

CHEROKEE COUNTY

South Carolina



FINANCIAL STATEMENTS AND SCHEDULES

YEAR ENDED JUNE 30, 2022

CHEROKEE COUNTY, SOUTH CAROLINA

FINANCIAL STATEMENTS AND SCHEDULES

YEAR ENDED JUNE 30, 2022

PREPARED BY FINANCE DEPARTMENT

STEVE BRATTON, ADMINISTRATOR

CHEROKEE COUNTY, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022

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INTRODUCTORY SECTION

CHEROKEE COUNTY, SOUTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2022

Council Meets – First and Third Monday, 5:00 PM
Form of Government – Council/Administrator
Method of Election – Single Member

County Seat – Gaffney
Zip Code – 29340
Population – 56,150

Members of County Council

Tim Spencer
Quay Little
Elliott Hughes
Tracy A. McDaniel
Lyman Dawkins III
Mike Fowlkes
David Smith

County Council Chairman
County Council Vice-Chairman
County Council
County Council
County Council
County Council
County Council

Elected Officials

Sheila Carpenter
Ryan Thomas
Brandy W. McBee
Steve Mueller
Dennis G. Fowler
Joshua Queen
Barry Barnette

Treasurer
Auditor
Clerk of Court
Sheriff
Coroner
Probate Judge
Solicitor

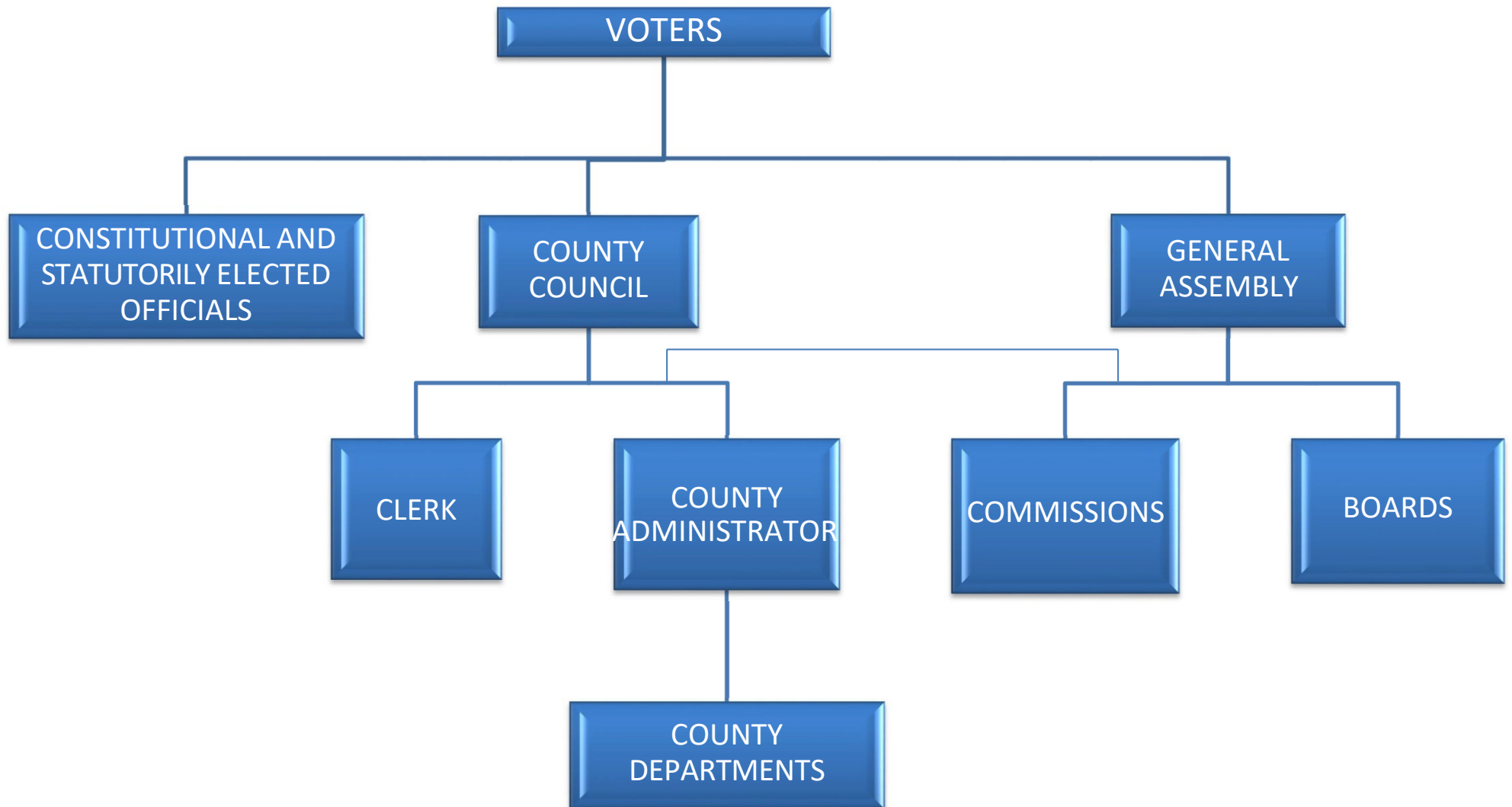
Appointed Official

Steve Bratton
Marvin Bishop

Administrator
Assistant County Administrator

CHEROKEE COUNTY, SOUTH CAROLINA

ORGANIZATIONAL CHART





FINANCIAL SECTION

Independent Auditors' Report

To the Council and Finance Committee
of Cherokee County, South Carolina
Gaffney, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Cherokee 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, each major fund, and the remaining fund information of the County, as of June 30, 2022 for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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 Principles

As described in Note 1 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is 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

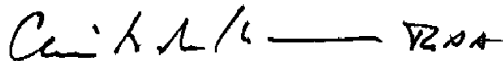
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison, the schedule of the County's proportionate share of the net pension liability and contributions, and the schedule of the County's proportionate share of the net OPEB liability and contributions 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, the Summary Schedule of Court Fines and Fees, Assessments and Surcharges, and the Schedule of Revenues, Expenditures and Changes in Fund Balance- 9-1-1 Fund as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the Summary Schedule of Court Fines and Fees, Assessments and Surcharges and the Schedule of Revenues, Expenditures and Changes in Fund Balance- 9-1-1 Fund as listed in the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2022, 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 County's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "C. H. H. / 16" followed by a horizontal line and the word "P2022".

Gaffney, SC
December 29, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Cherokee County's financial performance provides an overview of the County's financial activities for the year ended June 30, 2022. This section should be read in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

The following are key financial highlights for the fiscal year:

- The assets of the County exceeded its liabilities at June 30, 2022 by \$44,957,269 (net position). This amount is greater than net investment in capital assets by \$13,330,268. Net position categories show the portion that must be spent for specific purposes.
- The County's total net position increased by \$40,655 from governmental activities.
- As of June 30, 2022, the County's governmental funds reported combined ending fund balances of \$53,248,422, an increase of \$9,019,099. Of the combined ending fund balances amount, \$19,638,866 is available for use at the County's discretion.
