,762 and \$9,927,662, respectively. The General Fund unaudited balance for the fiscal year ended June 30, 2023 is forecast to be approximately \$11,400,762.

During the present fiscal year, the County has approximately 421 full-time equivalent employees. The County's total payroll (wages and benefits) for the fiscal year ended June 30, 2022, was approximately \$31.4 million.

Other Services Provided within the County

The several municipalities in the County also provide some of the foregoing services and other services not provided by the County. The School District of Colleton County and special purpose districts created by the State Legislature within the County have taxing authority and provide certain services with funds levied and collected for them by the County.

CERTAIN FISCAL MATTERS

Revenue Sources

The County has historically derived its revenues for the most part (49.3% for Fiscal Year 2022) from general property taxes on real and personal property located within Colleton County, local option sales taxes imposed by the County, accommodation taxes imposed by the County on all commercial lodging, hospitality taxes imposed by the County on the sale of certain prepared meals and beverages, license and permit charges made by the County, and charges for services imposed and collected by the County.

Revenues from Property Taxes

Until recent years, county governments in South Carolina have generated the largest portion of revenues for general governmental purposes from ad valorem property taxes. Property taxes have constituted the largest single source of revenues for Colleton County historically. Until the enactment of property tax reform by the State Legislature in 2006 (effective for fiscal years beginning after January 1, 2007), counties in the State generally could impose property tax levies without limit so long as certain procedural requirements were met. Beginning with the fiscal year commencing on July 1, 2007, local governments in the State, including Colleton County, have been subject to the limitations set forth in recent property tax reform legislation. See “– Property Tax Reform – Limitation on Millage Increases” herein for a description of these limitations. The County currently levies an operational millage of 116.31 mils, which generated \$19.4 million of revenue for the general fund in the fiscal year ended June 30, 2022. For the fiscal year ending June 30, 2023, property tax millage has not increased and has been budgeted to generate approximately \$20.3 million of revenues for the general fund. Property tax levies for the purpose of funding debt service on bonded indebtedness or payments for real property purchased using a lease-purchase agreement or used to maintain a reserve account are not subject to the limitations imposed under property tax reform. See “– Assessment of Property for Property Tax Purposes” herein for a more complete discussion of the property tax levy and collection process in South Carolina. See “– Property Tax Collection Record” and “– Millage Levied Within the County” herein for historical information concerning tax levies and collections in the County.

Revenues from Local Option Sales Taxes

At the general election held on November 6, 1990, each county in the State voted on an initiative to levy an additional 1% to the (then) 5% State sales tax, which additional 1% would be used by counties and municipalities located in counties which approved imposition of the Local Option Sales Tax (“LOST”). Colleton County was one of six counties in the State which initially approved imposition of a LOST. The additional 1% sales tax was imposed effective July 1, 1991. Sales tax revenues are collected by the State government and remitted to the County on a

quarterly basis. The LOST provides a direct credit against property taxes for the various taxing districts located in Colleton County. The Fiscal Year 2023 budget includes \$3.2 million in LOST receipts and a corresponding credit against tax revenues.

The table below sets forth the amount of the annual credits against the County's tax revenues for the past 10 years under the heading "County's Portion of LOST Collections" and total collections of the 1% LOST for all taxing jurisdictions in Colleton County under the heading "Total LOST Collections in Colleton County."

<u>Fiscal Year</u>	<u>Total LOST Collections in Colleton County</u>	<u>County's Portion of LOST Collections</u>
2013	\$4,148,337	\$2,672,446
2014	4,381,483	2,831,735
2015	4,519,279	2,869,343
2016	4,899,433	3,111,528
2017	4,952,160	3,238,738
2018	5,060,442	3,548,550
2019	5,332,133	3,241,454
2020	5,523,130	3,522,704
2021	6,063,824	3,870,402
2022	6,034,800	3,165,857

Source: Colleton County Treasurer; Colleton County Audit Reports 2013-2022.

The State legislation mandating that the initiative be placed before the voters at the November 6, 1990 general election provides that a petition signed by 15% of the qualified electors in a county may place before the voters at a subsequent election an initiative to rescind the Local Option Sales Tax. No such petition has ever been presented in Colleton County.

Revenues from Accommodations Taxes

Pursuant to the Local Accommodations Tax Act, the County imposes a local accommodations tax in the amount of 3.0%. The tax is levied on the gross proceeds derived from the rental or charges for accommodations furnished to tourists for any rooms, campground spaces, lodgings, or sleeping accommodations by any hotel, inn, tourist court, tourist camp, motel, campground, residence, or any place in which rooms, lodgings, or sleeping accommodations are furnished to tourists for a consideration. The tax does not apply where the facilities consist of less than 6 sleeping rooms, contained on the same premises, which is used as the individual's place of abode. In accordance with the Local Accommodations Tax Act, revenues collected from the imposition of the local accommodations tax may only be used for the following purposes:

- (1) tourism-related buildings;
- (2) tourism-related cultural, recreational, or historic facilities;
- (3) beach access, renourishment, or other tourism-related lands and water access;
- (4) highways, roads, streets, and bridges providing access to tourist destinations;
- (5) advertisements and promotions related to tourism development;
- (6) water and sewer infrastructure to serve tourism-related demand; or
- (7) operation and maintenance costs of the above items, including police, fire protection, emergency medical services, and emergency preparedness operations directly attendant to those facilities.

The local accommodations tax is required to be remitted to the County on a monthly basis when the estimated average monthly tax is more than \$50; on a quarterly basis when the estimated average monthly tax is \$25 to \$50; and on an annual basis when the estimated average monthly tax is less than \$25.

Revenues from Hospitality Taxes

Pursuant to the Local Hospitality Tax Act, the County imposes a local hospitality tax in the amount of 2.0% on the sales of prepared meals and beverages sold in establishments or sales of prepared meals and beverages sold in establishments licensed for on-premises consumption of alcoholic beverages, beer, or wine. In accordance with the Local Hospitality Tax Act, revenues collected from the imposition of the local hospitality tax may only be used for the following purposes:

- (1) tourism-related buildings;
- (2) tourism-related cultural, recreational, or historic facilities;
- (3) beach access and renourishment;
- (4) highways, roads, streets, and bridges providing access to tourist destinations;
- (5) advertisements and promotions related to tourism development;
- (6) water and sewer infrastructure to serve tourism-related demand; or
- (7) operation and maintenance costs of the above items, including police, fire protection, emergency medical services, and emergency preparedness operations directly attendant to those facilities.

The local hospitality tax is required to be remitted to the County on a monthly basis when the estimated average monthly tax is more than \$50; on a quarterly basis when the estimated average monthly tax is \$25 to \$50; and on an annual basis when the estimated average monthly tax is less than \$25.

Revenues from Capital Project Sales Taxes

Pursuant to the Capital Project Sales Tax Act, the County imposes a local capital project sales and use tax in the amount of 1.0% of net taxable sales in Colleton County. In accordance with the Capital Project Sales Tax Act, revenues collected from the imposition of the local capital project sales tax may only be used for the following purposes:

- (a) highways, roads, streets, bridges, public parking garages and related facilities;
- (b) courthouses, administration buildings, civic centers, hospitals, emergency medical facilities, police stations, fire stations, jails, correctional facilities, detention facilities, libraries, coliseums, educational facilities under the direction of an area commission for technical education, or any combination of these projects;
- (c) cultural, recreational, or historic facilities, or any combination of these facilities;
- (d) water, sewer, or water and sewer projects;
- (e) flood control projects and storm water management facilities;
- (f) beach access and beach renourishment;
- (g) dredging, dewatering, and construction spoil sites, disposing of spoil materials, and other matters directly related to the act of dredging;
- (h) jointly operated projects of the county, a municipality, special purpose district, and school district, or any combination of those entities, for the projects delineated in (a) through (g); and
- (i) any combination of the projects described in (a) through (h).

The Capital Project Sales Tax was approved by a majority of voters in a referendum conducted in Colleton County on November 8, 2022, and imposes the Capital Project Sales Tax in the amount of one percent (1.0%) for a period of 7 years to pay costs of the following capital projects (collectively, the “Referendum Projects”) at a total cost of \$40,355,061:

1. Colleton County Animal Services Facility;
2. Veteran’s Park;
3. Town of Smoaks – Johnsville/Smoaks Community Center;
4. Colleton County Emergency Operations Center;
5. Colleton County Recreation Center Additions (New Gym and Activity Rooms);
6. Colleton County Recreation Center Additions (Pool Facility);
7. Town of Cottageville Park Expansion;
8. Town of Williams - Water Infrastructure Improvements;

9. City of Walterboro – I95 Business Loop Project Phase 3;
10. Edisto Municipal EOC and Town Hall Complex Phase 1; and
11. City of Walterboro – Ireland Creek Greenway Park and Stream Restoration.

The Capital Project Sales Tax authorised by the Capital Project Sales Tax Referendum will begin being collected on net taxable sales in Colleton County beginning May 1, 2023, and will end April 30, 2030.

In compliance with Article X, Section 14 of the South Carolina Constitution and with the Capital Project Sales Tax Act, a second question was presented to the qualified voters of Colleton County on November 8, 2022 in the Bond Referendum (the “2022 Bond Referendum”) regarding the approval of not exceeding \$40,355,061 general obligation bonds to fund costs of Referendum Projects. This second question was also approved by a majority of the voters. Because the Capital Project Sales Tax Bonds were authorised by the 2022 Bond Referendum, they are not subject to the 8% debt limit imposed by the State Constitution on general obligation indebtedness. See “COUNTY DEBT STRUCTURE – Additional General Obligation Debt Now Permitted” herein.

The Capital Project Sales Tax is administered and collected by the South Carolina Department of Revenue in the same manner as other sales and use taxes. The revenues of the tax are remitted to the South Carolina Department of Revenue and placed on deposit with the State Treasurer and credited to a fund separate and distinct from the General Fund of the State. After deducting the amount of any refunds made and costs to the South Carolina Department of Revenue of administering the tax, not to exceed one percent of the revenues, the State Treasurer will distribute the revenues quarterly to the County Treasurer and the revenues must be used only for Referendum Projects or debt service on bonds issued to finance Referendum Projects. Net revenue derived from the collection of Capital Project Sales Tax will be remitted quarterly in January, April, July, and October, by the State Treasurer’s Office to the Colleton County Treasurer. Net revenues received by the County Treasurer will be deposited into a separate Capital Project Sales Tax Fund and applied solely to pay the costs of Referendum Projects or debt service on the Capital Project Sales Tax Bonds.

Revenues from License and Permit Fees, Franchise Fees, and Administrative Fees

The County generates revenues from a variety of fees, including various business licenses and professional fees, franchise fees and building permits, and zoning fees. In addition, there are municipal court and other administrative fees charged by the County.

Assessment of Property for Property Tax Purposes

The South Carolina Constitution mandates the equal and uniform assessment of taxable property throughout the State for the following classes of property and at the following ratios:

- (1) Real and personal property owned by or leased to manufacturers, utilities, or mining operations - 10.5% of fair market value (certain industrial facilities may be entitled to a limited exemption or to pay at lower ratios; see “– Exemptions and Limitations for Certain Industries” herein).
- (2) Real and personal property owned by or leased to transportation companies for hire (railroads and pipelines) - 9.5% of fair market value.
- (3) Inventories of business establishments - 6% of fair market value (this category has been phased out; see discussion below).
- (4) Legal residence and not more than five contiguous acres - 4% of fair market value (if the property owner makes proper application and qualifies).
- (5) Agricultural real property used for such purposes owned by individuals and certain small corporations - 4% of use value (if the property owner makes proper application and qualifies).
- (6) Agricultural real property and timberlands belonging to large corporations (more than 10 shareholders) - 6% of use value (if the property owner makes proper application and qualifies).

- (7) Power-driven farm machinery and equipment – 5% of fair market value.
- (8) Personal motor vehicles – 6.0% of fair market value.
- (9) All other real property - 6% of fair market value.
- (10) All other personal property - 10.5% of fair market value¹.

The business inventory tax has been phased out as of 1988. The business inventory exempted from property taxation is nonetheless considered taxable property for purposes of calculating the bond debt limits for all political subdivisions. The legislation creating the exemption provides that the exemption is conditioned upon the State legislature appropriating annually to each taxing entity an amount equivalent to taxes which would have been collected by such taxing entity based upon the value of business inventory in 1987.

Since 1975, State law has required all counties within the State to employ a reassessment program to ensure that all taxable properties are assessed on a uniform basis. All properties located in Colleton County are assessed in compliance with the ratio mandates of State law. Further, all properties in Colleton County are presently listed at appraised values computed in accordance with the regulations promulgated by the South Carolina Department of Revenue and Taxation (“DOR”).

DOR is charged with responsibility for taking steps necessary to ensure equalisation of assessment statewide and may require reassessment of any part or all property within any county. Regulations of DOR effectively require that a reassessment must be instituted by any county if the median appraisal for all property in such county (as a whole or for any class of property) is higher than 105% or lower than 80% of fair market value. State law also requires each county to assess all properties on the newly appraised values every fifth year. Upon completion of a reassessment, the total ad valorem millage for any political subdivision of the State may not exceed the total ad valorem tax millage of such political subdivision for the year immediately prior to completion of such reassessment, adjusted for new taxable property, by more than the increase in the consumer price index for the year in question. The latest reassessment of all real property in Colleton County was completed during 2022 and implemented in 2023.

The Colleton County Assessor appraises and assesses all real property and mobile homes located within Colleton County, and certifies the results to the Colleton County Auditor. The County Auditor appraises and assesses all motor vehicles, marine equipment, business personal property, and airplanes. DOR furnishes guides for use by the County in the assessment of automobiles, automotive equipment, and certain other classes of property and directly assesses the real and personal property of public utilities, manufacturers, and business equipment.

In each year, upon completion of its work, the DOR certifies its assessments to the County Auditor. During August and September of each year the County Auditor prepares assessment summaries from the respective certifications, determines the appropriate millage levies, prepares the tax rolls, and then in September charges the County Treasurer with the collection of taxes. With the exception of motor vehicles, the South Carolina Tax Control date is December 31 for the ensuing tax year. South Carolina has no state-wide property tax.

Homestead Exemption

South Carolina provides, among other exemptions, an exemption for homesteads. This is a general exemption from all ad valorem property taxes and applies to the first \$50,000 of value of the dwelling place of persons who are over 65 years of age, totally and permanently disabled, or legally blind (the “Homestead Exemption”). The revenues that would have been received by various taxing entities but for the exemptions are replaced by funds from the State. The State pays each taxing entity the amount to which it is entitled by April 15 of each year from the State’s general fund. The Homestead Exemption reimbursement to the County (including County Operating, County Debt Service, Fire Service Operations and Fire Service Debt Service) for the 2021-2022 fiscal year amounted to \$1.53 million.

¹ In June 2022, the State General Assembly enacted a property tax act that effectively reduces the assessment ratio for manufacturers to 6%, by means of a partial property tax exemption. This legislation was effective beginning in 2022.

Property Tax Reform

In 2006, State statutes established a new mechanism for the funding of a portion of school operations and a limitation on annual growth in millage levied by political subdivisions and school districts for operations. S.C. Code Sections 11-11-155 and 12-36-1110 essentially substitute revenues to be collected by an increase in the State sales tax of 1% (in addition to the previous 5%) for local property taxes on owner-occupied residential property attributable to school district operating levies. The County has no responsibility for funding school district operations or debt service. See “– Property Tax Reform” herein for a more complete discussion of recent property tax reform legislation.

Sales Tax Imposition; Exemption of Owner-Occupied Residential Property from School Operating Taxes

S.C. Code Section 12-36-1110 imposes an additional one percent sales tax State-wide. The additional tax does not apply to certain items, including certain accommodations (e.g., hotels, motels, and campgrounds), items taxed at a defined maximum tax (e.g., automobiles), and unprepared food. Receipts from this 1% sales tax are credited to the “Homestead Exemption Fund.”

All owner-occupied residential real property in the State is exempted from ad valorem real property taxes levied for school district operations (the “New Homestead Exemption”). Proceeds of the sales tax deposited in the Homestead Exemption Fund are distributed to the school districts in substitution for the ad valorem real property taxes not collected as a consequence of the New Homestead Exemption. S.C. Code Section 11-11-156 provides that a minimum of \$2,500,000 of sales taxes per county will be distributed to the school district or districts within such county. Owner-occupied residential real property is not exempt from millage imposed for the payment of general obligation indebtedness incurred by school districts.

The amount of the reimbursements in fiscal year 2008 was equal to the amount estimated to have been otherwise collected (but for the New Homestead Exemption) in fiscal year 2008 by the school district from school operating millage imposed on owner occupied residential property therein, subject to the minimum of \$2,500,000 described above. Beginning in fiscal year 2009 and continuing each year thereafter, the aggregate reimbursement to the school districts increases by an amount equal to the Consumer Price Index, Southeast Region, plus the percentage increase in the previous year in the population of the State. The aggregate amount of the reimbursement increase in any year is distributed among the school districts proportionately based on each school district’s weighted pupil units as a percentage of statewide weighted pupil units as determined annually pursuant to the South Carolina Education Finance Act.

Any amounts remaining in the Homestead Exemption Fund after the distribution of moneys as described in the preceding paragraphs is distributed to the school districts of the 46 counties of the State, proportionately based upon population, to be applied as a credit against ad valorem real property taxes levied against, first, owner-occupied residential real property, and, thereafter, to all other classes of taxable property, for county operating purposes.

To the extent revenues in the Homestead Exemption Fund are insufficient to pay all reimbursements to the school districts as described above, S.C. Code Section 11-11-156 provides that the difference is to be paid from the State’s general fund. Enforcement of this provision is not self-executing, and will in each applicable year be subject to the appropriation of the necessary amounts by the General Assembly.

Limitation on Millage Increases

S.C. Code Section 6-1-320 imposes a limitation on increases in millage levied for operational purposes by all political subdivisions in South Carolina. State law provides that annual millage levies may increase only at a rate equal to the sum of (a) the increase in the consumer price index, plus (b) the rate of population growth of the political subdivision. There may be added to the operating millage increase any such increase permitted under clauses (a) or (b) of the prior sentence, that was allowed but not previously imposed, for the three property tax years preceding the year to which the current limit applies. This limitation may be overridden by a vote of two-thirds of the governing body of the political subdivision, but only for the following purposes and only in a year in which such condition exists:

- (1) a deficiency of the preceding year;
- (2) any catastrophic event outside the control of the governing body such as a natural disaster, severe weather event, act of God, or act of terrorism, fire, war, or riot;
- (3) compliance with a court order or decree;
- (4) taxpayer closure due to circumstances outside the control of the governing body that decreases by 10% or more the amount of revenue payable to the taxing jurisdiction in the preceding year; or
- (5) compliance with a regulation promulgated or statute enacted by the federal or state government after the ratification date of this section for which an appropriation or a method for obtaining an appropriation is not provided by the federal or state government.

Local Option Sales Tax for Additional Tax Relief

S.C. Code Section 4-10-730 authorizes the imposition within any county, subject to approval by referendum, of a local sales tax to provide additional property tax relief. The local sales tax may only be imposed to the extent necessary to provide a 100% credit to all classes of taxable property against (a) county operating taxes, (b) school operating taxes, or (c) both, as set forth on the referendum ballot. The rate of such local sales tax may not exceed 1%. Colleton County has not implemented the provisions of S.C. Code Section 4-10-730 as of this date.

Reassessment Valuations Limited

S.C. Code Section 12-37-3140 provides that the growth in valuation of real property attributable to reassessment may not exceed 15% for each five-year reassessment cycle. Growth in valuation resulting from improvements to real property are exempt from this restriction. Except for property classified as “all other real property” subject to the 6.0% assessment ratio, upon the sale of any parcel of real property or other “assessable transfer of interest,” including long-term leases, conveyances out of trusts, and other defined events, but excluding transfers between spouses, such parcel will be reassessed to its then-current market value.

Exemptions and Limitations for Certain Industries

Pursuant to various economic development incentives enacted by the State Legislature, the assessment ratio for certain manufacturing facilities and other facilities can be reduced to 6% (and, in some instances, as low as 3%) under fee-in-lieu of tax transactions and multi-county industrial parks by action of the County Council. These incentives can remain in effect up to 45 years in certain instances. In addition to lowering the assessment ratio, this legislation permits the negotiation of a fixed or periodically adjusted millage rate by the industry and County Council, which can differ from the millage rate imposed upon taxable property located within Colleton County. In addition, the County can rebate a portion of the fee-in-lieu of tax payment to the industry.

The South Carolina Constitution exempts from ad valorem taxation (except school and municipal taxes) all new manufacturing establishments for five years from the time of establishment and all additions to existing manufacturing establishments for five years from the time each such addition is made if the cost of such addition is \$50,000 or more. The exemptions authorized by the South Carolina Constitution for manufacturing establishments do not include exemptions from school taxes or municipal taxes.

Assessed Value of Taxable Properties in Colleton County

The table below sets forth the assessed and estimated actual value of all taxable properties in the County for the past ten fiscal years.

Fiscal Year	Tax Year	Real Property			Personal Property			Total Assessed Value
		Assessed Value	Estimated Actual Value	Ratio of Total Assessed Value to Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio of Total Assessed Value to Estimated Actual Value	
2013	2012 ¹	\$124,529,285	\$3,677,288,314	3.39%	\$45,681,967	\$577,742,213	7.91%	\$170,211,252
2014	2013	124,290,470	3,675,411,178	3.38	46,322,848	542,309,703	8.54	170,613,318
2015	2014	124,833,360	3,743,314,532	3.34	38,508,140	459,532,616	8.38	163,341,500
2016	2015	125,463,400	3,792,357,210	3.31	41,403,580	512,687,036	8.08	166,866,980
2017	2016	126,695,930	3,848,082,492	3.29	44,408,120	548,235,970	8.10	171,104,050
2018	2017 ¹	130,485,880	3,997,547,588	3.26	45,527,140	562,409,403	8.10	176,013,220
2019	2018	132,774,320	4,085,126,499	3.25	44,873,240	543,980,519	8.25	177,647,560
2020	2019	136,463,280	4,075,367,609	3.35	44,446,986	494,862,138	8.98	180,910,266
2021	2020 ²	141,139,420	4,230,957,764	3.34	52,028,116	607,783,263	8.56	193,167,536
2022	2021 ²	154,190,550	2,803,142,591	5.50	51,346,115	574,641,148	8.93	205,536,665

¹ Reassessment occurred in tax years 2012, 2017, and in 2022 for implementation in 2023.

² Beginning with tax year 2020, as part of the conversion to a new tax collection software, the County began to exclude the estimate actual values of non-taxable properties (government and churches) from the column entitled "Estimated Actual Value" above, since these properties would not have a corresponding assessed tax value. To aid in comparison to the prior years presented in the table above, the estimated actual value of these properties was \$1,736,033,570 and \$1,949,007,261 for tax years 2020 and 2021, respectively. Adding these amounts back to the estimated actual values shown in the table above would increase those values to \$4,230,957,764 and \$4,752,149,852 for tax years 2020 and 2021, respectively.

The following table sets forth the assessed values and approximate market values, by tax class categories, for all taxable property in Colleton County for the tax year 2021.

<u>Class of Property</u>	<u>Assessed Value</u>	<u>Approximate Market Value</u>
Real Property and Mobile Homes – County Assessor	\$160,090,550	\$2,873,682,030
Motor Vehicles – County Auditor by DOR Manual	18,327,576	229,686,708
Watercraft and Motors	2,331,640	22,133,826
Public Utilities/RR/Pipeline	16,561,590	156,189,621
Manufacturing Property –DOR Full Levy	2,080,390	25,388,554
Business Personal – County Auditor	4,967,200	50,335,255
Fee-in-Lieu	1,035,322	17,255,378
Aircraft	142,397	3,112,367
TOTALS	\$205,536,665	\$3,377,783,739

Source: Colleton County Assessor's Office, Colleton County Treasurer, S.C. Department of Revenue.

Method by which Tax Levy is Made

South Carolina taxing entities (including counties, school districts, cities and towns, and special tax districts) levy property taxes as a single tax bill which each taxpayer must pay in full. In Colleton County, the Colleton County Treasurer collects all current taxes and the Colleton County Delinquent Tax Collector is responsible for delinquent tax collections.

Notices are mailed in October of each year or as soon as practicable thereafter. All taxes may be paid without penalty through January 15. A three percent penalty is added on January 16. An additional seven percent penalty is added on February 2. On March 17, another additional penalty of five percent is added on and delinquent taxes are forwarded at this time to the County's Delinquent Tax Office for collection.

Property Tax Collection Record

The following table shows the total amount of taxes levied for the County government (operational and debt service purposes) and the School District (adjusted to include additions, abatements and nulla bonae) for each of the years shown.

Fiscal Year Ended June 30	Tax Year	Adjusted Total Tax Levy	Current Tax Collections	% of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections To Total Tax Levy
2013 [†]	2012	\$52,100,048	\$44,052,013	84.55%	\$7,642,810	\$51,694,823	99.22%
2014 [†]	2013	48,000,778	46,192,180	96.23	1,557,717	47,749,897	99.48
2015	2014	14,791,090	13,733,646	92.85	841,436	14,575,062	98.54
2016	2015	16,482,359	15,385,339	93.34	981,225	16,366,564	99.30
2017	2016	16,903,737	15,970,838	94.48	786,423	16,757,261	99.13
2018	2017	20,208,055	19,219,246	95.11	780,057	19,999,303	98.97
2019	2018	20,658,725	19,796,004	95.82	588,624	20,384,628	98.67
2020	2019	21,028,987	20,449,213	97.24	388,343	20,837,556	98.09
2021	2020	22,018,103	21,256,691	96.54	413,896	21,670,567	96.54
2022	2021	23,523,755	21,843,632	92.86	0	21,843,632	92.86

Source: Colleton County Treasurer, Delinquent Tax Collector, County Auditor.

[†] Fiscal Years 2013-2014 include collections for the County, Fire Protection Services, and Colleton County School District. Fiscal Years 2015-2021 are for the County (operating) only.

Millage Levied Within Colleton County

The following table summarises the tax millages levied by the overlapping governments in Colleton County for the past 10 years.

Tax Year	Colleton County (Operations) ¹	Colleton County (Debt Service) ¹	Colleton County School District (Operations) ¹	Colleton County School District (Debt Service) ¹	County Fire Protection (Operations)	County Fire Protection (Debt Service)	Town of Edisto Beach	City of Walterboro
2013	108.45	7.41	104.31	46.50	33.56	17.67	20.53	88.00
2014	108.45	7.41	104.31	46.50	33.56	17.67	20.23	88.00
2015	114.81	10.24	110.42	46.50	33.56	17.67	20.23	88.00
2016	114.81	10.24	110.42	49.50	33.56	22.66	20.71	88.00
2017	114.81	10.24	110.42	49.50	33.56	22.66	23.44	86.40
2018	116.31	10.24	113.42	54.50	33.56	22.66	23.44	86.40
2019	116.31	10.24	113.42	54.50	33.56	22.66	24.07	86.40
2020	116.31	10.24	116.42	54.50	33.56	22.66	24.07	86.40
2021	116.31	10.24	116.42	54.50	33.56	22.66	24.07	86.40
2022	116.31	10.24	116.42	54.50	33.56	22.66	25.15	86.40

Source: Colleton County Auditor.

¹ Countywide levies.

Largest Taxpayers

The ten largest taxpayers in Colleton County for the tax year ending June 30, 2022, their assessed value, the percentage of the total county taxable assessed value, and taxes paid are:

<u>Taxpayer</u>	<u>Taxes Paid</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Value</u>
Dominion Energy	\$2,941,606	\$8,574,800	4.13%
Coastal Electric Coop	1,109,954	3,240,600	1.56
CSX Transportation, Inc.	344,613	999,320	0.49
Central Electric Power Coop	287,687	832,210	0.40
Cellco Partnership DBA Verizon	285,154	823,220	0.40
Wyndham Vacation Resorts, Inc	245,620	799,740	0.39
Lawyers Title Insurance Corp	231,459	753,630	0.37
Cherokee Plantation Owners LLC	253,854	747,310	0.36
Walterboro Community Hospital	269,940	740,426	0.36
Wal-Mart Real Estate	<u>247,452</u>	<u>735,000</u>	<u>0.36</u>
	\$6,217,339	\$18,216,256	8.82%

Sources: Colleton County Treasurer.

Budgetary Process and Controls

In January of each year notice is sent by the County Administrator to each department head of County government to prepare a budget request for the fiscal year to begin July 1. The budget requests as prepared by the department heads are forwarded to the County Administrator. All department requests are compiled by the Clerk to the County Council and are reviewed by the County Administrator who makes his own recommendation with respect to each department's budget. The compiled budget request of the departments together with the recommendations on each by the County Administrator are presented to the Finance Committee of the County Council which consists of the entire County Council. The Finance Committee engages in a series of workshops that average three meetings a week during the spring. The final budget as reported out of the Finance Committee is given three readings at three separate meetings of County Council. Prior to final reading and adoption of the budget ordinance the County Council holds a public hearing on the budget. Any adjustments made in a particular department budget request are subject to the right of the department head to appear before County Council to justify that department's request. The final budget is approved prior to June 30 of each year.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

2022-2023 Budget Summary

A summary of the County's initial General Fund and Special Revenue Accounts budget for Fiscal Year 2022-2023 appears below.

Revenues

Taxes	\$32,311,846
Intergovernmental	8,782,835
Fines/Fees	4,729,398
Charges for Services	2,080,100
Other Income/Financing Sources	61,904
Prior year fund balance appropriation	<u>1,741,495</u>
Total Revenues	\$49,707,578

Expenditures

General Government	\$11,175,660
Judicial	2,181,499
Public Safety	13,278,365
Streets and Highways and Bridges	2,359,450
Sanitation	3,454,314
Health and Welfare	956,091
Culture and Recreation	2,529,759
Economic Development	633,807
Debt Service	6,511,560
Intergovernmental	6,305,302
Capital Projects	<u>321,771</u>
Total Expenditures	\$49,707,578
Excess/Deficiency of Revenues over Expenditures	<u>\$ 0</u>

Formal Fiscal Policies

The County's formal fiscal policy requires maintenance of a General Fund balance of at least 20% of annual expenditures. Although not a formal policy, the County's historical practice has been not to borrow money for operating expenditures, and to regularly monitor and compare actual financial performance with budgeted performance.

Recent Economic Development Efforts

With international pandemic travel restrictions lifted and continued strong national consumer demand, economic development prospect activity has been strong through Fiscal Year 2022. The most recent County unemployment numbers (October 2022) reflect Colleton County at 3.7 percent unemployment. With such a low unemployment level persisting, and with a comparatively small labor force, the County's economic development efforts focus largely on the Colleton County's population of "out-commuters" who leave the County each morning to drive to (presumably better) jobs in Charleston, Berkeley, Dorchester, Beaufort and other neighboring counties, usually commuting for over an hour. The out-commuter number is presently over 10,000 workers. Companies that are willing to pay above-average wages, with very good benefit packages, should be able to capture some of those out-commuters under the premise that workers would accept similar or better wages and benefits if commute times could be cut. An important factor in being able to attract companies willing to pay above average wages is having an attractive site, at a competitive per acre price, for company decision makers to consider, and that is what the County has been working to achieve over recent years. Investments in financing the purchase of the H&B Railroad (now known as the 42-mile long Salkehatchie Railroad), acquisition of the 870-acre Colleton Mega Site ("CMS") and optioning an adjoining 600 acres, underwriting the costs of engineering and permitting to construct the CMS

sewer line, conducting due diligence and making site improvements to CMS, Colleton Venture Park and Colleton County Commerce Center are all aspects of the County's recent efforts to set the stage to attract game-changing-scale projects to the County. The County's economic development team has been focused on creating conditions which would induce companies prepared to invest hundreds of millions of dollars to locate on these sites and, accordingly, the first such company recently announced plans to locate on 90 acres at the Colleton Industrial Campus. Pomega, a subsidiary of Kontrolmatic, announced on December 8, 2022, that the company intends to invest \$279 million in Colleton County, build an electrical grid-scale battery production plant there, and hire over 500 employees to work in the facility. Pomega's electrical storage batteries are essential for supporting renewable electric generation and to stabilizing the power grid. Pomega broke ground at the site in Colleton County in February 2023. The County plans to continue its robust economic development efforts in this regard, and is optimistic that these efforts will attract other large-scale manufacturers to Colleton County.

In addition to the Pomega investment, Colleton County has recently landed two other new manufacturing companies and one distribution company. Trison Wells, a contract blending and bottling company focused on household cleaning products, announced that it plans to invest \$1.2 million and create 35 jobs. A larger investment came from Gehl Foods Southeast, which acquired the County's 100,000 square foot speculative industrial building in Fiscal Year 2023 and announced plans to invest \$46 million and create 106 new jobs for the manufacture of shelf-stable dairy products. Finally, Boise Cascade announced its plans to build a lumber distribution center on the Stokes Tract, in Colleton County. The Boise Cascade investment is expected to exceed \$9 million and result in the creation of 30 jobs. Additionally, as an indicator of the success of the County's greater, long-term economic development program, the Boise Cascade project stands as the first economic development project recruited by the County to utilize the Salkehatchie Railroad, helping pay the costs of the railroad financing with each railcar delivered to or from the site.

The County intends to continue to improve its large economic development sites and begin construction on a new speculative building in Fiscal Year 2024. The timing of this work will hinge on the County's ability to secure grants and other resources essential to these efforts.

Management's Discussion and Analysis

On June 30, 2022, the County's reported governmental funds combined fund balances were \$33,510,412, an increase of \$2,319,795 in comparison with the prior year. Approximately 29% of this amount or \$9,705,545 constitutes unassigned fund balance, which is available for spending at the County's discretion.

The general fund is the chief operating fund of the County. On June 30, 2022, the unassigned fund balance of the general fund was \$9,705,545. Unassigned fund balance represents approximately 27.7% of total current general fund expenditures, while total fund balance represents approximately 30.7%.

Tax revenues increased by 2.5% due to growth in assessed values of 6.4% that was offset by a dip in levy collections. The growth in assessed values was based on mortgage rates remaining at historical lows for most of Fiscal Year 2022 which continue to drive robust home sales and refinancing activity. County Council did not approve any operating millage increase for Fiscal Year 2022. Intergovernmental revenue increased by 16.3% based on new State revenues. Included in the Fiscal Year 2022 State budget, rural stabilization funds (\$322,581) were created to aid the majority of counties that saw a small or no population change from the 2010 to 2020 census and therefore would receive less State aid to local government funds beginning in Fiscal Year 2022. In addition, the State funded the 25% cost share (\$49,087) associated with previously declared federal disasters. Fines and fees increased by 7.3% from the prior year based on continuing to see increased volume/value of building permits and recording document fees related to mortgage liens. A building permit fee change was put into place with the Fiscal Year 2021 budget and no additional fee increase was budgeted in Fiscal Year 2022. In addition, County recreational venues did see a busier Fiscal Year 2022 as compared to Fiscal Year 2021 - up 18% - and driven by residents returning to pre-COVID activities (youth sports, gym visits, restaurant dining and large gathering events).

Total expenditures grew at 9.9%, or \$3,156,600, with every function showing growth from the prior year. The largest increases were seen in general government of \$606,491 (6.4%), Judicial of \$149,710 (11.3%), public safety of \$1,012,155 (12.0%), and intergovernmental of \$449,901 (8.6%). Governmental expenditures increased based on a 5% pay adjustment provided in Fiscal Year 2022 as well as a mandated 1% increase in employer

retirement matching. Overall facility operating costs increased by 8% due to rate and usage increases, and supply expenditures were impacted by the significant jump in fuel prices during the last quarter of Fiscal Year 2022 which resulted in a \$76,377 increase in fuel expense for the fiscal year. The increase seen in Judicial was primarily due to an increase in wages, associated employer benefits, and jury expenses. Court staff were provided a minimum 5% salary adjustment in Fiscal Year 2022 as well as the mandated 1% increase in employer retirement matching and, with courts resuming their pre-COVID schedule, jury fees and associated expenditures increased by 75%. In order to maintain necessary public safety staffing in the Sheriff's office, the Detention Center and 911, pay adjustments of 5-20% were provided in Fiscal Year 2022. Other than personnel expenditures, supply expense experienced 31% growth. The rapid rise in fuel prices during the last quarter of the fiscal year lead to a 50% increase in fuel expenditures for the year. The increase in intergovernmental expenditures was caused by an increase in funding to Colleton County Fire Rescue. This additional funding support was provided to cover additional personnel expenditures, medical/drug/blood supplies and fuel expenses.

For Fiscal Year 2023, the unassigned fund balance in the general fund is forecasted to be approximately \$10 million, or 28% of total general fund operating expenditures. Operating expenditures are forecasted to increase by approximately 8% from Fiscal Year 2022 based on providing a five percent cost of living and other market driven salary adjustments, and the related benefit costs that also increased due to additional mandated employer costs. For Fiscal Year 2023, revenues are forecasted to grow by approximately 5% from Fiscal Year 2022 based on continued growth in residential and business assessment values due to the strong real estate market that has driven median home prices up by over 45% during the last 24 months.

The following table shows the combined total of revenues and expenditures for all of the County's governmental funds for the Fiscal Years ended June 30, 2018-2022.

[THIS PAGE INTENTIONALLY LEFT BLANK.]

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>Revenues</u>					
Taxes	\$29,130,415	\$30,142,378	\$30,420,830	\$33,041,207	\$34,497,633
Intergovernmental revenues	13,534,245	13,122,440	15,383,606	16,070,709	18,909,117
Fines, fees, and service charges	6,465,956	6,760,008	6,586,845	7,073,699	7,533,262
Other income	1,121,298	1,729,253	862,474	958,647	911,163
Total Revenue	\$50,251,914	\$51,754,079	\$53,253,755	\$57,144,262	\$61,851,175
<u>Expenditures</u>					
Current					
General government	\$ 8,462,845	\$ 8,920,357	\$10,108,898	10,395,349	\$11,015,296
Judicial	6,007,996	6,152,386	6,216,595	6,342,332	6,587,551
Public safety	8,122,142	8,906,780	10,383,578	9,861,093	10,454,294
Roads and bridges	1,751,263	2,016,790	2,044,893	2,484,941	2,126,397
Solid waste	2,585,498	3,168,898	3,648,480	4,000,181	5,267,360
Recreation and culture	2,163,441	2,520,632	2,082,911	2,362,006	2,986,403
Health and human services	1,875,826	2,142,595	2,656,161	3,508,444	2,950,175
Economic development	1,986,024	5,355,199	1,812,260	1,111,992	1,120,468
Intergovernmental	7,560,938	10,012,911	11,088,354	8,075,258	9,237,840
Capital outlay					
General government	641,447	847,003	298,331	326,768	3,419,275
Judicial	15,584	19,567	0	0	53,244
Public safety	7,582,809	2,213,800	849,597	526	125,700
Streets and highways	225,004	360,260	411,004	14,311	870,520
Sanitation	914,645	966,219	200,848	16,343	2,253,939
Recreation and culture	3,902,336	2,642,307	187,299	28,525	392,599
Health and human services	-0-	0	0	0	124,292
Economic development	-0-	0	0	0	78,183
Debt Service					
Principal retirement	4,925,632	6,990,718	5,108,333	5,198,333	8,552,164
Interest and fiscal charges	795,505	722,984	886,356	779,712	643,987
Total Expenditures	\$59,518,935	\$63,959,406	\$57,983,898	\$54,503,116	\$68,259,687
Excess (deficiency) or revenue over (under) expenditures	(9,267,021)	(12,205,327)	(4,730,143)	2,641,146	(6,408,512)
<u>Other financing sources (uses)</u>					
Proceeds from lease purchase	-0-	2,500,000	0	0	0
Proceeds from sale of capital assets	143,459	194	131,655	18,332	74,677
Proceeds from debt (net)	582,353	0	0	581,093	8,627,873
Insurance proceeds	132,251	39,047	99,385	578,638	325,757
Legal settlement	-0-	0	0	0	0
Donation of capital asset	-0-	0	0	0	0
Transfers in	6,401,391	6,305,753	5,497,580	5,593,537	11,483,675
Transfers out	(6,401,391)	(6,305,753)	(5,497,580)	(5,597,537)	(11,483,675)
Total other financing sources (uses)	\$ 858,063	\$ 2,539,241	\$ 231,040	\$ 1,178,063	8,728,307
Net change in fund balance	(8,408,958)	(9,666,086)	(4,499,103)	3,819,209	2,319,795
Fund balance – beginning of year	49,965,302	41,556,344	31,890,258	27,391,155	31,190,617
Change in Accounting Principle (GASB 84)				(19,747)	0
Fund balance – end of year	\$41,556,344	\$31,890,258	\$27,391,155	\$31,190,617	\$33,510,412

The following table shows the combined total fund balance of the County's governmental fund types as of June 30 of each of the following years:

<u>Year</u>	<u>Balance</u>
2013	\$19,524,418
2014	24,306,090
2015	52,907,669
2016	56,696,085
2017	49,965,302
2018	41,556,344
2019	31,890,258
2020	27,391,155
2021	31,190,617
2022	33,510,412

Independent Audits and Other Financial Information

The County's financial statements were audited by Mauldin & Jenkins, LLC, Savannah, Georgia, for the Fiscal Year ended June 30, 2022. The County's Comprehensive Annual Financial Report (the "CAFR") for the Fiscal Year ended June 30, 2022, including the audited financial statements for the Fiscal Year ended June 30, 2022 (the "2022 Financial Statements"), are included in this Official Statement as Appendix A. The report of Mauldin & Jenkins, LLC, dated January 27, 2023, is set forth in Appendix A. The 2022 Financial Statements, including the footnotes thereto, should be reviewed in their entirety by prospective purchasers of the Bonds. The consent of Mauldin & Jenkins, LLC to include in this Official Statement its report was not requested by the County, and the 2022 Financial Statements are included as a public record and are presented for general information purposes only. Mauldin & Jenkins, LLC was not requested nor did it perform any procedures with respect to the preparation of this Official Statement or the information presented herein.

With respect to evaluating the ability of the County to make timely payment of debt service on the Bonds based on information contained in the CAFR, no representation is made that such information contains all factors material to such an evaluation or that any specific information should be accorded any particular significance. The 2022 Financial Statements represent a comprehensive report of the County's finances and include funds, accounts, and revenues that are not pledged to the payment of debt service on the Bonds. This Official Statement should be considered in its entirety and no one factor should be considered more or less important than any other solely by reason of its location herein. See "APPENDIX A – AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2022" herein.