- At June 30, 2022, unassigned fund balance for the General Fund was \$19,638,866, or approximately 69 percent of total general fund expenditures and transfers out.
- The County's total long-term debt (excluding landfill closure costs, unfunded OPEB costs, net pension liability and compensated absences) increased by \$8,842,956, or over 175 percent in County obligations during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise four components: government-wide financial statements; fund financial statements; notes to the financial statements, and required supplementary information. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

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

The *statement of net position* presents information on all of Cherokee County's assets and liabilities, with the difference of the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Cherokee County is improving or deteriorating. Net position shows restrictions on these assets.

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

Both of the government-wide financial statements 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). Activity during this fiscal year was from governmental activities of the County that is comprised of general government, public safety, transportation, health and human services, environmental and housing, culture and recreation, economic development initiatives, and other.

Fund Financial Statements

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

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows. Such information may be useful in evaluating a government's near-term financing requirements.

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

Cherokee County maintains over fifty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and Capital Projects funds, the E-911 Telephone Surcharge and the American Rescue Plan Funds, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with these budgets.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds, with no operations but rather assets equal liabilities. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information containing budget to actual comparisons for the general fund and information concerning the State and County's progress in funding obligations to provide Pension and OPEB benefits to County employees. The combining statements referred to earlier in connection with nonmajor governmental funds, fiduciary fund data, and capital asset data are presented following the required supplementary information section. In addition, supplementary information required by the State of South Carolina includes financial activity of the magistrate and general sessions courts and the 9-1-1 Fund for the current fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1
Cherokee County's Net Position

	Governmental Activities		Total Percentage Change
	2022	2021	2021-2022
Current and Other Assets	\$ 69,490,947	55,291,571	25.7%
Capital Assets	35,758,550	35,362,475	1.1%
Total Assets	105,249,497	90,654,046	10.8%
Deferred Outflow of Resources			
Deferred Amounts Related to Pensions	4,647,922	5,385,188	-13.7%
Deferred Amounts Related to OPEB	643,684	428,880	100%
Total Assets and Deferred Outflows of Resources	110,541,103	96,468,114	14.6%
Current Liabilities	15,891,677	10,728,893	48.1%
Long-Term Liabilities	20,169,786	11,053,308	82.5%
Net Pension Liability	21,188,939	25,279,741	-16.2%
Net OPEB Liability	3,983,400	3,571,700	8.5%
Total Liabilities	61,233,802	50,633,642	20.9%
Deferred Inflow of Resources			
Deferred Amounts Related to Pensions	4,098,132	629,458	551.1%
Deferred Amounts Related to OPEB	251,900	288,400	5.6%
Total Liabilities and Deferred Outflows of Resources	65,583,834	51,551,500	27.2%
Net Position			
Net Investment in Capital Assets	31,627,001	30,371,283	4.1%
Restricted	20,739,406	12,165,368	70.5%
Unrestricted	(7,409,143)	2,379,963	-411.3%
Total Net Position	44,957,264	44,916,614	0.1%
Total Liabilities and Net Position	\$ 110,541,098	96,468,114	14.6%