Retirement Plan

All full-time County employees except public safety department employees are under the South Carolina Governmental Employees' Retirement System ("SCRS") established by the State for county government employees. Public safety department employees are covered by the South Carolina Police Officers' Retirement System ("PORS"), also a defined benefit plan. These plans are funded on a matching basis, using an actuarial method, by the employees and the County.

The County is required to make contributions on behalf of its employees into the pension system. The County's expenses are funded on an actuarial basis determined by the State, and the County is assessed on an annual basis for its share of the State retirement system's pension costs. The County's local pension contributions have risen substantially in recent years. This has resulted in substantial increases in the County's pension costs as shown in the table below. The table below sets forth the County's actual pension contributions for the Fiscal Years 2018-2022, and the budgeted contribution for Fiscal Year 2023.

Retirement Plan Costs

<u>Pension System</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 Budgeted</u>
S.C. Governmental Employee's Retirement System (SCRS)	\$1,537,023	\$1,711,402	\$1,725,759	\$1,938,078	\$2,054,363
S.C. Police Officer's Retirement System (PORS)	<u>1,684,442</u>	<u>1,879,319</u>	<u>1,885,569</u>	<u>2,215,520</u>	<u>2,723,998</u>
Total Pension Payments	\$3,221,465	\$3,590,721	\$3,611,328	\$4,153,598	\$4,778,361

For all Fiscal Years, employees (other than police officers and firefighters) contribute 9.0% of their salary. Sworn police officers and firefighters contribute 9.75% of their salary. The County's share was 17.24% for Fiscal Year 2019, 18.24% for each of Fiscal Years 2020 and 2021, 19.24% for Fiscal Year 2022, and is 20.24% for Fiscal Year 2023 on police officers'/firefighters' salaries and was 14.56% for Fiscal Year 2019, 15.56% for each of Fiscal Years 2020 and 2021, 16.56% for Fiscal Year 2022, and is 17.56% for Fiscal Year 2023 on all other employees. Police officers/Firefighters who was a member prior to July 1, 2012, are eligible for retirement at age 55 or after 25 years of service and members after July 1, 2012, are eligible for retirement at age 55 or after 27 years of service. All other employees who were members prior to July 1, 2012, are eligible for retirement at age 65 or after 28 years of service and members after July 1, 2012, are eligible after 8 or more years of service upon satisfaction of Rule 90, which is the requirement that the total of the members age and credible service equals at least 90 years. Both groups' vesting rights are after five years of service or eight years of service depending on their membership date. See Note 8 to the Notes to Financial Statements in APPENDIX A hereto for more information regarding the County's employee benefits plans.

Other Post-Employment Benefits

Funding Policy and Annual OPEB Cost

The County's annual other post-employment benefits ("OPEB") cost is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Amount Contributed</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2020	\$ 507,459	\$40,546	7.99%	\$4,632,970
June 30, 2021	1,100,535	48,591	4.42	5,684,914
June 30, 2022	5,684,914	38,685	0.68	8,121,308

Funding Status and Funding Progress

The funded status of the County's retiree health care plan, under GASB Statement No. 45 as of June 30, 2022 is as follows:

Actuarial Valuation Date as of <u>June 30</u>	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2020	\$-0-	\$4,632,970	\$4,632,970	\$-0-	\$19,181,867	24.2%
2021	-0-	5,684,914	5,684,914	-0-	19,390,423	29.3
2022	-0-	8,121,308	8,121,308	-0-	20,637,116	39.4

Under the reporting parameters, the County's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$8,121,308 at June 30, 2022.

Tort Liability and Insurance

Subject to specific immunity set forth in the South Carolina Torts Claims Act, local governments including Colleton County government are liable for damages not to exceed \$300,000 per incident/person and \$600,000 per occurrence/aggregate. No punitive or exemplary damages are permitted under that Act. Insurance protection for units of local government is provided from either the South Carolina Insurance Reserve Fund established by the State Fiscal Accountability Authority, private carriers, self-insurance or pooled self-insurance funds. The County currently maintains liability insurance coverage with the South Carolina Insurance Reserve Fund. In the opinion of the County Administrator, the amount of liability coverage maintained by the County is sufficient to provide protection against any loss arising under the South Carolina Torts Claims Act. In the opinion of the County Attorney, there is no litigation pending or threatened against the County which is not adequately insured by such coverage.

COUNTY DEBT STRUCTURE

Outstanding Debt

General Obligation Debt

As of January 31, 2023, the County had \$5,635,000 in general obligation bonds, secured by the full faith, credit, and taxing power of the County, outstanding as follows:

<u>Series</u>	<u>Date of Issue</u>	<u>Original Issue Amount</u>	<u>Outstanding Bond Principal</u>
Series 2015 Bonds	September 30, 2015	\$5,395,000	\$3,650,000
Series 2022 Bonds	March 24, 2022	\$1,985,000	<u>1,985,000</u>
TOTAL			<u>\$5,635,000</u>

General Obligation Fire Protection Service Debt

The payment of the principal of and interest on the General Obligation Fire Protection Service debt is secured by the full faith, credit, and taxing power of the County. The General Obligation Fire Protection Service Bonds are payable from and additionally secured by an irrevocable pledge of ad valorem property taxes levied for the purpose of providing fire protection services in Colleton County.

As of January 31, 2023, the County also had \$11,380,000 in general obligation fire protection services bonds outstanding, which are additionally secured by a pledge of and are payable from taxes levied for fire protection purposes, as follows:

<u>Series</u>	<u>Date of Issue</u>	<u>Original Issue Amount</u>	<u>Outstanding Bond Principal</u>
Series 2018 Bonds	November 15, 2018	\$6,000,000	\$ 4,380,000
Series 2022 Bonds	March 24, 2022	7,000,000	<u>7,000,000</u>
TOTAL			<u>\$11,380,000</u>

General Obligation Capital Project Sales Tax Debt

The payment of the principal of and interest on the General Obligation Capital Project Sales Tax Bonds is secured by the full faith, credit, and taxing power of the County. The General Obligation Capital Project Sales Tax Bonds are payable from and additionally secured by an irrevocable pledge of the proceeds of a 1.0% capital project sales and use tax imposed on net taxable sales in Colleton County.

As of January 31, 2023, the County also had \$4,090,000 outstanding on the General Obligation Capital Project Sales Tax Bonds, Series 2015 (the "Series 2015 CPST Bonds"), which are payable from the 1% capital project sales tax levied for certain referendum capital projects in the 2014 Referendum, as follows:

<u>Series</u>	<u>Date of Issue</u>	<u>Original Issue Amount</u>	<u>Outstanding Bond Principal</u>
Series 2015 Bonds	May 14, 2015	\$29,700,000	\$4,090,000

The final payment of principal under the Series 2015 CPST Bonds is due July 1, 2023.

The Bonds offered hereby are also secured by the full faith, credit, and taxing power of the County, and are payable and additionally secured by an irrevocable pledge of the proceeds of the 1% Capital Project Sales Tax.

Lease-Purchase and Annual Appropriation Debt

As of January 31, 2023, the County had outstanding lease-purchase or annual appropriation obligations of \$4,757,759, including the following:

<u>Series</u>	<u>Original Date of Issue</u>	<u>Original Issue Amount</u>	<u>Outstanding Principal</u>
2013 Lease Purchase	September 4, 2013	\$3,036,957	\$ 335,924
2021 Lease Purchase	November 19, 2021	<u>5,500,000</u>	<u>4,421,835</u>
TOTALS		<u>\$11,036,957</u>	<u>\$4,757,759</u>

Special Source Revenue Bonds and Notes

Special Source Revenue Bonds and Notes are limited obligations of the County payable by the County solely from, and secured by a pledge of, certain fees or revenues. The Special Source Revenue Bonds and Notes are not secured by, or in any way entitled to, a pledge of the full faith, credit, or taxing power of the County. As of March 31, 2023, the County had outstanding special source revenue bonds and notes in the amount of \$124,136 as follows:

<u>Series</u>	<u>Date of Issue</u>	<u>Original Issue Amount</u>	<u>Outstanding Bond Principal</u>
Series 2014 Bonds	June 10, 2014	\$993,200	\$124,136

Colleton County Intermodal Corporation

In April 2017, the Colleton County Intermodal Corporation (the “Intermodal Corporation”) issued revenue bonds in the amount of \$7,610,000 (the “Intermodal Corporation Bonds”) to finance the acquisition of a 40-mile, short line railroad in Colleton County known as the Hampton and Branchville Railroad (the “H&B Railroad”). See “CERTAIN FISCAL MATTERS – Recent Economic Development Efforts” for a more thorough discussion of the Intermodal Project.

The Intermodal Corporation was established by the County Council in order to provide a mechanism to finance the purchase of the H&B Railroad by Palmetto Railways, a division of South Carolina Department of Commerce, through the issuance of the Intermodal Corporation Bonds. Palmetto Railways owns and operates the H&B Railroad, and the rail line’s continued service will facilitate the development of industrial sites within Colleton County by companies requiring rail access to the CSX Transportation system. Though the Intermodal Corporation Bonds are not a direct obligation of the County, County Council agreed to pay debt service on the Intermodal Corporation Bonds, subject to annual appropriation by County Council, to the extent that revenues derived by Palmetto Railways from the operation of the H&B Railroad and pledged to the repayment of the Intermodal Corporation Bonds are insufficient to pay debt service. The County Council also authorized the issuance of general obligation bonds by the County each year under its 8% constitutional general obligation debt limit to provide funds to pay the debt service on the Intermodal Corporation Bonds.

The annual debt service requirements of the Intermodal Corporation Bonds are shown in the following table:

<u>Fiscal Year</u>	<u>Debt Service</u>
2023	\$584,965
2024	584,425
2025	582,745
2026	585,205
2027	581,750
2028	582,550
2029	582,380
2030	581,210
2031	584,010
2032	585,530
2033	583,970
2034	581,430
2035	582,910
2036	583,165
2037	582,195

Annual Debt Service Requirements

The table below sets forth the annual debt service requirements as of July 1, 2022 for the Bonds to be issued hereby, outstanding General Obligation Bonds, outstanding General Obligation Fire Protection Service Bonds, and outstanding equipment lease purchase obligations.

Fiscal Year	Series 2015 Capital Project Sales Tax Bonds			Series 2023 Capital Projects Sales Tax Bonds			Outstanding General Obligation Bonds	Outstanding General Obligation Fire Protection Service Bonds	Equipment Lease Purchase	Combined
	Principal	Interest	Total	Principal	Interest	Total	Debt Service	Debt Service	Payments	Debt Service
2023	\$ 3,970,000	\$141,950	\$4,111,950	\$ 0	\$ 0	\$ 0	\$1,267,552	\$ 1,340,944	\$1,474,256	\$ 8,194,702
2024	4,090,000	51,125	4,141,125	0	846,989	846,989	682,818	1,349,250	1,474,256	8,494,438
2025	0	0	0	5,085,000	1,250,375	6,335,375	686,468	1,341,650	1,130,476	9,493,969
2026	0	0	0	5,345,000	1,118,050	6,463,050	683,748	1,348,500	1,130,476	9,625,774
2027	0	0	0	5,560,000	899,950	6,459,950	689,818	824,450	565,238	8,539,456
2028	0	0	0	5,780,000	673,150	6,453,150	689,148	825,100	0	7,967,398
2029	0	0	0	6,010,000	467,400	6,477,400	692,736	820,150	0	7,990,286
2030	0	0	0	6,195,000	284,325	6,479,325	685,380	784,750	0	7,949,455
2031	0	0	0	6,380,000	95,700	6,475,700	691,370	786,450	0	7,953,520
2032	0	0	0	0	0	0	691,176	786,050	0	1,477,226
2033	0	0	0	0	0	0	0	785,300	0	785,300
2034	0	0	0	0	0	0	0	786,000	0	786,000
2035	0	0	0	0	0	0	0	782,750	0	782,750
2036	0	0	0	0	0	0	0	784,125	0	784,125
Totals ¹	\$8,060,000	\$193,075	\$8,253,075	\$40,355,000	\$5,635,939	\$45,990,939	\$7,460,214	\$13,345,469	\$5,774,702	\$80,824,399

Overlapping Debt

Contained within Colleton County are the Colleton County School District and several municipalities. Direct debt constitutes debt directly issued by the County while overlapping debt constitutes that portion of debt issued by different public entities within Colleton County. The County is not responsible for the overlapping debt of other local agencies. The following table provides the outstanding long-term general obligation indebtedness and the assessed values for each of the political units overlapping Colleton County which have outstanding general obligation indebtedness.

<u>Name of Unit</u>	<u>Outstanding General Obligation Indebtedness</u>	<u>Percentage of Unit's Assessed Value Within the County</u>
Colleton County School District	\$71,317,151	100%
City of Walterboro	4,071,878	100
Town of Edisto Beach	1,720,000	100

Source: Colleton County Finance Director's Office, City of Walterboro Finance Dept., Town of Edisto Beach Finance Dept.
As of June 30, 2022.

Overlapping Debt Limits

Under the applicable debt limitation provisions of Article X of the South Carolina Constitution, each municipality has the power, in the manner and upon the terms and conditions as the State General Assembly shall prescribe by general law, (a) to incur general obligation debt authorised by a majority vote of the qualified electors thereof voting in a referendum, without limitations as to the amount, and (b) to incur, without an election, general obligation debt (in addition to bonded indebtedness authorised by a majority vote of qualified electors) in an amount not exceeding eight per centum (8%) of the assessed value of all taxable property therein.

Under the applicable debt limitation provisions of Article X of the South Carolina Constitution, each school district of the State may, in the manner and upon the terms and conditions as the State General Assembly shall prescribe by law, (a) incur general obligation debt authorised by a majority vote of the qualified electors of the school district voting in a referendum, without limitation as to amount, and (b) incur general obligation debt, upon the terms and conditions the General Assembly may prescribe, in an amount not exceeding 8% of the assessed value of all taxable property of that school district (computed without consideration of bonded indebtedness authorised by a majority vote of the qualified electors of the school district voting in a referendum).

Article X of the South Carolina Constitution also authorises municipalities and school districts to incur general obligation debt in anticipation of the collection of ad valorem taxes, the receipt of federal grants, and the issuance of general obligation bonds. Additional debt information is set forth as APPENDIX F to this Official Statement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Debt Ratios

County General Obligation Bonded Debt/Assessed Value Ratio and Per Capita the Past Ten Years

<u>Fiscal Year</u>	<u>General Obligation Debt¹</u>	<u>Estimated Market Value</u>	<u>Assessed Valuation</u>	<u>G.O. Debt to Estimated Market Value Ratio</u>	<u>G.O. Debt to Assessed Value Ratio</u>	<u>Population</u>	<u>G.O. Debt Per Capita</u>
2013	\$ 7,280,000	\$4,255,030,527	\$170,211,252	0.17%	4.28%	38,153	\$190.81
2014	6,110,000	4,217,720,881	170,613,318	0.14%	3.58	38,892	157.00
2015	4,740,000	4,202,847,148	163,341,500	0.11%	2.90	37,711	125.69
2016	8,758,832	4,305,044,246	166,866,980	0.20%	5.25	37,731	232.14
2017	8,301,301	4,396,318,462	171,104,050	0.19%	4.85	37,923	218.90
2018	8,416,034	4,559,956,991	176,013,020	0.18%	4.78	37,611	223.77
2019	7,370,970	4,629,107,018	177,647,560	0.15%	4.15	37,660	195.72
2020	6,898,164	4,570,229,747	180,910,266	0.15%	3.81	37,677	183.09
2021	6,991,353	3,102,707,457 ²	193,167,536	0.23%	3.62	38,604	181.10
2022	6,510,127	3,377,783,739	205,536,665	0.19%	3.17	38,462	169.26

¹ Does not include general obligation debt payable from taxes levied for fire protection purposes or general obligation debt payable from the 1% capital project sales tax. At June 30, 2022, the amount of outstanding general obligation debt in those categories was \$11,628,707 and \$8,171,950, respectively.

² Estimated Market Value for 2021 does not include market value of tax-exempt properties. Years prior to 2021 include the market value of tax-exempt properties. Assessed valuation for 2021 reflects the addition of watercraft (due to a change in billing) and manufacturing property coming onto the tax rolls.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Anticipated Capital Needs

Other than the projects noted in “CERTAIN FISCAL MATTERS - Recent Economic Development Efforts” and the “Referendum Projects” described herein, the County anticipates the following additional capital needs:

The County has a number of projects that are in the design phase that are currently only partially funded, including the following:

- Replacement of the eighty-nine windows at the County courthouse, which was constructed in 1820 and is on the National Registry of Historical Places. This project is currently funded through the architectural/engineering phase which is required in order to produce the bid package. Construction is unfunded and is estimated between \$800,000 and \$1 million.
- Renovation of the vacant Rite-Aid retail building into the County voter registration/election office. The vacant retail site was purchased during Fiscal Year 2022 and is currently funded through the architectural/engineering phase which is necessary to reconfigure the space. Renovation costs are unfunded and are estimated between \$750,000 to \$850,000.
- Renovation of the vacant Memorial Avenue building for the County’s feeding program. This renovation is being handled through a design-build contract and is partially funded by a State appropriation of \$350,000. Additional funds to complete the renovation are estimated at \$30,000 and are currently unfunded.
- With the opening of the 2014 CPST funded Taxpayer Service Center, the partially vacant Harrelson building is planned for a number of backfill projects. The projects include redesign of the building entrance for ADA compliance and renovating office spaces for the remaining County departments, including Planning and Development, Assessor, Human Resources and Information Technology. This project is funded through the architectural/engineering phase and construction is estimated at \$2.2 million which is unfunded.

The County has continued to move from purchasing fleet vehicles, including Sheriff vehicles, to a leased vehicle. As of June 30, 2022, roughly 100 of the 115 County fleet vehicles have been moved to a leased vehicle. Due to record sales prices of used vehicles over the last two years, the County has been able to early cycle a number of its existing leased vehicle for a new leased vehicle. This early cycle process leads to a sales price that can provide \$10,000-\$20,000 in equity. The County uses this equity to reduce the lease price of the new vehicle to an amount that is below the leased price of the older leased vehicle that was early cycled. This opportunity has allowed the County to reduce our annual lease cost by over 10% while maintaining a safe and more fuel-efficient fleet.

Additional General Obligation Debt Now Permitted

Legal Authority to Issue General Obligation Indebtedness

The County Council is empowered to incur general obligation indebtedness in any amount not exceeding the constitutional debt limit upon compliance with certain conditions. The County Council is permitted, under applicable debt limitation provisions of Article X of the South Carolina Constitution, to incur general obligation debt of the County, as follows:

(1) If the general obligation debt is authorised by a majority vote of the qualified electors of the County in a referendum, general obligation debt may be incurred without any limitation as to amount (other than the amount specified in the referendum); and

(2) General obligation debt may also be incurred by counties for sewage disposal or treatment, fire protection, street lighting, garbage collection and disposal, water service, or any other service or facility benefitting only a particular geographical section of the county, without an election and without limitation as to amount, provided a special assessment, tax, or service charge in an amount sufficient to provide special debt service on the bonds issued for such services shall be imposed upon the area or persons receiving the benefit therefrom (“Annual Debt Service Limitation”); and

(3) In addition to general obligation debt incurred as described above, to incur without an election, general obligation debt in an amount not exceeding eight per centum (8%) of the assessed value of all taxable

property of the County. For purposes of calculating the constitutional debt limit, property located in multi-county industrial parks or subject to fee-in-lieu of tax payments are considered taxable property, but only to the extent that the fee-in-lieu of tax payments are not pledged under the multi-county industrial park agreement or are not pledged to secure special source revenue indebtedness; and

(4) Article X of the South Carolina Constitution also authorizes all counties to incur short-term general obligation debt in anticipation of the collection of ad valorem taxes, subject to the limitations of such tax collections (the “TAN Limitation”) outside of the 8% constitutional debt limit.

Legal Debt Limit of the County

Other than the capital projects sales tax general obligation bonds authorized by the Capital Project Sales Tax Referendum, the County presently has no open authorization to incur general obligation indebtedness that is approved by referendum as described in paragraph (1) above. Consequently, the County may incur general obligation indebtedness for the purposes described in paragraphs (2) and (4) without limit (but subject to the Annual Debt Service Limitation or the TAN Limitation, as applicable), and general obligation indebtedness under its 8% constitutional debt limit described in paragraph (3) above.

The County’s 8% constitutional debt limit as of June 30, 2022 is calculated as follows:

Assessed Value	\$205,536,665
Plus Merchants Inventory	619,994
Less Manufacturers’ Abatements	(1,022,896)
Less Assessed Value of properties that are pledged to secure special sources revenue bonds or credits	<u>-0-</u>
Total Assessed Value for Debt Limit Purposes	\$205,133,763
Constitutional Debt Limit	x 8.0%
Less Outstanding Debt Subject to Limit	<u>(6,510,127)</u>
General Obligation Debt Available Without Referendum [†]	\$9,900,574

[†]As described in paragraph (3) above.

Source: Colleton County Auditor

Additional Lease-Purchase and Annual Appropriation Indebtedness

South Carolina law permits county governments to finance the acquisition and construction of capital assets by means of lease-purchase financing. Lease-purchase financing of personal property, such as vehicles and equipment, does not count against the 8% constitutional debt limit described in “– Additional General Obligation Indebtedness Now Permitted” herein. In most instances, lease-purchase financing of real property acquisition or improvements will, however, count against a similar statutory 8% debt limit.

County governments are permitted under State law to use annual appropriation instalment purchase financing to acquire and construct real property improvements. This form of financing generally will not count against either the constitutional or statutory 8% debt limit.

County’s Authority to Issue Revenue Bonds

The South Carolina Constitution grants authority to county governments to incur indebtedness payable solely from a revenue-producing project or from a special source, which source does not involve revenues from any tax or license on such terms and conditions as are prescribed by general law. Revenue bond indebtedness issued in compliance with this provision of the State Constitution does not count against the 8% constitutional debt limit described in “– Additional General Obligation Indebtedness Now Permitted” herein. The County has previously issued special source revenue bonds as described in “– Outstanding Debt – Special Source Revenue Bonds” herein.

Pursuant to this authorisation, State law permits county governments to issue revenue bonds payable from user fees or charges, such as for utility systems, solid waste disposal facilities and systems, parking facilities and systems, healthcare facilities, and similar revenue-generating projects. South Carolina law also permits county governments to finance public infrastructure by means of tax increment financing and special assessment district financing. County governments that receive fee-in-lieu of tax payments from qualifying businesses may also issue special source revenue bonds payable from those payments. The County currently has special source revenue bonds outstanding, and anticipates the issuance of additional special source revenue bonds to fund infrastructure for an economic development project. See “– Outstanding Debt- Special Source Revenue Bonds” herein for a description of the County’s outstanding special source revenue bonds.

County governments are also permitted to provide conduit private activity bond financing for qualifying industrial, pollution control, and healthcare facilities. Conduit revenue bonds are payable solely by the private conduit borrower, and are not an obligation of the county government which issues the bonds. Although the County has issued conduit bonds for various qualifying projects, none of these bonds are considered debt obligations of the County for legal, balance sheet, or accounting purposes. Consequently, no information is provided in this Official Statement regarding such bonds.

Miscellaneous Debt Information

The County has not defaulted in the payment of principal and interest, or in any other material respect, with respect to any of its securities at any time within the last 25 years, nor has the County within such time issued any refunding bonds for the purpose of preventing a default in the payment of principal or interest on any of its securities then outstanding. The County has not used the proceeds of any bonds or other securities (other than tax anticipation notes) for current operating expenses at any time within the last 25 years.

LEGAL MATTERS

Litigation

There is no litigation of any nature now pending or threatened to restrain or enjoin the sale, execution, issuance, or delivery of the Bonds or in any way contesting the validity of the Bonds or any proceedings of the County taken with respect to the authorisation, sale, or issuance of the Bonds or the pledge or application of any moneys provided for the payment of or security for the Bonds. Certifications to those effects will be delivered at the time of the original delivery of the Bonds.

The County has several matters in various stages of litigation, none of which challenge the validity of the Bonds offered hereby. In the opinion of the County Attorney, none of this litigation will have a materially adverse effect upon the County’s ability to repay the Bonds offered hereby.

United States Bankruptcy Code

The undertakings of the County should be considered with reference to Chapter 9 of the Bankruptcy Code, 11 U.S.C. 901, *et seq.*, as amended, and other laws affecting creditors’ rights and municipalities generally. Chapter 9 permits a municipality, political subdivision, public agency, or other instrumentality of a state that is insolvent or unable to meet its debts as such debts mature to file a petition in the United States Bankruptcy Court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of its creditors; provides that the filing of the petition under the Chapter operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; directs a petitioner to file a plan for the adjustment of its debts; permits the petitioner in its plan to modify the rights to payment of its creditors; and provides that the plan must be accepted in writing by or on behalf of creditors or each impaired class of claims holding at least two-thirds in amount and more than one-half in number of the creditors which have accepted or rejected the plan. The plan may be confirmed notwithstanding the negative vote of one or more classes of claims if the court finds that the plan is in the best interest of creditors, is feasible, and is fair and equitable with respect to the dissenting classes of creditors. A petitioner has the right to reinstate indebtedness under its plan according to the original maturity schedule of such indebtedness notwithstanding any provision in the documents under which the indebtedness arose relating to the

insolvency or financial condition of the debtor before the confirmation of the plan, the commencement of a case under the Bankruptcy Code, or the appointment of or taking possession by a trustee in a case under the Bankruptcy Code or by a receiver or other custodian prior to the commencement of a case under the Bankruptcy Code.

Legal Proceedings and Disclosure Counsel

The legal proceedings relating to the issuance of the Bonds were prepared by Howell Linkous & Nettles, LLC, attorneys and counsellors at law, Charleston, South Carolina, whose approving opinion will be furnished without charge to the purchaser of the Bonds at the time of their delivery. The form of Bond Counsel's opinion is set forth as APPENDIX C to this Official Statement.

Howell Linkous & Nettles, LLC have also served as disclosure counsel to the County regarding the issuance of the Bonds offered hereby. On delivery of the Bonds, Howell Linkous & Nettles, LLC will deliver an opinion letter as disclosure counsel addressed to the County and the Underwriter to the effect that (1) the Continuing Disclosure Undertaking on the part of the County satisfies the requirements of Rule 15c2-12, (2) the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended, and (3) that, subject to their limited review, nothing has come to their attention that would lead them to believe that the Official Statement contains any untrue statement of material fact or omits to state any material fact necessary to make the statements made therein, in light of the circumstances under which they made, not misleading (except that no statement will be made regarding information on DTC or financial or statistical information contained in this Official Statement or in APPENDIX A hereto).

Certain legal matters will be passed upon for the County by Sean P. Thornton, Esq., Walterboro, South Carolina, Colleton County Attorney.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and decisions affecting remedies, including judicial discretion in the application of the principles of equity, and by bankruptcy, reorganisation, or other laws affecting the enforcement of creditors' rights generally.

Tax Treatment

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest on the Bonds to be and remain excluded from gross income of the owners thereof for federal income tax purposes under Section 103(a) of the Code and for purposes of South Carolina income taxation. Noncompliance with such requirements may cause interest on the Bonds to be included in gross income of the owners thereof retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs.

The County has covenanted to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Bonds be and remain excluded from gross income of the owners thereof for federal income tax purposes under Section 103(a) of the Code and South Carolina income tax purposes (the "Covenants"). The Non-Arbitrage and Tax Certificate executed by the County with respect to the Bonds (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Bonds, will contain provisions and procedures regarding compliance with the requirements of the Code. The County, in executing the Tax Certificate, will certify to the effect that the County expects and intends to comply with the provisions and procedures contained therein.

In rendering the opinions described below with respect to the Bonds, Bond Counsel has relied upon the Covenants and has assumed the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate.

Certain requirements and procedures contained or referred to in the Bond Ordinance, the Tax Certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such

documents. Bond Counsel expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Howell Linkous & Nettles, LLC.

Tax Opinions

In the opinion of Howell Linkous & Nettles, LLC, Bond Counsel to the County, under existing law, including current statutes, regulations, rulings, and judicial decisions and assuming continuing compliance by the County with the Covenants and the Tax Certificate, interest on the Bonds is excludible from gross income for federal income tax purposes under Section 103(a) of the Code, except as discussed below.

Bond Counsel is of the further opinion that interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals under the Code. Such interest is, however, taken into account in determining the annual adjusted financial statement income of certain applicable corporations (as defined in Section 59(k) of the Code) for the purpose of determining the application of the 15-percent alternative minimum tax imposed on the adjusted financial statement income of such corporations for tax years beginning after December 31, 2022. In general, an “applicable corporation” is a corporation whose average annual adjusted financial statement income (i.e., adjusted book income) exceeds \$1 billion for the 3-year period ending with the tax year in question.

Bond Counsel is further of the opinion that the Bonds and the interest thereon are exempt from all state, county, school district, municipal, and all other taxes or assessments of the State of South Carolina, except inheritance, estate, or transfer taxes. Section 12-11-20 of the South Carolina Code of Laws of 1976, as amended, imposes upon every bank engaged in business in South Carolina a fee or franchise tax computed at the rate of 4½% of the entire net income of such bank. Regulations of the South Carolina Department of Revenue and Taxation require that the term “entire net income” includes income derived from any source whatsoever including interest on obligations of any state or political subdivision thereof. Interest on the Bonds will be included in such computation.

Ownership of the Bonds may result in certain collateral federal income tax consequences to certain Bondholders.

The proposed form of the opinion letter of Bond Counsel for the Bonds is set forth in Appendix C, attached hereto. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by re-circulation of the Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), including non-compliance with the Covenants or other provisions of the Tax Certificate, or any other matters coming to Bond Counsel’s attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon, in connection with any such actions, events, or matters.

Certain Federal Tax Consequences

The following is a discussion of certain federal income tax matters under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to particular Bondholders of the Bonds. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion letter, and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding, or disposing of the Bonds on the tax liabilities of the individual or entity.

Although Bond Counsel has rendered an opinion that, with certain assumptions, interest on the Bonds is excludible from gross income for federal and South Carolina income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder’s federal, state, or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder’s other items of income or deduction.

For example, ownership or disposition of the Bonds may result in other collateral federal, state, or local tax consequence for certain taxpayers, including, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, and increasing the federal tax liability of certain individual recipients of Social Security or Railroad Retirement benefits under Section 86 of the Code. Ownership of the Bonds may also result in the limitation of interest, and certain other deductions for financial institutions and certain other taxpayers under Section 265 of the Code. Finally, residence of the holder of the Bonds in a state other than the State of South Carolina or being subject to tax in a state other than the State of South Carolina may result in income or other tax liability being imposed by such states or their political subdivisions based on the interest or other income from the Bonds.

Changes in Federal and State Tax Law

From time to time, legislative proposals are pending in the United States Congress that if enacted would alter or amend one or more of the federal tax matters referred to above in certain respects or adversely affect the market value of the Bonds. Additionally, Bondholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. It cannot be predicted whether or in what form any of such proposals may be enacted and there can be no assurance that such proposals will not apply to the Bonds. In all such events, the market value of the Bonds may be affected and the ability of the Bondholders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to adjustment in the event of any such change in the tax treatment of interest on the Bonds.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced that, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby.

Information Reporting Requirement

Interest on tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. In general, such information reporting requirements are satisfied if the Bondholder completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or the Bondholder is one of a limited class of exempt recipients, such as corporations. Backup withholding (i.e., the requirement for the payor to deduct and withhold a tax, calculated in the manner determined under the Code, from the interest payment) may be imposed on payments made to any Bondholder who fails to provide the required information, including an accurate taxpayer identification number, to any person required to collect such information under Section 6049 of the Code. Neither the compliance with this reporting requirement nor backup withholding, in and of itself, affects or alters the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

BOND COUNSEL'S OPINION IS BASED ON EXISTING LEGISLATION AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY AUTHORITIES AS OF THE DATE OF ISSUANCE AND DELIVERY OF THE BONDS. EACH SUCH OPINION IS FURTHER BASED ON BOND COUNSEL'S KNOWLEDGE OF FACTS AS OF THE DATE THEREOF. BOND COUNSEL ASSUMES NO DUTY TO UPDATE OR SUPPLEMENT ITS OPINION TO REFLECT ANY FACTS OR CIRCUMSTANCES THAT MAY THEREAFTER COME TO BOND COUNSEL'S ATTENTION OR TO REFLECT ANY CHANGES IN ANY LAW THAT MAY THEREAFTER OCCUR OR BECOME EFFECTIVE. MOREOVER, BOND COUNSEL'S OPINION IS NOT A GUARANTEE OF RESULT AND IS NOT BINDING ON THE INTERNAL REVENUE SERVICE (THE "SERVICE"); RATHER, SUCH OPINION REPRESENTS BOND COUNSEL'S LEGAL JUDGMENT BASED UPON ITS REVIEW OF EXISTING LAW AND IN RELIANCE UPON THE REPRESENTATIONS AND COVENANTS REFERENCED ABOVE THAT IT DEEMS RELEVANT TO SUCH RESPECTIVE OPINIONS.

THE SERVICE HAS AN ONGOING AUDIT PROGRAM TO DETERMINE COMPLIANCE WITH RULES THAT RELATE TO WHETHER INTEREST ON STATE OR LOCAL OBLIGATIONS IS INCLUDABLE IN GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. NO ASSURANCE CAN BE GIVEN WHETHER OR NOT THE SERVICE WILL COMMENCE AN AUDIT OF ANY COMPONENT OF THE BONDS. IF AN AUDIT IS COMMENCED, IN ACCORDANCE WITH ITS CURRENT PUBLISHED PROCEDURES, THE SERVICE IS LIKELY TO TREAT THE COUNTY AS THE TAXPAYER AND THE BONDHOLDERS MAY NOT HAVE A RIGHT TO PARTICIPATE IN SUCH AUDIT. PUBLIC AWARENESS OF ANY FUTURE AUDIT OF THE BONDS COULD ADVERSELY AFFECT THE VALUE OF THE BONDS DURING THE PENDENCY OF THE AUDIT REGARDLESS OF THE ULTIMATE OUTCOME OF THE AUDIT.

Original Issue Discount on Bonds

The Bonds maturing in the year 2024 have been sold at initial public offering prices which are less than the amount payable at maturity (the "Discount Bonds"). The difference between the initial public offering prices to the public (excluding bond houses and brokers) at which price a substantial amount of each maturity of the Discount Bonds is sold and the amount payable at maturity constitutes original issue discount, which will be treated as interest on such Discount Bonds and to the extent properly allocable to particular owners who acquire such Discount Bonds at the initial offering thereof, will be excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Discount Bond who acquires the Discount Bond in this offering during any accrual period generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (iii) any interest payable on such Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in such Discount Bond. Any gain realized by an owner from a sale, exchange, payment, or redemption of a Discount Bond will be treated as gain from the sale or exchange of such Discount Bond.

Owners who may acquire Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount or interest properly accruable with respect to such Discount Bonds, other tax consequences of owning Discount Bonds and the state and local tax consequences of owning Discount Bonds.

Original Issue Premium on Bonds

The Bonds maturing in the years 2025 through 2030 have been sold at an initial public offering price which is greater than the amount payable at maturity (the "Premium Bonds"). An amount equal to the excess of the purchase price of the Premium Bonds over their stated redemption prices at maturity constitutes premium on such Premium Bonds. A purchaser of a Premium Bond must amortize any premium over such Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Premium Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Premium Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Premium Bonds.

THE FEDERAL TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A BONDHOLDER'S PARTICULAR SITUATION. IT IS NOT INTENDED TO ADDRESS ALL ASPECTS OF FEDERAL

TAXATION THAT MAY BE RELEVANT TO BONDHOLDERS. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX IMPLICATIONS OF HOLDING AND DISPOSING OF THE BONDS UNDER FEDERAL OR APPLICABLE STATE OR LOCAL LAWS, INCLUDING THE EFFECT OF ANY PENDING OR PROPOSED LEGISLATION, REGULATORY INITIATIVES OR LITIGATION. FOREIGN INVESTORS SHOULD ALSO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES UNIQUE TO INVESTORS WHO ARE NOT U.S. PERSONS.

MISCELLANEOUS

Underwriting

The Bonds have been purchased by FHN Financial Capital Markets (the “Underwriter”) at competitive sale from the County for resale. The Underwriter has agreed to purchase the Bonds from the County at a price of par, plus a net premium of \$728,092.78. The initial public offering yields of the Bonds are set forth on the front cover of this Official Statement and may be changed from time to time by the Underwriter. The Underwriter may also allow a concession from the public offering yields to certain dealers. The Underwriter has received no fee from the County for underwriting the Bonds. If the Bonds are sold at the public offering yields as set forth on the front cover of this Official Statement, the Underwriter anticipates total selling compensation of \$264,355.52 for the Bonds plus payment of the Policy premium.

The initial public offering yields of the Bonds are as set forth on the inside front cover page of this Official Statement and may be changed from time to time by the Underwriter. The Underwriter may also allow a concession from the public offering prices to certain dealers. The Underwriter has not received any fee from the County for underwriting the Bonds.

Continuing Disclosure

Rule 15c2-12 Undertaking

In order to assist the Underwriter of the Bonds to comply with the provisions of Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (“Rule 15c2-12”), the County will enter into a written agreement (the “Continuing Disclosure Undertaking”) for the benefit of the holders and beneficial owners of the Bonds. The form of the Continuing Disclosure Undertaking is set forth in Appendix D to this Official Statement.

Under the Continuing Disclosure Undertaking, the County has undertaken for the benefit of the holders of the Bonds to provide annually financial information and operating data regarding the County, which is the only “obligated person” (within the meaning of the Rule) for which financial information or operating data is provided in this Official Statement, by not later than 7 months after the end of each fiscal year, commencing January 31, 2019 (the “Annual Report”) for the Fiscal Year 2018. The Annual Report shall include, at a minimum, the annual audited financial statements of the County prepared in accordance with accounting principles generally accepted within the United States of America as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and other financial information and operating data as described in the Continuing Disclosure Undertaking. Under the Continuing Disclosure Undertaking, the County has also undertaken for the benefit of the holders of the Bonds, to provide notices of certain enumerated events (the “Event Notices”) as provided in the Rule within the time frame required by the Rule. The Annual Reports and Event Notices will be filed with the Municipal Securities Rulemaking Board’s Municipal Market Access System (“EMMA”) in the manner prescribed by the Rule. See Appendix D to this Official Statement for a more complete description of the County’s undertaking under the Rule. The Continuing Disclosure Undertaking obligates the County to provide only limited information at specific times, and such information may not include all information necessary to determine the value of the Bonds.

Currently, the only “obligated person” (within the meaning of the Rule) with respect to the Bonds is the County. No other person or entity is obligated to provide, or is expected to provide, any continuing disclosure information with respect to the Rule.

Failure to Make Timely Continuing Disclosure Filings

The County inadvertently failed to include certain financial and operating data required to be included in the Annual Reports for June 30, 2013 through June 30, 2017 with respect to the prior continuing disclosure undertaking for the County's General Obligation Fire Protection Services Bonds, Series 2012. The omitted financial and operating data included the historical assessed value of taxable properties in the County subject to the fire protection service tax and the total amount of taxes levied for the fire protection district's fire protection service. The County posted this required financial and operating data on EMMA on October 8, 2018.

The County has put in place written procedures to ensure that the County will remain in compliance with its continuing disclosure obligations.

State Law Requirement

Pursuant to Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended ("Section 11-1-85"), the County has covenanted to file with a central repository for availability in the secondary bond market when requested: (i) an annual independent audit within thirty days of the County's receipt of the audit; and (ii) event specific information within thirty days of an event adversely affecting more than five percent of the revenues of the County.

The only remedy for failure by the County to comply with these covenants is an action for specific performance. Moreover, the County has specifically reserved the right to amend the covenants to reflect any change in Section 11-1-85 without the consent of any holder of Bonds.

Independent Financial Advisor

Raymond James & Associates, Inc., Richmond, Virginia has served as Independent Financial Advisor (the "Financial Advisor") to the County with respect to the issuance of the Bonds. The Financial Advisor does not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending, or future actions taken by any legislative or judicial bodies. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the County and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information. The Financial Advisor has agreed not to bid for the Bonds either independently or as a member of a syndicate organized to submit a bid for the Bonds.

Ratings

The Underwriter arranged for BAM to issue a commitment for the Policy with respect to the Bonds as an aspect of the Underwriter's bid for the Bonds at the competitive sale of the Bonds. The Bonds have received the rating of "AA" (Stable Outlook) from S&P Global Ratings, a Division of Standard & Poor's Financial Services LLC ("S&P") based on the understanding that BAM will deliver the Policy with regard to the Bonds. S&P has assigned its municipal bond rating of "AA- (underlying)" to the Bonds. Moody's Investors Service, Inc., has assigned its municipal bond rating of "Aa3" to this issue of Bonds. An explanation of the significance of such ratings may be obtained from the respective rating agency furnishing the same. The County has furnished the rating agencies the information contained in this Official Statement and certain publicly available materials and information about the County. Generally, the rating agencies base their ratings on such materials and information, as well as investigations, studies, and assumptions of the rating agencies. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any of the rating agencies if, in their judgment, circumstances so warrant. Such circumstances may include, without limitation, changes in or availability of information relating to the County. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

CUSIP Numbers

At the written direction of the undersigned, a “CUSIP” identification number will be imprinted on the Bonds, but such number shall not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of or payment for the Bonds. In addition, failure on the part of the County to use such CUSIP number in notice to holders of the Bonds shall not constitute an event of default or similar violation of the County’s contract with such holders.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Conclusion

The execution of this Official Statement and its delivery have been duly authorised by the County.