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$44,957,269, as of June 30, 2022. (See Table 1). The largest portion of the County's net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure), less any related debt, to acquire those assets, still outstanding. These capital assets are used to provide services to citizens; consequently these assets are not available for future spending. It should be noted that the resources required to repay the related debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the County's ongoing obligations to citizens and creditors. The net position increased by \$40,655. This increase was partially due to governmental operating activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS – continued

Table 2
Changes in Cherokee County's Net Position

	Governmental Activities		Change
	2022	2021	2021-2022
Revenues:			
Program Revenues			
Charges for Services	\$ 3,552,688	3,305,406	7.5%
Operating Grants and Contributions	5,246,334	5,986,496	-12.4%
Capital Grants and Contributions	1,935,000	-	0.0%
General Revenues:			
Property Taxes	24,486,557	23,272,654	5.2%
Other Taxes	345,411	198,478	74.0%
Other	3,471,052	3,001,680	15.6%
Total Revenues	39,037,042	35,764,714	9.1%
Expenses:			
General Government	10,831,674	13,360,868	-18.9%
Public Safety	15,084,244	14,826,470	1.7%
Transportation	4,583,303	2,913,227	57.3%
Health and Human Services	823,225	960,359	-14.3%
Environmental and Housing	4,039,489	2,895,576	39.5%
Culture and Recreation	1,091,306	1,077,577	1.3%
Economic Development	2,473,249	212,604	1063.3%
Unallocated Interest Expense	220,198	145,811	51.0%
Total Expenses	39,146,688	36,392,492	7.6%
Increase (Decrease) in Net Position Before Transfers	(109,646)	(627,778)	-82.5%
Change in Net Position	(109,646)	(627,778)	-82.5%
Beginning Net Position as Originally Stated	44,916,614	45,544,392	-1.4%
Prior Period Adjustments	150,301	-	100%
Beginning Net Position, Restated	45,066,915	45,544,392	-1.0%
Total Liabilities and Net Position	\$ 44,957,269	44,916,614	0.1%

Change in net position. The County's total revenues increased by 9.1 percent to approximately \$39.0 million, primarily as a result of increased charges for services, capital grants and contributions, and property taxes, (See Table 2).

GOVERNMENT-WIDE FINANCIAL ANALYSIS – continued

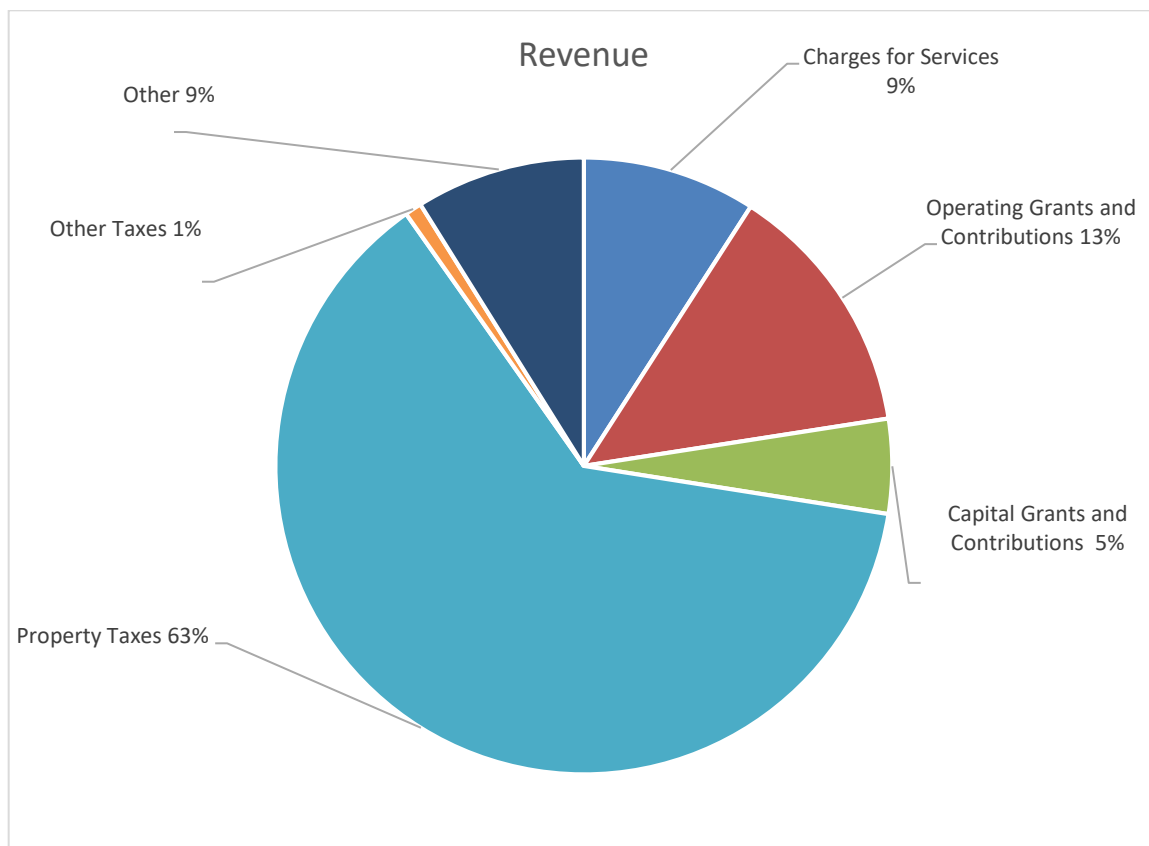
The County's total cost of all programs and services had an increase of 7.6 percent. This increase is due primarily to increases in payroll and benefits expense, public safety expenditures, and transportation expenditures.