COLLETON COUNTY, SOUTH CAROLINA

By: /s/ J. Kevin Griffin
County Administrator

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2022

[THIS PAGE INTENTIONALLY LEFT BLANK]



ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

COUNTY COUNCIL

Steven D. Murdaugh
Art Williams
Phillip M. Taylor, Sr.
Gene Whetsell
Joseph F. Flowers, MD

COUNTY ADMINISTRATOR

J. Kevin Griffin

FINANCE DIRECTOR

Jon Carpenter

Prepared by:
Finance Department

COLLETON COUNTY, SOUTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Table of Contents	i – iv
Letter of Transmittal	v – xi
Certificate of Achievement for Excellence in Financial Reporting	xii
Organizational Chart.....	xiii
List of Principal Officials	xiv

FINANCIAL SECTION

Independent Auditor's Report	1 – 4
Management's Discussion and Analysis	5 – 21

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position	22
Statement of Activities	23

Fund Financial Statements:

Balance Sheet – Governmental Funds	24 and 25
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	26
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	27 and 28
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29
Statement of Fiduciary Net Position – Custodial Funds.....	30
Statement of Changes in Fiduciary Net Position – Custodial Funds	31
Notes to the Financial Statements.....	32 – 81

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund.....	82
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Special Revenue Fund.....	83
Schedule of Proportionate Share of the Net Pension Liability:	
South Carolina Retirement System – Primary Government	84
Police Officers' Retirement System – Primary Government.....	84
South Carolina Retirement System – Fire and Rescue Commission	85
Police Officers' Retirement System – Fire and Rescue Commission.....	85
South Carolina Retirement System – Memorial Library	86

COLLETON COUNTY, SOUTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS (CONTINUED)

Page

FINANCIAL SECTION (CONTINUED)

Required Supplementary Information (Continued):

Schedule of Contributions:

South Carolina Retirement System – Primary Government	87
Police Officers' Retirement System – Primary Government.....	87
South Carolina Retirement System – Fire and Rescue Commission	88
Police Officers' Retirement System – Fire and Rescue Commission.....	88
South Carolina Retirement System – Memorial Library	89
Retirement Plan Assumptions	90
OPEB Retirement Plan – Schedule of Changes in the Primary Government's Total OPEB Liability and Related Ratios	91
OPEB Retirement Plan – Schedule of Changes in the Fire and Rescue Commission's Total OPEB Liability and Related Ratios	92
OPEB Retirement Plan – Schedule of Changes in the Memorial Library's Total OPEB Liability and Related Ratios	93

Other Supplementary Information:

Combining Balance Sheet – Nonmajor Governmental Funds	94 – 96
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	97 – 99
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
Clerk of Court IV Incentives	100
Clerk of Court IV Unit Costs	101
Victim Witness Services	102
Animal Care Control Donations.....	103
Emergency Telephone	104
County Hospitality Tax	105
County Accommodations Tax	106
Debt Service.....	107
Capital Sales Tax Debt Service.....	108
Debt Service Non-GOB	109
Capital Projects Fund	110

Custodial Funds:

Combining Statement of Fiduciary Net Position	111 and 112
Combining Statement of Changes in Fiduciary Net Position.....	113 and 114

COLLETON COUNTY, SOUTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS (CONTINUED)

Page

FINANCIAL SECTION (CONTINUED)

Other Supplementary Information (Continued):

Major Component Units

Fire and Rescue Commission:

Balance Sheet	115
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	116
Statement of Revenues, Expenditures and Changes in Fund Balances	117
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	118
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	119

Memorial Library:

Balance Sheet	120
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	121
Statement of Revenues, Expenditures and Changes in Fund Balances	122
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	123
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	124

Uniform Schedule of Court Fines, Assessments, and Surcharges (per ACT 96).....	125 and 126
--	-------------

STATISTICAL SECTION

Financial Trends:

Net Position by Component	127
Changes in Net Position	128
Fund Balances – Governmental Funds	129
Changes in Fund Balances – Governmental Funds	130

Revenue Capacity:

Assessed Value and Estimated Actual Value of Taxable Property	131
Direct and Overlapping Property Tax Rates	132
Principal Property Taxpayers.....	133
Property Tax Levies and Collections	134

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

TABLE OF CONTENTS (CONTINUED)

Page

STATISTICAL SECTION (CONTINUED)

Debt Capacity

Ratios of Outstanding Debt by Type	135
Ratios of General Bonded Debt Outstanding	136
Direct and Overlapping Governmental Activities Debt	137
Legal Debt Margin Information.....	138
Pledged Revenue Coverage	139

Demographic and Economic Information:

Demographic Statistics.....	140
Principal Employers	141

Operating Information:

Full-time Equivalent County Government Employers by Function.....	142
Operating Indicators by Function	143
Capital Asset Statistics by Function/Program	144

INTRODUCTORY SECTION



January 27, 2023

To The Honorable Chairman & Honorable Members of County Council and the Citizens of Colleton County, South Carolina:

State law requires that all general purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles ("GAAP") and audited in accordance with generally accepted accounting standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report ("ACFR") of Colleton County, South Carolina (the "County") for the fiscal year ended June 30, 2022.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework, which is designed both to protect the government's assets from loss, theft, or misuse and to compile enough reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Mauldin & Jenkins LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2022, are free of material misstatement. The independent audit involves examining on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation; assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The County was founded in 1682 through a land grant to Sir John Colleton by King Charles II, of England and was one of the original proprietary counties in the present-day Carolinas. It was officially formed in 1798 and is in the southeastern part of South Carolina bordering on the Atlantic Ocean. The County is in the Lowcountry region of South Carolina, and it is located midway between Charleston, South Carolina and Savannah, Georgia on the I-95 corridor. The County occupies a large land area that is 1,056.48 square miles and has a population of roughly 38,600.

The County is empowered to levy a property tax on both real and personal properties located within its boundaries. The County operates under the Council-Administrator form of government. Policy-making and legislative authority are vested in a governing Council consisting of five members. In addition to policy-making and legislative authority that are vested with the Council, they also have the responsibility to pass ordinances, adopt the budget, appoint committees, and hire both the County Administrator and County Attorney. The County Administrator is responsible for the administration of all the departments of the County government which County Council has the authority to control. The powers and duties of the County Administrator include: (1) executing policies, directives, and legislative actions of County Council; (2) directing operational and administrative activities of the County; (3) preparing annual budgets; (4) supervising the expenditure of funds; and (5) employing and discharging personnel. The five Council members are each elected from residence districts or at-large for four-year staggered terms, with three Council members elected every two years, and two elected every two years. County elections occur in the fall of even-numbered years.

The County provides a full range of services including:

- (1) Public Safety (including law enforcement, County-wide emergency dispatch services and detention facilities).
- (2) Fire and Rescue (including emergency preparedness, emergency medical services and fire protection in the unincorporated areas of the County through 34 fire stations).
- (3) Animal and Environmental Control.
- (4) Public Works (including street and drainage maintenance).
- (5) Solid Waste Management (waste disposal and recycling at County landfill and 15 convenience sites).
- (6) Judicial Administration (including prosecuting and public defender legal services, criminal, civil, probate and family court administration).
- (7) Tax Collection and Disbursal.
- (8) Libraries.
- (9) Recreation (Recreation Center, Community Centers, Dogwood Hills Golf Course and Restaurant, Colleton County Museum and Commercial Kitchen, Colleton Civic Center and Colleton County Farmers Market).
- (10) Planning and Zoning Administration.
- (11) Veterans Assistance.

The annual budget serves as the foundation for the County's financial planning and control. All departments of the County are required to submit requests for appropriations to administration during the spring of each year. The County Administrator uses these requests as the starting point for developing a proposed budget. The County Administrator then presents this proposed budget to the Council for review during May of each year. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget prior to June 30th, the close of the County's fiscal year. The appropriated budget is prepared by fund and department. Budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is maintained by the Administrator at the fund level and may be amended as necessary during the fiscal year. Budget-to-actual comparisons are provided in the report for each individual department by governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the required supplementary information for governmental funds.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Economic Factors

The County's fiscal year 2022 assessable property tax base is \$205, 536, 66, which represented growth of 6.4% from 2021's assessable property tax base of \$193,167,536. This growth in assessed values was driven by growth in real property, which increased by 9.2%, as a result of the continued high volume of home sales (up 9.4% from the prior year) and home refinancing activity due to mortgage rates remaining near historical lows. Home refinancing has led residents to undertake existing home renovations as seen in the over 1,765 building permits issued that total valuation of \$61.8 million. Personal property assessed values remained flat from the prior year when we saw significant growth based on previously announced business expansions as well as new businesses beginning operations in the County. As reported by the U.S. Census Bureau, median household income for the County in 2022 was forecasted to increase slightly from the prior year amount of \$36,324 to \$37,748. The County continues to be roughly 65% of the median household income of the State of South Carolina that was reported at \$58,234. The County's unemployment level has returned to pre-pandemic levels with unemployment on June 30, 2022 at 3.6%. Unemployment in the County was slightly higher than the rate for South Carolina of 3.2% and significantly lower than the U.S. rate of 7.0%. The County continued to see strong growth in retail sales, as seen in the growth of sales tax which increased by over 8% for the year and drove double digit increases in the collection of the 1% local option taxes and the 1% capital projects taxes. In addition to the growth in retail sales, the County saw a strong rebound in tourism with both the County share of State Accommodations Taxes and Local Accommodations Taxes growing by over 20% from the prior year. The U.S. Census Bureau forecasted the population for the County to be 38,462 as compared to the April 2020 census of 38,604, which represents less than a 0.5% decrease in population. County population continues to be primarily located within the Walterboro City Census Division ("CCD") as well as near the other CCDs within the County, including the Hendersonville CCD and Cottageville CCD. Given the stagnant population, the median age of the County dipped slightly to 42.3 which is 6.5% higher than median age in South Carolina of 39.7 and in the United States of 38.5. Housing in the County continues to be dominated with owner occupied units with over 75% as compared to the State of South Carolina average of 70% based on the most recently available data. Median home values have increased to \$207,614, which is up 13% from the previously reported amount of \$183,035 though it is still lower than the State of South Carolina average of \$372,800, which is up 18.4% from the prior year.

A large part of the County is served with easy access to Interstate 95 with five interchanges that include exits 42, 53, 57, 62 and 68. In addition to this major interstate artery, the County has direct access to both Highway 17 and Highway 17A that provide connection to the cities and towns of Charleston, Beaufort, Savannah, and Summerville. The City of Walterboro is situated between exits 53 and 57 off Interstate 95 and is currently finishing up the infrastructure work related to the final phase of the I-95 business loop improvement project that is funded with a portion of the proceeds from the Capital Project Sales Tax referendum that voters approved in November 2014. This project is geared to improve the access of visitors into the downtown area from I-95 as well as from SC Highways 17A and 64 that connect to SC Highway 17.

Economic Development Goals and Strategies

With international pandemic travel restrictions lifted and continued strong national consumer demand, prospect activity has been strong through fiscal year 2021-2022. As noted above, given the low unemployment rate of the County at June 30th of 3.6% that are persisting, and with a comparatively small labor force, we point to our population of "out-commuters" who leave the County every morning to drive to (presumably better) jobs in Charleston, Berkeley, Dorchester, Beaufort and other neighboring counties, most times commuting for over an hour. The out-commuter number is presently over 10,000. Companies that are willing to pay well above average wages, with very good benefit packages, should be able to capture some of those out-commuters under the premise that commute times could be cut for similar or better wages and benefits. An important factor with being able to attract companies that are willing to pay above average wages is having an attractive site, at a competitive per acre price for company decision makers to consider, and that is what the County has been working on over the recent few years. Investments in financing the purchase of the H&B Railroad (now known as the 42-mile long Salkehatchie Railroad), acquisition of the 870-acre

Colleton Mega Site (“CMS”) and optioning an adjoining 600 acres, underwriting the cost of engineering and permitting to construct the CMS sewer line, conducting due diligence and making site improvements to CMS, Colleton Venture Park and Colleton County Commerce Center are hallmarks of the County’s efforts to set the stage to attract game-changer scale projects to the County. We expected companies investing in the hundreds of millions of dollars to locate on these sites, and the first such company just announced their plans to locate on 90 acres at the Colleton Industrial Campus. Pomega, a subsidiary of Kontrolmatic, announced on December 8, 2022 that they will invest \$279 million and hire over 500 employees to build an electrical grid-scale battery plant. Their electrical storage batteries are essential to support renewable electric generation and to stabilize the power grid. Pomega is expected to break ground in the spring of 2023. It is these types of investments that we have been preparing our sites to attract, and as Pomega and other large-scale manufacturers locate in the County, it can be expected that national home builders, population growth, services and retail companies will follow.

In addition to the Pomega win, we landed two other new manufacturing companies and one distribution company. Trison Wells, a contract blending and bottling company, focused on household cleaning products, announced that they plan to invest \$1.2 million and to create 35 jobs. A larger win came from Gehl Foods Southeast. Gehl acquired the County’s 100,000 square foot speculative building and plans to invest \$46 million and create 106 new jobs to manufacture shelf-stable dairy products. Lastly, Boise Cascade announced their plans to build a lumber distribution center at the Stokes Tract. Their investment will top \$9 million and will cause the creation of 30 jobs. However, even more exciting is that this project will mark the first company that the County has recruited that will use the Salkehatchie Railroad, boosting our return on investment in saving the railroad and helping to pay off the financing with each railcar that comes to their site.

We will continue to improve our large sites and begin construction on a new speculative building in the new year. Much of this work will hinge on our ability to secure grants and other resources that are essential to these efforts.

Recreation and Culture

The County continues to offer some of the best opportunities for residents and visitors to enjoy both indoor and outdoor activities. The County’s recreation center, known as the ACE Basin Sports Complex, continues to be a prime venue in the area as it hosts numerous baseball and softball tournaments. During fiscal year 2022, the recreation center hosted a busy spring youth sports season with over 425 children registered to play baseball and softball. The gym and fitness center continue to be a popular recreation venue for residents with revenue up over 20% and monthly check-ins averaging over 1,987. Planning is continuing on the development of a miracle league field (inclusive ball field) at the recreation center that will be funded with funds allocated in the State budget.

The County-owned Dogwood Hills Golf Course and Restaurant did see a mixed year, with the golf course seeing a drop in activity while the restaurant benefited from some events that had been postponed due to the pandemic. The golf course underwent a number of course renovations which led to some periodic hole closures. Though these renovations led to a drop in revenue by 12%, the renovations were necessary and should reduce the cost of course maintenance in future years. All renovation work was completed in the spring of 2022, which should lead to a strong fiscal year 2023 for the golf course. The restaurant did continue to see strong growth in both dine-in services and event (catering) services. Dine-in service saw a 16% growth in sales, though part of this growth (10%) was due to increasing prices in an attempt to keep pace with rising food costs. Catering services did not see the double digit revenue growth that was seen in dine-in services, though we did see steady growth of over 3.5% in number of events. Given the continued rising prices for food as well as difficulty in staffing, the County did make the decision to close the restaurant for dine-in services in August 2022, though the venue is still available for catered functions.

Colleton County Commercial Kitchen, Museum and Farmers Market all continue to grow in popularity with various local vendors that utilize the commercial kitchen space in development of their products as well as the centrally located museum and farmers' market retail venues that are continuing to see strong attendance. In addition to vendors, the Commercial Kitchen is heavily utilized by the County's Summer Feeding and After-School Programs, which are providing over 8,000 meals per day that are delivered via centralized sites. Planning is still ongoing for renovations of a separate site that will support the feeding program so that the Commercial Kitchen will be able to offer additional availability to local vendors. Museum staff is planning to offer more events and festivals during the upcoming year, which will allow our food and other vendors retail opportunities. The Colleton Civic Center was renovated as one of the projects under the voter-approved Capital Project Sales Tax and has been busy hosting a variety of community events, including film festivals and local artist concerts.

Colleton County Memorial Library continues to be busy with over 51,000 in-person visits to all locations. In addition to the main library in Walterboro, the library has branches in both Edisto Beach and Cottageville that are open three days a week as well as continuing to operate the book mobile that provides service throughout the County. One of the most popular services offered by the library is computer usage, as there were over 16,750 sessions during the past fiscal year. In addition, the library provides wireless devices for checkout that were utilized over 5,000 times during the past year. The previous two years had seen COVID-19 impacts to some of the library classes and programs. This fiscal year, the library was able to resume a pre-pandemic schedule and held over 500 different classes and programs that saw a combined attendance of over 13,000.

In addition to all the opportunities sponsored through County venues, the area boasts easy access to many of South Carolina's best eco-tourism spots, including the ACE Basin, the Walterboro Wildlife Sanctuary, Edisto State Park, Colleton State Park, and several other South Carolina Department of Natural Resources wildlife management areas.

Long-Term Financial Planning

The County closed fiscal year 2022 with a continued strong financial performance and continues to hold ratings of Aa3 with Moody's Investor Services and AA- with Standard and Poor's Rating Services. Both Moody's and Standard and Poor's ratings were reaffirmed in February 2022 as part of the general obligation bonds and fire protection service general obligation bonds that were issued in March 2022. The ratings cited the County's below average resident income indices offset by solid financial position that is supported by improved reserves and growth in major operating revenues and an above average, yet manageable, debt and pension burden. Total fund balance as of June 30, 2022 in the General Fund was \$10,780,672 of which \$9,705,545 was unassigned which represents an \$853,010 increase in total fund balance when compared to total fund balance as of June 30, 2021 of \$9,927,226, of which \$9,131,378 was unassigned. These total fund balance figures represent 31% and 31% of total expenditures, respectively. The County budget ordinance requires the total general fund balance to be a minimum of 20% of total expenditures. An additional reference point to the strength of the County's general fund balance position, The Government Finance Officers Association of the United States and Canada ("GFOA") recommends at a minimum that a general purpose government maintain an unrestricted fund balance of no less than two months operating expenditures as outlined in its September 2015 Appropriate Level of Unrestricted Fund Balance in the General Fund "Best Practice" bulletin and currently the County has roughly 101 days in its General Fund unassigned fund balance.

Relevant Financial Policies

The County's financial processes are guided by formal and informal policies that have been designed to provide a consistent and measurable framework for County decision makers.

The County, as a political subdivision of the State of South Carolina, is required to prepare and maintain a balanced budget. For the fiscal year ended June 30, 2022, the County's budget was balanced.

The County maintains an open budget process by providing for input from County administration, department directors, elected officials, community agencies, County municipal governments and the public as budget priorities and funding is determined for the upcoming year.

The County constantly updates the various forecasting models used in both revenue and expenditure forecasting to reduce the risk of miscalculation. These models do utilize a number of factors that could contribute to a change in a particular revenue or expenditure. For example, building permits would be forecasted based on any planned developments, historical permit volume of existing home improvements and known economic commercial development. In contrast, building repairs and maintenance would be forecasted based on age and condition rating applied to a particular building and forecasted change in the consumer price index that would impact materials and contract labor costs. In all cases, the starting point is to evaluate prior year actual and trends and to then apply any positive or negative adjustment related to the appropriate forecast model. The overall goal of revenue forecasting is to minimize the risk of overstating or understating revenues that could lead to overspending available resources or arbitrarily restricting expenditures and thus limiting services to residents.

Major Initiatives

The remaining projects as approved by voters under the Penny Capital Project Sales Tax are ongoing, including the County Taxpayer Service Center, which will house the Auditor, Treasurer and Delinquent Tax offices. Construction has been slowed due to delays in receiving materials, though construction was completed and the center began serving residents in August 2022. In addition, work is ongoing on the second phase of the City of Walterboro's Interstate 95 business loop. This project was undertaken to rehab and provide appeal to the Jefferies Blvd/Bells Highway span between exits 53 and 57 on I-95 to attract more visitors and tourists to the historic downtown of Walterboro.

On November 8, 2022, voters approved the reissuance of the Penny Capital Project Sales Tax for the next eight years. The tax is forecasted to generate over \$40 million and will go towards the following projects:

1. Colleton County Animal Services Facility	\$3,330,550
2. Veterans Park	988,200
3. Town of Smoaks – Johnsville/Smoaks Community Center	937,000
4. Colleton County Emergency Operations Center	2,719,185
5. Colleton County Recreation Center Additions (Gym and Activity Rooms)	2,953,575
6. Colleton County Recreation Center Additions (Pool)	2,029,690
7. Town of Cottageville – Park Expansion	455,000
8. Town of Williams – Water Infrastructure Improvements	250,000
9. City of Walterboro – I-95 Business Loop Phase 3	6,802,045
10. Edisto Municipal Emergency Operations Center and Town Hall Complex	10,000,000
11. City of Walterboro – Ireland Creek Greenway Park and Stream Restoration	9,889,816
Total Amount of Sales and Use Tax Proceeds	<u>\$40,355,061</u>

The referendum did allow for the County to issue general obligation bonds in an amount not to exceed \$40,355,061, with the proceeds of such bonds applied to defray the costs of the above purposes. The County expects to issue the bond during fiscal year 2023.

In November 2021, the County closed on a \$5.5 million lease purchase with South State Bank, N.A. after conducting a request for proposal that saw eleven very competitive responses. The financing with South State is a five-year lease purchase with an interest cost of 1.0%. The proceeds of the lease purchase will be used to purchase Fire/Rescue ambulances (4) and fire trucks (4), Roads and Bridges motor graders (3) and dump trucks (2), Solid Waste landfill compactor (1), backhoe (1), and roll-off trucks (2). The trucks and equipment have been ordered and will be received during fiscal year 2023 and 2024, due to some delays in some manufacturing processes.

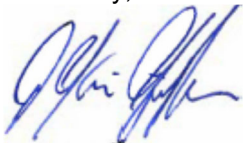
The County has continued to move from purchasing fleet vehicles, including Sheriff vehicles, to a leased vehicle. As of June 30, 2022, roughly 100 of the 115 County fleet vehicles have been moved to a leased vehicle. Due to record sales prices of used vehicles over the last two years, the County has been able to early cycle a number of its existing leased vehicles for a new leased vehicle. This early cycle process leads to a sales price that can provide \$10,000-\$20,000 in equity. The County uses this equity to reduce the lease price of the new vehicle to an amount that is below the leased price of the older leased vehicle that was early cycled. This opportunity has allowed the County to reduce our annual lease cost by over 10% while maintaining a safe and more fuel-efficient fleet.

Awards and Acknowledgments

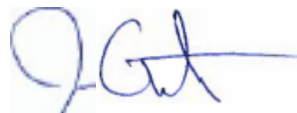
GFOA awards a Certificate of Achievement in Financial Reporting. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. Since 2014, the County has been awarded a Certificate of Achievement for Excellence in Financial Reporting award. A Certificate of Achievement is valid for a period of one year only. We believe our current report will conform to certificate of achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

The preparation of the ACFR would not have been possible without the assistance of the Finance Department staff, the Treasurer's office and several other County departments and staff. The arduous work and dedication of these individuals significantly contributed to the completion of this document. Moreover, the support and leadership of the County Council has been instrumental in the development of this project.

Sincerely,



J. Kevin Griffin
County Administrator



Jon Carpenter
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Colleton County
South Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrell

Executive Director/CEO

COLLETON COUNTY VOTERS

COLLETON COUNTY GOVERNMENT

BOARD OF EDUCATION

SUPERINTENDENT OF EDUCATION

SCHOOL OPERATIONS

CONSTITUTIONAL & GENERAL ASSEMBLY CREATED OFFICES

AUDITOR

CLERK OF COURT

CORONER

SHERIFF

E-911

JAIL

TREASURER

COLLETON COUNTY COUNCIL

COUNTY ATTORNEY

CLERK TO COUNCIL

ALCOHOL & DRUG COMMISSION

LIBRARY BOARD

COUNTY ADMINISTRATOR

Chief Financial Officer

Accounts
Payable/Payroll
Accounting/Audits
Debt Management
Fixed Assets/ Reporting
Purchasing

Administrative Services Director

Public Relations
Governmental Affairs
Insurance Services
Legal Liaison

County Engineer

Project Management
CTC

Capital Projects

GENERAL COUNTY OPERATIONS

JUDICIAL

PROBATE JUDGE

PUBLIC DEFENDER

SOLICITOR

CIRCUIT COURT

FAMILY COURT

MAGISTRATES

LEGISLATIVE DELEGATION

BOARD of ELECTIONS & VOTER REGISTRATION

VETERAN'S AFFAIRS OFFICE

COUNTY TRANSPORTATION COMMITTEE (CTC)

DELEGATION SECRETARY

ANIMAL & ENVIRONMENTAL CONTROL

- Adoptions
- Pickup and Protection
- Ordinance Enforcement
- Emergency

FACILITIES MGMT

- Building Maintenance
- Custodial Services
- Landings
- Grounds Maintenance

ECONOMIC DEVELOPMENT

- Industrial Parks
- Project Recruiting
- Expansion & Retention
- Workforce Dev.
- Partnerships

FIRE/ RESCUE

- Fire Response Services
- Ambulatory Services
- Rescue Services
- Fire Prevention
- Emergency Management

TECHNOLOGY

- IS Plan
- IS Operations & Installations
- LAN/WAN Maintenance
- IP Phone System
- GIS System

MUSEUM

- Operations Community Activities
- Farmers Market
- Commercial Kitchen
- Fundraising

PLANNING & DEVELOPMENT

- Land Use Planning/ Administration
- Flood Plain Administration
- Building Inspection
- Nuisance Enforcement

Human Resources

- Personnel
- Benefits
- Title VI

ROADS & BRIDGES

- Road Repair Maintenance
- Paved Road Repairs

SOLID WASTE

- Transfer Station
- Convenience Centers
- C&D Landfill

TAX ASSESSOR

- Land Use/Tax Determinations
- Re-Appraisal

FLEET MGMT

- Vehicle Repair Maintenance
- Vehicle Purchasing
- Project Management

DELINQUENT TAX

- Delinquent Property Tax Collection
- Mobile Home Decal

Register of Deeds

- Plats
- Deeds
- Recording

Recreation

- Parks
- Active Recreation
- Fitness
- Golf Course

Risk Management

- Safety
- Workers' Comp.



COLLETON COUNTY
SOUTH CAROLINA

COLLETON COUNTY, SOUTH CAROLINA

LIST OF PRINCIPAL OFFICIALS JUNE 30, 2022

County Administrator	J. Kevin Griffin
Chairman.....	Steven D. Murdaugh
Council Member	Art Williams
Council Member	Phillip M. Taylor Sr.
Council Member	Gene Whetsell
Council Member	Joseph F. Flowers, MD
Finance Director.....	Jon Carpenter
Auditor.....	Jeff Slocum
Clerk of Court	Rebecca H. Hill
Treasurer.....	Becky S. Hill
Sheriff.....	Guerry Hill
Coroner	Richard M. Harvey
Probate Judge	Arthur C. Utsey
Chief Magistrate	Harriet A. Bonds

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

County Council of Colleton County
Colleton County, South Carolina
Walterboro, South Carolina

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principle

As discussed in Notes 1, 6, and 7 to the financial statements, the County implemented Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases*, as of July 1, 2021. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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 the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule of the General Fund, the Budgetary Comparison Schedule of the Special Revenue Fund, the Schedules of the Proportionate Share of the Net Pension Liability, the Schedules of Pension Contributions, and the Schedules of Change in Total OPEB Liability and Related Ratios 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 the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, combining statement of fiduciary net position and combining statement of changes in fiduciary net position, the individual financial statements and schedules of the County's discretely presented component units, and the Uniform Schedule of Court Fines, Assessments, and Surcharges (per Act 96), as required by the State of South Carolina (collectively referred to as the "Other Supplementary Information" as listed in the table of contents) 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 Other Supplementary Information is 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 introductory and statistical sections, 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 January 27, 2023 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the ampersand being a simple cross.

Savannah, Georgia
January 27, 2023

COLLETON COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

As management of Colleton County, South Carolina, (the "County") we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2022. Please read this information in conjunction with the detail statements and notes to the financial statements to achieve a better understanding of the County's financial performance for the fiscal year.

Financial Highlights

- The assets plus deferred outflows of resources of the County exceed its liabilities plus deferred inflows of resources at the close of the most recent fiscal year by \$41,839,303 (net position). The County's net position increased by \$5,770,891 due to growth in general revenues (property taxes and other local taxes) of \$2.8 million, charges for services (planning and development fees and recording fees) of \$654 thousand and operating grants (Local Fiscal Recovery Funds) of \$1.7 million.
- At the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$33,510,412, an increase of \$2,319,795. This increase in fund balance was primarily due to an increase in the General fund of \$853 thousand and Capital Projects fund of \$1.9 million offset by a \$263 thousand reduction in nonmajor funds.
- Governmental funds reported a total combined revenues of \$61.9 million which represents growth of \$4.71 million and 8.2% from the prior year. The growth was driven by tax revenues which increased \$1.46 million and 4.4% (assessed values growth and return of pre-pandemic travel and spending), Intergovernmental revenues (Treasury fiscal recovery funds) which increased \$2.84 million and 17.7% and Fees and Fines revenues which increased \$460 thousand and 6.5% (increase in planning and development fee structure).
- Governmental funds reported total combined expenditures of \$68.3 million, which is an increase of \$13.76 million and 25.2% from the prior year. The total increase in expenditures was made of a \$3.16 million in general, a \$9.54 million in capital projects and a \$3.64 million increase in nonmajor that were offset by a (\$2.61 million) decrease in special revenue. The details of these changes are included in the governmental funds expenses section below.

Overview of the Financial Statements

This Management's Discussion and Analysis ("MD&A") is intended to serve as an introduction to the County's basic financial statements, which are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

Government-wide Financial Statements – Government-wide financial statements are designed to provide readers with a broad overview of the financial position of the County and are like financial statements issued in the private sector. They include a statement of net position and a statement of activities. These statements appear on pages 22 and 23 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Component units, which are other governmental units over which the County can exercise influence and/or may be obligated to provide financial subsidy, are presented as a separate column in the government-wide statements and as combining statements of activities in the fund financial statements. The focus of the statements is clearly on the primary government and the presentation allows the reader to address the relative relationship with the component units to the primary government. The nonmajor component units to the primary government are the Colleton County Memorial Library, the Colleton County Fire and Rescue Commission, and Pillars4Hope.

The statement of net position shows the County's assets less its liabilities on June 30, 2022. The difference between these assets and liabilities is reported as net position. Changes in net position over time may be helpful in indicating an improving or deteriorating financial position.

The statement of activities follows the statement of net position and presents information showing how the net position changed during the fiscal year. The statement presents all underlying events, which give rise to the change, regardless of the timing of related cash flows. Some included items, such as accounts payable or earned but unused vacation leave, will produce changes in cash in a future fiscal period. This report includes all major and nonmajor funds of the County.

Both statements attempt to distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The County has no business-type activities. Governmental activities reported in the statements include general government, judicial, public safety, roads and bridges, solid waste, recreation and culture, health and human services, economic development and intergovernmental.

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. Like other state and local governments, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the County can be divided into two categories: governmental and fiduciary.

Governmental Funds – Governmental funds, presented on pages 24 – 28, essentially account for the same functions as those reported under the government-wide statement of net position and statement of activities. However, this set of financial statements focuses on events that produce near-term inflows and outflows of available resources as well as on the balance available at the end of the fiscal year and is a narrower focus than the government-wide financial statements. Such information may be useful in evaluating the County's near-term financing requirements and available resources.

By comparing functions between the two sets of statements for governmental funds and governmental activities, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds individually presented in the County's statements include five major funds: the General Fund, the Special Revenue Fund, the Coronavirus Local Fiscal Recovery Fund, the Capital Projects Fund, and the Capital Sales Tax Debt Service Fund. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor funds is provided in the form of combining statements elsewhere in this report.

Custodial Funds – Custodial funds are used to account for resources held for the benefit of parties outside the government. Custodial funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The single aggregated presentation of custodial fund financial statements can be found on page 30 and 31 of this report. Individual fund data for each of these nonmajor funds is provided in the form of combining statements elsewhere in this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in both the government-wide and fund financial statements. Notes to the financial statements are presented on pages 32 – 81 of this report.

Other Information – In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information concerning the County's budget on pages 82 and 83. Historical pension and OPEB information is located on pages 84 – 93 for the County and its component units.

The combining statements referred to earlier in connection with nonmajor governmental and custodial funds are presented immediately following the required supplementary information and other budgetary schedules. Combining and individual fund statements and schedules for nonmajor governmental funds can be found on pages 94 – 110 of this report and combining fund statements for custodial funds can be found on pages 115 – 123.

Component unit financial statements are presented for the Memorial Library and the Fire and Rescue Commission on pages 96 to 106 of this report.

Government-wide Financial Analysis

As noted earlier, over time, net position may serve as a useful indicator of a government's financial position. The government-wide statements encompass all the funds of the County, not just the general operational fund. The County's total assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$41,839,303 on June 30, 2022, as compared to restated net total position of \$36,068,412 on June 30, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

COLLETON COUNTY, SOUTH CAROLINA NET POSITION		
	Governmental Activities	
	2022	2021
Assets		
Current and other assets	\$ 50,311,576	\$ 41,214,246
Capital assets	60,042,383	57,568,095
Total assets	<u>110,353,959</u>	<u>98,782,341</u>
Deferred Outflows of Resources	<u>7,678,032</u>	<u>7,783,917</u>
Liabilities		
Long-term liabilities	58,411,162	61,060,259
Other liabilities	12,128,203	8,627,050
Total liabilities	<u>70,539,365</u>	<u>69,687,309</u>
Deferred Inflows of Resources	<u>5,653,323</u>	<u>810,357</u>
Net Position		
Net investment in capital assets	42,262,227	43,815,008
Fund balance		
Restricted	10,118,153	10,571,627
Unrestricted	(10,541,077)	(18,318,223)
Change in Accounting Principle	-	-
Total net position, as restated	<u>\$ 41,839,303</u>	<u>\$ 36,068,412</u>

Total assets did increase by \$11,571,618 with most of this change coming from the increase in investments of \$8,074,436, \$2,831,961 in lease assets, net of accumulated amortization and \$2,474,288 in total capital assets, net of depreciation that was offset by a decrease in cash and cash equivalents of (\$3,206,326). The increase in investments was due to the Treasurer investing \$8 million of existing cash and cash equivalents into certificate of deposits that have maturity schedules based forecasted cash flow needs. Moving these funds from cash and cash equivalents did lead to a decrease in cash and cash equivalents that was offset by the receipt of the remaining \$3.7 million in Treasury Local Fiscal Recovery funds. Lease assets, net of accumulated amortization of \$2,831,961 represents the adoption of GASB 87 and the County's fleet vehicle lease program. The increase in capital assets was due to the \$6.67 million in asset additions for the year offset by \$3.8 million in depreciation expense. More detail information about the asset additions can be found below in the capital assets section. Total deferred outflows decreased slightly by (\$105,885). Deferred outflows for pension did decrease by (\$1,384,619) and was due to actual earnings exceeding projected earnings on pension plan assets. OPEB deferred outflows did increase by \$1,278,374 and were due to an increase in headcount, an increase in per capita claims along with a decrease in the discount rate.

Total liabilities did increase by \$852,056 with most of the change due to the increase in other liabilities of \$3,501,153 that was offset by a decrease in long-term liabilities of (\$2,649,097). The increase in other liabilities was due to a \$549,876 increase in payroll liabilities based on timing of pay period end dates as well as pay adjustments effective with the first pay date in the new fiscal year. In addition, unearned revenue increased by \$2,768,970 based on unspent state appropriations for specific County projects of \$1,801,220 and unspent Treasury local recovery funds of \$4,307,567. The decrease in long-term debt was the result of a reduction in our net pension liability and other scheduled bond payments that were offset by the issuance of a \$5.5 million lease financing agreement. Deferred inflows increased by \$4,842,786 based on deferred outflows related to pension. The change in deferred outflows related to pension was due to actual earnings exceeding projected earnings on pension plan assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS

By far the largest portion of the County net position in the amount of \$42,262,227 (101%) represents its net investment in capital assets (e.g., land, buildings, machinery, and equipment) for governmental activities plus net value of leased assets, less any related debt used to acquire those assets that is still outstanding on June 30, 2022 plus any remaining bond proceeds on hand, as compared to \$43,815,008 (121.5%) on June 30, 2021. The decrease of (\$1,552,781) was primarily the result of a net increase of \$2,474,287 in capital assets as the supply chain issues that had hampered projects in the prior year improved and thus lead to a decrease of (\$4,812,783) in the amount of unspent bond proceeds in hand. Although the County's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate those liabilities. On June 30, 2022, the County had a net position restricted for debt service in the amount of \$7,035,132 (16.8%), which was a decrease of (\$603,931) from June 30, 2021. This decrease was due to transferring of \$2,013,645 of excess capital projects sales tax collections to the capital projects fund to fund final capital projects sales tax projects that are seeing price increases for materials and labor. Overall debt service property tax collections increased 5.6% and the one cent capital project sales tax increased by 11.2% which partially offset the transfer of excess collections.

The restricted portion of net position of \$10,118,153 (24.2%) represents the balances of net position that have restricted resources and are not available to fund other commitments. The restricted net position relates to solid waste landfill post-closure, debt service, economic development, emergency and law enforcement services, and other revenue sources that are earmarked for specific County functions. The decrease of (\$453,474) from June 30, 2021, was a result of the decrease of (\$603,931) discussed above related to usage of excess prior year capital projects debt service collections and decreases in court administration, law enforcement and local hospitality tax. The decrease in court administration net position was based on increased operating expenses related to the court system operations returning to a pre-COVID schedule. The decrease in law enforcement net position was due to additional expenses related to hiring a second victim advocate in the Sheriff's office. The decrease in local hospitality tax net position (other purposes) was the result of implementing a County-wide contract litter pick-up service to combat the growing litter problem throughout the County. These decreases in net position were offset by increases in the 14th Circuit Solicitor net position (other purposes) based on resuming pre-COVID court schedule and in Emergency Telephone net position (emergency services) based on an increase in tariff collections.

The remaining net position represents a deficit balance of (\$10,541,077) (-25.2%) in unrestricted net position which is an increase of \$7,777,146 from June 30, 2021. This increase was the result of the overall net position increase \$5,770,891 and when combined with the decrease of (\$1,552,781) in our net investment in capital assets and the decrease in restricted net position of (\$453,474). The increase in our unrestricted net position is the result of strong growth in revenues as represented in the overall increase in cash, cash equivalents and investments that partially offset an increase in liabilities, primarily unearned revenues.

Governmental Activities

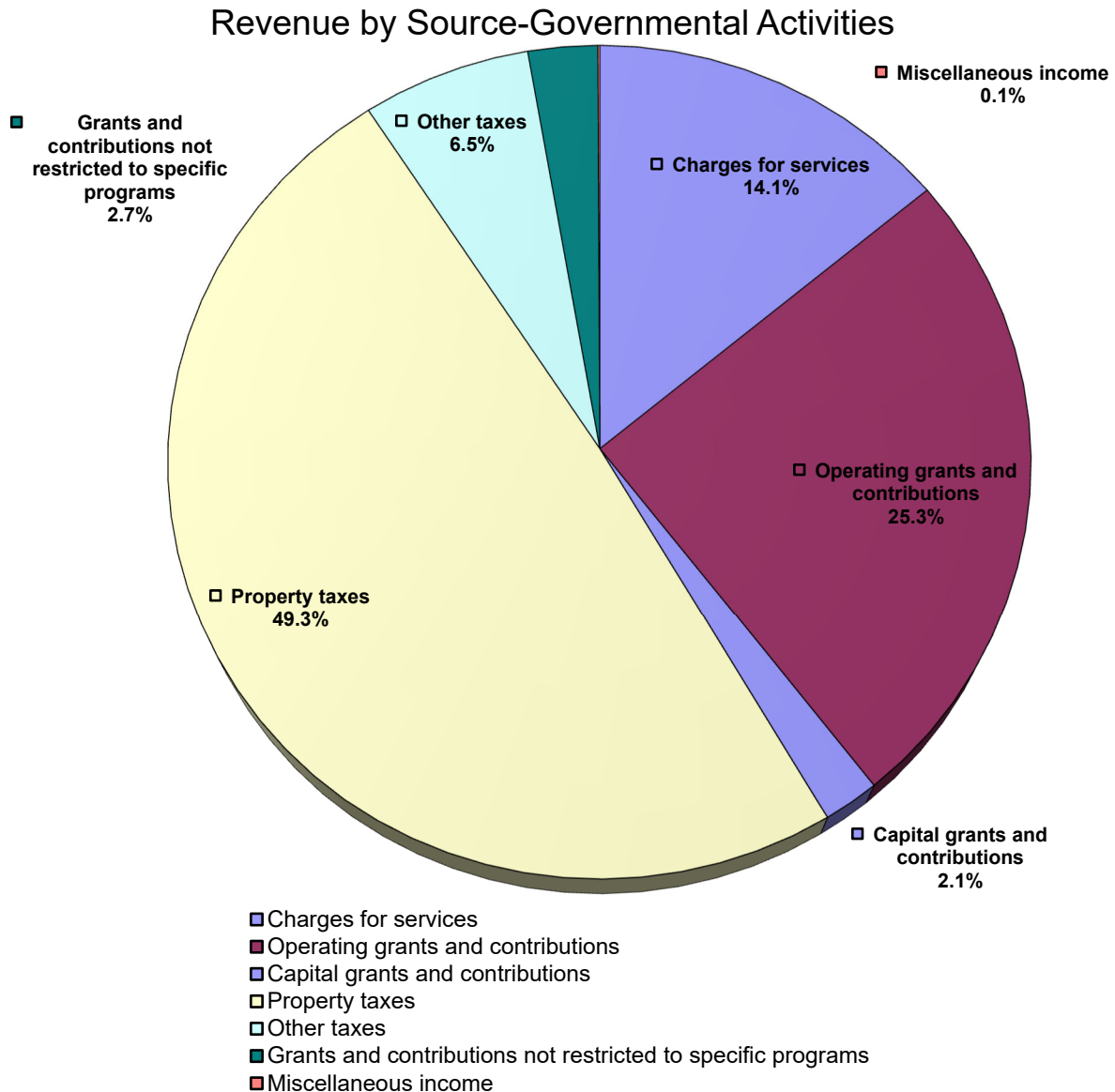
The County's total net position increased \$5,770,891 in 2022 compared to an increase of \$2,950,916 in 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

COLLETON COUNTY, SOUTH CAROLINA CHANGES IN NET POSITION		
	2022	2021
Revenues		
Program Revenues		
Charges for services	\$ 8,809,303	\$ 8,155,558
Operating grants and contributions	15,847,272	14,117,874
Capital grants and contributions	1,284,059	940,550
General Revenues		
Property taxes	30,826,620	28,560,290
Other taxes	4,079,010	3,592,375
Grants and contributions not restricted to specific programs	1,683,290	1,701,639
Miscellaneous income	48,519	327,711
Total Revenues	<u>62,578,073</u>	<u>57,395,997</u>
Expenses		
Governmental Activities:		
General government	11,224,373	10,882,562
Judicial	6,773,058	7,005,856
Public safety	15,965,105	15,683,920
Roads and bridges	2,988,544	6,192,937
Solid waste	6,717,388	4,403,242
Recreation and culture	4,925,318	4,684,331
Health and human services	3,034,859	3,738,071
Economic development	4,653,832	1,194,174
Interest and fiscal charges	524,705	659,988
Total Expenses	<u>56,807,182</u>	<u>54,445,081</u>
Change in Net Position	5,770,891	2,950,916
Net Position, beginning of year, as restated	36,068,412	33,117,496
Net Position, end of year	<u>\$ 41,839,303</u>	<u>\$ 36,068,412</u>

Net position at the end of the fiscal year was \$41,839,303, increasing by \$5,770,891 and 16%. This increase in net position was driven by growth in total revenues of \$5,182,076 that was offset by growth in expenses of \$2,362,101. The increase in revenues was due to the \$2,266,330 growth in property taxes, the \$1,729,398 growth in operating grants and contributions and the \$653,745 growth in charges for services. Additional details on these revenue changes can be found under the Revenue by Source – Governmental Activities chart on the following page. The growth in expenses was due to the \$341,811 increase in General Government, the \$281,185 increase in Public Safety, the \$2,314,146 increase in Solid Waste and \$3,459,658 in Economic Development offset by a decrease of (\$3,204,393). Additional details on these expense changes can be found under the Expenses – Governmental Activities chart on the following pages.

MANAGEMENT'S DISCUSSION AND ANALYSIS

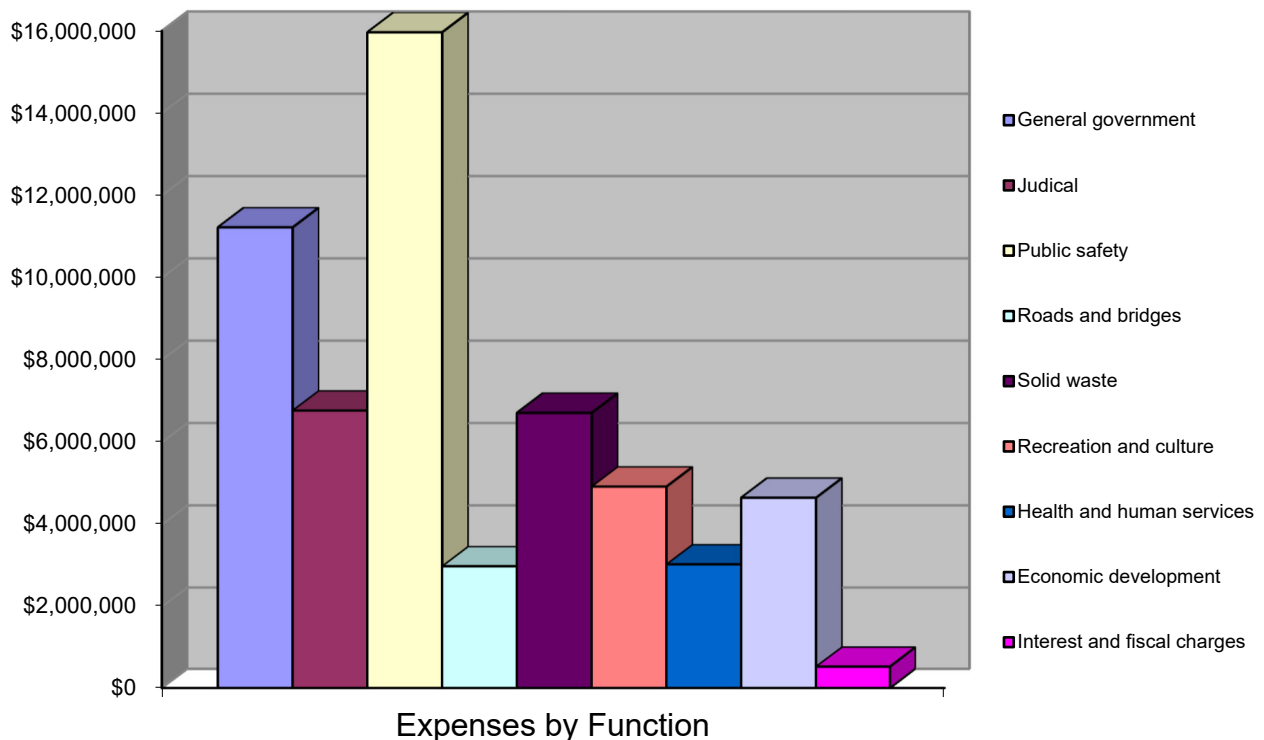


- Property Taxes continue to be the largest source of revenue for the County at 49.3% though with the County seeing growth in other revenue lines, the overall impact of property taxes has remained below 50%. Property taxes did increase by \$2.27 million and 7.9% due to the continued strong growth of 6.4% in assessed values, as Council did not approve any millage increase. This growth continues to be based on the robust real estate market that has been increasing sales and growing sales values. This is evidenced in our real property assessed values increasing.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Operating Grants and Contributions did increase slightly to 25.3% from roughly 24.6% in the prior fiscal year. The growth in operating grants and contributions is primarily focused in general government, roads and bridges and economic development. General government increased \$2.77 million and was due primarily to the use of \$3 million in Treasury local fiscal recovery funds to provide funding for personnel. Roads and bridges increased \$449 thousand and was due in part to the additional \$1.075 million received from the state in road maintenance funds. Economic Development increased by \$379 thousand and was due to grant funds received to continue work on water/wastewater services in rural parts of the County.
- Charges for services did dip slightly to 14.1% from 14.2% though revenue did increase by \$654 thousand and 8%. General government increased by \$625 thousand and was concentrated in the areas of planning and development building permits and register deeds document recording fees. Both of these fees have seen significant growth over this fiscal year and last fiscal year based on the low mortgage rates that made refinancing and buying and selling homes a popular choice for many County residents.

Expenses-Governmental Activities



MANAGEMENT'S DISCUSSION AND ANALYSIS

- Expenses for General Government increased by \$341,809 and was primarily due to increases provided to personnel as part of the 2022 approved budget. Staff were provided a 5% adjustment and when coupled with the 1% mandated increase in employer retirement matching, personnel increased by 18% from the prior year. The increase related to the pay adjustment was offset by higher vacancy rate than the average historical rate. In addition to the budget personnel adjustments, an increase of over 10% in facility utility fees were incurred which was due in part to the age of some of the facilities still in use.
- Public Safety expenses increased by \$281,185 and was due to the 5-20% pay adjustments that were included in the 2022 budget. The pay adjustments were needed to maintain adequate staffing in the Sheriff's office, the Detention Center, and 911 Dispatch. In addition, the appropriation provided to the County Fire Rescue Commission did increase by 20% to provide additional funds to cover pay adjustments to Firefighter/EMTs and Firefighter/Paramedics.
- Expenses for Roads and Bridges did decrease by (\$3,204,392) and was due to a number of road projects completed in fiscal year 2021 and new road improvements project did not begin until the last quarter of fiscal year 2022.
- Expenses for Solid Waste increased by \$2,314,146 and was due to one-time expenses related to the replacement of some aging landfill equipment. During the fiscal year, investment of over \$2.2 million was used to purchase various replacement pieces of heavy equipment at the landfill. This did include the purchase of a \$1 million compactor for better compaction at the landfill and extend the remaining life.
- Economic Development expenses did increase by \$3,459,658 and was related to improving water/wastewater to rural parts of the County as well as to potential industrial sites that are within the County. More details on these sites are found in the Transmittal Letter under the Economic Development Goals and Strategies. These improvements were funded in part with funds from the U.S. Economic Development Agency and the SC Rural Infrastructure Authority.

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. Unassigned fund balance may serve as a useful measure of the County's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself, or a group or individual that has been delegated authority to assign resources for use for purposes by the County Council.

MANAGEMENT'S DISCUSSION AND ANALYSIS

On June 30, 2022, the County's governmental funds reported combined fund balances of \$33,510,412, an increase of \$2,319,795 in comparison with the prior year. Approximately 28.96% of this amount, or \$9,705,545, constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of the fund balance is either nonspendable, restricted, assigned, or committed, to indicate that it is: 1) not in spendable form (\$751,932), 2) restricted for purposes (\$9,728,951), 3) assigned for purposes (\$1,430,926), or 4) committed for purposes (\$11,893,058).

The general fund is the chief operating fund of the County. On June 30, 2022, unassigned fund balance of the general fund was \$9,705,545. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 27.6% of total general expenditures, while total fund balance represents approximately 30.6%. County ordinance requires that total fund balance be maintained at 20% of total general fund expenditures. During the current fiscal year, the fund balance of the County's general fund increased by \$853,010. This represents an increase of 8.6% in fund balance that was based on revenues increasing by 4.5% while expenditures grew significantly by 9.9%. This higher growth in expenditures as compared to revenues was offset by a \$1,535,871 increase in other financing sources that that was due to transfers in from other funds, primarily from the local fiscal recovery fund.

- Tax revenues did increase by 2.5% that was due solely to growth in assessed values of 6.4% that were offset by a dip in levy collections. The growth in assessed values are based on mortgage rates remaining at historical lows for most of fiscal year 2022, which continue to drive robust home sales and refinancing activity. County Council did not approve any operating millage increase for fiscal 2022.
- Intergovernmental revenues did increase 16.3% based on new state revenues. Included in the fiscal year 2022 state budget, rural stabilization funds (\$322,581) were created to aid the majority of counties that saw a small or no population change from the 2010 to 2020 census and, therefore, would receive less state aid to local government funds beginning in fiscal year 2022. In addition, the state funded the 25% cost share (\$49,087) associated previously with declared federal disasters.
- Fines and fees did increase by 7.3% from the prior year based on continuing to see increased volume/value of building permits and recording document fees related to mortgage liens. A building permit fee change was put into place with the fiscal year 2021 budget and no additional fee increase was budgeted in fiscal year 2022. In addition, County recreational venues did see a busier fiscal year 2022 as compared to 2021 that was up 18% and was driven by residents returning to pre-COVID activities (youth sports, gym visits, restaurant dining and large gathering events).

Total expenditures grew at 9.9%, or \$3,156,600, with every function showing growth from the prior year. The largest increases were seen in general government of \$606,491 (6.4%), judicial of \$149,710 (11.3%), public safety of \$1,012,155 (12.0%) and intergovernmental of \$449,901 (8.6%).

- Governmental expenditures increased based on a 5% pay adjustment provided in the fiscal year as well as a mandated 1% increase in employer retirement matching. These two led to an increase of roughly \$440,672 in expenditures. In addition to personnel, utilities and supplies saw significant increases in fiscal year 2022. Overall facility operating costs increased by 8% due to rate and usage increases and supply expenditures were impacted by the significant jump in fuel prices during the last quarter of the fiscal year which did lead to a \$76,377 increase in fuel expense for the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The increase seen in judicial was primarily due to increase in wages, associated employer benefits and jury expenses. Court staff were provided a minimum 5% salary adjustment in fiscal year 2022 as well as the mandated 1% increase in employer retirement matching which led to \$140,335 in additional expenditures. With courts resuming their pre-COVID schedule, jury fees and associated expenditures did increase by 75%, or \$30,191.
- In order to maintain necessary public safety staffing in the Sheriff's office, the Detention Center and 911, pay adjustments of 5-20% were provided in fiscal year 2022. These pay adjustments factored with the 1% mandated employer retirement matching, increased expenditures by \$720,882. Other than personnel expenditures, supply expense experienced 31% growth. The rapid rise in fuel prices during the last quarter of the fiscal year lead to a 50%, or additional \$130,922, in fuel expenditures for the year.
- The increase in intergovernmental expenditures was caused by an increase of \$409,542 in funding to Colleton County Fire Rescue. This additional funding support was provided to cover additional personnel expenditures, medical/drug/blood supplies and fuel expenses.

The fund balance of the County's special revenue fund did decrease by (\$155,290) and (12.7%) from the prior year. During fiscal year 2020 and 2021, the Department of Agriculture's summer feeding program for children was expanded year-round so that children attending school virtually would have access to nutritious meals while at home. During this time, the County did receive per meal reimbursements that exceeded the meal cost and these additional prior year reimbursements were used during fiscal year 2022 to upgrade program related equipment as well as cover the increasing cost for food.

During the current fiscal year, the fund balance of the County's capital projects fund increased by \$1,943,231 million and 19.2%. Revenues increased by \$2,077,424 from the prior year and included \$1,075,108 in additional state appropriated road improvement funds, \$769,539 in federal economic development grant funds and \$500,000 in South Carolina rural infrastructure grant funds. Expenditures increased to \$13,364,110 from \$3,819,447 in the prior year. Major expenditures included \$971,870 for a vacant retail building that will be renovated for use as the voter registration office, \$2,309,063 for the ongoing construction of the taxpayer service center building (Capital Projects Sales Tax ("CPST") funded), \$2,196,818 for six pieces of heavy equipment, including a solid waste compactor (\$5.5 million lease purchase financing), \$904,616 in fleet vehicle lease expenses, \$3,499,200 for road improvements (CPST and state gas tax) and \$1,863,271 in water/sewer improvements (U.S. Economic Development Administration grant and South Carolina Rural Infrastructure Authority grant). Included in other financing sources is \$5,500,000 from the November 2021 lease purchase financing.

Capital Projects Sales Tax Debt Service did report a slight decrease of (\$69,328) in fund balance. Total tax collections were \$6,034,800 while debt service was \$4,095,400. As part of the fiscal year 2022 budget, The County Council approved the use of (\$2,013,645) in excess collections to cover cost increases on remaining CPST approved projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Budgetary Highlights

The County's general fund actual amounts reported for revenues of \$35,008,499 were \$1,414,325 higher than the final budget amount of \$33,594,174.

- Tax revenue was higher than final budget by \$519,893 and 2.1% due to assessed values growth of 6.4% as compared to a budgeted historical average of slightly more than 2%. Property taxes did see lower collections at 93% compared to 96%, which did lessen the positive impact of the assessed values growth rate.
- Intergovernmental revenues were higher than final budget by \$388,283 and 16.8% due to collection cost reimbursements of previously declared disasters from both Federal Emergency Management Agency ("FEMA") and the State of South Carolina (25% funding). These reimbursements totaled \$180,861 and had not been included in the final budget. In addition, the County received June primary reimbursements of \$49,586 that were not included in the final budget.
- Fines and fees revenues were higher than final budget by \$670,132 and 10.6%. The increase was due to higher volumes and values related to building permits as well as document fees related to mortgage filings. Building permits were \$163,199 over final budget and recording document fees were \$194,084 over budget. With mortgages rising during the last part of fiscal year 2022 and continuing in fiscal year 2023, revenues are forecasted to return to more historical amounts. In addition to these two fees, County recreational venues saw volumes and revenues that mirrored or exceeded pre-COVID years. Between the ACE Basin Recreation Complex, Dogwood Hills Golf Course and Restaurant, and the Museum, revenues exceeded final budget by \$201,587.

Total actual expenditures of \$35,208,708 were (\$473,696) and (1.3%) under final budget of \$35,682,404. The expenditure savings were seen in general government of \$904,049 that was offset by over budget expenditures, in public safety of \$202,484, recreation and culture of \$64,996 and intergovernmental of \$159,101.

General government expenditures were under budget by \$904,049 and 8.3% and were due to the following:

- Vacant clerical positions of 8.5 FTEs that equated to salaries and retirement match and FICA match savings of \$484,540.
- Health Insurance (employer matching) budgeted with 4% increase which did not occur and led to savings of \$226,128.
- Workers' compensation premium is based on budgeted salaries and due to vacant positions, savings that were offset by higher overtime usage (see Public Safety), actual premium savings of \$81,113 was seen.
- Additional fuel contingency added to final budget based on fourth quarter price increases. Only a partial amount of contingency was needed – savings \$95,226

Public safety expenditures were over budget by \$202,484 and 2.2% and were due to the following:

- Overtime for Sheriff, Detention Center and 911 Dispatch is budgeted at a total of 10.5 ftes (historical average) though actual overtime usage was 13.1 ftes. The 2.6 ftes of additional overtime equated to additional salaries, retirement match and FICA match of \$136,472. This was partially offset by vacant position savings of \$82,732.
- Average census budgeted at the Detention Center is 90 per day, actual average census per day was 98. This created additional expense related to contract medical and food service at the Detention Center. This additional expense totaled \$60,433.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The County has moved roughly 70% of its fleet of vehicles (including Sheriff) from County-owned to lease vehicles. This has brought the average age of a County vehicle from over eight years to four years. This was especially important in the Sheriff's department since their vehicles are heavily utilized. With the slowdown in vehicle manufacturing over the last two years, we have not been able to replace vehicles as planned, especially in the Sheriff's office. This has caused the Sheriff to keep older vehicles in service and created additional vehicle repair expense. This additional expense totaled \$17,947.61.

Recreation expenditures were over budget by \$64,996 and 3.7% and were due to the following:

- Based on the higher usage volumes at Ace Basin and Dogwood Hills Restaurant, food costs associated with the concession stand operation and restaurant was over budget by \$20,026.11.
- Museum retail sales are partially made from goods on consignment from local merchants. With museum sales being over budget by 22%, payments to consignors was over budget by 18% and \$21,866.
- Unbudgeted repairs and maintenance were required at the golf course (down tree removal and dam repairs) which totaled \$11,703.

Intergovernmental expenditures were over budget by \$159,101 and 2.9% and were due to additional appropriation provided to the Fire and Rescue Commission to cover higher than budgeted personnel costs that were due to providing additional pay adjustments to retain essential personnel.

Total actual other financing sources (uses) were less than final budget by (\$1,357,414) and (56.3%) due to additional transfers out of \$1,343,927 and 46.8%. Final actual transfers out included an additional amount of \$1,343,927 to the capital projects to provide additional funding related to planned capital projects as well as funding for vehicle lease expense.

Capital Assets

The County's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$60,042,383 (net of accumulated depreciation) as compared to \$57,568,095 on June 30, 2021. Capital additions, including construction in progress totaled \$6.67 million, which were offset by disposals in the amount of \$615 thousand.

Major capital asset additions during the fiscal year 2022 include the following:

- Taxpayer Service Center construction (CPST funded) - \$2.1 million
- Gadsden Loop Infrastructure (CDBG funded – partially) - \$265 thousand
- Benson/Klein Street Parking Lot - \$241 thousand
- Chehaw Public Landing Improvements (U.S. Fish and Wildlife funded) - \$167 thousand
- Purchase of vacant retail site - Elections/Voter Registration Office - \$972 thousand
- Kenworth Dump Truck - \$186 thousand
- John Deere Motor Graders (3) - \$893 thousand
- Sun Machinery Landfill Compactor - \$1 million
- Building Improvement - 215 Lemacks Street - \$124 thousand

MANAGEMENT'S DISCUSSION AND ANALYSIS

Construction in Progress completed and placed in service during fiscal year 2022 include the following:

- Land - Demo of damaged building - \$282 thousand
- Chehaw Public Landing Improvements (U.S. Fish and Wildlife funded) - \$167 thousand
- Recreation Center - Generator and Transfer Switch - \$364 thousand

Disposals of assets acquired in prior years include the following:

- \$364 thousand in vacant land
- \$251 thousand in County fleet vehicles (moving to vehicle lease program)

Additional information on the County's capital assets can be found in note 5 on page 46 in the notes to the financial statements.

COLLETON COUNTY, SOUTH CAROLINA CAPITAL ASSETS, NET OF DEPRECIATION		
	Governtal Activities	
	2022	2021
Land and land infrastructure	\$ 7,956,667	\$ 8,073,207
Construction in progress	3,501,789	1,446,850
Buildings and improvements	29,449,233	29,753,153
Improvements other than buildings	4,888,039	5,074,071
Equipment and vericles	8,574,654	7,342,227
Infrastructure	5,672,001	5,878,587
Total	<u>\$ 60,042,383</u>	<u>\$ 57,568,095</u>

Debt Administration

On June 30, 2022, the County had long-term obligations of \$58,411,162 compared to outstanding debt on June 30, 2021, totaling \$63,676,105. During fiscal year 2022, the County did complete two general obligation bond issues. The first issue closed in October 2021 and was a short-term bond in the amount of \$578 thousand that has a maturity of August 2022. The second issue closed in March 2022 and was a 10-year refunding bond in the amount \$1.985 million. The bonds refunded the outstanding principle on the Series 2012 General Obligation Bonds and provided debt service savings of \$125 thousand. In addition to the two general obligation bond issues, the County issued a new five-year lease purchase financing agreement in the amount \$5.5 million that will allow the County to address heavy trucks and equipment replacements. All scheduled debt service payments for fiscal year 2022 were made when due.

MANAGEMENT'S DISCUSSION AND ANALYSIS

COLLETON COUNTY, SOUTH CAROLINA LONG-TERM OBLIGATIONS		
	Governmental Activities	
	2022	2021
General Obligation Bonds	\$ 14,682,077	\$ 19,111,299
Special Revenue Bonds	-	-
Financed Purchaes	4,962,221	833,292
Leases	2,346,540	2,615,846
Net OPEB Obligation	6,228,852	4,360,196
Note Payable	-	-
Landfill Closure and Post-Closure Cost	606,560	583,878
Compensated Absences	997,844	852,547
Net Pension Liability	28,587,068	35,319,047
Total	<u>\$ 58,411,162</u>	<u>\$ 63,676,105</u>

Additional information on the County's long-term obligations can be found in note 7 on page 49 in the notes to the financial statements.

In accordance with State Law, the amount of General Obligation Bonds ("GOB") a government entity may issue (without referendum) is equal to 8% of its total assessed value. The current General Obligation Bond debt limitation for the County based on information received from the County Auditor related to the 2022 tax assessment value of \$205,536,665 is \$16,442,933 for fiscal year ended June 30, 2022. As of June 30, 2022, the County has net debt applicable to the limit of \$6,510,127, which equals a 39.59% total net debt applicable to the limit percentage.

Debt Rating – As part of the refunding bond issuance discussed above, both Moody's Investor Services and Standard and Poor's reaffirmed their ratings previously issued to the County. The County continued to receive a rating of Aa3 from Moody's and a rating of AA- from Standard and Poor's. In each of their analysis, the following positive attributes of the County and its management were noted:

- Solid financial position that is supported by improved reserves and growth in major revenue lines;
- Manageable debt burden with limited pension pressure;
- Standard management and strong institutional framework score with a steady financial profile supported by conservative budgeting practices;
- Below average resident income indices, though local economy is evolving beyond agriculture.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budget

The County passed budget ordinance No. 22-O-06 to provide for the levy of taxes in Colleton County, South Carolina with the third and final reading on June 2, 2022, to be effective July 1, 2022, through June 30, 2023. The highlights of the budget are provided below:

- Operating millage at 116.31 mills and debt service millage at 10.24 mills – unchanged from fiscal year 2022.
- Property tax revenues were budgeted at a growth rate of 4.6% based on a corresponding growth in assessed values and fiscal year 2022 actual growth.
- Fees and fines were budgeted flat from forecasted fiscal year 2022 collections for the areas of planning and development, the courts and recording documents. The budget for planning and development and recording documents is based on the continued increase in interest rates which will further slow existing home sales, new home construction and home refinances. In the previous fiscal year, the courts had to address case backlog and though some backlog continues to exist, case volumes are forecasted to remain constant.
- Intergovernmental revenues were primarily budgeted flat, though adjustments were included related to additional school resource officer funding from the South Carolina Department of Public Safety and continuation of the rural stabilization fund that was funded again in fiscal year 2023. The rural stabilization fund was enacted in fiscal year 2022 to help with funding losses that rural counties saw in their share of local government funds based on the 2020 census.
- Local option sales tax and capital project sales taxes are budgeted to grow at 5-7% in fiscal year 2023. Capital project sales tax was budgeted through April 2023, which is the current expiration of the tax, since it is unknown if voters will approve another eight years of tax.
- Local accommodations and hospitality taxes are projected to grow at 5% based on prior actual growth and expectation that travel will remain robust in fiscal year 2023.
- Recreation was budgeted to grow slightly except for the golf course, which was budgeted to grow at 25% (back to their fiscal year 2021 amounts) based on course renovations which were completed late in fiscal year 2022. The restaurant was budgeted to cease operations during the first quarter of fiscal year 2023.
- Minimum of 5% cost of living salary adjustment was provided to all employees and all full-time were moved to a minimum hourly rate of \$15 per hour.
- A years of service pay plan was put into place for fire/rescue first responders. This pay plan provides an annual wage increase for each year of continuous service.
- Four new positions were included in the budget, one in planning and development, one in the museum/commercial kitchen and two firefighter/paramedics.
- Mandated employer retirement contribution increase of 1% for all participating employees effective July 1, 2022.
- Mandated employer health insurance premiums increase effective January 1, 2023 (exact not known, factor of 8% was used).
- Continuation of funding 50% of the cost of individual health/dental insurance for eligible retirees.
- Staffing of two armed security officers at the Magistrate Court building.
- Continuation of direct assistance funding to 20 County agencies providing various essential services and programs for residents.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following budgets and millage rates are currently in effect based on Budget Ordinance 22-O-06:

COLLETON COUNTY, SOUTH CAROLINA 2021-2022 ORIGINAL FUND BUDGET		
	Amount	Millage
General Fund	\$ 33,655,166	116.31
Debt Service Fund	2,059,700	10.24
Fire and Rescue Commission	13,371,849	37.56
Fire and Rescue Commission Debt Service	2,562,300	22.66
Capital Projects Sales Tax Debt Service	4,111,950	-
Capital Fund	1,453,300	-
Special Revenue Fund (various grants)	1,339,090	-
State Aid to Library	150,000	-
Memorial Library Fund	814,573	-
IV-D Sheriff Unit Costs	14,900	-
IV-D Clerk of Court Unit Costs	175,000	-
Accommodations Tax Tourism Infrastructure	41,000	-
Victim Witness Services	110,494	-
Animal Care and Control	15,000	-
Non-GOB Related Debt Service	1,130,476	-
Emergency Telephone Fund	559,182	-
Infrastructure/Industrial Development Fund	222,500	-
CC 2015 \$5.4M GOB Proceeds	172,782	-
Coronavirus Local Recovery Fund	3,898,828	-
County Hospitality Tax Fund	645,800	-
County Accommodations Tax Fund	755,975	-
Recreation Fund	1,732,409	-
Road and Bridges Fund	2,298,284	-
School District	-	116.42
Solid Waste Fund	3,454,314	-
Total	<u>\$ 74,744,872</u>	<u>303.19</u>

Requests for Information

This financial report is designed to provide a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Any questions about this report or request for information may be addressed to Colleton County, Director of Finance, P.O. Box 157, Walterboro, South Carolina 29488.

COLLETON COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION JUNE 30, 2022

		Component Units		
	Governmental Activities	Memorial Library	Fire and Rescue Commission	Pillars4Hope
ASSETS				
Cash and cash equivalents	\$ 29,599,387	\$ 215,356	\$ 5,518,007	\$ 388,096
Investments	8,076,613	-	-	105,371
Receivables, net of allowances	9,051,683	4,601	1,902,528	38,781
Due from state agency	-	-	-	69,703
Prepays and deposits	751,932	14,920	158,018	-
Lease assets, net of accumulated amortization	2,831,961	-	-	-
Capital assets:				
Nondepreciable	11,837,304	-	1,804,842	-
Depreciable, net	48,205,079	287,832	9,561,800	41,156
Total assets	110,353,959	522,709	18,945,195	643,107
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows for pension	5,778,924	140,187	2,624,236	-
Deferred outflows for other post-employment benefits	1,899,108	230,343	346,646	-
Total deferred outflows of resources	7,678,032	370,530	2,970,882	-
LIABILITIES				
Current liabilities:				
Accounts payable	2,593,343	15,830	409,263	14,947
Payroll liabilities	1,219,845	19,615	335,762	28,206
Accrued liabilities	155,026	-	103,090	-
Unearned revenues	8,159,989	8,309	-	-
Non-current liabilities:				
Due within one year	7,023,106	2,071	1,450,938	17,013
Due in more than one year	51,388,056	1,520,464	23,290,250	149,900
Total liabilities	70,539,365	1,566,289	25,589,303	210,066
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows for pension	5,348,653	129,283	2,445,144	-
Deferred inflows for other post-employment benefits	304,670	36,953	55,612	-
Total deferred inflows of resources	5,653,323	166,236	2,500,756	-
NET POSITION				
Net investment in capital assets	42,262,227	287,832	4,022,633	41,156
Restricted:				
Emergency services	529,506	-	-	-
Court administration	93,834	-	-	-
Law enforcement	218,641	-	-	-
Solid waste	345,850	-	-	-
Non-expendable	751,932	-	-	-
Debt service	7,035,132	-	5,127,108	-
Other purposes	1,143,258	-	-	-
Unrestricted (deficit)	(10,541,077)	(1,127,118)	(15,323,723)	391,885
Total net position	\$ 41,839,303	\$ (839,286)	\$ (6,173,982)	\$ 433,041

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

COLLETON COUNTY, SOUTH CAROLINA

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

Functions/Programs	Expenses	Changes in Net Position						
		Program Revenues			Primary Government	Component Units		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Memorial Library	Fire and Rescue Commission	Pillars4Hope
Primary government								
Governmental activities:								
General government	\$ 11,224,373	\$ 2,075,308	\$ 3,222,243	\$ -	\$ (5,926,822)	\$ -	\$ -	\$ -
Judicial	6,773,058	758,945	4,729,046	-	(1,285,067)	-	-	-
Public safety	16,225,863	1,778,525	1,351,638	-	(13,095,700)	-	-	-
Roads and bridges	2,727,786	1,060,879	3,732,088	1,284,059	3,349,240	-	-	-
Solid waste	6,717,388	2,184,009	65,610	-	(4,467,769)	-	-	-
Recreation and culture	4,925,318	951,637	331,389	-	(3,642,292)	-	-	-
Health and human services	3,034,859	-	1,976,293	-	(1,058,566)	-	-	-
Economic development	4,653,832	-	438,965	-	(4,214,867)	-	-	-
Interest and fiscal charges	524,705	-	-	-	(524,705)	-	-	-
Total governmental activities	<u>\$ 56,807,182</u>	<u>\$ 8,809,303</u>	<u>\$ 15,847,272</u>	<u>\$ 1,284,059</u>	<u>(30,866,548)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Component Units								
Memorial Library	\$ 958,193	\$ 25,458	\$ 839,849	\$ -	-	(92,886)	-	-
Fire and Rescue Commission	13,607,239	1,861,972	4,851,447	-	-	-	(6,893,820)	-
Pillars4Hope	1,310,263	169,170	1,172,625	1,510	-	-	-	33,042
Total component units	<u>\$ 15,875,695</u>	<u>\$ 2,056,600</u>	<u>\$ 6,863,921</u>	<u>\$ 1,510</u>	<u>-</u>	<u>(92,886)</u>	<u>(6,893,820)</u>	<u>33,042</u>
General revenues:								
Property taxes					30,826,620	-	6,697,310	-
Alcohol excise tax					-	-	-	52,998
Local options sales tax					2,535,440	-	-	-
Local accommodations tax					802,523	-	-	-
Hospitality tax					614,120	-	-	-
Franchise fees					126,927	-	-	-
Grants and contributions not restricted to specific programs					1,683,290	-	-	-
Miscellaneous					48,519	33,939	39,146	-
Total general revenues					<u>36,637,439</u>	<u>33,939</u>	<u>6,736,456</u>	<u>52,998</u>
Change in net position					5,770,891	(58,947)	(157,364)	86,040
Net position, beginning of year					36,068,412	(780,339)	(6,016,618)	347,001
Net position, end of year					<u>\$ 41,839,303</u>	<u>\$ (839,286)</u>	<u>\$ (6,173,982)</u>	<u>\$ 433,041</u>

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

COLLETON COUNTY, SOUTH CAROLINA

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

	General	Special Revenue	Coronavirus Local Fiscal Recovery
ASSETS			
Cash and cash equivalents	\$ 2,635,590	\$ 2,849,480	\$ 4,320,075
Investments	8,076,613	-	-
Receivables, net	4,292,636	461,877	-
Prepaid expenditures	729,277	-	-
Total assets	<u>\$ 15,734,116</u>	<u>\$ 3,311,357</u>	<u>\$ 4,320,075</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 879,617	\$ 166,788	\$ -
Accrued payroll and benefits	1,137,343	-	-
Accrued liabilities	1,337	-	-
Unearned revenue	1,053,169	2,073,091	4,307,567
Total liabilities	<u>3,071,466</u>	<u>2,239,879</u>	<u>4,307,567</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - fees	6,703	-	-
Unavailable revenue - property taxes	1,554,213	-	-
Unavailable revenue - spec assessments	321,062	-	-
Total deferred inflows of resources	<u>1,881,978</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Non-spendable:			
Prepaid expenditures	729,277	-	-
Restricted for:			
Public safety	-	-	-
Recreation and culture	-	-	-
Judicial services	-	-	-
Solid waste reserve	345,850	-	-
Economic development	-	-	-
Debt service	-	-	-
Other purposes	-	1,071,478	-
Assigned:			
Judicial services	-	-	-
Committed:			
Recreation and culture	-	-	-
Capital projects	-	-	12,508
Unassigned	9,705,545	-	-
Total fund balances	<u>10,780,672</u>	<u>1,071,478</u>	<u>12,508</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,734,116</u>	<u>\$ 3,311,357</u>	<u>\$ 4,320,075</u>

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

Capital Projects	Capital Sales Tax Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$ 12,373,466	\$ 5,228,150	\$ 2,192,626	\$ 29,599,387
-	-	-	8,076,613
1,915,822	1,571,855	809,493	9,051,683
-	-	22,655	751,932
<u>\$ 14,289,288</u>	<u>\$ 6,800,005</u>	<u>\$ 3,024,774</u>	<u>\$ 47,479,615</u>
\$ 1,491,985	\$ -	\$ 54,953	\$ 2,593,343
-	-	82,502	1,219,845
-	-	-	1,337
726,162	-	-	8,159,989
<u>2,218,147</u>	<u>-</u>	<u>137,455</u>	<u>11,974,514</u>
-	-	-	6,703
-	-	112,711	1,666,924
-	-	-	321,062
<u>-</u>	<u>-</u>	<u>112,711</u>	<u>1,994,689</u>
-	-	22,655	751,932
-	-	-	-
-	-	748,147	748,147
-	-	71,780	71,780
-	-	93,834	93,834
-	-	-	345,850
362,730	-	-	362,730
-	6,800,005	235,127	7,035,132
-	-	-	1,071,478
-	-	-	-
-	-	1,430,926	1,430,926
-	-	172,139	172,139
11,708,411	-	-	11,720,919
-	-	-	9,705,545
<u>12,071,141</u>	<u>6,800,005</u>	<u>2,774,608</u>	<u>33,510,412</u>
<u>\$ 14,289,288</u>	<u>\$ 6,800,005</u>	<u>\$ 3,024,774</u>	<u>\$ 47,479,615</u>

COLLETON COUNTY, SOUTH CAROLINA

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

Total governmental fund balances:	\$	33,510,412
-----------------------------------	----	------------

Amounts reported for governmental activities in the statement of net position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the government funds.		60,042,383
--	--	------------

Lease assets used in governmental activities are not financial resources and, therefore, are not reported in the government funds.

Lease assets	\$ 3,455,143	
Accumulated amortization	<u>(623,182)</u>	2,831,961

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Property taxes and other special assessments	\$ 1,987,986	
Solid waste receivables	<u>6,703</u>	1,994,689

Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. These deferred outflows of resources consist of pension related experience differences, assumption changes and differences between projected and actual earnings on Plan investments.

Deferred outflows related to pensions	\$ 5,778,924	
Deferred outflows related to other post-employment benefits	<u>1,899,108</u>	7,678,032

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

General obligation bonds	\$ (14,273,398)	
Bond premiums	(408,679)	
Capital leases	(4,962,221)	
Lease liabilities	(2,346,540)	
Compensated absences	(997,844)	
Landfill closure and post-closure cost	(606,560)	
Accrued interest	(153,689)	
Net pension liability	(28,587,068)	
Total other post-employment benefits liability	<u>(6,228,852)</u>	(58,564,851)

Deferred inflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds. These deferred inflows of resources consist of pension related differences between projected and actual earnings on Plan investments.

Deferred inflows related to pensions	\$ (5,348,653)	
Deferred inflows related to other post-employment benefits	<u>(304,670)</u>	<u>(5,653,323)</u>

Net position of governmental activities	\$	<u><u>41,839,303</u></u>
---	----	--------------------------

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

COLLETON COUNTY, SOUTH CAROLINA

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

	General	Special Revenue	Coronavirus Local Fiscal Recovery
REVENUES			
Taxes	\$ 24,936,740	\$ -	\$ -
Intergovernmental	2,698,043	3,583,694	3,010,749
Fines and fees	7,022,524	-	-
Other income	351,192	2,812	11,591
Total revenues	<u>35,008,499</u>	<u>3,586,506</u>	<u>3,022,340</u>
EXPENDITURES			
Current:			
General government	10,036,349	3,000	-
Judicial	1,477,138	509,379	-
Public safety	9,423,341	439,918	-
Roads and bridges	2,107,645	12,896	-
Solid waste	3,286,186	-	-
Recreation and culture	1,829,931	27,755	-
Health and human services	957,257	1,992,210	-
Economic development	300,040	94,293	-
Intergovernmental	5,655,281	169,560	-
Capital outlay:			
General government	85,650	-	-
Judicial	-	23,780	-
Public safety	-	58,123	16,553
Roads and bridges	-	870,520	-
Solid waste	38,068	-	-
Recreation and culture	11,822	182,449	-
Health and human services	-	-	-
Economic development	-	78,183	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>35,208,708</u>	<u>4,462,066</u>	<u>16,553</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(200,209)</u>	<u>(875,560)</u>	<u>3,005,787</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	1,597	-	-
Issuance of debt	-	-	-
Insurance recoveries	190,014	-	-
Transfers in	5,076,786	720,270	-
Transfers out	(4,215,178)	-	(2,994,196)
Total other financing sources (uses)	<u>1,053,219</u>	<u>720,270</u>	<u>(2,994,196)</u>
Net change in fund balances	853,010	(155,290)	11,591
Fund balances, beginning of year	<u>9,927,662</u>	<u>1,226,768</u>	<u>917</u>
Fund balances, end of year	<u>\$ 10,780,672</u>	<u>\$ 1,071,478</u>	<u>\$ 12,508</u>

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

Capital Projects	Capital Sales Tax Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 6,034,800	\$ 3,526,093	\$ 34,497,633
4,769,631	-	4,847,000	18,909,117
-	-	510,738	7,533,262
497,633	4,917	43,018	911,163
<u>5,267,264</u>	<u>6,039,717</u>	<u>8,926,849</u>	<u>61,851,175</u>
918,736	-	57,211	11,015,296
-	-	4,601,034	6,587,551
83,331	-	507,704	10,454,294
-	-	5,856	2,126,397
1,981,174	-	-	5,267,360
526,210	-	602,507	2,986,403
708	-	-	2,950,175
601,983	-	124,152	1,120,468
3,381,297	-	31,702	9,237,840
-	-	-	-
3,333,625	-	-	3,419,275
-	-	29,464	53,244
17,604	-	33,420	125,700
-	-	-	870,520
2,196,822	-	19,049	2,253,939
198,328	-	-	392,599
124,292	-	-	124,292
-	-	-	78,183
-	3,875,000	4,677,164	8,552,164
-	220,400	423,587	643,987
<u>13,364,110</u>	<u>4,095,400</u>	<u>11,112,850</u>	<u>68,259,687</u>
<u>(8,096,846)</u>	<u>1,944,317</u>	<u>(2,186,001)</u>	<u>(6,408,512)</u>
-	-	73,080	74,677
6,078,398	-	2,249,475	8,327,873
133,615	-	2,128	325,757
4,178,064	-	1,508,555	11,483,675
<u>(350,000)</u>	<u>(2,013,645)</u>	<u>(1,910,656)</u>	<u>(11,483,675)</u>
<u>10,040,077</u>	<u>(2,013,645)</u>	<u>1,922,582</u>	<u>8,728,307</u>
1,943,231	(69,328)	(263,419)	2,319,795
<u>10,127,910</u>	<u>6,869,333</u>	<u>3,038,027</u>	<u>31,190,617</u>
<u>\$ 12,071,141</u>	<u>\$ 6,800,005</u>	<u>\$ 2,774,608</u>	<u>\$ 33,510,412</u>

COLLETON COUNTY, SOUTH CAROLINA

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

Net change in fund balances - total governmental funds	\$	2,319,795
--	----	-----------

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

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

Capital outlay	\$ 6,674,181		
Depreciation expense	(3,831,921)		2,842,260

Governmental funds report lease assets as expenditures. However, in the statement of activities, the cost of all lease asset additions are allocated over their estimated useful lives and reported as amortization expense. This is the amount by which lease asset additions exceeded amortization expense in the current period.

Lease asset additions	\$ 1,154,398		
Amortization expense	(623,182)		531,216

The net effect of various miscellaneous transactions involving capital assets and lease assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(683,073)
---	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes and other special assessments	\$ 407,997		
Solid waste receivables	(6,856)		401,141

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

Leases	\$ (1,154,398)		
Repayment of the principal of long-term debt	8,552,164		
Repayment of the principal of lease liability	1,423,704		
Issuance of long-term debt	(8,063,398)		
Premium on bond issuance	(264,475)		
Amortization of premium on long-term debt	76,002		569,599

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

Pension liability	\$ 443,336		
Landfill closure and post-closure liability	(22,682)		
Compensated absences	(145,297)		
Accrued interest on long-term debt	43,280		
Other post-employment benefits liability	(528,684)		(210,047)
			<u>\$ 5,770,891</u>

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

COLLETON COUNTY, SOUTH CAROLINA

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

ASSETS	
Cash and cash equivalents	\$ 13,741,995
Other receivable	4,627
Total assets	<u>\$ 13,746,622</u>
LIABILITIES	
Due to others	\$ 8,788,808
Total liabilities	<u>\$ 8,788,808</u>
NET POSITION	
Restricted for individuals, organizations and other governments	\$ 4,957,814
	<u>\$ 4,957,814</u>

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

COLLETON COUNTY, SOUTH CAROLINA

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

ADDITIONS	
Taxes	\$ 21,242,703
Fines and fees	4,901,940
Miscellaneous	<u>71,076,097</u>
Total additions	<u>97,220,740</u>
DEDUCTIONS	
Taxes and fees paid to other governments	81,073,277
Other custodial disbursements	<u>14,112,639</u>
Total deductions	<u>95,185,916</u>
Change in fiduciary net position	2,034,824
Net position, beginning of year	<u>2,922,990</u>
Net position, end of year	<u><u>\$ 4,957,814</u></u>

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

COLLETON COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Reporting Entity

Colleton County, South Carolina (the "County"), is governed by a five-member County Council (the "Council") under the Council-Administrator form of government, pursuant to the South Carolina Home Rule Act. Members of the Council are elected from resident districts. The Council acts as the governing body of the County with power to pass ordinances and adopt resolutions. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The County does not have any blended component units as of June 30, 2022.

Discretely Presented Component Units

The nine members of the **Colleton County Memorial Library's (the "Memorial Library")** governing board are appointed by the Council. The Memorial Library is fiscally dependent upon the government because the Council approves the Memorial Library's budgets, and can significantly influence the decisions of the Memorial Library. The Memorial Library does not issue separate financial statements.

The five members of the **Colleton County Fire and Rescue Commission (the "Fire and Rescue Commission")** are selected by the Council from ten members presented by the Fire Control Board, an advisory board comprised of a member from each of the participating fire departments. The Fire and Rescue Commission is fiscally dependent upon the government because the Council approves the Fire and Rescue Commission's budgets, levies taxes and must approve any debt issuances. The Fire and Rescue Commission does not issue separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

The nine members of **Pillars4Hope**, previously known as the **Colleton County Commission on Alcohol and Drug Abuse (the “Organization”)** governing board are appointed by the Council. The Organization is fiscally dependent upon the County because the Council approves the Organization’s budgets and can significantly influence the decisions of the Organization. Separately issued financial statements may be obtained at 1439 Thunderbolt Drive, Walterboro, South Carolina, 29488.

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has three discretely presented component units. While the Alcohol and Drug Commission is not considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds are eliminated or reclassified in the government-wide financial statements. Eliminations have been made in the statement of activities to remove the “doubling-up” effect of internal service fund activity. Interfund services provided and used are not eliminated in the process of consolidation. Also, the County allocates indirect cost to each of its funds. The indirect costs are eliminated in the government-wide financial statements.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the County’s funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are reported by type.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Basis of Presentation – Fund Financial Statements (Continued)

The County reports the following major governmental funds:

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

The **Special Revenue Fund** accounts for all grants and contributions awarded to the County.

The **Coronavirus Local Fiscal Recovery Fund** accounts for grant funds awarded to the County from the U.S. Department of Treasury as part of the State and Local Fiscal Recovery Fund under the American Rescue Plan Act.

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

The **Capital Sales Tax Debt Service Fund** is used to collect local option special purpose taxes and disburse debt payments for the Capital Penny Sales Tax Bond that was passed by voter referendum.

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

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

The **Debt Service Funds** account for the accumulation of resources for, and payment of, long-term debt principal and interest. The County's Debt Service Fund was established and is maintained in accordance with acts passed by the General Assembly of South Carolina authorizing the sale of general obligation bonds of the County. The Non-GOB Debt Service Fund accounts for the accumulation of funds and payment of various capital leases and notes payable.

Additionally, the County reports the following fund types:

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Basis of Presentation – Fund Financial Statements (Continued)

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

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

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within the first 60 days of the end of the current fiscal period, except for grant reimbursements for which the availability period is 120 days. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt and acquisitions under capital leases are reported as other financing sources.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and, therefore, have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles ("GAAP") for the General Fund, the Fire and Rescue Commission, and the Memorial Library. All other special revenue funds and debt service funds (excludes the GO Bond Fund, State Accommodations Fund, Sheriff's Discretionary Fund and the 14th Circuit Court Solicitor Fund) that have appropriated budgets, also conform to GAAP but tend to follow the revenue source generated by those funds (i.e., grant awards and projects funds). All annual appropriations lapse at fiscal year-end. Due to the late receipt of funding for the Coronavirus Local Fiscal Recovery Fund, a formal budget was not adopted during the fiscal year. However, the County has established a project-length budget for this fund.

The appropriated budget is prepared by fund, function, and department. The government's departmental heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the County Administrator. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The Council may make supplemental budgetary appropriations throughout the year.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods and services (i.e., purchase order, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under executor contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash and Cash Equivalents and Deposits

The "deposits" classification is used only in the notes, not on the face of the statement of net position. Deposits include cash on hand, pooled money market funds and certificates of deposit.

The County considers cash and cash equivalents for cash flow purposes to be currency on hand, demand deposits with banks, amounts included in pooled cash and investment accounts, and liquid investments with an original maturity of three months or less when purchased.

Investments

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

The County and its component units have a number of financial instruments, none of which are held for trading purposes. Except for non-participating investment contracts, investments are reported at fair value, which is based on quoted market prices. Debt securities are reported at cost or amortized cost.

Prepaid Items

Certain payments to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items using the consumption method by recording the asset for the prepaid amount and reflecting the expenditure/expense in the year which the services are consumed. Prepaid items of governmental funds in the fund financial statements are offset by an equal amount with a reserve of fund balance to indicate that they are not available for general appropriation.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets and Right to Use Lease Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and right to use lease assets are reported in the governmental activities in the government-wide financial statements. Capital assets other than infrastructure are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The capitalization threshold for infrastructure assets is \$50,000 for individual items and networks. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction of governmental-type activities is not capitalized.

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

Asset Class	County	Component Units		
		Memorial Library	Fire and Rescue Commission	Pillars4Hope
Buildings and improvements				
Buildings	45	45	45	N/A
Building improvements	10	10	10	N/A
Improvements other than buildings				
Improvements other than buildings	10	10	10	N/A
Radio and fire towers	10	10	10	N/A
Library materials	N/A	5	5	N/A
Machinery and equipment				
Furniture and office equipment	5	5	5	3 - 20
Fire and medical equipment	5	5	5	N/A
Heavy vehicles and equipment	10	10	10	N/A
Vehicles				
Airplanes	6	N/A	N/A	N/A
Law enforcement vehicles	3	N/A	N/A	N/A
Leased vehicles	5	N/A	N/A	N/A
Other vehicles	5	5	5	3 - 20
Infrastructure	20	N/A	N/A	N/A

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report 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(s) and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports deferred outflows related to its net pension liability and total other post-employment benefits liability in the statement of net position. These amounts are deferred and recognized as an outflow of resources in the period in which the amounts become available.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The County has unavailable revenues from property taxes and special assessments, fees, and intergovernmental revenue that arise under the modified accrual basis of accounting that qualifies for reporting in this category and is reported in the governmental funds balance sheet. The statement of net position reports deferred inflows related to its net pension liability, and total other post-employment benefits liability. These amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available.

Leases

Colleton County is a lessee for noncancellable leases of buildings and 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 \$25,000 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 its useful life.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Leases (Continued)

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

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the 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.

Net Position Flow Assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision-making authority. The governing Council is the highest level of decision-making authority for the County that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The governing Council has, by resolution, authorized the administrator to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues and Expenditures/Expenses (Continued)

Property Taxes

The County ordinance provides for the taxation of all real and personal property located within the County limits on the first day of January. Motor vehicle taxes are billed and collected by the County Treasurer on a monthly basis. Other personal and real property taxes are levied by the County after September of each year and become due and payable immediately upon receipt by the taxpayer. Real property taxes are delinquent after January 15th. Assessed property is subject to lien one year from the levy date if taxes remain unpaid.

Compensated Absences

Vacation – The County's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from County service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignation or retirement. The liability for compensated absences includes salary-related benefits, where applicable, and is paid from the general fund for the most part with a small portion related to other nonmajor governmental funds.

Sick Leave – Accumulated sick leave lapses when employees leave the employment of the County and, upon separation from service, no monetary obligation exists.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. DEPOSITS AND INVESTMENTS

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

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

1. Obligations of the United States and agencies thereof;
2. Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating agencies;
3. General obligations of the State of South Carolina or any of its political units;
4. Savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation;
5. Certificates of Deposit and repurchase agreements collateralized by securities of the type described in 1. and 2. above, held by a third-party as escrow agent or custodian, of a fair value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest; and
6. No-load open and closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company, savings and loan association, or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit.

In addition, South Carolina state statutes authorize the County to invest in the South Carolina Local Government Investment Pool ("SCLGIP"). The SCLGIP is an investment mechanism authorized by the Legislature and signed into law on May 13, 1983, to provide local governments an opportunity to acquire maximum returns on investments by pooling available funds with funds from other political subdivisions. The SCLGIP is permitted under South Carolina 1976 Code of Laws Section 6-6-10, Section 12-45-220 and Section 11-1-60 to purchase obligations of the United States government treasuries, United States government agencies, repurchase agreements fully collateralized by United States government treasuries or agencies, corporate securities and commercial paper that bear an investment grade rating of at least two nationally recognized rating services.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. The County places no limit on the amount that may be invested in any one issuer. See below for additional information regarding the County's deposits. All funds of the Fire and Rescue Commission and the Library are included in the funds administered by the County Treasurer. The only exception to this is that the funds of the Pillars4Hope are not included in the funds administered by the County Treasurer.

	Fair Value	Percentage of Portfolio
Repurchase agreements	\$ 31,969,310	56%
Certificates of deposit	8,078,795	14%
Savings accounts	98,208	0%
Checking accounts	17,001,374	30%
Cash on hand	3,671	0%
Deposits held by County Treasurer	<u>\$ 57,151,358</u>	<u>100%</u>

Custodial Credit Risk – Deposits

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

As of June 30, 2022, the County's bank balance of \$57,274,460 was fully collateralized by pledging financial institutions trust departments in the County's name.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Investments

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

NOTE 3. RECEIVABLES

Receivables as of year-end for the County's individual major funds, nonmajor funds in the aggregate and component units, including the applicable allowances for uncollectible accounts, are as follows:

	Primary Government					Total Primary Government
	General	Special Revenue	Capital Projects	Capital Sales Tax Debt Service	Nonmajor Governmental	
Taxes receivable	\$ 7,675,980	\$ -	\$ -	\$ -	\$ 491,798	\$ 8,167,778
Accounts receivable	287,339	-	-	-	-	287,339
Other receivables	2,071,061	461,877	1,915,822	1,571,855	680,278	6,700,893
Less: allowance	(5,741,744)	-	-	-	(362,583)	(6,104,327)
Net receivables	<u>\$ 4,292,636</u>	<u>\$ 461,877</u>	<u>\$ 1,915,822</u>	<u>\$ 1,571,855</u>	<u>\$ 809,493</u>	<u>\$ 9,051,683</u>

	Component Units			Total Component Units
	Fire and Memorial Library	Fire and Rescue Commission	Pillars4Hope	
Taxes receivable	\$ -	\$ 2,110,053	\$ -	\$ 2,110,053
Accounts receivable	-	16,701,637	46,072	16,747,709
Other receivables	4,601	30,153	69,703	104,457
Less: allowance	-	(16,939,315)	(7,291)	(16,946,606)
Net receivables	<u>\$ 4,601</u>	<u>\$ 1,902,528</u>	<u>\$ 108,484</u>	<u>\$ 2,015,613</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. INTERFUND TRANSFERS

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

Major Governmental Funds	Transfers In	Transfers Out
General Fund	\$ 5,076,786	\$ 4,215,178
Special Revenue Fund	720,270	-
Coronavirus Local Fiscal Recovery Fund	-	2,994,196
Capital Projects Fund	4,178,064	350,000
Capital Sales Tax Debt Service Fund	-	2,013,645
Nonmajor Governmental Funds	1,508,555	1,910,656
Component Unit	817,508	817,508
Total interfund balances	<u>\$ 12,301,183</u>	<u>\$ 12,301,183</u>

Transfers are used: 1) to move revenues from the fund with collection authorization to the fund with expenditure authorization, and 2) to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs.

NOTE 5. CAPITAL ASSETS

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

Governmental activities	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 3,477,276	\$ 343,821	\$ (363,930)	\$ 282,416	\$ 3,739,583
Land - infrastructure	4,595,932	-	-	-	4,595,932
Construction in progress	1,446,849	2,937,692	-	(882,752)	3,501,789
Total capital assets not being depreciated	<u>9,520,057</u>	<u>3,281,513</u>	<u>(363,930)</u>	<u>(600,336)</u>	<u>11,837,304</u>
Capital assets being depreciated:					
Buildings and improvements	46,469,973	825,396	-	-	47,295,369
Improvements other than buildings	12,268,437	198,960	-	167,207	12,634,604
Equipment and vehicles	26,201,472	2,368,312	(251,374)	433,129	28,751,539
Infrastructure	14,436,202	-	-	-	14,436,202
Total capital assets being depreciated	<u>99,376,084</u>	<u>3,392,668</u>	<u>(251,374)</u>	<u>600,336</u>	<u>103,117,714</u>
Less accumulated depreciation:					
Buildings and improvements	(16,716,821)	(1,129,315)	-	-	(17,846,136)
Improvements other than buildings	(7,194,365)	(552,200)	-	-	(7,746,565)
Equipment and vehicles	(18,859,245)	(1,564,972)	247,332	-	(20,176,885)
Infrastructure	(8,557,615)	(585,434)	-	-	(9,143,049)
Total accumulated depreciation	<u>(51,328,046)</u>	<u>(3,831,921)</u>	<u>247,332</u>	<u>-</u>	<u>(54,912,635)</u>
Total capital assets being depreciated, net	<u>48,048,038</u>	<u>(439,253)</u>	<u>(4,042)</u>	<u>600,336</u>	<u>48,205,079</u>
Governmental activities capital assets, net	<u>\$ 57,568,095</u>	<u>\$ 2,842,260</u>	<u>\$ (367,972)</u>	<u>\$ -</u>	<u>\$ 60,042,383</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

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

Governmental Activities	
General government	\$ 226,235
Judicial	70,376
Roads and bridges	1,202,635
Public safety	941,877
Solid waste	355,921
Recreation and culture	932,218
Health and human services	102,659
Total Governmental Activities Depreciation Expense	<u>\$ 3,831,921</u>

Discretely Presented Component Units

Fire and Rescue Commission activity for the year ended June 30, 2022 is as follows:

Fire and Rescue Commission	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 542,365	\$ -	\$ -	\$ -	\$ 542,365
Construction in progress	935,473	327,004	-	-	1,262,477
Total capital assets not being depreciated	<u>1,477,838</u>	<u>327,004</u>	<u>-</u>	<u>-</u>	<u>1,804,842</u>
Capital assets being depreciated:					
Buildings and improvements	7,353,862	-	-	-	7,353,862
Improvements other than buildings	147,532	-	-	-	147,532
Equipment and vehicles	21,081,940	384,504	-	-	21,466,444
Total capital assets being depreciated	<u>28,583,334</u>	<u>384,504</u>	<u>-</u>	<u>-</u>	<u>28,967,838</u>
Less accumulated depreciation:					
Buildings and improvements	(2,496,670)	(184,412)	-	-	(2,681,082)
Improvements other than buildings	(135,864)	(2,466)	-	-	(138,330)
Equipment and vehicles	(15,712,138)	(874,488)	-	-	(16,586,626)
Total accumulated depreciation	<u>(18,344,672)</u>	<u>(1,061,366)</u>	<u>-</u>	<u>-</u>	<u>(19,406,038)</u>
Total capital assets being depreciated, net	<u>10,238,662</u>	<u>(676,862)</u>	<u>-</u>	<u>-</u>	<u>9,561,800</u>
Fire and rescue commission capital assets, net	<u>\$ 11,716,500</u>	<u>\$ (349,858)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,366,642</u>

Depreciation expense incurred by the Fire and Rescue Commission for the fiscal year ended June 30, 2022 was \$1,061,366.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units (Continued)

Memorial Library activity for the year ended June 30, 2022 is as follows:

Memorial Library	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Capital assets being depreciated:					
Buildings and improvements	\$ 119,026	\$ -	\$ -	\$ -	\$ 119,026
Library materials	2,154,624	83,309	(34,789)	-	2,203,144
Equipment and vehicles	361,423	-	-	-	361,423
Total capital assets being depreciated	<u>2,635,073</u>	<u>83,309</u>	<u>(34,789)</u>	<u>-</u>	<u>2,683,593</u>
Less accumulated depreciation:					
Buildings and improvements	(119,026)	-	-	-	(119,026)
Library materials	(1,936,097)	(87,006)	34,789	-	(1,988,314)
Equipment and vehicles	(271,174)	(17,247)	-	-	(288,421)
Total accumulated depreciation	<u>(2,326,297)</u>	<u>(104,253)</u>	<u>34,789</u>	<u>-</u>	<u>(2,395,761)</u>
Total capital assets being depreciated, net	<u>308,776</u>	<u>(20,944)</u>	<u>-</u>	<u>-</u>	<u>287,832</u>
Memorial library capital assets, net	<u>\$ 308,776</u>	<u>\$ (20,944)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 287,832</u>

Depreciation expense incurred by the Memorial Library for the fiscal year ended June 30, 2022 was \$104,253.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LEASES

Lessee – Lease Assets

A schedule of lease asset activity for the County for the year ended for June 30, 2022 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Remeasurements</u>	<u>Deductions</u>	<u>Ending Balance</u>
Governmental activities:					
Lease assets:					
Equipment	\$ 3,183,316	\$ 1,154,398	\$ -	\$ (468,220)	\$ 3,869,494
Total	<u>3,183,316</u>	<u>1,154,398</u>	<u>-</u>	<u>(468,220)</u>	<u>3,869,494</u>
Less accumulated amortization for:					
Equipment	(567,470)	(623,182)	-	153,119	(1,037,533)
Total accumulated amortization	<u>(567,470)</u>	<u>(623,182)</u>	<u>-</u>	<u>153,119</u>	<u>(1,037,533)</u>
Total lease assets, net	<u>\$ 2,615,846</u>	<u>\$ 531,216</u>	<u>\$ -</u>	<u>\$ (315,101)</u>	<u>\$ 2,831,961</u>

NOTE 7. LONG-TERM OBLIGATIONS

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

	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
Primary Government					
Governmental activities:					
Bonds:					
General obligation	\$ 18,891,093	\$ 2,563,398	\$ 7,181,093	\$ 14,273,398	\$ 5,028,398
Bond premiums	220,206	264,475	76,002	408,679	-
Financed purchases	833,292	5,500,000	1,371,071	4,962,221	1,083,556
Leases	2,615,846	1,154,398	1,423,704	2,346,540	761,475
Net pension liability	35,319,047	3,602,831	10,334,810	28,587,068	-
Total OPEB liability	4,360,196	1,898,327	29,671	6,228,852	-
Compensated absences	852,547	354,301	209,004	997,844	149,677
Landfill closure and post-closure costs	<u>583,878</u>	<u>22,682</u>	<u>-</u>	<u>606,560</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 63,676,105</u>	<u>\$ 15,360,412</u>	<u>\$ 20,625,355</u>	<u>\$ 58,411,162</u>	<u>\$ 7,023,106</u>

Landfill post-closure costs, net pension liability, compensated absences, and total OPEB liability are generally liquidated by the General Fund.

The County implemented the provisions of GASB Statement No. 87 *Leases*, as of July 1, 2021. Beginning balances were restated as a result of this implementation. As the lease liability and leased assets were the same, there was no effect on net position.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Component Units	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Fire and rescue commission					
Bonds:					
General obligation	\$ 7,415,000	\$ 7,000,000	\$ 3,035,000	\$ 11,380,000	\$ 1,060,000
Bond premiums	63,652	198,728	13,672	248,708	-
Financed purchases	985,331	-	320,980	664,351	328,366
Net pension liability	13,983,150	2,048,184	5,137,308	10,894,026	-
Total OPEB liability	795,869	346,504	5,416	1,136,957	-
Compensated absences	346,396	219,284	148,534	417,146	62,572
Governmental activity long-term liabilities	<u>\$ 23,589,398</u>	<u>\$ 9,812,700</u>	<u>\$ 8,660,910</u>	<u>\$ 24,741,188</u>	<u>\$ 1,450,938</u>
Memorial library					
Net pension liability	\$ 915,621	\$ 75,601	\$ 237,989	\$ 753,233	\$ -
Total OPEB liability	528,849	230,248	3,598	755,499	-
Compensated absences	18,430	19,372	23,999	13,803	2,071
Governmental activity long-term liabilities	<u>\$ 1,462,900</u>	<u>\$ 325,221</u>	<u>\$ 265,586</u>	<u>\$ 1,522,535</u>	<u>\$ 2,071</u>

Primary Government

Bonds Payable

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Primary Government (Continued)

Bonds Payable (Continued)

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

General Obligation Bonds	Amount
\$5,395,000 General Obligation Bond, Series 2015, with interest of 3.498%, annual principal and interest payments beginning in 2017, matures 2032, for the purpose of refunding the special source revenue bond and for economic development purposes.	\$ 3,650,000
\$29,000,000 General Obligation Bond, Series 2015, 1.82% annual interest, annual principal and interest payments beginning in 2016, matures 2024, for the purpose of County-wide projects by voters.	8,060,000
\$578,398 General Obligation Bond, Series 2021, 1.27% annual interest, annual principal and interest payments beginning in 2021, matures 2022, for the purpose of funding shortfalls in revenues to pay debt service.	578,398
\$1,985,000 General Obligation Bond, Series 2022, 4.00% annual interest, annual principal and interest payments beginning in 2023, matures 2027, for the purpose of refunding outstanding General Obligation Bonds, Series 2012 for debt service savings.	1,985,000
	<u>\$ 14,273,398</u>

The annual requirements to amortize the bonds are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2023	\$ 5,028,398	\$ 351,105	\$ 5,379,503
2024	4,580,000	243,943	4,823,943
2025	510,000	176,468	686,468
2026	525,000	158,748	683,748
2027	550,000	139,818	689,818
2028 – 2032	3,080,000	369,810	3,449,810
	<u>\$ 14,273,398</u>	<u>\$ 1,439,892</u>	<u>\$ 15,713,290</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Primary Government (Continued)

Refunding

During the current year, the County issued \$1.985 million General Obligation Bond Series 2022 that fully refunded the \$4 million General Obligation Bonds Series 2012. The refunding resulted in the County saving \$435,000 in debt service required from 2023 through 2032 to service the Series 2012 Bonds versus servicing the new debt Series 2022 General Obligation Bonds including the costs associated with completing the refunding.

Financed Purchase Agreements

The County has entered into a financed purchase agreement for financing the acquisition of certain equipment. The agreements qualify as financed purchases for accounting purposes (titles transfer at the end of the agreement). Interest rates are 1.00%, payments are made monthly, and the terms extend through 2027.

The following is a schedule of debt service to maturity as of June 30, 2022:

Year Ending June 30,	Financed Purchases		
	Principal	Interest	Total
2023	\$ 1,083,556	\$ 24,811	\$ 1,108,367
2024	1,094,418	36,058	1,130,476
2025	1,105,390	25,086	1,130,476
2026	1,116,472	14,005	1,130,477
2027	562,385	2,812	565,197
	<u>\$ 4,962,221</u>	<u>\$ 102,772</u>	<u>\$ 5,064,993</u>

Lessee – Lease Liabilities

The County entered into numerous lease agreements as lessee for the use of equipment ranging from four to five years. An initial lease liability was recorded in the amount of \$2,615,846. As of June 30, 2022, the value of the lease liability was \$2,346,540. The County is required to make monthly principal and interest payments ranging from \$322 to \$913. The leases have an interest rate of 2.5%. The right to use assets have a useful life from five to ten years. The value of the right-to-use assets as of the end of the current fiscal year were \$2,831,961 and had accumulated amortization of \$1,037,533.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Primary Government (Continued)

Lessee – Lease Liabilities (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 761,475	\$ 96,975	\$ 858,450
2024	731,399	93,964	825,363
2025	481,408	68,468	549,876
2026	262,216	42,829	305,045
2027	110,042	21,816	131,858
Total	<u>\$ 2,346,540</u>	<u>\$ 324,052</u>	<u>\$ 2,670,592</u>

Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill sites when each site stops accepting waste and to perform certain maintenance and monitoring functions at the sites for 20 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The \$606,560 reported as an accrual for landfill closure and post-closure care costs at June 30, 2022, includes the cumulative amount reported less amounts paid to date for the open site based on the following information.

<u>Estimated Remaining Landfill Life</u>	<u>Percentage Balance of Capacity Used</u>	<u>Estimated Total Costs</u>			<u>Remaining to be Recognized</u>
		<u>Closure</u>	<u>Post-closure</u>	<u>Total</u>	
9 years	73%	<u>\$ 680,520</u>	<u>\$ 116,568</u>	<u>\$ 797,088</u>	<u>\$ 190,528</u>

These amounts are based on what it would cost to perform all closure and post-closure care in fiscal year 2022. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The Council has restricted cash of \$606,560 for payment of closure and post-closure care costs.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Primary Government (Continued)

Discretely Presented Component Units

Fire and rescue general obligation bonds payable at June 30, 2022, consist of the following:

General Obligation Bonds	Amount
\$6,000,000 Fire Protection Service General Obligation Bonds, Series 2018, 3.0% annual interest, annual principal and interest payments beginning in 2020, matures 2029.	\$ 4,380,000
\$7,000,000 Fire Protection Service General Obligation Bonds, Series 2022, variable interest rate of 2.0% - 3.0%, annual principal and interest payments beginning in 2023, matures 2036.	7,000,000
	<u>\$ 11,380,000</u>

Future debt service requirements for fire and rescue general obligation bonds outstanding at June 30, 2022 are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2023	\$ 1,060,000	\$ 280,944	\$ 1,340,944
2024	1,085,000	264,250	1,349,250
2025	1,105,000	236,650	1,341,650
2026	1,140,000	208,500	1,348,500
2027	645,000	179,450	824,450
2028 – 2032	3,390,000	612,500	4,002,500
2033 – 2036	2,955,000	183,175	3,138,175
	<u>\$ 11,380,000</u>	<u>\$ 1,965,469</u>	<u>\$ 13,345,469</u>

Financed Purchase Agreements

The Fire and Rescue Commission has entered into a financed purchase agreement for financing the acquisition of certain equipment. The agreements qualify as financed purchases for accounting purposes (titles transfer at the end of the agreement). Interest rates are 2.32%, payments are made monthly, and the terms extend through 2024. Principal payments for the fiscal year ended June 2023 and 2024 are \$328,366 and \$335,985, respectively. Interest payments for the fiscal year ended June 30, 2023 and 2024 are \$15,413 and \$7,724, respectively.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Administration and Benefits

The County, as authorized by the County Commission, administers a single-employer defined benefit healthcare plan (the "Retiree Health Plan"). The Retiree Health Plan provides lifetime healthcare insurance for eligible retirees and their spouses through the County's group health insurance plan, which covers both active and retired members. Benefit provisions are established by the County Council. Retiree medical coverage levels for retirees and their families are the same as coverage provided to active County employees in accordance with the terms and conditions of the current State Health Insurance Plan. The cost assistance provided by the County is calculated based on 50% of the cost of the single plan under which the employee is covered for healthcare added to 50% of the cost of the single plan for dental coverage. The employees pay the remaining 50% plus any additional coverage for spouse or children and a \$3.00 administrative charge. Retirees not meeting the condition stated above must pay 100% of the total premium plus the \$3.00 administrative charge.

Even the provided benefits shown above are only "promised" on an annual basis and are not guaranteed beyond the annual appropriation and sufficiency of the annual appropriation to cover 50% of the cost. There are no "opt-out" benefits paid under any conditions nor are employees granted and sick-leave "pay-out" credit toward health insurance costs.

An employee who retires with 20 years of full-time employment, but is not age 62 at retirement may continue under the County's benefit program paying 100% of the plan costs until reaching the age of 62 at which time, he or she will be eligible for the 50% cost assistance for the employee.

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 PHCB Plan.

Plan Membership

Membership of the Retiree Health Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

Active participants	410
Retirees and beneficiaries currently receiving benefits	<u>50</u>
Total plan members	<u><u>460</u></u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Contributions

Contribution requirements are established annually by the County Council. The required contribution is based on projected “pay as you go” financing requirements. For the year ended June 30, 2022, the County contributed \$38,681 for the pay as you go benefits for the Retiree Health Plan.

Total OPEB Liability of the County

Effective July 1, 2017, the County implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, which significantly changed the County’s accounting for OPEB amounts. The information disclosed below is presented in accordance with this new standard.

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

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

Discount rate:	2.16% as of June 30, 2021.
Healthcare cost trend rate:	Initial rate of 6.40% declining to an ultimate rate of 4.00% after 15 years. Ultimate trend rate includes a 0.15% adjustment for the excise tax.
Inflation rate:	2.25%
Salary increase:	3.50% to 10.50% for PORS and 3.00% to 9.50% for SCRS, including inflation.
Participation rate:	70% if retiree has at least 20 years of service and is at least 60 years old at retirement. 35% if retiree has at least 20 years of service and younger than 60 years old at retirement. 20% for retirees that have fewer than 20 years of service.

Mortality rates were based on the 2020 Public Retirees of South Carolina Mortality Table for males or females, as appropriate, with adjustments for mortality improvements based on Scale UMP.

The actuarial assumptions used in the June 30, 2021 valuation was based on the results of an actuarial experience study for 2020..

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Discount rate

The discount rate used to measure the total OPEB liability was 2.16%. This rate was determined using an index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate changed from 2.45% as of June 30, 2020 to 2.16% as of June 30, 2021.

Changes in the Total OPEB Liability of the County

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

	Total OPEB Liability		
	Primary Government	Fire & Rescue Commission	Memorial Library
Beginning Balance	\$ 4,360,196	\$ 795,869	\$ 528,849
Changes for the year:			
Service cost	281,668	51,413	34,153
Interest	106,464	19,433	12,909
Difference between expected and actual experience	1,069,692	195,250	129,702
Effect of assumption changes	440,503	80,408	53,484
Benefit payments	(29,671)	(5,416)	(3,598)
Net changes	1,868,656	341,088	226,650
Ending Balance	\$ 6,228,852	\$ 1,136,957	\$ 755,499

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

The following presents the total OPEB liability of the County, and the respective component units, as well as what the County's, and respective component unit's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate				
	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)	
Primary Government	\$ 7,637,243	\$ 6,228,852	\$ 5,134,027	
Component Units				
Fire and Rescue Commission	1,394,021	1,136,957	937,111	
Memorial Library	926,028	755,499	622,509	

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

The following presents the total OPEB liability of the County, and respective component units, as well as what the County's and component unit's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates				
	1% Decrease	Current Healthcare Cost Trend Assumption Rate	1% Increase	
Primary Government	\$ 4,933,951	\$ 6,228,852	\$ 7,984,001	
Component Units				
Fire and Rescue Commission	900,591	1,136,957	1,457,314	
Memorial Library	598,250	755,499	968,073	

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 947,862	\$ 131,392
Assumption changes	909,065	173,278
Employer contributions subsequent to the measurement date	42,181	-
Total	<u>\$ 1,899,108</u>	<u>\$ 304,670</u>

County contributions subsequent to the measurement date of \$42,181, for the Retiree Health Plan are deferred outflows of resources and will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2023.

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

<u>Year ending June 30,</u>	
2023	\$ 187,927
2024	187,927
2025	187,927
2026	187,927
2027	215,953
Thereafter	584,596
Total	<u>\$ 1,552,257</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 173,013	\$ 23,983
Assumption changes	165,934	31,629
Employer contributions subsequent to the measurement date	7,699	-
Total	<u>\$ 346,646</u>	<u>\$ 55,612</u>

Fire and Rescue Commission contributions subsequent to the measurement date of \$7,699, for the Retiree Health Plan are deferred outflows of resources and will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2023.

Amounts reported as deferred outflows of resources and deferred inflows of resources for the Fire and Rescue Commission related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending June 30,</u>	
2023	\$ 34,302
2024	34,302
2025	34,302
2026	34,302
2027	39,418
Thereafter	106,709
Total	<u>\$ 283,335</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 114,930	\$ 15,931
Assumption changes	110,298	21,022
Employer contributions subsequent to the measurement date	5,115	-
Total	<u>\$ 230,343</u>	<u>\$ 36,953</u>

Memorial Library contributions subsequent to the measurement date of \$5,115, for the Retiree Health Plan are deferred outflows of resources and will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2023.

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

<u>Year ending June 30,</u>	
2023	\$ 22,786
2024	22,786
2025	22,786
2026	22,786
2027	26,185
Thereafter	70,946
Total	<u>\$ 188,275</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Expense

For the year ended June 30, 2022, the County, Fire and Rescue Commission, and the Memorial Library recognized OPEB expense of \$576,058; \$105,148; and \$69,848, respectively.

OPEB expense for the Retiree Health Plan is calculated as follows:

Description	Primary Government	Fire & Rescue Commission	Memorial Library
Service cost	\$ 281,668	\$ 51,413	\$ 34,153
Interest on the total OPEB liability	106,464	19,433	12,909
Recognition of deferred outflows/inflows of resources due to liabilities	14,333	2,616	1,738
Amortization of prior year deferred outflows/inflows of resources due to liabilities	173,593	31,686	21,048
Total employer OPEB expense	<u>\$ 576,058</u>	<u>\$ 105,148</u>	<u>\$ 69,848</u>

NOTE 9. RETIREMENT PLAN

Description of the Entity

The South Carolina Public Employee Benefit Authority ("PEBA"), created July 1, 2012, is the state agency responsible for the administration and management of the various retirement systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' ("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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLAN (CONTINUED)

Description of the Entity (Continued)

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 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 – Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the PEBA – Insurance Benefits' link on PEBA's website at www.peba.sc.gov or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and, therefore, OPEB Trust fund financial information is also included in the Annual Comprehensive Financial Report ("ACFR") of the state.

Plan Description

The County contributes to the South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan that was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts and political subdivisions.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLAN (CONTINUED)

Membership

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

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

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

Benefits

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

South Carolina Retirement System (“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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLAN (CONTINUED)

Benefits (Continued)

South Carolina Retirement System ("SCRS") (Continued)

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

South Carolina Police Officers' Retirement System ("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 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLAN (CONTINUED)

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability ("UAAL") over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00% for SCRS and 9.75% 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 through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85%. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the System (the funded ratio) that is equal to or greater than 85%, then the Board, effective on the following July 1st, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85%.

If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the System shows a funded ratio of less than 85%, then effective on the following July 1st, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the System shows a funded ratio that is equal to or greater than 85%.

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

South Carolina Retirement System

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

South Carolina Police Officers' Retirement System

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLAN (CONTINUED)

Contributions (Continued)

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

South Carolina Retirement System

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

South Carolina Police Officers' Retirement System

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

Net Pension Liability

The June 30, 2021 total pension liability ("TPL"), net pension liability ("NPL"), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on an actuarial valuation performed as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year-end, June 30, 2021, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

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

As of June 30, 2022, the County's net pension liability amounts for SCRS and PORS are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Pension Liability	Plan Fiduciary Net Position as a percentage of the Total Pension Liability	County's Proportionate Share of the Collective Net Pension Liability
SCRS	\$ 52,598,755	\$ 31,951,813	\$ 20,646,942	60.7%	0.095406%
PORS	26,801,024	18,860,898	7,940,126	70.4%	0.308604%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLAN (CONTINUED)

Net Pension Liability (Continued)

As of June 30, 2022, the Fire and Rescue Commission's net pension liability amounts for SCRS and PORS are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Pension Liability	Plan Fiduciary Net Position as a percentage of the Total Pension Liability	Fire and Rescue Commission's Proportionate Share of the Collective Net Pension Liability
SCRS	\$ 1,426,578	\$ 866,594	\$ 559,984	60.7%	0.002588%
PORS	34,881,425	24,547,383	10,334,042	70.4%	0.401648%

As of June 30, 2022, the Memorial Library's net pension liability amount for SCRS is as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Pension Liability	Plan Fiduciary Net Position as a percentage of the Total Pension Liability	Memorial Library's Proportionate Share of the Collective Net Pension Liability
SCRS	\$ 1,918,887	\$ 1,165,654	\$ 753,233	60.7%	0.003481%

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ended June 30, 2019 for first use in the July 1, 2021 actuarial valuation.

The June 30, 2021 total pension liability, net pension liability, and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on an actuarial valuation performed as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year-end, June 30, 2021, using generally accepted actuarial principles.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions and Methods (Continued)

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

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

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

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

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 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 next page. For actuarial purposes, the 7.00% assumed annual investment rate of return used in the calculation of the TPL includes a 4.75% real rate of return and a 2.25% inflation component.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions and Methods (Continued)

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity	9.0%	9.68%	0.87%
Private Debt	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real Estate	9.0%	6.01%	0.54%
Infrastructure	3.0%	5.08%	0.15%
	100.0%		
		Total expected real return	5.18%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	7.43%

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the County's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLAN (CONTINUED)

Discount Rate (Continued)

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

Sensitivity of the Net Position Liability to Changes in the Discount Rate			
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Primary Government			
SCRS	\$ 27,045,054	\$ 20,646,942	\$ 15,328,970
PORS	11,520,112	7,940,126	5,007,576
Component Units			
Fire and Rescue Commission			
SCRS	733,513	559,984	415,751
PORS	14,993,380	10,334,042	6,517,340
Memorial Library			
SCRS	986,647	753,233	559,225

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLAN (CONTINUED)

Pension Expense

For the year ended June 30, 2022, pension expense was recognized as follows:

<u>Primary Government</u>	<u>SCRS</u>	<u>PORS</u>
Proportionate share of aggregate plan pension expense	\$ 1,507,667	\$ 868,652
Deferred amounts from changes in proportion and differences between employer contributions and proportionate share on plan contributions	<u>(98,449)</u>	<u>147,116</u>
Employer pension expense	<u><u>\$ 1,409,218</u></u>	<u><u>\$ 1,015,768</u></u>
<u>Fire and Rescue Commission</u>	<u>SCRS</u>	<u>PORS</u>
Proportionate share of aggregate plan pension expense	\$ 40,891	\$ 1,130,546
Deferred amounts from changes in proportion and differences between employer contributions and proportionate share on plan contributions	<u>(2,670)</u>	<u>191,472</u>
Employer pension expense	<u><u>\$ 38,221</u></u>	<u><u>\$ 1,322,018</u></u>
<u>Memorial Library</u>	<u>SCRS</u>	
Proportionate share of aggregate plan pension expense	\$ 55,002	
Deferred amounts from changes in proportion and differences between employer contributions and proportionate share on plan contributions	<u>(3,592)</u>	
Employer pension expense	<u><u>\$ 51,410</u></u>	

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLAN (CONTINUED)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences between expected and actual experience	\$ 351,697	\$ 27,866
Net difference between projected and actual earnings on pension plan investments	-	2,999,241
Assumption changes	1,130,146	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	474,273	516,678
Employer contributions subsequent to the measurement date	1,886,565	-
Total	<u>\$ 3,842,681</u>	<u>\$ 3,543,785</u>

	Deferred Outflows of Resources	Deferred Inflows of Resources
PORS		
Differences between expected and actual experience	\$ 270,116	\$ 24,728
Net difference between projected and actual earnings on pension plan investments	-	1,780,140
Assumption changes	566,327	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	118,045	-
Employer contributions subsequent to the measurement date	981,755	-
Total	<u>\$ 1,936,243</u>	<u>\$ 1,804,868</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLAN (CONTINUED)

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

County contributions subsequent to the measurement date of \$1,886,565 and \$981,755, for the SCRS plan and the PORS plan, respectively, and changes in proportion and differences between employer contributions and proportionate share of contributions are deferred outflows/inflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>SCRS</u>	<u>PORS</u>
2023	\$ 28,532	\$ (9,857)
2024	(79,819)	(59,821)
2025	(414,105)	(151,233)
2026	(1,122,277)	(629,469)
Total	<u>\$ (1,587,669)</u>	<u>\$ (850,380)</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
SCRS		
Differences between expected and actual experience	\$ 9,539	\$ 756
Net difference between projected and actual earnings on pension plan investments	-	81,345
Assumption changes	30,652	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,863	14,013
Employer contributions subsequent to the measurement date	51,167	-
Total	<u>\$ 104,221</u>	<u>\$ 96,114</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLAN (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
PORS		
Differences between expected and actual experience	\$ 351,556	\$ 32,184
Net difference between projected and actual earnings on pension plan investments	-	2,316,846
Assumption changes	737,073	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	153,636	-
Employer contributions subsequent to the measurement date	1,277,750	-
Total	\$ 2,520,015	\$ 2,349,030

The Fire and Rescue Commission contributions subsequent to the measurement date of \$51,167 and \$1,277,750, for the SCRS plan and the PORS plan, respectively, and changes in proportion and differences between employer contributions and proportionate share of contributions are deferred outflows/inflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	SCRS	PORS
2023	\$ 774	\$ (12,828)
2024	(2,165)	(77,856)
2025	(11,231)	(196,829)
2026	(30,438)	(819,252)
Total	\$ (43,060)	\$ (1,106,765)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLAN (CONTINUED)

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

At June 30, 2022, the Memorial Library reported deferred outflows of resources and deferred inflows of resources related to the SCRS pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences between expected and actual experience	\$ 12,830	\$ 1,017
Net difference between projected and actual earnings on pension plan investments	-	109,417
Assumption changes	41,230	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,302	18,849
Employer contributions subsequent to the measurement date	68,825	-
Total	<u>\$ 140,187</u>	<u>\$ 129,283</u>

The Memorial Library contributions subsequent to the measurement date of \$68,825 for the SCRS plan and changes in proportion and differences between employer contributions and proportionate share of contributions are deferred outflows/inflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>SCRS</u>
2023	\$ 1,041
2024	(2,912)
2025	(15,107)
2026	(40,943)
Total	<u>\$ (57,921)</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

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

NOTE 10. OTHER INFORMATION

Deferred Compensation Plans

Internal Revenue Code Section 457 Plan

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

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

Internal Revenue Code Section 401(k) Plan

The County also offers its participation in a deferred compensation plan, offered through the State of South Carolina, created in accordance with internal Revenue Code Section 401(k). The 401(k) plan has the same eligibility requirements as the 457 plan, although the withdrawal provisions are more lenient under the 401(k) plan. All amounts of compensation deferred under the plan are held in trust for the contributing employee and are not subject to claims of the County's general creditors. The funds are administered by the State of South Carolina.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. OTHER INFORMATION (CONTINUED)

Risk Management

The County and its component units are 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 commercial insurance, and policies with the South Carolina Insurance Reserve Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments. The County and its component units are covered under the same risk management umbrella and pay a pro-rata share of an annual premium for general insurance coverage. The County pays annual premiums to the State Insurance Reserve Fund for certain general insurance coverage. The State Insurance Reserve Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims.

Contingent Liabilities

Grants

Amounts received or receivable from grantor agencies in previous years are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, could become a liability of the general fund or other applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

Litigation

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. OTHER INFORMATION (CONTINUED)

Commitments

Construction Commitments

On June 30, 2022, the County has commitments under contracts for various architectural and engineering services and construction projects not completed of approximately \$4,723,787 that relate to the Capital Penny Sales Tax Project approved by voter referendum.

As discussed earlier in Note 1, budgetary basis of accounting, the encumbrances and related appropriation lapse at the end of the year, but are re-appropriated and become part of the subsequent year's budget because performance under the executory contract is expected in the next year.

Encumbrances

As discussed in Note 1, budgetary basis of accounting, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

<u>Governmental Fund</u>	<u>Amount</u>
Capital Projects Funds	\$ 546,351
Special Revenue Funds	74,225
Total	<u>\$ 620,576</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. NET INVESTMENT IN CAPITAL ASSETS

The following summarizes the amounts included in the calculation for the net investment in capital assets. The County received the bond proceeds of \$30,272,627 in May 2015 and has unspent funds on hand of \$1,378,721. The list of projects includes asset acquisitions as well as assistance to other entities within the County. The Fire and Rescue Commission received proceeds of \$6,100,337 in November 2018 and \$5,000,000 in March 2022 and has unspent funds on hand of \$124,165 and \$4,824,885, respectively. The list of projects include asset acquisitions as well as improvements to fire stations. The net investment in capital assets is summarized below:

	County	Component Units	
	Governmental Activities	Fire & Rescue Commission	Memorial Library
Capital assets, net	\$ 60,042,383	\$ 11,366,642	\$ 287,832
Lease assets, net	2,831,961	-	-
Long-term obligations	(21,990,838)	(12,293,059)	-
Bond proceeds on hand	1,378,721	4,949,050	-
Net Investment in capital assets	<u>\$ 42,262,227</u>	<u>\$ 4,022,633</u>	<u>\$ 287,832</u>

NOTE 12. TAX ABATEMENTS

The County negotiates property tax abatement agreements on an individual basis. The County has tax abatement agreements with the following as of June 30, 2022:

Purpose	Percentage of Taxes Abated during the Fiscal Year	Amount of County Taxes Abated during the Fiscal Year	Term of Agreement
Manufacturing facility locates in the area and provides employment opportunities for citizens	43%	\$ 29,966	25 Years
Manufacturing facility locates in the area and provides employment opportunities for citizens	43%	\$ 41,459	25 Years
Provide healthcare to citizens in the area	48%	\$ 19,062	25 Years
Manufacturing facility locates in the area and provides employment opportunities for citizens	48%	\$ 14,143	25 Years

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. TAX ABATEMENTS (CONTINUED)

Industries that invest at least \$2.5 million within a five to six-year investment period in South Carolina may negotiate for a fee-in-lieu of property taxes under the authority of South Carolina Code of Laws Title 12 Chapter 44, Title 4 Chapter 29 and Chapter 12. This can result in a savings of about 40% on property taxes otherwise due for a project. Certain large investments may be able to further reduce their liability by negotiating the assessment ratio from 10.5% down to 6%. For large investments, the assessment ratio can be reduced to 4% and the investment period is extended to an eight-year investment period. The County and the industry may agree to either set the millage rate for the entire agreement period or have the millage change every five years in step with the average millage rate for the area where the project is located. Any personal property subject to the fee in lieu of property taxes depreciates in accordance with South Carolina law, while the real property is either set at cost for the life of the agreement or can be appraised every five years.

If the project would incur costs of designing, acquiring, constructing, improving, or expanding improved or unimproved real estate or personal property to be used in the operation of a manufacturing or commercial enterprise, infrastructure servicing the project or certain aircraft, the industries may negotiate a Special Source Revenue Credit under the authority of South Carolina Code of Laws Section 4-29-68, 4-1-170 and 12-44-70. This can result in additional savings of 15% on property taxes otherwise due for a project and is applied manually as credit to the applicable tax bill.

In each of the agreements disclosed above, the County has provided no additional commitments other than the abatement of taxes which would continue in effect for the term of the agreement as long as the industry complies with investment and job creation that are outlined in each agreement within the investment period of not to exceed five years.

REQUIRED SUPPLEMENTARY INFORMATION

COLLETON COUNTY, SOUTH CAROLINA

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

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 23,912,900	\$ 24,416,847	\$ 24,936,740	\$ 519,893
Intergovernmental	2,259,304	2,309,760	2,698,043	388,283
Fines and fees	6,105,725	6,352,392	7,022,524	670,132
Other income	331,200	515,175	351,192	(163,983)
Total revenues	32,609,129	33,594,174	35,008,499	1,414,325
EXPENDITURES				
Current:				
General government	10,270,148	10,940,398	10,036,349	904,049
Judicial	1,509,929	1,522,433	1,477,138	45,295
Public safety	8,946,952	9,220,857	9,423,341	(202,484)
Roads and bridges	2,221,284	2,186,599	2,107,645	78,954
Solid waste	3,024,925	3,212,910	3,286,186	(73,276)
Recreation and culture	1,757,351	1,764,935	1,829,931	(64,996)
Health and human services	930,211	936,662	957,257	(20,595)
Economic development	315,443	299,801	300,040	(239)
Intergovernmental	3,850,673	5,496,180	5,655,281	(159,101)
Capital outlay:				
General government	29,650	101,129	85,650	15,479
Solid waste	500	500	38,068	(37,568)
Recreation and culture	-	-	11,822	(11,822)
Total expenditures	32,857,066	35,682,404	35,208,708	473,696
Excess (deficiency) of revenues over (under) expenditures	(247,937)	(2,088,230)	(200,209)	1,888,021
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	-	-	1,597	1,597
Insurance recoveries	-	12,998	190,014	177,016
Transfers in	3,566,834	5,268,886	5,076,786	(192,100)
Transfers out	(2,873,621)	(2,871,251)	(4,215,178)	(1,343,927)
Total other financing sources, net	693,213	2,410,633	1,053,219	(1,357,414)
Net change in fund balances	445,276	322,403	853,010	530,607
Fund balances, beginning of year	9,927,662	9,927,662	9,927,662	-
Fund balances, end of year	\$ 10,372,938	\$ 10,250,065	\$ 10,780,672	\$ 530,607

COLLETON COUNTY, SOUTH CAROLINA

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,104,220	\$ 11,152,164	\$ 3,583,694	\$ (7,568,470)
Other revenues	-	4,064	2,812	(1,252)
Total revenues	1,104,220	11,156,228	3,586,506	(7,569,722)
EXPENDITURES				
General government	-	169,960	3,000	166,960
Judicial services	-	1,392,704	509,379	883,325
Public safety	401,389	465,862	439,918	25,944
Roads and bridges	-	64,940	12,896	52,044
Recreation and culture	-	861,825	27,755	834,070
Health and human services	702,831	2,270,221	1,992,210	278,011
Economic development	-	2,083,267	94,293	1,988,974
Intergovernmental	-	204,535	169,560	34,975
Capital outlay				
General government	-	350,000	-	350,000
Judicial	-	1,000,000	23,780	976,220
Public safety	-	81,274	58,123	23,151
Roads and bridges	-	1,642,183	870,520	771,663
Recreation and culture	-	988,422	182,449	805,973
Health and human services	-	169,200	-	169,200
Economic development	-	149,093	78,183	70,910
Total expenditures	1,104,220	11,893,486	4,462,066	7,431,420
Deficiency of revenues under expenditures	-	(737,258)	(875,560)	(138,302)
OTHER FINANCING SOURCES				
Insurance proceeds	-	29,150	-	(29,150)
Transfers in	-	701,179	720,270	19,091
Total other financing sources	-	730,329	720,270	(10,059)
Net change in fund balance	-	(6,929)	(155,290)	(148,361)
FUND BALANCES, beginning of year	1,226,768	1,226,768	1,226,768	-
FUND BALANCES, end of year	\$ 1,226,768	\$ 1,219,839	\$ 1,071,478	\$ (148,361)

COLLETON COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30,

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY SOUTH CAROLINA RETIREMENT SYSTEM – PRIMARY GOVERNMENT

Plan Year Ended June 30,	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered payroll	County's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.095406%	\$ 20,646,942	\$ 10,784,699	191%	60.75%
2020	0.098225%	25,098,134	10,717,988	234%	53.34%
2019	0.095718%	21,856,367	10,105,559	216%	53.34%
2018	0.092094%	20,635,403	9,569,920	216%	53.34%
2017	0.097985%	22,085,045	10,023,134	220%	53.34%
2016	0.092799%	19,526,510	8,800,266	222%	52.90%
2015	0.092174%	17,480,579	8,710,229	201%	57.00%
2014	0.094651%	16,295,759	8,614,344	189%	59.90%

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY POLICE OFFICERS' RETIREMENT SYSTEM – PRIMARY GOVERNMENT

Plan Year Ended June 30,	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered payroll	County's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.308604%	\$ 7,940,126	\$ 4,640,451	171%	70.37%
2020	0.308210%	10,220,913	4,655,962	220%	58.79%
2019	0.305935%	8,767,915	4,437,460	198%	62.69%
2018	0.296210%	8,393,222	4,461,857	188%	60.94%
2017	0.316857%	8,680,534	4,547,825	191%	60.94%
2016	0.318141%	7,795,862	3,956,317	197%	60.40%
2015	0.330253%	7,197,930	3,964,012	182%	64.60%
2014	0.314595%	6,022,663	3,641,573	165%	67.50%

Notes to the Schedules:

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

COLLETON COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30,

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY SOUTH CAROLINA RETIREMENT SYSTEM – FIRE AND RESCUE COMMISSION

Plan Year Ended June 30,	Commission's proportion of the net pension liability	Commission's proportionate share of the net pension liability	Commission's covered payroll	Commission's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.002588%	\$ 559,984	\$ 292,501	191%	60.75%
2020	0.002664%	680,710	290,692	234%	50.71%
2019	0.002596%	592,786	274,082	216%	54.40%
2018	0.002498%	559,670	231,432	242%	54.10%
2017	0.002370%	533,436	128,815	414%	53.34%
2016	0.001193%	525,824	297,612	177%	52.90%
2015	0.003117%	591,963	243,862	243%	57.00%
2014	0.002650%	456,236	189,312	241%	59.90%

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY POLICE OFFICERS' RETIREMENT SYSTEM – FIRE AND RESCUE COMMISSION

Plan Year Ended June 30,	Commission's proportion of the net pension liability	Commission's proportionate share of the net pension liability	Commission's covered payroll	Commission's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.401648%	\$ 10,334,042	\$ 6,039,529	171%	70.37%
2020	0.401133%	13,302,440	6,059,715	220%	58.79%
2019	0.398173%	11,411,400	5,775,336	198%	62.69%
2018	0.385515%	10,923,745	4,973,240	220%	61.73%
2017	0.353173%	9,675,427	4,473,174	216%	60.94%
2016	0.312920%	8,210,866	4,078,445	201%	60.40%
2015	0.340447%	7,420,061	4,404,638	168%	64.60%
2014	0.349565%	6,692,122	4,343,910	154%	67.50%

Notes to the Schedules:

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

COLLETON COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30,

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY SOUTH CAROLINA RETIREMENT SYSTEM – MEMORIAL LIBRARY

Plan Year Ended June 30,	Memorial Library's proportion of the net pension liability	Memorial Library's proportionate share of the net pension liability	Memorial Library's covered payroll	Memorial Library's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.003481%	\$ 753,233	\$ 393,443	191%	60.75%
2020	0.003583%	915,621	391,009	234%	50.71%
2019	0.003492%	797,355	368,667	216%	54.10%
2018	0.003360%	752,812	349,178	216%	54.10%
2017	0.003575%	804,833	335,043	240%	53.34%
2016	0.003102%	686,800	320,215	214%	52.90%
2015	0.003354%	635,958	322,367	197%	57.00%
2014	0.003503%	603,114	350,642	172%	59.90%

Notes to the Schedules:

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

COLLETON COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30,

SCHEDULE OF CONTRIBUTIONS SOUTH CAROLINA RETIREMENT SYSTEM – PRIMARY GOVERNMENT

Fiscal Year Ended June 30,	Statutorily required contribution	Contributions relative to statutorily required	Contribution deficiency (excess)	County's covered payroll	Contributions as a percentage of covered payroll
2022	\$ 1,886,565	\$ 1,886,565	\$ -	\$ 11,392,298	16.56%
2021	1,678,099	1,678,099	-	10,784,699	15.56%
2020	1,667,718	1,667,718	-	10,717,988	15.56%
2019	1,511,797	1,511,797	-	10,105,559	14.96%
2018	1,297,681	1,297,681	-	9,569,920	13.56%
2017	1,158,674	1,158,674	-	10,023,134	11.56%
2016	973,309	973,309	-	8,800,266	11.06%
2015	949,415	949,415	-	8,710,229	10.90%

SCHEDULE OF CONTRIBUTIONS POLICE OFFICERS' RETIREMENT SYSTEM – PRIMARY GOVERNMENT

Fiscal Year Ended June 30,	Statutorily required contribution	Contributions relative to statutorily required contribution	Contribution deficiency (excess)	County's covered payroll	Contributions as a percentage of covered payroll
2022	\$ 981,755	\$ 981,755	\$ -	\$ 5,156,276	19.04%
2021	846,418	846,418	-	4,640,451	18.24%
2020	849,246	849,246	-	4,655,962	18.24%
2019	765,018	765,018	-	4,437,460	17.24%
2018	724,610	724,610	-	4,461,857	16.24%
2017	647,610	647,610	-	4,547,825	14.24%
2016	543,598	543,598	-	3,956,317	13.74%
2015	531,574	531,574	-	3,964,012	13.41%

Notes to the Schedules:

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

COLLETON COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30,

SCHEDULE OF CONTRIBUTIONS SOUTH CAROLINA RETIREMENT SYSTEM – FIRE AND RESCUE COMMISSION

Fiscal Year Ended June 30,	Statutorily required contribution	Contributions relative to statutorily required contribution	Contribution deficiency (excess)	Commission's covered payroll	Contributions as a percentage of covered payroll
2022	\$ 51,167	\$ 51,167	\$ -	\$ 308,981	16.56%
2021	45,513	45,513	-	292,501	15.56%
2020	45,232	45,232	-	290,692	15.56%
2019	41,003	41,003	-	274,082	14.96%
2018	31,380	31,380	-	231,432	13.56%
2017	14,891	14,891	-	128,815	11.56%
2016	32,916	32,916	-	297,612	11.06%
2015	26,581	26,581	-	243,862	10.90%

SCHEDULE OF CONTRIBUTIONS POLICE OFFICERS' RETIREMENT SYSTEM – FIRE AND RESCUE COMMISSION

Fiscal Year Ended June 30,	Statutorily required contribution	Contributions relative to statutorily required contribution	Contribution deficiency (excess)	Commission's covered payroll	Contributions as a percentage of covered payroll
2022	\$ 1,277,750	\$ 1,277,750	\$ -	\$ 6,710,872	19.04%
2021	1,101,610	1,101,610	-	6,039,529	18.24%
2020	1,105,291	1,105,291	-	6,059,715	18.24%
2019	995,668	995,668	-	5,775,336	17.24%
2018	807,740	807,740	-	4,973,240	16.24%
2017	636,980	636,980	-	4,473,174	14.24%
2016	560,378	560,378	-	4,078,445	13.74%
2015	590,662	590,662	-	4,404,638	13.41%

Notes to the Schedules:

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

COLLETON COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30,

SCHEDULE OF CONTRIBUTIONS SOUTH CAROLINA RETIREMENT SYSTEM – MEMORIAL LIBRARY

Fiscal Year Ended June 30,	Statutorily required contribution	Contributions relative to statutorily required contribution	Contribution deficiency (excess)	Memorial Library's covered payroll	Contributions as a percentage of covered payroll
2022	\$ 68,825	\$ 68,825	\$ -	\$ 415,609	16.56%
2021	61,219	61,219	-	393,443	15.56%
2020	60,841	60,841	-	391,009	15.56%
2019	55,153	55,153	-	368,667	14.96%
2018	47,349	47,349	-	349,178	13.56%
2017	38,731	38,731	-	335,043	11.56%
2016	35,416	35,416	-	320,215	11.06%
2015	35,138	35,138	-	322,367	10.90%

Notes to the Schedules:

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

COLLETON COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION RETIREMENT PLAN ASSUMPTIONS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The following represents the assumptions used for the County, Fire and Rescue Commission and the Memorial Library.

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

COLLETON COUNTY, SOUTH CAROLINA

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

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 281,668	\$ 273,464	\$ 220,060	\$ 224,176	\$ 260,008
Interest on total OPEB liability	106,464	114,920	119,093	107,751	89,458
Difference between expected and actual experience	1,069,692	1,434	(191,897)	(3,268)	-
Effect of assumption changes	440,503	454,267	241,956	(32,142)	(338,163)
Benefit payments	(29,671)	(37,269)	(31,099)	(31,555)	(29,153)
Net change in total OPEB liability	1,868,656	806,816	358,113	264,962	(17,850)
Total OPEB liability - beginning	4,360,196	3,553,380	3,195,267	2,930,305	2,948,155
Total OPEB liability - ending	\$ 6,228,852	\$ 4,360,196	\$ 3,553,380	\$ 3,195,267	\$ 2,930,305
Covered employee payroll	\$ 13,349,149	\$ 14,712,492	\$ 13,976,210	\$ 13,463,416	\$ 12,826,065
Total OPEB liability as a percentage of covered employee payroll	46.7%	29.6%	25.4%	23.7%	22.8%

Notes to the Schedule:

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

The discount rate changed from 2.45% as of June 30, 2021 to 2.16% as of June 30, 2022.

The County is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

COLLETON COUNTY, SOUTH CAROLINA

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

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 51,413	\$ 49,915	\$ 40,169	\$ 40,920	\$ 47,459
Interest on total OPEB liability	19,433	20,976	21,738	19,668	16,329
Difference between expected and actual experience	195,250	262	(35,027)	(597)	-
Effect of assumption changes	80,408	82,916	44,164	(5,867)	(61,725)
Benefit payments	(5,416)	(6,803)	(5,676)	(5,760)	(5,321)
Net change in total OPEB liability	341,088	147,266	65,368	48,364	(3,258)
Total OPEB liability - beginning	795,869	648,603	583,235	534,871	538,129
Total OPEB liability - ending	\$ 1,136,957	\$ 795,869	\$ 648,603	\$ 583,235	\$ 534,871
 Covered employee payroll	 \$ 2,436,611	 \$ 2,685,461	 \$ 2,551,068	 \$ 2,457,468	 \$ 2,341,133
 Total OPEB liability as a percentage of covered employee payroll	 46.7%	 29.6%	 25.4%	 23.7%	 22.8%

Notes to the Schedule:

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

The discount rate changed from 2.45% as of June 30, 2021 to 2.16% as of June 30, 2022.

The County is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

COLLETON COUNTY, SOUTH CAROLINA

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

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 34,153	\$ 33,158	\$ 26,693	\$ 27,192	\$ 31,526
Interest on total OPEB liability	12,909	13,934	14,440	13,065	10,847
Difference between expected and actual experience	129,702	174	(23,268)	(396)	-
Effect of assumption changes	53,484	55,115	29,338	(3,897)	(41,003)
Benefit payments	(3,598)	(4,519)	(3,771)	(3,826)	(3,535)
Net change in total OPEB liability	226,650	97,862	43,432	32,138	(2,165)
Total OPEB liability - beginning	528,849	430,987	387,555	355,417	357,582
Total OPEB liability - ending	\$ 755,499	\$ 528,849	\$ 430,987	\$ 387,555	\$ 355,417
 Covered employee payroll	 \$ 1,618,606	 \$ 1,783,914	 \$ 1,694,638	 \$ 1,632,461	 \$ 1,555,181
 Total OPEB liability as a percentage of covered employee payroll	 46.7%	 29.6%	 25.4%	 23.7%	 22.9%

Notes to the Schedule:

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

The discount rate changed from 2.45% as of June 30, 2021 to 2.16% as of June 30, 2022.

The County is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Sheriff's Discretionary Funds – to account for the program and activities associated with the Sheriff's department.

Clerk of Court IV Incentives Fund – to account for federal child enforcement incentives received and disbursed by the Clerk of Court.

Clerk of Court IV Unit Costs Fund – to account for federal child enforcement funds received and disbursed by the Clerk of Court.

Victim Witness Services Fund – to account for victims' funds for the County.

14th Circuit Court Solicitor Fund – to account for the activities of the 14th Circuit Court Solicitor mandated by State Statute to prosecute within the 14th Circuit Court System that Colleton County acts as Host County.

Animal Care Control Donations Fund – to account for projects and activities for animal control.

Emergency Telephone Fund – to account for operations of the County's Emergency 911 communication system.

County Hospitality Tax Fund – to account for local hospitality tax collected by the County.

County Accommodations Tax Fund – to account for local accommodations tax collected by the County.

State Accommodations Tax Fund – to account for state accommodations tax collected by the State.

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

Debt Service Fund – used for the accumulation of resources for payment of principal and interest on County general obligation debt.

GO Bond Fund – used to set aside funds to pay interest and principal related to the General Obligation Bond Series 2015.

Debt Service Non-GOB – used to set aside funds to pay interest and principal on County non-general obligation debt.

COLLETON COUNTY, SOUTH CAROLINA

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

	Special Revenue Funds			
	Sheriff's Discretionary	Clerk of Court IV Incentives	Clerk of Court IV Unit Costs	Victim Witness Services
ASSETS				
Cash and cash equivalents	\$ 151,719	\$ 92,824	\$ -	\$ 66,059
Receivables, net	512	1,010	21,733	3,902
Prepaid expenditures	-	-	-	-
Total assets	<u>\$ 152,231</u>	<u>\$ 93,834</u>	<u>\$ 21,733</u>	<u>\$ 69,961</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 477	\$ -	\$ 18,277	\$ 848
Accrued payroll and benefits	-	-	3,456	2,226
Total liabilities	<u>477</u>	<u>-</u>	<u>21,733</u>	<u>3,074</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Non-spendable:				
Prepaid expenditures	-	-	-	-
Restricted for:				
Public safety	151,754	-	-	66,887
Debt service	-	-	-	-
Recreation and culture	-	-	-	-
Judicial services	-	93,834	-	-
Assigned:				
Judicial services	-	-	-	-
Committed				
Recreation and culture	-	-	-	-
Total fund balances	<u>151,754</u>	<u>93,834</u>	<u>-</u>	<u>66,887</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 152,231</u>	<u>\$ 93,834</u>	<u>\$ 21,733</u>	<u>\$ 69,961</u>

(Continued)

Special Revenue Funds					
14th Circuit Court Solicitor	Animal Care Control Donations	Emergency Telephone	County Hospitality Tax	County Accommodations Tax	State Accommodations Tax
\$ 1,085,879	\$ -	\$ 496,171	\$ 7,450	\$ 28,205	\$ 48,550
427,408	-	42,590	57,427	99,612	23,230
22,655	-	-	-	-	-
<u>\$ 1,535,942</u>	<u>\$ -</u>	<u>\$ 538,761</u>	<u>\$ 64,877</u>	<u>\$ 127,817</u>	<u>\$ 71,780</u>
\$ 21,945	\$ -	\$ 5,278	\$ -	\$ 8,128	\$ -
60,416	-	3,977	-	12,427	-
<u>82,361</u>	<u>-</u>	<u>9,255</u>	<u>-</u>	<u>20,555</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
22,655	-	-	-	-	-
-	-	529,506	-	-	-
-	-	-	-	-	-
-	-	-	-	-	71,780
-	-	-	-	-	-
1,430,926	-	-	-	-	-
-	-	-	64,877	107,262	-
<u>1,453,581</u>	<u>-</u>	<u>529,506</u>	<u>64,877</u>	<u>107,262</u>	<u>71,780</u>
<u>\$ 1,535,942</u>	<u>\$ -</u>	<u>\$ 538,761</u>	<u>\$ 64,877</u>	<u>\$ 127,817</u>	<u>\$ 71,780</u>

COLLETON COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2022

	Debt Service Funds			Totals
	Debt Service	GO Bond	Debt Service Non-GOB	
ASSETS				
Cash and cash equivalents	\$ 41,876	\$ 173,893	\$ -	\$ 2,192,626
Receivables, net	132,069	-	-	809,493
Prepaid expenditures	-	-	-	22,655
Total assets	<u>\$ 173,945</u>	<u>\$ 173,893</u>	<u>\$ -</u>	<u>\$ 3,024,774</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 54,953
Accrued payroll and benefits	-	-	-	82,502
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,455</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	112,711	-	-	112,711
Total deferred inflows of resources	<u>112,711</u>	<u>-</u>	<u>-</u>	<u>112,711</u>
FUND BALANCES				
Non-spendable:				
Prepaid expenditures	-	-	-	22,655
Restricted for:				
Public safety	-	-	-	748,147
Debt service	61,234	173,893	-	235,127
Recreation and culture	-	-	-	71,780
Judicial services	-	-	-	93,834
Assigned:				
Judicial services	-	-	-	1,430,926
Committed				
Recreation and culture	-	-	-	172,139
Total fund balances	<u>61,234</u>	<u>173,893</u>	<u>-</u>	<u>2,774,608</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 173,945</u>	<u>\$ 173,893</u>	<u>\$ -</u>	<u>\$ 3,024,774</u>

COLLETON COUNTY, SOUTH CAROLINA

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

	Special Revenue Funds			
	Sheriff's Discretionary	Clerk of Court IV Incentives	Clerk of Court IV Unit Costs	Victim Witness Services
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	4,538	44,216	126,268	51,106
Fines and fees	-	-	-	-
Other revenues	19,991	106	-	130
Total revenues	<u>24,529</u>	<u>44,322</u>	<u>126,268</u>	<u>51,236</u>
Expenditures				
Current:				
General government	-	-	-	-
Judicial services	-	43,372	147,754	-
Public safety	46,192	-	-	119,732
Roads and bridges	-	-	-	-
Recreation and culture	-	-	-	-
Economic development	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay				
Judicial services	-	-	-	-
Public safety	33,420	-	-	-
Recreation and culture	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>79,612</u>	<u>43,372</u>	<u>147,754</u>	<u>119,732</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(55,083)</u>	<u>950</u>	<u>(21,486)</u>	<u>(68,496)</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	73,080	-	-	-
Proceeds from issuance of debt	-	-	-	-
Insurance recoveries	-	-	-	-
Transfers in	4,108	-	7,124	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>77,188</u>	<u>-</u>	<u>7,124</u>	<u>-</u>
Net change in fund balances	22,105	950	(14,362)	(68,496)
Fund balances, beginning of year	<u>129,649</u>	<u>92,884</u>	<u>14,362</u>	<u>135,383</u>
Fund balances end of year	<u>\$ 151,754</u>	<u>\$ 93,834</u>	<u>\$ -</u>	<u>\$ 66,887</u>

(Continued)

Special Revenue Funds					
14th Circuit Court Solicitor	Animal Care Control Donations	Emergency Telephone	County Hospitality Tax	County Accommodations Tax	State Accommodations Tax
\$ -	\$ -	\$ -	\$ 614,120	\$ 750,970	\$ 51,553
4,337,325	-	87,658	-	-	-
195,184	15,440	290,110	-	-	-
10,053	10,287	562	223	253	83
<u>4,542,562</u>	<u>25,727</u>	<u>378,330</u>	<u>614,343</u>	<u>751,223</u>	<u>51,636</u>
-	-	-	57,211	-	-
4,409,908	-	-	-	-	-
-	39,398	302,382	-	-	-
-	-	-	-	5,856	-
-	-	-	137,348	424,159	41,000
-	-	-	124,152	-	-
-	-	-	6,000	25,702	-
29,464	-	-	-	-	-
-	-	-	-	-	-
-	-	-	19,049	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,439,372</u>	<u>39,398</u>	<u>302,382</u>	<u>343,760</u>	<u>455,717</u>	<u>41,000</u>
103,190	(13,671)	75,948	270,583	295,506	10,636
-	-	-	-	-	-
-	-	-	-	-	-
2,128	-	-	-	-	-
291,168	-	-	-	-	-
(137,058)	-	-	(292,443)	(275,000)	-
<u>156,238</u>	<u>-</u>	<u>-</u>	<u>(292,443)</u>	<u>(275,000)</u>	<u>-</u>
259,428	(13,671)	75,948	(21,860)	20,506	10,636
1,194,153	13,671	453,558	86,737	86,756	61,144
<u>\$ 1,453,581</u>	<u>\$ -</u>	<u>\$ 529,506</u>	<u>\$ 64,877</u>	<u>\$ 107,262</u>	<u>\$ 71,780</u>

COLLETON COUNTY, SOUTH CAROLINA

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

	Debt Service Funds			
	Debt Service	GO Bond	Debt Service Non-GOB	Totals
Revenues				
Taxes	\$ 2,109,450	\$ -	\$ -	\$ 3,526,093
Intergovernmental	-	-	195,889	4,847,000
Fines and fees	10,004	-	-	510,738
Other revenues	1,066	219	45	43,018
Total revenues	<u>2,120,520</u>	<u>219</u>	<u>195,934</u>	<u>8,926,849</u>
Expenditures				
Current:				
General government	-	-	-	57,211
Judicial services	-	-	-	4,601,034
Public safety	-	-	-	507,704
Roads and bridges	-	-	-	5,856
Recreation and culture	-	-	-	602,507
Economic development	-	-	-	124,152
Intergovernmental	-	-	-	31,702
Capital outlay				
Judicial services	-	-	-	29,464
Public safety	-	-	-	33,420
Recreation and culture	-	-	-	19,049
Debt service:				
Principal	3,306,093	-	1,371,071	4,677,164
Interest and fiscal charges	268,273	-	155,314	423,587
Total expenditures	<u>3,574,366</u>	<u>-</u>	<u>1,526,385</u>	<u>11,112,850</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,453,846)</u>	<u>219</u>	<u>(1,330,451)</u>	<u>(2,186,001)</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	-	73,080
Proceeds from issuance of debt	2,249,475	-	-	2,249,475
Insurance recoveries	-	-	-	2,128
Transfers in	-	-	1,206,155	1,508,555
Transfers out	(1,206,155)	-	-	(1,910,656)
Total other financing sources (uses)	<u>1,043,320</u>	<u>-</u>	<u>1,206,155</u>	<u>1,922,582</u>
Net change in fund balances	(410,526)	219	(124,296)	(263,419)
Fund balances, beginning of year	<u>471,760</u>	<u>173,674</u>	<u>124,296</u>	<u>3,038,027</u>
Fund balances, end of year	<u>\$ 61,234</u>	<u>\$ 173,893</u>	<u>\$ -</u>	<u>\$ 2,774,608</u>

COLLETON COUNTY, SOUTH CAROLINA

CLERK OF COURT IV INCENTIVES SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Intergovernmental	\$ 39,500	\$ 39,500	\$ 44,216	\$ 4,716
Other revenues	500	500	106	(394)
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>44,322</u>	<u>4,322</u>
EXPENDITURES				
Judicial services	<u>40,000</u>	<u>40,000</u>	<u>43,372</u>	<u>(3,372)</u>
Total expenditures	<u>40,000</u>	<u>40,000</u>	<u>43,372</u>	<u>(3,372)</u>
Net change in fund balance	-	-	950	950
FUND BALANCES, beginning of year	<u>92,884</u>	<u>92,884</u>	<u>92,884</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 92,884</u>	<u>\$ 92,884</u>	<u>\$ 93,834</u>	<u>\$ 950</u>

COLLETON COUNTY, SOUTH CAROLINA

CLERK OF COURT IV UNIT COSTS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Intergovernmental	\$ 146,543	\$ 169,613	\$ 126,268	\$ (43,345)
Other revenues	500	500	-	(500)
Total revenues	<u>147,043</u>	<u>170,113</u>	<u>126,268</u>	<u>(43,845)</u>
EXPENDITURES				
Judicial services	<u>182,810</u>	<u>176,330</u>	<u>147,754</u>	<u>28,576</u>
Total expenditures	<u>182,810</u>	<u>176,330</u>	<u>147,754</u>	<u>28,576</u>
Deficiency of revenues under expenditures	<u>(35,767)</u>	<u>(6,217)</u>	<u>(21,486)</u>	<u>(15,269)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>6,217</u>	<u>6,217</u>	<u>7,124</u>	<u>907</u>
Total other financing sources	<u>6,217</u>	<u>6,217</u>	<u>7,124</u>	<u>907</u>
Net change in fund balance	(29,550)	-	(14,362)	(14,362)
FUND BALANCES, beginning of year	<u>14,362</u>	<u>14,362</u>	<u>14,362</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ (15,188)</u>	<u>\$ 14,362</u>	<u>\$ -</u>	<u>\$ (14,362)</u>

COLLETON COUNTY, SOUTH CAROLINA

VICTIM WITNESS SERVICES SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Intergovernmental	\$ 95,165	\$ 98,334	\$ 51,106	\$ (47,228)
Other revenues	2,000	2,000	130	(1,870)
Total revenues	97,165	100,334	51,236	(49,098)
EXPENDITURES				
Public safety	99,619	104,288	119,732	(15,444)
Total expenditures	99,619	104,288	119,732	(15,444)
Deficiency of revenues under expenditures	(2,454)	(3,954)	(68,496)	(64,542)
OTHER FINANCING SOURCES				
Transfers in	3,954	3,954	-	(3,954)
Total other financing sources	3,954	3,954	-	(3,954)
Net change in fund balance	1,500	-	(68,496)	(68,496)
FUND BALANCES, beginning of year	135,383	135,383	135,383	-
FUND BALANCES, end of year	\$ 136,883	\$ 135,383	\$ 66,887	\$ (68,496)

COLLETON COUNTY, SOUTH CAROLINA

ANIMAL CARE CONTROL DONATIONS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Fines and fees	\$ 18,000	\$ 18,000	\$ 15,440	\$ (2,560)
Other revenues	-	-	10,287	10,287
Total revenues	18,000	18,000	25,727	7,727
EXPENDITURES				
Public safety	18,000	18,000	39,398	(21,398)
Total expenditures	18,000	18,000	39,398	(21,398)
Net change in fund balance	-	-	(13,671)	(13,671)
FUND BALANCES, beginning of year	13,671	13,671	13,671	-
FUND BALANCES, end of year	\$ 13,671	\$ 13,671	\$ -	\$ (13,671)

COLLETON COUNTY, SOUTH CAROLINA

**EMERGENCY TELEPHONE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Intergovernmental	\$ 52,850	\$ 52,850	\$ 87,658	\$ 34,808
Fines and fees	246,383	266,383	290,110	23,727
Other revenues	-	27,748	562	(27,186)
Total revenues	<u>299,233</u>	<u>346,981</u>	<u>378,330</u>	<u>31,349</u>
EXPENDITURES				
Public safety	304,986	352,734	302,382	50,352
Total expenditures	<u>304,986</u>	<u>352,734</u>	<u>302,382</u>	<u>50,352</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,753)</u>	<u>(5,753)</u>	<u>75,948</u>	<u>81,701</u>
OTHER FINANCING SOURCES				
Transfers in	5,753	5,753	-	(5,753)
Total other financing sources	<u>5,753</u>	<u>5,753</u>	<u>-</u>	<u>(5,753)</u>
Net change in fund balance	-	-	75,948	75,948
FUND BALANCES, beginning of year	<u>453,558</u>	<u>453,558</u>	<u>453,558</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 453,558</u>	<u>\$ 453,558</u>	<u>\$ 529,506</u>	<u>\$ 75,948</u>

COLLETON COUNTY, SOUTH CAROLINA

COUNTY HOSPITALITY TAX SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Taxes	\$ 550,000	\$ 550,000	\$ 614,120	\$ 64,120
Other revenues	1,200	1,200	223	(977)
Total revenues	551,200	551,200	614,343	63,143
EXPENDITURES				
General government	-	-	57,211	(57,211)
Recreation and culture	72,045	178,730	137,348	41,382
Economic development	124,152	124,152	124,152	-
Intergovernmental	6,000	6,000	6,000	-
Capital outlay	-	-	19,049	(19,049)
Total expenditures	202,197	308,882	343,760	(34,878)
Excess of revenues over expenditures	349,003	242,318	270,583	28,265
OTHER FINANCING USES				
Transfers out	(248,318)	(248,318)	(292,443)	(44,125)
Total other financing uses	(248,318)	(248,318)	(292,443)	(44,125)
Net change in fund balance	100,685	(6,000)	(21,860)	(15,860)
FUND BALANCES, beginning of year	86,737	86,737	86,737	-
FUND BALANCES, end of year	\$ 187,422	\$ 80,737	\$ 64,877	\$ (15,860)

COLLETON COUNTY, SOUTH CAROLINA

COUNTY ACCOMMODATIONS TAX SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Taxes	\$ 484,499	\$ 484,499	\$ 750,970	\$ 266,471
Other revenues	-	-	253	253
Total revenues	484,499	484,499	751,223	266,724
EXPENDITURES				
Roads and bridges	7,614	7,614	5,856	1,758
Recreation and culture	496,129	496,129	424,159	71,970
Intergovernmental	25,702	25,702	25,702	-
Total expenditures	529,445	529,445	455,717	73,728
Excess (deficiency) of revenues over (under) expenditures	(44,946)	(44,946)	295,506	340,452
OTHER FINANCING SOURCES (USES)				
Transfers in	44,946	44,946	-	(44,946)
Transfers out	-	-	(275,000)	(275,000)
Total other financing sources (uses)	44,946	44,946	(275,000)	(319,946)
Net change in fund balance	-	-	20,506	20,506
FUND BALANCES, beginning of year	86,756	86,756	86,756	-
FUND BALANCES, end of year	\$ 86,756	\$ 86,756	\$ 107,262	\$ 20,506

COLLETON COUNTY, SOUTH CAROLINA

DEBT SERVICE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Taxes	\$ 1,981,560	\$ 2,010,010	\$ 2,109,450	\$ 99,440
Fines and fees	9,100	9,100	10,004	904
Other revenues	13,000	13,000	1,066	(11,934)
Total revenues	<u>2,003,660</u>	<u>2,032,110</u>	<u>2,120,520</u>	<u>88,410</u>
EXPENDITURES				
Debt service:				
Principal	1,080,000	1,076,093	3,306,093	(2,230,000)
Interest and fiscal charges	202,099	206,006	268,273	(62,267)
Total expenditures	<u>1,282,099</u>	<u>1,282,099</u>	<u>3,574,366</u>	<u>(2,292,267)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>721,561</u>	<u>750,011</u>	<u>(1,453,846)</u>	<u>(2,203,857)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	-	-	2,249,475	2,249,475
Transfers out	(721,561)	(750,011)	(1,206,155)	(456,144)
Total other financing sources (uses)	<u>(721,561)</u>	<u>(750,011)</u>	<u>1,043,320</u>	<u>1,793,331</u>
Net change in fund balance	-	-	(410,526)	(410,526)
FUND BALANCES, beginning of year	<u>471,760</u>	<u>471,760</u>	<u>471,760</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 471,760</u>	<u>\$ 471,760</u>	<u>\$ 61,234</u>	<u>\$ (410,526)</u>

COLLETON COUNTY, SOUTH CAROLINA

**CAPITAL SALES TAX DEBT SERVICE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Taxes	\$ 6,146,610	\$ 6,463,644	\$ 6,034,800	\$ (428,844)
Other revenues	25,000	25,000	4,917	(20,083)
Total revenues	<u>6,171,610</u>	<u>6,488,644</u>	<u>6,039,717</u>	<u>(448,927)</u>
EXPENDITURES				
Debt service:				
Principal	4,254,600	4,254,600	3,875,000	379,600
Interest and fiscal charges	220,400	220,400	220,400	-
Total expenditures	<u>4,475,000</u>	<u>4,475,000</u>	<u>4,095,400</u>	<u>379,600</u>
Excess of revenues over expenditures	<u>1,696,610</u>	<u>2,013,644</u>	<u>1,944,317</u>	<u>(69,327)</u>
OTHER FINANCING USES				
Transfers out	(1,696,610)	(2,013,644)	(2,013,645)	(1)
Total other financing uses	<u>(1,696,610)</u>	<u>(2,013,644)</u>	<u>(2,013,645)</u>	<u>(1)</u>
Net change in fund balance	-	-	(69,328)	(69,328)
FUND BALANCES, beginning of year	<u>6,869,333</u>	<u>6,869,333</u>	<u>6,869,333</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 6,869,333</u>	<u>\$ 6,869,333</u>	<u>\$ 6,800,005</u>	<u>\$ (69,328)</u>

COLLETON COUNTY, SOUTH CAROLINA

**DEBT SERVICE NON-GOB
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Intergovernmental	\$ 195,889	\$ 195,889	\$ 195,889	\$ -
Other revenues	-	-	45	45
Total revenues	195,889	195,889	195,934	45
EXPENDITURES				
Debt service:				
Principal	923,333	912,054	1,371,071	(459,017)
Interest and fiscal charges	276,667	287,946	155,314	132,632
Total expenditures	1,200,000	1,200,000	1,526,385	(326,385)
Deficiency of revenues under expenditures	(1,004,111)	(1,004,111)	(1,330,451)	(326,340)
OTHER FINANCING SOURCES				
Transfers in	1,200,000	1,200,000	1,206,155	6,155
Total other financing sources	1,200,000	1,200,000	1,206,155	6,155
Net change in fund balance	195,889	195,889	(124,296)	(320,185)
FUND BALANCES, beginning of year	124,296	124,296	124,296	-
FUND BALANCES, end of year	<u>\$ 320,185</u>	<u>\$ 320,185</u>	<u>\$ -</u>	<u>\$ (320,185)</u>

COLLETON COUNTY, SOUTH CAROLINA

CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Intergovernmental	\$ 75,000	\$ 3,785,775	\$ 4,769,631	\$ 983,856
Other revenues	135,000	5,219,041	497,633	(4,721,408)
Total revenues	210,000	9,004,816	5,267,264	(3,737,552)
EXPENDITURES				
General government	598,090	601,840	918,736	(316,896)
Public safety	-	63,746	83,331	(19,585)
Solid waste	-	3,445,214	1,981,174	1,464,040
Recreation and culture	212,000	1,125,548	526,210	599,338
Health and human services	-	-	708	(708)
Economic development	784,265	784,265	601,983	182,282
Intergovernmental	1,650,000	7,087,423	3,381,297	3,706,126
Capital outlay:				
General government	2,312,758	5,275,013	3,333,625	1,941,388
Public safety	-	2,835,895	17,604	2,818,291
Solid waste	-	2,723,006	2,196,822	526,184
Recreation and culture	-	423,620	198,328	225,292
Health and human services	-	142,292	124,292	18,000
Total expenditures	5,557,113	24,507,862	13,364,110	11,143,752
Deficiency of revenues under expenditures	(5,347,113)	(15,503,046)	(8,096,846)	7,406,200
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	159,611	159,611	-	(159,611)
Issuance of debt	584,265	6,084,265	6,078,398	(5,867)
Insurance proceeds	-	-	133,615	133,615
Transfers in	2,125,090	2,877,287	4,178,064	1,300,777
Transfers out	-	(350,000)	(350,000)	-
Total other financing sources, net	2,868,966	8,771,163	10,040,077	1,268,914
Net change in fund balance	(2,478,147)	(6,731,883)	1,943,231	8,675,114
FUND BALANCES, beginning of year	10,127,910	10,127,910	10,127,910	-
FUND BALANCES, end of year	\$ 7,649,763	\$ 3,396,027	\$ 12,071,141	\$ 8,675,114

FIDUCIARY FUNDS

CUSTODIAL FUNDS

Custodial funds are used to account for assets held by the County as an agent for individuals, private organizations, and other governments.

Sheriff Trust Funds – to account for the receipts and disbursements by the Sheriff's office related to seized assets from offenders.

Inmate Trust Funds – to account for the funds held for the offenders that are incarcerated.

Jail Commissary Funds – to account for the resources used to operate the County detention center commissary.

Willow Swamp Water Shed Fund – to account for the resources used for the Willow Swamp water shed.

Law Officer's Memorial Fund – to account for contributions on behalf of law enforcement officials.

Treasurer Fund – to account for receipts and disbursements by the Treasurer that will be disbursed to other entities.

14th Circuit Court Solicitor Fund – to account for receipts and disbursements by the 14th Circuit Court Solicitor that will be disbursed to other entities.

Delinquent Tax Fund – to account for delinquent taxes collected.

Clerk of Court Fund – to account for child support payments, bonds, restitution, and fines collected by the Clerk of Court and held in trust for others.

Magistrate's Fund – to account for fines collected that have not been disposed of by the court.

Firemen's Fund – represents the receipts and disbursements by the Treasurer that will be disbursed to the various fire departments within the County.

Colleton County School Fund – used to account for receipts and disbursements by the Treasurer of assets earmarked for the school district.

COLLETON COUNTY, SOUTH CAROLINA

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

ASSETS	Sheriff Trust	Inmate Trust	Jail Commissary	Willow Swamp Water Shed	Law Officer's Memorial
Cash and cash equivalents	\$ 249,897	\$ 166,311	137,028	\$ 54,729	\$ 2,864
Other receivables	-	-	-	-	-
Total assets	<u>249,897</u>	<u>166,311</u>	<u>137,028</u>	<u>54,729</u>	<u>2,864</u>
LIABILITIES					
Due to others	<u>183,262</u>	<u>68,789</u>	<u>108,500</u>	<u>15,000</u>	<u>-</u>
Total liabilities	<u>183,262</u>	<u>68,789</u>	<u>108,500</u>	<u>15,000</u>	<u>-</u>
NET POSITION					
Restricted: Individuals, organizations, and other governments	<u>66,635</u>	<u>97,522</u>	<u>28,528</u>	<u>39,729</u>	<u>2,864</u>
Total net position	<u>\$ 66,635</u>	<u>\$ 97,522</u>	<u>28,528</u>	<u>\$ 39,729</u>	<u>\$ 2,864</u>

<u>Treasurer</u>	<u>14th Circuit Court Solicitor</u>	<u>Delinquent Tax</u>	<u>Clerk of Court</u>	<u>Magistrate</u>	<u>Firemen</u>	<u>Colleton County School</u>	<u>Total</u>
\$ 758,317 4,627	\$ 7,541 -	\$ 3,501,133 -	\$ 322,518 -	\$ 102,123 -	\$ 127,946 -	\$ 8,311,588 -	\$ 13,741,995 4,627
<u>762,944</u>	<u>7,541</u>	<u>3,501,133</u>	<u>322,518</u>	<u>102,123</u>	<u>127,946</u>	<u>8,311,588</u>	<u>13,746,622</u>
 504,555	 -	 1,848,290	 141,380	 53,663	 90,845	 5,774,524	 8,788,808
<u>504,555</u>	<u>-</u>	<u>1,848,290</u>	<u>141,380</u>	<u>53,663</u>	<u>90,845</u>	<u>5,774,524</u>	<u>8,788,808</u>
 258,389	 7,541	 1,652,843	 181,138	 48,460	 37,101	 2,537,064	 4,957,814
<u>\$ 258,389</u>	<u>\$ 7,541</u>	<u>\$ 1,652,843</u>	<u>\$ 181,138</u>	<u>\$ 48,460</u>	<u>\$ 37,101</u>	<u>\$ 2,537,064</u>	<u>\$ 4,957,814</u>

COLLETON COUNTY, SOUTH CAROLINA

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

	<u>Sheriff Trust</u>	<u>Inmate Trust</u>	<u>Jail Commissary</u>	<u>Willow Swamp Water Shed</u>	<u>Law Officer's Memorial</u>
ADDITIONS					
Taxes	\$ -	\$ -	\$ -	\$ 33,928	\$ -
Fines and fees	13,521	79,775	-	-	-
Miscellaneous	311	-	187,346	66	5
	<u>13,832</u>	<u>79,775</u>	<u>187,346</u>	<u>33,994</u>	<u>5</u>
Total additions					
	<u>13,832</u>	<u>79,775</u>	<u>187,346</u>	<u>33,994</u>	<u>5</u>
DEDUCTIONS					
Taxes and fees paid to other governments	-	-	-	-	-
Other custodial disbursements	5,663	19,279	182,036	-	-
	<u>5,663</u>	<u>19,279</u>	<u>182,036</u>	<u>-</u>	<u>-</u>
Total deductions					
	<u>5,663</u>	<u>19,279</u>	<u>182,036</u>	<u>-</u>	<u>-</u>
Net increase in fiduciary net position	8,169	60,496	5,310	33,994	5
Net position, beginning of year	<u>58,466</u>	<u>37,026</u>	<u>23,218</u>	<u>5,735</u>	<u>2,859</u>
Net position, end of year	<u>\$ 66,635</u>	<u>\$ 97,522</u>	<u>\$ 28,528</u>	<u>\$ 39,729</u>	<u>\$ 2,864</u>

<u>Treasurer</u>	<u>14th Circuit Court Solicitor</u>	<u>Delinquent Tax</u>	<u>Clerk of Court</u>	<u>Magistrate</u>	<u>Firemen</u>	<u>Colleton County School</u>	<u>Total</u>
\$ 4,515,048	\$ -	\$ 5,376,649	\$ -	\$ -	\$ 80,866	\$ 11,236,212	\$ 21,242,703
3,601,499	-	-	581,317	625,828	-	-	4,901,940
33,572	28,947	1,153	22	-	188	70,824,487	71,076,097
<u>8,150,119</u>	<u>28,947</u>	<u>5,377,802</u>	<u>581,339</u>	<u>625,828</u>	<u>81,054</u>	<u>82,060,699</u>	<u>97,220,740</u>
8,145,491	-	4,641,799	-	-	-	68,285,987	81,073,277
-	24,618	-	477,382	569,062	64,351	12,770,248	14,112,639
<u>8,145,491</u>	<u>24,618</u>	<u>4,641,799</u>	<u>477,382</u>	<u>569,062</u>	<u>64,351</u>	<u>81,056,235</u>	<u>95,185,916</u>
4,628	4,329	736,003	103,957	56,766	16,703	1,004,464	2,034,824
<u>253,761</u>	<u>3,212</u>	<u>916,840</u>	<u>77,181</u>	<u>(8,306)</u>	<u>20,398</u>	<u>1,532,600</u>	<u>2,922,990</u>
<u>\$ 258,389</u>	<u>\$ 7,541</u>	<u>\$ 1,652,843</u>	<u>\$ 181,138</u>	<u>\$ 48,460</u>	<u>\$ 37,101</u>	<u>\$ 2,537,064</u>	<u>\$ 4,957,814</u>

COMPONENT UNITS

MAJOR COMPONENT UNITS

Component units are used to account for organizations that raise and hold economic resources for the direct benefit of the governmental unit and for which the elected officials of the primary government are financially accountable.

Fire and Rescue Commission – used to account for programs and activities of the fire and rescue department.

Memorial Library Fund – used to account for programs and activities for the Memorial Library.

COLLETON COUNTY, SOUTH CAROLINA

BALANCE SHEET COMPONENT UNIT FIRE AND RESCUE COMMISSION JUNE 30, 2022

	General	Debt Service	Capital	Total
ASSETS				
Cash and cash equivalents	\$ 107,315	\$ 132,929	\$ 5,277,763	\$ 5,518,007
Receivables, net	1,688,193	214,335	-	1,902,528
Prepaid expenditures	158,018	-	-	158,018
Total assets	<u>\$ 1,953,526</u>	<u>\$ 347,264</u>	<u>\$ 5,277,763</u>	<u>\$ 7,578,553</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 100,657	\$ -	\$ 308,606	\$ 409,263
Accrued payroll and benefits	335,762	-	-	335,762
Total liabilities	<u>436,419</u>	<u>-</u>	<u>308,606</u>	<u>745,025</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - fees	1,060,627	-	-	1,060,627
Unavailable revenue - property taxes	293,557	189,313	-	482,870
Unavailable revenue - intergovernmental	15,280	-	-	15,280
Total deferred inflows of resources	<u>1,369,464</u>	<u>189,313</u>	<u>-</u>	<u>1,558,777</u>
FUND BALANCES				
Nonspendable	158,018	-	-	158,018
Restricted	-	157,951	4,969,157	5,127,108
Unassigned	(10,375)	-	-	(10,375)
Total fund balances	<u>147,643</u>	<u>157,951</u>	<u>4,969,157</u>	<u>5,274,751</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,953,526</u>	<u>\$ 347,264</u>	<u>\$ 5,277,763</u>	<u>\$ 7,578,553</u>

COLLETON COUNTY, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION COMPONENT UNIT – FIRE AND RESCUE COMMISSION JUNE 30, 2022

Total Fire and Rescue fund balance:		\$	5,274,751
-------------------------------------	--	----	-----------

Amounts reported for governmental activities in the statement of net position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the government funds.			11,366,642
--	--	--	------------

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Property taxes and other special assessments	\$	482,870	
EMS fee receivables		1,060,627	
Intergovernmental revenues		<u>15,280</u>	1,558,777

Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. These deferred outflows of resources consist of pension related experience differences, assumption changes, and differences between projected and actual earnings on plan investments.

Deferred outflows related to pensions	\$	2,624,236	
Deferred outflows related to other post-employment benefits		<u>346,646</u>	2,970,882

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

General obligation bonds	\$	(11,380,000)	
Bond premiums		(248,708)	
Capital leases		(664,351)	
Compensated absences		(417,146)	
Accrued interest		(103,090)	
Net pension liability		(10,894,026)	
Total other post-employment benefits liability		<u>(1,136,957)</u>	(24,844,278)

Deferred inflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds. These deferred inflows of resources consist of pension related differences between projected and actual earnings on plan investments.

Deferred inflows related to pensions	\$	(2,445,144)	
Deferred inflows related to other post-employment benefits		<u>(55,612)</u>	(2,500,756)
Net position of governmental activities			<u>\$ (6,173,982)</u>

COLLETON COUNTY, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES COMPONENT UNIT - FIRE AND RESCUE COMMISSION FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General	Debt Service	Capital	Total
REVENUES				
Taxes	\$ 3,913,183	\$ 2,638,552	\$ -	\$ 6,551,735
Intergovernmental	4,886,515	-	-	4,886,515
Fines and fees	2,222,645	-	-	2,222,645
Other income	35,390	897	2,859	39,146
Total revenues	11,057,733	2,639,449	2,859	13,700,041
EXPENDITURES				
Current:				
Public safety	11,796,793	195,889	472,316	12,464,998
Capital outlay:				
Public safety	146,155	-	185,637	331,792
Debt service:				
Principal	-	3,355,980	-	3,355,980
Interest	-	373,479	-	373,479
Total expenditures	11,942,948	3,925,348	657,953	16,526,249
Excess (deficiency) of revenues over (under) expenditures	(885,215)	(1,285,899)	(655,094)	(2,826,208)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	2,198,728	5,000,000	7,198,728
Insurance recoveries	113,090	-	-	113,090
Transfers in	817,508	-	-	817,508
Transfers out	-	(817,508)	-	(817,508)
Total other financing sources (uses)	930,598	1,381,220	5,000,000	7,311,818
Net change in fund balances	45,383	95,321	4,344,906	4,485,610
Fund balances, beginning of year	102,260	62,630	624,251	789,141
Fund balances, end of year	\$ 147,643	\$ 157,951	\$ 4,969,157	\$ 5,274,751

COLLETON COUNTY, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES COMPONENT UNIT – FIRE AND RESCUE COMMISSION FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds		\$	4,485,610
--	--	----	-----------

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

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

Capital outlay	\$	711,508	
Depreciation expense		(1,061,366)	(349,858)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes and other special assessments	\$	145,575	
EMS fees receivable		(360,673)	
Intergovernmental revenues		(35,068)	(250,166)

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

Repayment of the principal of long-term debt	\$	3,355,980	
Issuance of long-term debt		(7,000,000)	
Premium on bond issuance		(198,728)	
Amortization of premium on long-term debt		13,672	(3,829,076)

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

Pension liability	\$	(31,321)	
Compensated absences		(70,750)	
Accrued interest on long-term debt		(15,301)	
Other post-employment benefits liability		(96,502)	(213,874)
			<u>\$ (157,364)</u>

COLLETON COUNTY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL COMPONENT UNIT - FIRE AND RESCUE COMMISSION FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Taxes	\$ 6,045,388	\$ 6,249,988	\$ 6,551,735	\$ 301,747
Intergovernmental	4,507,934	4,710,815	4,886,515	175,700
Fines and fees	1,750,000	1,815,395	2,222,645	407,250
Other revenues	12,859	511,463	39,146	(472,317)
Total revenues	<u>12,316,181</u>	<u>13,287,661</u>	<u>13,700,041</u>	<u>412,380</u>
EXPENDITURES				
Public safety	11,431,503	12,302,648	12,464,998	(162,350)
Capital outlay:				
Public safety	185,637	347,115	331,792	15,323
Debt service:				
Principal	1,350,921	1,350,980	3,355,980	(2,005,000)
Interest and fiscal charges	229,078	229,019	373,479	(144,460)
Total expenditures	<u>13,197,139</u>	<u>14,229,762</u>	<u>16,526,249</u>	<u>(2,296,487)</u>
Deficiency of revenues under expenditures	<u>(880,958)</u>	<u>(942,101)</u>	<u>(2,826,208)</u>	<u>(1,884,107)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	5,000,000	5,000,000	7,198,728	2,198,728
Insurance proceeds	-	-	113,090	113,090
Transfers in	1,120,946	1,192,196	817,508	(374,688)
Transfers out	(879,519)	(950,769)	(817,508)	133,261
Total other financing sources, net	<u>5,241,427</u>	<u>5,241,427</u>	<u>7,311,818</u>	<u>2,070,391</u>
Net change in fund balance	4,360,469	4,299,326	4,485,610	186,284
FUND BALANCES, beginning of year	<u>789,141</u>	<u>789,141</u>	<u>789,141</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 5,149,610</u>	<u>\$ 5,088,467</u>	<u>\$ 5,274,751</u>	<u>\$ 186,284</u>

COLLETON COUNTY, SOUTH CAROLINA

**BALANCE SHEET
COMPONENT UNIT
MEMORIAL LIBRARY
JUNE 30, 2022**

	General	Special Revenue Fund	Total
ASSETS			
Cash and cash equivalents	\$ 210,875	\$ 4,481	\$ 215,356
Receivables, net	4,601	-	4,601
Prepaid expenditures	14,920	-	14,920
Total assets	<u>\$ 230,396</u>	<u>\$ 4,481</u>	<u>\$ 234,877</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 11,349	\$ 4,481	\$ 15,830
Accrued payroll and benefits	19,615	-	19,615
Unearned revenue	8,309	-	8,309
Total liabilities	<u>39,273</u>	<u>4,481</u>	<u>43,754</u>
FUND BALANCES			
Nonspendable	14,920	-	14,920
Unassigned	176,203	-	176,203
Total fund balances	<u>191,123</u>	<u>-</u>	<u>191,123</u>
Total liabilities and fund balances	<u>\$ 230,396</u>	<u>\$ 4,481</u>	<u>\$ 234,877</u>

COLLETON COUNTY, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION COMPONENT UNIT – MEMORIAL LIBRARY JUNE 30, 2022

Total Memorial Library fund balance:		\$	191,123
Amounts reported for governmental activities in the statement of net position are different because of the following:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the government funds.			287,832
Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. These deferred outflows of resources consist of pension related experience differences, assumption changes, and differences between projected and actual earnings on plan investments.			
Deferred outflows related to pensions	\$	140,187	
Deferred outflows related to other post-employment benefits		<u>230,343</u>	370,530
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Compensated absences	\$	(13,803)	
Net pension liability		(753,233)	
Total other post-employment benefits liability		<u>(755,499)</u>	(1,522,535)
Deferred inflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds. These deferred inflows of resources consist of pension related differences between projected and actual earnings on plan investments.			
Deferred inflows related to pensions	\$	(129,283)	
Deferred inflows related to other post-employment benefits		<u>(36,953)</u>	<u>(166,236)</u>
Net position of governmental activities			<u><u>\$ (839,286)</u></u>

COLLETON COUNTY, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES COMPONENT UNIT - MEMORIAL LIBRARY FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General	Special Revenue Fund	Total
REVENUES			
Intergovernmental	\$ 739,849	\$ 100,000	\$ 839,849
Fines and fees	25,458	-	25,458
Other income	33,920	19	33,939
Total revenues	<u>799,227</u>	<u>100,019</u>	<u>899,246</u>
EXPENDITURES			
Current:			
Recreation and culture	792,056	102,496	894,552
Capital outlay	615	-	615
Total expenditures	<u>792,671</u>	<u>102,496</u>	<u>895,167</u>
Net change in fund balances	6,556	(2,477)	4,079
Fund balances, beginning of year	<u>184,567</u>	<u>2,477</u>	<u>187,044</u>
Fund balances, end of year	<u>\$ 191,123</u>	<u>\$ -</u>	<u>\$ 191,123</u>

COLLETON COUNTY, SOUTH CAROLINA

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

Net change in fund balances - total governmental funds	\$	4,079
--	----	-------

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

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

Capital outlay	\$	83,309	
Depreciation expense		<u>(104,253)</u>	(20,944)

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

Pension liability	\$	17,415	
Compensated absences		4,627	
Other post-employment benefits liability		<u>(64,124)</u>	<u>(42,082)</u>
			<u>\$ (58,947)</u>

COLLETON COUNTY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL COMPONENT UNIT - MEMORIAL LIBRARY FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Intergovernmental	\$ 812,660	\$ 843,660	\$ 839,849	\$ (3,811)
Fines and fees	-	-	25,458	25,458
Other revenues	-	30,886	33,939	3,053
Total revenues	812,660	874,546	899,246	24,700
EXPENDITURES				
Current:				
Recreation and culture	799,481	913,319	894,552	18,767
Capital outlay	-	-	615	(615)
Total expenditures	799,481	913,319	895,167	18,152
Net change in fund balance	13,179	(38,773)	4,079	42,852
FUND BALANCES, beginning of year	187,044	187,044	187,044	-
FUND BALANCES, end of year	\$ 200,223	\$ 148,271	\$ 191,123	\$ 42,852

COLLETON COUNTY, SOUTH CAROLINA

UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES
(per ACT 96)
For The Year Ended June 30, 2022

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected	\$ 365,868.00	\$ 551,509.00	\$ -	\$ 917,377.00
Court fines and assessments remitted to State Treasurer	\$ (214,221.00)	\$ (275,612.00)	\$ -	\$ (489,833.00)
Total Court Fines and Assessments retained	\$ 151,647.00	\$ 275,897.00	\$ -	\$ 427,544.00
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	\$ 8,379.00	\$ 6,338.00	\$ -	\$ 14,717.00
Assessments retained	\$ 426.00	\$ 21,515.00	\$ -	\$ 21,941.00
Total Surcharges and Assessments retained for victim services	\$ 8,805.00	\$ 27,853.00	\$ -	\$ 36,658.00

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance		\$ 135,383.00	\$ 135,383.00
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer	\$ -	\$ -	\$ -
Victim Service Assessments Retained by City/County Treasurer	\$ -	\$ 21,941.00	\$ 21,941.00
Victim Service Surcharges Retained by City/County Treasurer	\$ -	\$ 14,716.00	\$ 14,716.00
Interest Earned	\$ -	\$ 130.00	\$ 130.00
Grant Funds Received			
Grant from:	\$ -	\$ -	\$ -
General Funds Transferred to Victim Service Fund	\$ -	\$ -	\$ -
Contribution Received from Victim Service Contracts:			
(1) Town of Edisto Beach	\$ -	\$ 4,449.00	\$ 4,449.00
(2) Town of Cottageville	\$ -	\$ 10,000.00	\$ 10,000.00
(3) City of	\$ -	\$ -	\$ -
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	\$ -	\$ 186,619.00	\$ 186,619.00

COLLETON COUNTY, SOUTH CAROLINA

UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES
(per ACT 96)
For The Year Ended June 30, 2022

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	\$ -	\$ 103,192.00	\$ 103,192.00
Operating Expenditures	\$ -	\$ 11,540.00	\$ 11,540.00
Victim Service Contract(s):			
(1) Entity's Name	\$ -	\$ -	\$ -
(2) Entity's Name	\$ -	\$ -	\$ -
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	\$ -	\$ -	\$ -
(2) Rape Crisis Center: Hopeful Horizons	\$ -	\$ 5,000.00	\$ 5,000.00
(3) Other local direct crime victims service agency:	\$ -	\$ -	\$ -
Transferred to General Fund	\$ -	\$ -	\$ -
Total Expenditures from Victim Service Fund/Program (B)	\$ -	\$ 119,732.00	\$ 119,732.00
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	\$ -	\$ 66,887.00	\$ 66,887.00
Less: Prior Year Fund Deficit Repayment	\$ -	\$ -	\$ -
Carryforward Funds – End of Year	\$ -	\$ 66,887.00	\$ 66,887.00

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Colleton County, South Carolina's (the "County") Annual Comprehensive Financial Report ("ACFR") presents detailed information as a context for understanding what the information in the financial statements, notes disclosures and required supplementary information says about the County's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	127 – 130
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
Revenue Capacity	131 – 134
These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	
Debt Capacity	135 – 139
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
Demographic and Economic Information	140 and 141
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help comparisons over time and with other governments.	
Operating Information	142 – 144
These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

COLLETON COUNTY, SOUTH CAROLINA

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital										
assets	\$ 29,208,570	\$ 31,257,962	\$ 33,464,047	\$ 31,778,627	\$ 37,187,490	\$ 35,243,087	\$ 40,730,332	\$ 42,289,669	\$ 43,815,008	\$ 42,262,227
Restricted	8,976,701	10,305,751	9,738,050	17,017,936	12,733,361	14,691,101	7,998,775	8,295,818	10,571,627	10,118,153
Unrestricted	10,997,674	14,202,852	(8,369,151)	(11,885,105)	(9,606,502)	(13,477,153)	(14,118,289)	(17,448,244)	(18,318,223)	(10,541,077)
Total governmental activities										
net position	<u>\$ 49,182,945</u>	<u>\$ 55,766,565</u>	<u>\$ 34,832,946</u>	<u>\$ 36,911,458</u>	<u>\$ 40,314,349</u>	<u>\$ 36,457,035</u>	<u>\$ 34,610,818</u>	<u>\$ 33,137,243</u>	<u>\$ 36,068,412</u>	<u>\$ 41,839,303</u>

Source: County Audit Reports

COLLETON COUNTY, SOUTH CAROLINA

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (accrual basis of accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 8,178,472	\$ 10,740,147	\$ 8,811,200	\$ 9,227,968	\$ 9,810,028	\$ 8,428,469	\$ 9,253,826	\$ 10,607,610	\$ 10,882,564	\$ 11,224,373
Judicial	4,594,583	4,957,014	5,255,325	5,871,221	6,309,402	6,498,833	6,194,472	6,856,354	7,005,856	6,773,058
Public safety	8,410,210	8,589,140	8,642,672	8,319,638	8,702,190	13,309,631	14,133,924	15,820,923	15,683,920	16,225,863
Roads and bridges	2,496,358	4,182,236	4,949,171	6,405,248	2,975,077	3,398,083	4,699,060	7,154,129	6,192,936	2,727,786
Solid waste	2,449,740	2,568,610	2,509,851	2,418,936	2,575,815	3,215,275	3,903,706	4,104,787	4,403,242	6,717,388
Recreation and culture	1,313,153	1,743,106	2,906,984	2,627,302	2,927,170	3,825,057	4,813,076	4,691,384	4,684,331	4,925,318
Health and human services	1,789,799	1,925,374	1,928,313	1,908,438	1,888,520	2,392,807	2,249,725	2,734,348	3,738,071	3,034,859
Economic development	3,373,628	1,569,363	1,568,862	1,650,684	1,377,821	11,530,791	7,777,710	1,943,153	1,194,174	4,653,832
Intergovernmental	3,360,676	3,661,372	3,836,524	5,590,873	9,763,973	-	-	-	-	-
Interest and fiscal changes	500,152	437,611	469,185	895,063	759,085	704,723	622,477	761,664	659,989	524,705
Totals expenses	<u>36,466,771</u>	<u>40,373,973</u>	<u>40,878,087</u>	<u>44,915,371</u>	<u>47,089,081</u>	<u>53,303,669</u>	<u>53,647,976</u>	<u>54,674,352</u>	<u>54,445,083</u>	<u>56,807,182</u>
Revenues										
Governmental activities:										
Charges for services										
General government	483,659	568,195	531,064	1,231,180	1,407,234	1,547,365	1,583,830	1,657,588	1,450,666	2,075,308
Judicial	2,769,668	1,159,451	1,117,461	1,058,359	1,090,259	1,004,415	987,001	837,494	724,092	758,945
Public safety	364,705	357,982	342,051	282,939	296,497	1,234,198	1,229,173	1,558,802	1,544,459	1,778,525
Roads and bridges	1,015,102	911,965	895,833	934,318	1,071,442	1,031,641	967,055	959,775	1,113,770	1,060,879
Solid waste	1,636,460	1,737,436	1,802,512	2,071,414	2,150,225	2,035,603	2,383,073	2,446,487	2,494,106	2,184,009
Recreation and culture	210,835	330,566	326,236	464,510	500,940	987,145	685,064	601,487	828,465	951,637
Health and human services	627,354	633,729	33,107	25,911	40,276	39,191	39,310	33,188	-	-
Economic development	-	1,541,360	677,045	-	-	-	-	-	-	-
Operating grants and contributions	3,073,637	9,860,851	8,629,703	11,726,799	12,448,200	9,796,813	8,959,746	11,937,834	14,117,874	15,847,272
Capital grants and contributions	-	-	4,473,000	-	-	315,071	2,303,722	81,496	940,550	1,284,059
General revenues:										
Taxes	22,956,394	21,029,359	21,343,703	27,045,537	28,691,017	29,319,480	30,191,429	30,286,642	32,152,665	34,905,630
Grants and contributions not restricted to specific program	1,430,665	1,436,657	1,445,663	1,875,873	1,508,783	2,577,176	1,810,480	2,024,709	1,701,639	1,683,290
Interest and investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous	271,784	438,004	428,830	724,951	1,287,099	638,280	661,876	775,275	327,713	48,519
Gain (loss) on sale of assets	66,667	-	-	-	-	-	-	-	-	-
Transfer in (out)	(52,796)	90,713	-	-	-	-	-	-	-	-
Total revenues	<u>34,854,134</u>	<u>40,096,268</u>	<u>42,046,208</u>	<u>47,441,791</u>	<u>50,491,972</u>	<u>50,526,378</u>	<u>51,801,759</u>	<u>53,200,777</u>	<u>57,395,999</u>	<u>62,578,073</u>
Change in net position	(1,612,637)	(277,705)	1,168,121	2,526,420	3,402,891	(2,777,291)	(1,846,217)	(1,473,575)	2,950,916	5,770,891
Net position - beginning	50,982,093	49,182,945	55,766,565	34,832,946	36,911,458	40,314,349	36,457,035	34,610,818	33,137,243	36,068,412
Prior period adjustment	(186,511)	6,861,325	(22,101,740)	(447,908)	-	(1,080,023)	-	-	(19,747)	-
Net position - ending	<u>\$ 49,182,945</u>	<u>\$ 55,766,565</u>	<u>\$ 34,832,946</u>	<u>\$ 36,911,458</u>	<u>\$ 40,314,349</u>	<u>\$ 36,457,035</u>	<u>\$ 34,610,818</u>	<u>\$ 33,137,243</u>	<u>\$ 36,068,412</u>	<u>\$ 41,839,303</u>

Source: County Audit Reports

Note 1: Net position was restated at June 30, 2015 for GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Note 2: Net position was restated at June 30, 2018 for GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*.

COLLETON COUNTY, SOUTH CAROLINA

FUND BALANCES - GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
GENERAL FUND										
Non-spendable	\$ 6,076	\$ 14,004	\$ 10,534	\$ 11,570	\$ 3,333	\$ 258,279	\$ 280,929	\$ 375,765	\$ 400,434	\$ 729,277
Restricted	2,101	362,911	363,272	363,636	364,000	797,008	797,008	797,088	395,850	345,850
Committed	-	-	-	-	219,674	-	-	-	-	-
Assigned	-	695,942	893,097	968,193	199,057	-	-	-	-	-
Unassigned	7,921,046	5,981,162	5,746,897	7,085,015	7,739,608	8,158,084	8,420,259	7,787,399	9,131,378	9,705,545
Total General Fund	<u>\$ 7,929,223</u>	<u>\$ 7,054,019</u>	<u>\$ 7,013,800</u>	<u>\$ 8,428,414</u>	<u>\$ 8,525,672</u>	<u>\$ 9,213,371</u>	<u>\$ 9,498,196</u>	<u>\$ 8,960,252</u>	<u>\$ 9,927,662</u>	<u>\$ 10,780,672</u>
CAPITAL PROJECTS FUND										
Non-spendable	\$ -	\$ 2,700,933	\$ 2,922,238	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	5,214,418	4,954,705	10,170,294	4,504,276	5,478,472	435,104	214,746	362,730	362,730
Committed	-	4,221,199	34,062,547	29,554,382	26,972,788	16,873,105	14,074,528	9,804,070	9,765,180	11,708,411
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ 12,136,550</u>	<u>\$ 41,939,490</u>	<u>\$ 39,724,676</u>	<u>\$ 31,477,064</u>	<u>\$ 22,351,577</u>	<u>\$ 14,509,632</u>	<u>\$ 10,018,816</u>	<u>\$ 10,127,910</u>	<u>\$ 12,071,141</u>
FUNDS										
Non-spendable	\$ 7,728,952	\$ 2,027,489	\$ 1,497,835	\$ 6,484,006	\$ 7,865,085	\$ 22,397	\$ 15,146	\$ 19,142	\$ 22,532	\$ 22,655
Restricted	3,136,266	1,238,084	831,384	573,094	594,006	8,415,621	1,772,320	7,318,569	10,115,541	9,383,101
Committed	567,675	38,487	-	-	-	416,430	213,692	9,906,021	9,938,673	11,880,550
Assigned	162,302	1,811,461	1,625,160	1,485,895	1,503,575	1,136,948	886,929	1,187,171	1,185,292	1,430,926
Total All Other Governmental Funds	<u>\$ 11,595,195</u>	<u>\$ 5,115,521</u>	<u>\$ 3,954,379</u>	<u>\$ 8,542,995</u>	<u>\$ 9,962,666</u>	<u>\$ 9,991,396</u>	<u>\$ 2,888,087</u>	<u>\$ 18,430,903</u>	<u>\$ 21,262,038</u>	<u>\$ 22,717,232</u>

Source: County Audit Reports

COLLETON COUNTY, SOUTH CAROLINA

CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$ 23,885,157	\$ 21,090,421	\$ 21,299,184	\$ 27,396,764	\$ 28,629,297	\$ 29,130,415	\$ 30,142,378	\$ 30,420,830	\$ 33,041,207	\$ 34,497,633
Fines and fees	7,107,783	7,212,428	10,075,366	13,602,672	13,956,983	6,465,956	6,760,008	6,586,845	7,073,699	7,533,262
Intergovernmental	4,504,302	11,297,508	5,811,340	6,030,559	6,516,583	13,534,245	13,122,440	15,383,606	16,070,709	18,909,117
Interest	-	-	-	-	-	-	-	-	-	-
Other	173,666	300,227	302,635	627,055	1,239,266	1,121,298	1,729,253	862,474	958,647	911,163
Total revenues	35,670,908	39,900,584	37,488,525	47,657,050	50,342,129	50,251,914	51,754,079	53,253,755	57,144,262	61,851,175
Expenditures										
Current:										
General government	7,688,345	10,293,376	8,357,765	8,705,075	9,233,056	8,462,845	8,920,357	10,108,898	10,395,349	11,015,296
Judicial	4,157,881	4,456,189	4,658,249	5,275,752	5,679,392	6,007,996	6,152,386	6,216,595	6,342,332	6,587,551
Public safety	7,468,560	7,723,408	7,668,476	7,348,907	7,713,186	8,122,142	8,906,780	10,383,578	9,861,093	10,454,294
Roads and bridges	1,833,460	3,466,507	4,257,082	5,644,622	2,096,123	1,751,263	2,016,790	2,044,893	2,484,941	2,126,397
Solid waste	2,156,449	2,240,650	2,208,389	2,127,950	2,256,218	2,585,498	3,168,898	3,648,480	4,000,181	5,267,360
Recreation and culture	1,055,271	1,300,883	2,462,699	2,038,864	2,329,422	2,163,441	2,520,632	2,082,911	2,362,008	2,986,403
Health and human services	1,674,861	1,794,798	1,797,883	1,780,141	1,751,754	1,875,826	2,142,595	2,656,161	3,505,444	2,950,175
Economic development	3,101,594	1,097,322	1,110,361	1,186,504	902,674	1,986,024	5,355,199	1,812,260	1,111,992	1,120,468
Intergovernmental	3,360,676	3,661,372	3,836,524	5,590,873	9,763,973	7,560,938	10,012,911	11,088,354	8,075,258	9,237,840
Capital outlay	3,082,720	3,332,868	7,569,037	3,178,051	11,689,652	13,281,825	7,049,156	1,947,079	386,473	7,317,752
Debt service:										
Principal	2,246,834	2,294,878	2,528,493	2,286,585	4,860,166	4,925,632	6,990,718	5,108,333	5,198,333	8,552,164
Interest	536,892	466,532	393,567	768,914	854,370	795,505	722,984	886,356	779,712	643,987
Total expenditures	38,363,543	42,128,783	46,848,525	45,932,238	59,129,986	59,518,935	63,959,406	57,983,898	54,503,116	68,259,687
Excess (deficiency) of revenues over expenditures	(2,692,635)	(2,228,199)	(9,360,000)	1,724,812	(8,787,857)	(9,267,021)	(12,205,327)	(4,730,143)	2,641,146	(6,408,512)
Other financing sources (uses)										
Proceeds from sale of capital assets	66,667	90,713	46,578	184,544	-	143,459	194	131,655	18,332	74,677
Issuance of debt	-	-	33,362,384	5,395,000	2,000,000	582,353	2,500,000	-	581,093	8,327,873
Donation of capital asset	-	-	4,473,000	-	-	-	-	-	-	-
Legal settlement	-	-	7,411	-	-	-	-	-	-	-
Bond premium	-	-	-	51,278	-	-	-	-	-	-
Payment to refund bond escrow	-	-	-	(3,710,000)	-	-	-	-	-	-
Gain/loss on sale of asset	-	-	-	5,295	-	-	-	-	-	-
Insurance proceeds	98,118	137,777	72,206	137,487	57,074	132,251	39,047	99,385	578,638	325,757
Transfers in	4,251,121	6,220,775	4,255,156	8,423,212	6,530,977	6,401,391	6,305,753	5,497,580	5,593,537	11,483,675
Transfers out	(4,303,917)	(6,220,775)	(4,255,156)	(8,423,212)	(6,530,977)	(6,401,391)	(6,305,753)	(5,497,580)	(5,593,537)	(11,483,675)
Total other financing sources	111,989	228,490	37,961,579	2,063,604	2,057,074	858,063	2,539,241	231,040	1,178,063	8,728,307
Net change in fund balances	(2,580,646)	(1,999,709)	28,601,579	3,788,416	(6,730,783)	(8,408,958)	(9,666,086)	(4,499,103)	3,819,209	2,319,795
Other changes in fund balance	513,218	6,781,381	-	-	-	-	-	-	-	-
Fund balances, beginning	-	(2,067,428)	2,714,244	31,315,823	35,104,239	28,373,456	19,964,498	10,298,412	27,391,155	31,190,617
Prior period adjustment	-	-	-	-	-	-	-	-	(19,747)	-
Fund balances, ending	\$ (2,067,428)	\$ 2,714,244	\$ 31,315,823	\$ 35,104,239	\$ 28,373,456	\$ 19,964,498	\$ 10,298,412	\$ 5,799,309	\$ 31,190,617	\$ 33,510,412
Debt service as a percentage of non-capital expenditures	7.9%	7.1%	7.4%	7.1%	12.0%	12.4%	13.6%	11.1%	11.3%	15.2%

Source: County Audit Reports

COLLETON COUNTY, SOUTH CAROLINA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value			Market Value			Total Direct Tax Rate
	Real Property	Personal Property	Total	Real Property	Personal Property	Total	
2013	\$ 124,529,285	\$ 45,681,967	\$ 170,211,252	\$ 3,677,288,314	\$ 577,742,213	\$ 4,255,030,527	115.86
2014	124,290,470	46,322,848	170,613,318	3,675,411,178	542,309,703	4,217,720,881	115.86
2015	124,833,360	38,508,140	163,341,500	3,743,314,532	459,532,616	4,202,847,148	115.86
2016	125,463,400	41,403,580	166,866,980	3,792,357,210	512,687,036	4,305,044,246	125.05
2017	126,695,930	44,408,120	171,104,050	3,848,082,492	548,235,970	4,396,318,462	125.05
2018	130,485,880	45,527,140	176,013,020	3,997,547,588	562,409,403	4,559,956,991	125.05
2019	132,774,320	44,873,240	177,647,560	4,085,126,499	543,980,519	4,629,107,018	126.55
2020	136,463,280	44,446,986	180,910,266	4,075,367,609	494,862,138	4,570,229,747	126.55
2021	141,139,420	52,028,116	193,167,536	2,494,924,194	607,783,263	3,102,707,457	126.55
2022	154,190,550	51,346,115	205,536,665	2,803,142,591	574,641,148	3,377,783,739	126.55

* Reassessment Year.

Source: County Auditor

COLLETON COUNTY, SOUTH CAROLINA

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

Fiscal Year	County Direct Rates			Overlapping Rates					
	County Operations	County Debt	Total Direct Rate	School Operations	School Debt Service	County Fire Protection	County Fire Debt Service	Town of Edisto Beach	City of Walterboro
2013	108.45	7.41	115.86	104.31	46.50	33.56	17.67	19.53	88.00
2014	108.45	7.41	115.86	104.31	46.50	33.56	17.67	20.23	88.00
2015	108.45	7.41	115.86	104.31	46.50	33.56	17.67	20.23	88.00
2016	114.81	10.24	125.05	110.42	49.50	33.56	22.66	20.23	88.00
2017	114.81	10.24	125.05	110.42	49.50	33.56	22.66	20.71	88.00
2018	114.81	10.24	125.05	110.42	49.50	33.56	22.66	23.44	86.40
2019	116.31	10.24	126.55	113.42	54.50	33.56	22.66	23.44	86.40
2020	116.31	10.24	126.55	116.42	54.50	33.56	22.66	24.07	86.40
2021	116.31	10.24	126.55	116.42	54.50	33.56	22.66	24.07	86.40
2022	116.31	10.24	126.55	116.42	54.50	33.56	22.66	25.15	86.40

Source: County Auditor

COLLETON COUNTY, SOUTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

Customer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Dominion Energy South Carolina (SCE&G)	\$ 8,574,800	1	4.13%	\$ 11,934,910	1	6.73%
Coastal Electric Coop	3,210,600	2	1.56%	2,526,060	2	1.42%
CSX Transportation, Inc.	999,320	3	0.49%	N/A	-	-
Central Electric Power Coop	832,210	4	0.40%	N/A	-	-
Cellco Partnership DBA Verizon Wireless	823,220	5	0.40%	N/A	-	-
Wyndham Vacation Resorts, Inc. Etal	799,740	6	0.39%	N/A	-	-
Lawyers Title Insurance Corporation	753,630	7	0.37%	N/A	-	-
Cherokee Plantation Owners, Inc.	747,310	8	0.36%	569,376	5	0.32%
Walterboro Community Hospital	740,426	9	0.36%	486,000	6	0.27%
Walmart Real Estate Business Trust	735,000	10	0.36%	765,000	4	0.43%
SCE&G	N/A	-	-	1,202,710	3	0.68%
Dayco Products, LLC	N/A	-	-	434,570	7	0.24%
Walterboro/SAV LLC	N/A	-	-	387,300	8	0.22%
Smithers Oasis Company	N/A	-	-	392,900	9	0.22%
Comcast Cablevision of Carolina	N/A	-	-	346,560	10	0.20%
	<u>\$ 18,216,256</u>		<u>8.82%</u>	<u>\$ 19,045,386</u>		<u>10.73%</u>

Source: County Auditor

N/A - Information is not applicable

COLLETON COUNTY, SOUTH CAROLINA

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Year		Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2013	*	\$ 52,100,048	\$ 44,052,013	84.55%	\$ 7,642,810	\$ 51,694,823	99.22%
2014		48,000,778	46,192,180	96.23%	1,557,717	47,749,897	99.48%
2015		14,791,090	13,733,646	92.85%	841,436	14,575,082	98.54%
2016		16,482,359	15,385,339	93.34%	981,225	16,366,564	99.30%
2017		16,903,737	15,970,838	94.48%	786,423	16,757,261	99.13%
2018	*	20,208,055	19,219,246	95.11%	780,057	19,999,303	98.97%
2019		20,658,725	19,796,004	95.82%	588,624	20,384,628	98.67%
2020		21,028,987	20,449,213	97.24%	388,343	20,837,556	99.09%
2021		22,018,103	21,256,691	96.54%	413,896	21,670,587	96.54%
2022		23,523,755	21,843,632	92.86%	-	21,843,632	92.86%

* Reassessment year.

Source: Delinquent Tax Collector, County Finance Office, County Auditor, County Treasurer.

Note 1: 2013 and 2014 figures include County, Fire and Rescue and School District.

COLLETON COUNTY, SOUTH CAROLINA

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income	Capital Per Capita
	General Obligation Bond	Notes Payable	Financed Purchases	Special Revenue Bond			
2013	\$ 7,280,000	\$ 517,977	\$ 1,526,344	\$ 4,455,000	\$ 13,779,321	11.57%	361.16
2014	6,110,000	352,290	932,153	4,090,000	11,484,443	9.44%	295.29
2015	35,012,627	1,059,759	2,535,947	3,710,000	42,318,333	33.86%	1,120.39
2016	38,989,949	880,032	1,854,089	-	41,724,070	33.39%	1,105.83
2017	35,440,618	880,032	2,473,965	-	38,794,615	31.18%	1,022.98
2018	31,897,356	880,032	1,603,333	-	34,380,721	26.60%	914.11
2019	27,138,079	-	2,680,000	-	29,818,079	22.62%	791.77
2020	22,879,822	-	1,756,667	-	24,636,489	18.03%	653.89
2021	19,111,299	-	833,292	-	19,944,591	14.22%	516.65
2022	14,682,077	-	4,962,221	-	19,644,298	13.90%	510.75

Source: County Audit Report, US Census Bureau

Note 1: Details of the County's outstanding debt can be found in the notes to the financial statements.

Note 2: The ratios are calculated using personal income and population for the prior calendar year.

COLLETON COUNTY, SOUTH CAROLINA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Less Amounts Available in Debt Service Funds	Total	Percentage of Estimated Taxable Value of Property	Per Capita
2013	\$ 7,280,000	\$ 1,031,180	\$ 6,248,820	3.7%	164
2014	6,110,000	919,745	5,190,255	3.0%	133
2015	35,012,627	411,973	34,600,654	21.2%	916
2016	38,989,949	5,496,753	33,493,196	20.1%	888
2017	35,440,618	6,325,794	29,114,824	17.0%	768
2018	31,897,356	7,010,933	24,886,423	14.1%	662
2019	27,138,079	5,519,838	21,618,241	12.2%	574
2020	22,879,822	6,059,526	16,820,296	9.3%	446
2021	19,111,299	7,639,063	11,472,236	5.9%	297
2022	14,682,077	7,035,133	7,646,944	3.7%	199

COLLETON COUNTY, SOUTH CAROLINA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT JUNE 30, 2022

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Colleton County School District	\$ 71,317,151	100.00%	\$ 71,317,151
Fire and Rescue Commission	12,293,059	100.00%	12,293,059
City of Walterboro	4,071,878	100.00%	4,071,878
Town of Edisto Beach	1,720,000	100.00%	1,720,000
Subtotal overlapping debt	89,402,088		89,402,088
County direct debt	19,644,298	100.00%	19,644,298
Total direct and overlapping debt	\$ 109,046,386		\$ 109,046,386

Source: Assessed value data used to estimate applicable percentage provided by Colleton County Auditor.

Note: Debt outstanding data provided by each governmental unit.

COLLETON COUNTY, SOUTH CAROLINA

LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 10,536,276	\$ 13,649,065	\$ 13,067,320	\$ 13,349,358	\$ 13,688,324	\$ 14,081,042	\$ 14,211,805	\$ 14,472,821	\$ 15,453,403	\$ 16,442,933
Total net debt applicable to limit	7,280,000	6,110,000	4,740,000 *	8,758,832	8,301,301	8,416,034	7,370,970	6,898,164	6,991,353	6,510,127
Legal debt margin	<u>\$ 3,256,276</u>	<u>\$ 7,539,065</u>	<u>\$ 8,327,320</u>	<u>\$ 4,590,526</u>	<u>\$ 5,387,023</u>	<u>\$ 5,665,008</u>	<u>\$ 6,840,835</u>	<u>\$ 7,574,657</u>	<u>\$ 8,462,050</u>	<u>\$ 9,932,806</u>
Total net debt applicable to the limit as a percentage of debt limit	69.09%	44.76%	36.27%	65.61%	60.65%	59.77%	51.87%	47.66%	45.24%	39.59%
Legal Debt Margin Calculation for Fiscal Year 2022										
Total assessed value										<u>\$ 205,536,665</u>
Debt limit (8% of assessed value)										16,442,933
Debt applicable to limit										<u>6,510,127</u>
Legal debt margin										<u>\$ 9,932,806</u>

Note: Under State finance law, the County's outstanding general obligation debt should not exceed 8% of the total assessed property value.

* Excludes \$29,000,000 Bond Series 2015 because voter approval was obtained for the issuance of the bonds.

Source: County Audit Reports, County Auditor.

COLLETON COUNTY, SOUTH CAROLINA

PLEDGED REVENUE COVERAGE LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Debt Service Collections</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
2013	\$ 1,361,755	\$ 578,701	\$ 218,444	1.71
2014	1,266,976	365,000	186,708	2.30
2015	1,253,752	1,370,000	172,260	0.81
2016	5,487,307	1,425,000	573,371	2.75
2017	6,003,018	3,480,000	801,890	1.40
2018	6,159,788	4,055,000	740,378	1.28
2019	6,441,766	4,687,353	757,213	1.18
2020	6,559,092	4,185,000	670,685	1.35
2021	7,465,237	4,275,000	584,694	1.54
2022	8,160,237	7,181,093	430,106	1.07

Source: County Auditor

COLLETON COUNTY, SOUTH CAROLINA

DEMOGRAPHIC STATISTICS LAST TEN FISCAL YEARS

Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate Percentage
2013	38,153	\$ 1,190,505	\$ 31,505	N/A	5,830	10.8%
2014	38,892	1,216,892	31,289	40.7	5,763	7.7%
2015	37,771	1,249,641	33,120	40.0	5,713	7.5%
2016	37,731	1,249,641	33,120	41.5	6,545	6.1%
2017	37,923	1,244,027	32,804	43.0	6,889	4.8%
2018	37,611	1,292,389	34,362	42.5	6,799	4.2%
2019	37,660	1,317,949	34,996	42.7	6,458	4.0%
2020	37,677	1,366,771	36,276	42.2	6,802	8.2%
2021	38,604	1,402,252	36,324	42.5	6,616	4.7%
2022	38,462	1,413,402	36,748	42.3	6,222	3.6%

Source: (1) U.S. Census Bureau

(2) S.C. Department of Employment and Workforce

N/A - Information is not available

COLLETON COUNTY, SOUTH CAROLINA

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

Employer	2022			2013		
	FTE Employees	Rank	Percentage of Total County Employment	FTE Employees	Rank	Percentage of Total County Employment
Colleton County School District	750	1	4.4%	1,000	1	6.6%
Colleton County Government	474	2	2.8%	503	2	3.3%
Colleton Medical Center	420	3	2.4%	475	3	3.1%
Walmart	300	4	1.7%	350	4	2.3%
City of Walterboro	100	5	0.6%	N/A	-	-
Carolina Composites	100	6	0.6%	N/A	-	-
Rockford Manufacturing	100	7	0.6%	N/A	-	-
Carolina Visuals, LLC	75	8	0.4%	N/A	-	-
Crescent Dairy and Beverages, LLC	60	9	0.3%	N/A	-	-
Floralife	60	10	0.3%	110	7	0.7%
Palmetto Rural Telephone Cooperative	60	-	0.3%	N/A	-	-
Dayco Products, LLC	N/A	-	N/A	150	5	1.0%
Heritage Healthcare - Walterboro	N/A	-	N/A	137	6	0.9%
Colleton County Disabilities	N/A	-	N/A	100	8	0.7%
Sunward Consolidated Group	N/A	-	N/A	100	9	0.7%
Walterboro Veneer Co, Inc.	N/A	-	N/A	95	10	0.6%
Total of Top Ten Employees	2,499		14.4%	3,020		19.9%

Data Source:

(1) Colleton County Economic Development

(2) U.S. Census Bureau

N/A - Information is not available.

COLLETON COUNTY, SOUTH CAROLINA

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	93.0	77.0	76.5	84.0	79.0	78.0	81.0	85.3	87.0	83.0
Judicial	18.5	58.0	55.0	78.0	80.5	74.0	71.0	79.7	76.0	81.0
Public safety	132.0	116.0	103.0	135.0	144.5	115.0	123.0	137.6	144.0	138.0
Roads and bridges	27.5	17.0	15.0	25.0	24.0	23.0	23.0	23.0	22.0	21.0
Solid waste	15.5	12.0	23.5	44.0	31.2	14.5	10.0	12.2	14.0	14.0
Recreation and culture	9.0	13.0	15.0	28.0	23.0	19.0	20.0	20.2	21.0	16.0
Health and human services	1.5	2.0	6.0	17.0	6.5	5.0	5.0	2.0	9.0	6.0
Economic development	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Alcohol and drug	10.5	9.0	8.5	11.0	8.0	9.0	10.0	14.0	14.0	15.0
Library	5.0	10.0	12.5	16.0	12.8	10.0	10.0	13.0	12.0	12.0
Fire and rescue	77.5	76.0	77.5	82.0	78.0	83.0	85.0	85.0	92.0	103.0
Total	<u>392.00</u>	<u>392.00</u>	<u>394.50</u>	<u>522.00</u>	<u>489.50</u>	<u>432.50</u>	<u>440.00</u>	<u>473.85</u>	<u>493.00</u>	<u>491.0</u>

Source: County Human Resource Department.

COLLETON COUNTY, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Judicial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Public Safety	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EMS Transports	6,137	6,542	6,749	7,358	7,416	7,523	7,688	7,887	9,269	9,839
Roads and Bridges	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Solid Waste	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Recreation and Culture	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Health and Human Services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Economic Development	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Information is not available. Schedule is currently a work in progress and will be updated in subsequent years as information becomes available.

COLLETON COUNTY, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Recreation and Culture										
Community Centers	13	13	13	13	13	14	14	15	15	15
Recreation Complex	1	1	1	1	1	1	1	1	1	1
Golf Course	-	-	1	1	1	1	1	1	1	1
Emergency Services										
Number of Fire Stations	33	34	34	34	34	34	34	34	34	34
Number of Fire Trucks	119	106	106	115	103	119	119	119	118	118
Number of Ambulances	12	12	12	16	11	14	14	14	14	14
Streets and Highways										
Miles of Roads	347.8	362.7	362.7	362.7	362.7	352.7	352.7	352.7	353	353
Collection Sites	13	13	13	13	15	15	15	15	15	15
Sheriff										
Patrol Units	86	86	86	92	96	88	88	88	90	90
Health, Education and Welfare										
County Libraries	1	1	1	1	2	3	3	3	3	3
Book Mobiles	1	1	1	1	1	1	1	1	1	1

Sources: County Engineering, Fleet, and Facilities Departments.

N/A - Information is not available.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

[THIS PAGE INTENTIONALLY LEFT BLANK]

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

Following is a summary of certain provisions of the Ordinance enacted by the County Council of Colleton County, South Carolina (the "County") authorising the issuance of the Colleton County, South Carolina, General Obligation Capital Project Sales Tax Bonds, Series 2023. The summary does not purport to be a full statement of the Ordinance and reference is made to the Ordinance for a full and complete statement thereof. Capitalised terms used herein and not defined herein have the meanings ascribed to them in the Ordinance unless the context hereof otherwise requires.

Registration and Transfers of Bonds; Persons Treated as Owners.

(a) Each Bond shall be fully-registered and no Bond may be transferred except by the registered owner thereof in person or by his attorney duly authorised in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorised attorney. Upon the transfer of any such registered Bond or Bonds, the County shall execute and the Authenticating Agent shall authenticate and deliver, subject to the provisions of Section 12 of Article II, in the name of the transferee, a new registered Bond or Bonds of the same aggregate principal amount as the unpaid principal amount of the surrendered Bond or Bonds.

(b) Any registered owner requesting any transfer shall pay all taxes or other governmental charges required to be paid with respect thereto. Any purported assignment in contravention of the foregoing requirements shall be, as to the County, absolutely null and void. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of and interest on such Bonds shall be made only to or upon the order of the registered owner or his legal representative. All such payments shall be valid and effective to satisfy and discharge the liability of the County upon such Bond to the extent of the sum or sums so paid. No person other than the registered owner shall have any right to receive payments, pursue remedies, enforce obligations, or exercise or enjoy any other rights under any Bond against the County. Notwithstanding the foregoing, nothing herein shall limit the rights of a person having a beneficial interest in any Bond as against a person (including the registered owner) other than the County, as in the case where the registered owner is a trustee or nominee for two or more beneficial owners of an interest in any Bond.

(c) The Bond Registrar shall not be required to exchange or transfer any Bond or portion thereof for the period beginning on the Regular Record Date and ending on the next succeeding Interest Payment Date.

Mutilated, Lost, Stolen, or Destroyed Notes.

In the event any Bond is mutilated, lost, stolen, or destroyed, the County may execute and the Authenticating Agent may authenticate a new Bond of like date, maturity, interest rate, and denomination, as that mutilated, lost, stolen, or destroyed; provided that, in the case of any mutilated Bonds, they shall first be surrendered to the Paying Agent, and in the case of any lost, stolen, or destroyed Bonds, there shall be first furnished to the County and the Paying Agent evidence of their loss, theft, or destruction satisfactory to the County and the Paying Agent, together with indemnity satisfactory to them; provided that in the case of a registered owner which is a bank or insurance company, the agreement of such bank or insurance company to indemnify the County and the Paying Agent shall be sufficient. In the event any such Bonds shall have matured, instead of issuing a duplicate Bond, the County may pay the same without surrender thereof. The County, the Paying Agent, and the Authenticating Agent, may charge the registered owner of such Bond with their reasonable fees and expenses to replace mutilated, lost, stolen, or destroyed Bonds.

Exchange of Bonds.

Subject to the provisions of Section 9 of Article II, the Bonds, upon surrender thereof to the Bond Registrar with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or his duly authorised attorney, may, at the option of the registered owner thereof, and upon payment by such registered owner of any charges which the Paying Agent, the Authenticating Agent, or the Bond Registrar may make as

provided in Section 12 of Article II, be exchanged for a principal amount of Bonds of any other authorised denominations equal to the unpaid principal amount of surrendered Bonds.

Regulations with Respect to Exchanges and Transfers.

In all cases in which the privilege of exchanging or transferring the Bonds is exercised, the County shall execute and the Authenticating Agent shall authenticate and deliver the Bonds in accordance with the provisions of the Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Paying Agent. There shall be no charge for such exchange or transfer of the Bonds except that the Paying Agent, the Bond Registrar, and the Authenticating Agent, may make a charge sufficient to reimburse them, or any of them, for any tax or other governmental charge required to be paid with respect to such exchange or transfer.

Pledge of Full Faith, Credit, and Taxing Power.

For the payment of the principal of and interest on the Bonds as the same respectively mature, and for the creation of such Sinking Fund Account as may be necessary therefor, the full faith, credit, and taxing power, of the County are irrevocably pledged, and, subject to the provisions of Section 3 of Article III, there shall be levied annually by the Auditor of Colleton County, and collected by the Treasurer of Colleton County, in the same manner as other County taxes are levied and collected, a tax, without limit, on all taxable property in the County, sufficient to pay the principal and interest of the Bonds as they respectively mature, and to create such Sinking Fund Account as may be necessary therefor.

Pledge of Transportation Sales Tax Revenues

(a) The Bonds shall be payable from, and additionally secured by a pledge of, the net revenues raised by the Capital Project Sales Tax. Upon receipt of the net revenue of the Capital Project Sales Tax from the State Treasurer, the Treasurer of Colleton County shall deposit that portion of the net revenues as directed by annual budget of the County Council into the Sinking Fund Account established for the Bonds and shall maintain proper books and records for an accounting thereof. To the extent the net revenues derived from the Capital Project Sales Tax are or will be available and on deposit with the Treasurer of Colleton County prior to the due dates of Debt Service for any fiscal year, the County Council shall reduce the amount of taxes required to be levied and collected pursuant to Section 2 of Article III. Such net revenues received by the Treasurer of Colleton County from the State Treasurer from the Capital Project Sales Tax shall be deposited in the Sinking Fund Account and on each payment date of the Bonds shall be applied to pay current Debt Service due on the Bonds. Pending such application, moneys held in such Account shall be invested by the Treasurer of Colleton County in accordance with law. All investment earnings shall be applied as directed by the County Council for the costs of Referendum Projects.

(b) The covenants and agreements herein set forth to be performed by the County shall be for the equal and proportionate benefit, security, and protection of all registered owners of the Bonds without preference, priority, or distinction as to payment or security or otherwise (except as to maturity) of any of the Bonds or any of the others for any reason or cause whatsoever, except as expressly provided herein or in the Bonds, and, except as aforesaid, all Bonds shall rank *pari passu* and shall be secured equally and ratably hereunder without discrimination or preference whatsoever.

(c) The County Council expressly reserves the right to pledge net revenues derived from the Capital Project Sales Tax to secure the payment of other obligations of the County, including other general obligation bonds, revenue bonds, notes, lease, or contract obligations, or similar contracts or evidences of indebtedness, and to apply such net revenues that are not required to pay current Debt Service on the Bonds to the costs of other Referendum Projects.

(d) Upon payment in full of all principal and interest due on the Bonds, whether at maturity or pursuant to defeasance in accordance with Article VI hereof, all funds derived from the Capital Project Sales Tax held by the Colleton County Treasurer in the Sinking Fund Account shall be released from the lien and pledge in favour of the Bonds created hereby and shall be disbursed at the direction of the County Council to pay costs of the Referendum Facilities.

Release of Ordinance.

(a) If all of the Bonds issued pursuant to the Ordinance shall have been paid and discharged, then the obligations of the County under the Ordinance, and all other rights granted thereby shall cease and determine. Bonds shall be deemed to have been paid and discharged within the meaning of Article VI of the Ordinance in each of the following circumstances:

(i) If the Paying Agent shall hold, at the stated maturities of such Bonds, in trust and irrevocably appropriated thereto, moneys for the full payment thereof; or

(ii) If default in the payment of the principal of such Bonds or the interest thereon shall have occurred, and thereafter tender of such payment shall have been made, and the Paying Agent shall hold, in trust and irrevocably appropriated thereto, sufficient moneys for the payment thereof to the date of the tender of such payment; or

(iii) If the County shall have deposited with the Paying Agent or other escrow agent meeting the requirements of a Fiscal Agent hereunder, in an irrevocable trust, either moneys in an amount which shall be sufficient, or direct general obligations of the United States of America, which are not subject to redemption by the issuer prior to the date of maturity of the Bonds to be defeased, the principal of and interest on which, when due, and without reinvestment thereof, will provide moneys, which, together with the moneys, if any, so deposited at the same time, shall be sufficient to pay, when due, the principal, interest, and redemption premium or premiums, if any, due or to become due on and prior to the maturity date or dates; or

(iv) If there shall have been so deposited either moneys in an amount which shall be sufficient, or direct general obligations of the United States of America the principal of and interest on which, when due, will provide moneys which, together with the moneys, if any, so deposited at the same time, shall be sufficient to pay, when due, the principal and interest due or to become due on the Bonds on the maturity thereof.

(b) In addition to the above requirements of paragraphs (i), (ii), (iii), or (iv), in order for the Ordinance to be discharged, all other fees, expenses, and charges of the Fiscal Agents, shall have been paid in full at such time.

(c) Notwithstanding the satisfaction and discharge of the Ordinance, the Fiscal Agents shall continue to be obligated to hold in trust any moneys or investments then held by the Paying Agent for the payment of the principal of, premium, if any, and interest on, the Bonds, to pay to the registered owners of Bonds the funds so held by the Fiscal Agents as and when such payment becomes due.

(d) Any release under Section 1 of Article VI of the Ordinance shall be without prejudice to the rights of the Fiscal Agents to be paid reasonable compensation for all services rendered under the Ordinance and all reasonable expenses, charges, and other disbursements and those of their respective attorneys, agents, and employees, incurred on and about the administration of trusts by the Ordinance created and the performance of the powers and duties under the Ordinance of the Fiscal Agents.

Deposit of Moneys.

Any moneys which at any time shall be deposited with a Fiscal Agent by or on behalf of the County for the purpose of paying and discharging any Bonds shall be and are hereby assigned, transferred, and set over to the Fiscal Agent in trust for the respective registered owners of such Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge thereof. If, through lapse of time or otherwise, the registered owners of such Bonds shall no longer be entitled to enforce payment of their obligations, then, in such event, it shall be the duty of the Fiscal Agent to transfer such funds to the County.

Notice of Release of Ordinance.

(a) In the event any of said Bonds are not to be redeemed within the sixty (60) days next succeeding the date the deposit required by Section 1(a)(iii) or (iv) of Article VI of the Ordinance is made, the County shall give the Fiscal Agent irrevocable instructions to mail, as soon as practicable by first class mail, a notice to the registered owners of such Bonds at the addresses shown on the Books of Registry that (i) the deposit required by subparagraph (a)(iii) or (a)(iv) of Section 1 of Article VI of the Ordinance has been made with the Fiscal Agent, and (ii) said Bonds are deemed to have been paid in accordance with Article VI and stating such maturity or redemption dates upon which moneys are to be available for the payment of the principal of, and premium, if any, and interest on, said Bonds.

(b) The County covenants and agrees that any moneys which it shall deposit with the Fiscal Agent shall be deemed to be deposited in accordance with, and subject to, the applicable provisions of Article VI.

Amending and Supplementing of Ordinance Without Consent of Registered Owners of Bonds.

(a) The County Council, from time to time and at any time and without the consent or concurrence of any registered owner of any Bond, may enact an ordinance amendatory hereof or supplemental thereto, if the provisions of such supplemental ordinance shall not materially adversely affect the rights of the registered owners of the Bonds then outstanding, for any one or more of the following purposes:

(i) To make any changes or corrections in the Ordinance as to which the County Council shall have been advised by counsel that the same are verbal corrections or changes or are required for the purpose of curing and correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in the Ordinance, or to insert in the Ordinance such provisions clarifying matters or questions arising under the Ordinance as are necessary or desirable;

(ii) To add additional covenants and agreements of the County for the purpose of further securing the payment of the Bonds;

(iii) To surrender any right, power, or privilege reserved to or conferred upon the County by the terms of the Ordinance;

(iv) To grant or confer upon the registered owners of the Bonds any additional rights, remedies, powers, authority, or security that lawfully may be granted to or conferred upon them; or

(v) To make such additions, deletions, or modifications as may be necessary to assure compliance with section 148(f) of the Code relating to required rebate to the United States of America or otherwise as may be necessary to assure the exclusion from gross income of interest on the Bonds for purposes of federal income taxation.

(b) The County Council shall not enact any supplemental ordinance authorised by the foregoing provisions of Section VII of the Ordinance unless in the opinion of counsel (which opinion may be combined with the opinion required by Section 4 of Article VII) the enactment of such supplemental ordinance is permitted by the foregoing provisions of Article VII and the provisions of such supplemental ordinance do not adversely affect the rights of the registered owners of the Bonds then outstanding.

Amending and Supplementing of Ordinance With Consent of Registered owners of Bonds.

(a) With the consent of the registered owners of not less than a majority in principal amount of the Bonds then outstanding the County Council from time to time and at any time may enact an ordinance amendatory hereof or supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Ordinance, or modifying or amending the rights or obligations of the County under the Ordinance, or modifying or amending in any manner the rights of the registered owners of the Bonds then outstanding; provided, however, that without the specific consent of the registered owner of each such Bond which would be affected thereby, no supplemental ordinance amending or supplementing the provisions hereof shall: (i)

change the fixed maturity date of any Bond or the dates for the payment of interest thereon or the terms of the redemption thereof, or reduce the principal amount of any Bond or the rate of interest thereon or the redemption price (or the redemption premium) payable upon the redemption or prepayment thereof; (ii) reduce the aforesaid percentage of Bonds, the registered owners of which are required to consent to any supplemental ordinance amending or supplementing the provisions of the Ordinance; or (iii) give to any Bond or Bonds any preference over any other Bond or Bonds secured hereby. Nothing in this paragraph contained, however, shall be construed as making necessary the approval of the registered owners of the Bonds of the enactment of any supplemental ordinance authorised by the provisions of Section 1 of Article VII of the Ordinance.

(b) It shall not be necessary that the consents of the registered owners of the Bonds approve the particular form of the wording of the proposed amendment or supplement or of the supplemental ordinance. The County shall mail a notice at least once, not more than thirty (30) days after the effective date of such amendment or supplement, of such amendment or supplement postage prepaid, to each registered owner of Bonds then outstanding at his address appearing upon the Books of Registry and to the Paying Agent, but failure to mail copies of such notice to any of the registered owners shall not affect the validity of the supplemental ordinance effecting such amendments or supplements or the consents thereto. Nothing in this paragraph contained, however, shall be construed as requiring the giving of notice of any amendment or supplement of the Ordinance authorised by Section 1 of Article VII of the Ordinance. No action or proceeding to set aside or invalidate such supplemental ordinance or any of the proceedings for its enactment shall be instituted or maintained unless such action or proceeding is commenced within sixty (60) days after the mailing of the notice required by this paragraph.

Effectiveness of Supplemental Ordinance.

Upon the enactment (pursuant to Article VII of the Ordinance and applicable law) by the County Council of any supplemental ordinance amending or supplementing the provisions of the Ordinance and the delivery to the Paying Agent and the County Council of an opinion of bond counsel that such supplemental ordinance is in due form and has been duly enacted in accordance with the provisions hereof and applicable law and that the provisions thereof are valid and binding upon the County, or upon such later date as may be specified in such supplemental ordinance, (a) the Ordinance and the Bonds shall be modified and amended in accordance with such supplemental ordinance, (b) the respective rights, limitations of rights, obligations, duties, and immunities, under the Ordinance of the County, the Fiscal Agents, and the registered owners of the Bonds, shall thereafter be determined, exercised, and enforced under the Ordinance subject in all respects to such modifications and amendments, and (c) all of the terms and conditions of any such supplemental ordinance shall be a part of the terms and conditions of the Bonds and of the Ordinance for any and all purposes.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

FORM OF BOND COUNSEL OPINION

[THIS PAGE INTENTIONALLY LEFT BLANK]

HOWELL LINKOUS & NETTLES, LLC

Bond Attorneys & Counsellors at Law

Post Office Box 1768
Charleston, South Carolina 29402

Telephone 843.266.3800
Fax 843.266.3805

The Lining House
106 Broad Street
Charleston, South Carolina 29401

Concentrating in Municipal Bonds,
Local Government Law, Economic
Development Incentives,
Affordable Housing Development

2 May 2023

Colleton County, South Carolina
Walterboro, South Carolina

Re: \$40,355,000 Colleton County, South Carolina, General Obligation Capital Project
Sales Tax Bonds, Series 2023

Ladies and Gentlemen:

As bond counsel to Colleton County, South Carolina (the “County”), we have examined a certified copy of the Transcript of Proceedings and other proofs submitted to us, including the Constitution and Statutes of the State of South Carolina, in relation to the issuance by the County of its \$40,355,000 General Obligation Capital Project Sales Tax Bonds, Series 2023 (the “Bonds”), which are originally dated May 2, 2023, are in fully-registered form, are in denominations of \$5,000, or any integral multiple thereof, and mature, in annual series or instalments, on July 1 in the years and amounts, and bear interest as follows:

Due <u>July 1</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	Due <u>July 1</u>	Principal <u>Amount</u>	Interest <u>Rate</u>
2024	\$5,085,000	1.00%	2028	\$6,010,000	3.00%
2025	5,345,000	4.00	2029	6,195,000	3.00
2026	5,560,000	4.00	2030	6,380,000	3.00
2027	5,780,000	4.00			

The Bonds are not subject to redemption prior to maturity.

Interest on the Bonds is payable on January 1 and July 1 of each year, commencing January 1, 2024. Principal of the Bonds is payable to the registered owners thereof, in legal tender at the office of the Colleton County Treasurer (the “Paying Agent”). Interest on the Bonds is payable by cheque or draught mailed to the registered owners by the Paying Agent.

The Bonds recite that they are issued pursuant to and for the purposes authorized by the County Bond Act (Title 4, Chapter 15 of the Code of Laws of South Carolina 1976, as amended) as amended and continued by Section 11-27-40 of the Code of Laws of South Carolina 1976, as amended, the favorable results of a referendum conducted in Colleton County, South Carolina on November 8, 2022 (the “Capital Project Sales Tax Referendum”), and an Ordinance enacted by the County Council of Colleton County (the “County Council”), the governing body of the County (the “Ordinance”), to provide funds (i) to defray a portion of the cost of acquiring, constructing, furnishing, and equipping certain capital projects as authorized by the Capital Project Sales Tax Referendum, (ii) to pay capitalized interest on the Bonds; and (iii) to pay costs of issuance of the Bonds.

As to questions of fact material to our opinion, we have relied upon the Transcript of Proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

We express no opinion herein as to the accuracy, adequacy, or completeness of the Preliminary Official Statement or Official Statement relating to the Bonds. We refer you to our letter of even date herewith with regard to certain matters regarding the Preliminary Official Statement and Official Statement.

Based on our examination, including the assumptions and limitations set forth herein, we are of the opinion as of the date hereof and under existing law, as follows:

1. The proceedings are regular and in due form of law and the Bonds constitute valid and binding obligations of the County, secured by an irrevocable pledge of the full faith, credit, and taxing power of the County and are payable, both principal and interest, from a direct ad valorem tax upon all taxable property in the County, without limit as to rate or amount. Provision has been made for the levy and collection of the tax to meet the payment of principal and interest on the Bonds as the same respectively mature in the event the net proceeds of the Capital Project Sales Tax (as described below) prove insufficient therefor.

2. The Bonds are payable from and additionally secured by a pledge of the net proceeds of the Capital Project Sales Tax (the “Capital Project Sales Tax”) authorized by the provisions of Title 4, Chapter 10, Article 3 of the Code of Laws of South Carolina 1976, as amended, and the Capital Project Sales Tax Referendum. The Capital Project Sales Tax has been validly imposed under the laws of the State of South Carolina.

3. The Bonds and the interest thereon are exempt from all state, county, municipal, school district, and all other taxes or assessments of the State of South Carolina, except inheritance, estate, or transfer taxes, and the interest thereon is excludable from gross income for federal and South Carolina income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Code. Such interest is, however, taken into account in determining the annual adjusted financial statement income of certain applicable corporations (as defined in Section 59(k) of the Code) for the purpose of

computing the alternative minimum tax imposed on the adjusted financial statement income of such corporations for tax years beginning after December 31, 2022. Furthermore, it should be noted that Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in South Carolina a fee or franchise tax computed on the entire net income of such bank, which includes interest on the Bonds. The opinion set forth in this paragraph is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excludable from gross income for federal and South Carolina income tax purposes. Failure to comply with certain of the requirements could cause the interest on the Bonds to be included in gross income for federal and South Carolina income tax purposes retroactively to the date of issuance of the Bonds. The County has covenanted to comply with all such requirements.

We have examined executed Bond No. R-1 of the issue and, in our opinion, it is in due form of law.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning, or disposing of the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include original issue premium, purchase at market discount or at a premium, taxation upon sale, redemption, or other disposition, and various withholding requirements.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds and the Ordinance may be subject to bankruptcy, insolvency, reorganisation, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Our services as Bond Counsel for purposes of rendering the foregoing opinions have been based on our review of such legal proceedings, documents, and certificates from the County as we deem necessary to make the statements contained in this letter with respect to the validity of the Bonds, and the tax-exempt status of the interest on the Bonds. We have not examined any documents or other information concerning the business or financial resources of the County, and we express no opinion herein as to the accuracy or completeness of any information with respect to the County that may have been relied upon by the owners of the Bonds in making their decision to purchase the Bonds.

Very truly yours,

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

[THIS PAGE INTENTIONALLY LEFT BLANK]

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this “Disclosure Undertaking”) is executed and delivered this 2nd day of May, 2023, by Colleton County, South Carolina (the “Issuer”) in connection with the issuance of the Issuer’s \$40,355,000 General Obligation Capital Project Sales Tax Bonds, Series 2023 (the “Bonds”). The Bonds are being issued pursuant to an ordinance enacted on April 4, 2023 (the “Ordinance”), by the County Council of the Issuer authorizing the issuance of the Bonds. The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the U.S. Securities and Exchange Commission (the “SEC”) Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Ordinance or elsewhere in this Disclosure Undertaking, which apply to any capitalized terms used in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means the annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

“Beneficial Owner” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” means an agent, if any, appointed in accordance with Section 7 hereof.

“EMMA” means the Electronic Municipal Market Access system described in SEC Release No. 34-59062 (or any successor electronic information system) and maintained by MSRB as the sole repository for the central filing of electronic disclosure pursuant to the Rule.

“Financial Obligation” as used in this Disclosure Undertaking is defined in the Rule, as may be amended, as a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Issuer” means Colleton County, South Carolina.

“Listed Events” means any of the events listed in Section 5(a) or (b) of this Disclosure Undertaking.

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Unless otherwise designated by MSRB or the SEC, filings with the MSRB are to be made through EMMA.

“Official Statement” means the Official Statement dated April 18, 2023, prepared in connection with the Bonds.

“Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports. (a) The Issuer shall, not later seven (7) months after the end of the Issuer’s fiscal year (which shall be June 30 of each year, so long as the Issuer’s fiscal year ends on June 30), commencing with the report for the fiscal year ended June 30, 2023, provide to the MSRB an Annual Report which is

consistent with the requirements of Section 4 of this Disclosure Undertaking. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Undertaking; provided, however, that the audited financial statements of the Issuer for the fiscal year ended June 30, 2023, and for each subsequent fiscal year may be submitted separately from the remainder of the Annual Report, and later than the date required for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a) hereof.

(b) The Annual Report shall be submitted to the MSRB either through a web-based electronic submission interface or through electronic computer-to-computer data connections with EMMA in accordance with the submission process, document format and configuration requirements established by the MSRB. The Annual Report shall also include all related information required by the MSRB to accurately identify: (i) the category of information being provided; (ii) the period covered by the Annual Report; (iii) the issues or specific securities to which the Annual Report is related (including CUSIP number, Issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate); (iv) the name of any obligated person other than the Issuer; (v) the name and date of the document; and (vi) contact information for the Dissemination Agent or the Issuer's submitter.

(c) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a) above, the Issuer shall, in a timely manner, send or cause to be sent to the MSRB, a notice in substantially the form attached hereto as Exhibit A.

(d) In the event that there is a Dissemination Agent, then not later than fifteen (15) business days prior to each due date the Issuer shall provide the Annual Report to the Dissemination Agent for distribution to the MSRB. In connection with this distribution of the Annual Report, the Dissemination Agent, if any, shall file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, and stating the date it was provided to the MSRB.

Section 4. Contents of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The Issuer's audited financial statements for the fiscal year ended on the previous June 30, prepared in accordance with accounting principles generally accepted in the United States of America applicable to government entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available;

(b) Certain annual financial information and operating data generally consistent with the information set forth in the following sections in the Official Statement:

- (i) "CERTAIN FISCAL MATTERS - Assessed Value of Taxable Properties in Colleton County";
- (ii) "CERTAIN FISCAL MATTERS - Property Tax Collection Record";
- (iii) "CERTAIN FISCAL MATTERS - Millage Levied Within Colleton County"; and
- (iv) "CERTAIN FISCAL MATTERS - Largest Taxpayers".
- (v) "CAPITAL PROJECT SALES TAX - Historical Net Capital Project Sales Tax Collections".

The Annual Report may consist of one or more documents. Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer, which have been made available to the public on EMMA. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events. (a) The Issuer shall give or cause to be given notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of security holders, if material;
- (viii) Bond calls, if material and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of any obligated person, which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person;
- (xiii) the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of trustee, if material.
- (xv) incurrence of a Financial Obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the issuer or obligated person, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the issuer or obligated person, any of which reflect financial difficulties.

Section 6. Format for Filing With the MSRB. All documents provided to the MSRB pursuant to this Disclosure Undertaking shall be submitted in electronic format and shall identify the Bonds by name and CUSIP number or shall be accompanied by such identifying information as described from time to time by the MSRB.

Section 7. Termination of Reporting Obligation. This Disclosure Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Bonds shall have been paid in full or the Bonds shall have otherwise been paid or legally defeased; provided, however, that if the Rule (or any successor provision) shall be amended, modified, or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided thereunder, then such information shall no longer be required to be provided hereunder; and provided further that if and to the extent the Rule (or any successor provision), or any provision thereof, shall be declared by a court of competent and final jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void, or otherwise inapplicable to the Bonds, then the information required to be provided hereunder, insofar as it was required to be provided by a provision of the Rule so declared, shall no longer be required to be provided hereunder. Upon any legal defeasance, the Issuer shall electronically file notice of such defeasance with the MSRB, and such notice shall state whether the Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist in its carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Undertaking.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Issuer may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements or change in law;

(b) This Disclosure Undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Undertaking, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given by filing with the MSRB and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Issuer

chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the Issuer shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Undertaking, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking *mandamus* or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Undertaking; provided, however, that any such action may be instituted only in the Federal or State courts located in Charleston, South Carolina. A default under this Disclosure Undertaking shall not be deemed an event of default under the Ordinance, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Issuer to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity. This Disclosure Undertaking is not intended to create any monetary rights on behalf of any person.

COLLETON COUNTY, SOUTH CAROLINA

Date: May 2, 2023

By: _____
Its: _____

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Issuer: Colleton County, South Carolina

Obligations: \$40,355,000 General Obligation Capital Project Sales Tax Bonds, Series 2023

Date of Issuance: May 2, 2023

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Ordinance enacted on April 4, 2023. The Issuer anticipates that the Annual Report will be filed by _____, _____.

COLLETON COUNTY, SOUTH CAROLINA

By: _____
Its: _____

Dated: _____, _____

APPENDIX E

DTC AND BOOK-ENTRY ONLY SYSTEM

[THIS PAGE INTENTIONALLY LEFT BLANK]

THE FOLLOWING INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY (“DTC”) AND DTC’S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT COLLETON COUNTY, SOUTH CAROLINA (THE “ISSUER”) BELIEVES TO BE RELIABLE, BUT THE ISSUER TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the General Obligation Capital Project Sales Tax Bonds, Series 2023 (the “Bonds”) of the Issuer. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each series (a “series”) of each maturity of the Bonds, each in the aggregate principal amount of such maturity of such series, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such maturity.

DTC, the world’s largest securities depository, is a limited-purpose trust company organised under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerised book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of

significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to any of the resolutions under which any Bonds is issued. For example, the Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds of a series with the same maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption payments and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption payments and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorised representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to any Bonds at any time by giving reasonable notice to the Issuer and the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

NEITHER THE ISSUER NOR THE PAYING AGENT IS RESPONSIBLE OR LIABLE FOR THE FAILURE OF ANY DIRECT PARTICIPANTS OR ANY INDIRECT PARTICIPANTS TO MAKE ANY PAYMENT OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE BONDS OR ANY ERROR OR DELAY RELATING THERETO.

Neither the Issuer nor the Paying Agent gives any assurances that DTC, DTC Participants, or Indirect Participants will distribute to the Beneficial Owners of the Bonds (i) payments of principal, premium, if any, and interest, with respect to the Bonds, (ii) confirmation of beneficial ownership interests in the Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as registered owner of the Bonds, or that they will do so on a timely basis, or that DTC, DTC Participants, or Indirect Participants will serve or act in the manner described in this Official Statement.

All capitalized terms not otherwise defined in this Appendix shall have the meaning ascribed to such term in this Official Statement.

APPENDIX F

ADDITIONAL DEBT INFORMATION

[THIS PAGE INTENTIONALLY LEFT BLANK]

ADDITIONAL DEBT INFORMATION

Bond Anticipation Notes

Article X of the South Carolina Constitution and Title 11, Chapter 17 of the Code of Laws of South Carolina 1976, as continued by Title 11, Chapter 27 of the Code of Laws of South Carolina 1976, as amended, authorise counties, incorporated municipalities, special purpose districts, and school districts to issue bond anticipation notes, maturing not later than one year from the date of issuance, pending the issuance and sale of any general obligation bonds authorised by law. Such bond anticipation notes are secured by a pledge of the proceeds of the bonds in anticipation of which such bond anticipation notes are issued and by a pledge of the full faith, credit, and taxing power of the county, incorporated municipality, special purpose district, or school district.

Tax Anticipation Notes

Article X of the South Carolina and Title 11, Chapter 27 of the Code of Laws of South Carolina 1976, as amended, authorise counties, incorporated municipalities, special purpose districts, and school districts to incur general obligation debt in anticipation of the collection of ad valorem taxes or (in the case of counties, incorporated municipalities, and special purpose districts) licenses, which shall be expressed to mature not later than ninety (90) days from the date as of which such taxes or licenses may be paid without penalty. Such tax anticipation notes are secured by a pledge of the taxes or licenses in anticipation of which such tax anticipation notes are issued and by a pledge of the full faith, credit, and taxing power of the county, incorporated municipality, special purpose district, or school district.

Grant Anticipation Notes

Title 11, Chapter 19 of the Code of Laws of South Carolina 1976 authorises any county, incorporated municipality, special purpose district, or school district which is entitled to any moneys to be received from the United States Government or any of its agencies intended to be used for the construction of facilities for any waterworks systems, facilities for the collection, treatment, and disposal of sewage, and the construction and improvement of any public works as to which an unconditional grant has been made by the granting agency and for which the funds have been appropriated to borrow not exceeding ninety percent (90%) of the estimated amount of such grant pending receipt thereof and to evidence such debt by the issuance of a note expressed to mature not later than the occasion on which the proceeds of the grant are expected to be received. The statute requires that the proceeds of such grant be pledged for the payment of the principal and interest of the indebtedness and authorises, in addition, the pledge of the full faith, credit, and taxing power of the borrower.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

[THIS PAGE INTENTIONALLY LEFT BLANK]



MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

[THIS PAGE INTENTIONALLY LEFT BLANK]