Governmental Activities

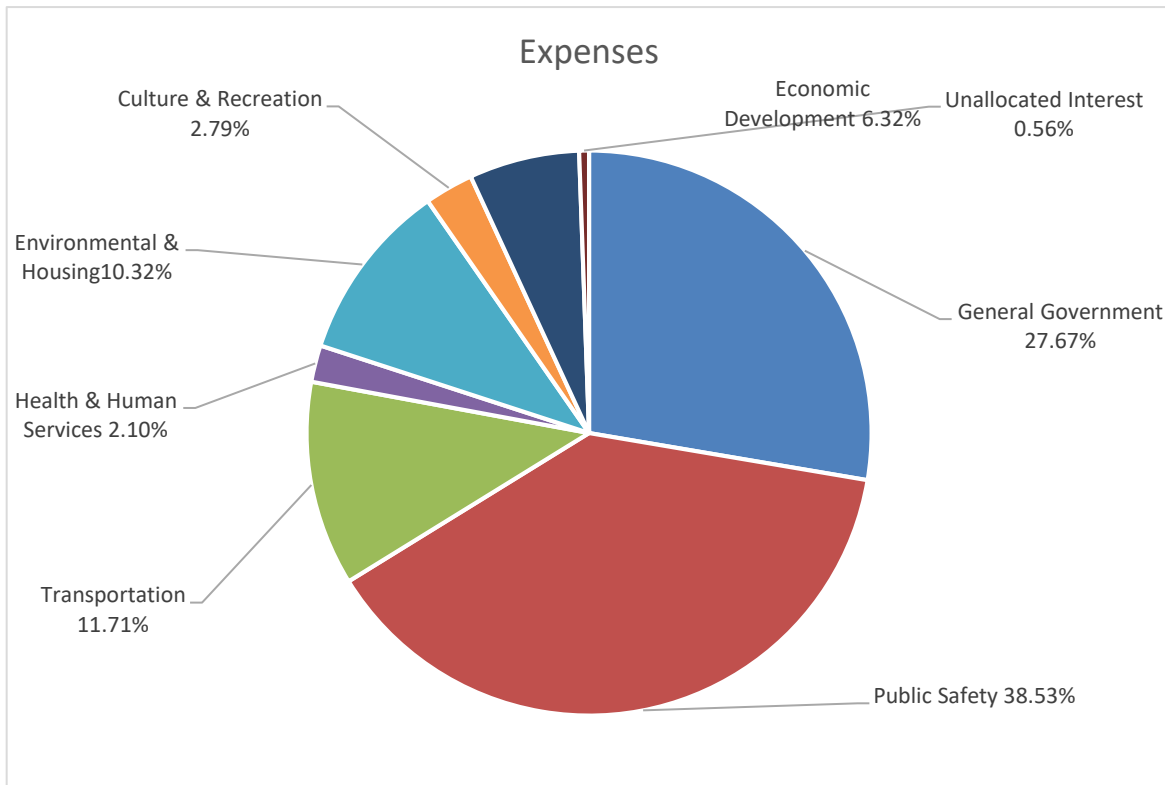
The County's governmental activities had net (expense) revenue of (\$28,412,666). However, these services are intended to be primarily funded by taxes, as opposed to charges for services and grants, and those taxes and other general revenues. Expenses did exceed total revenues by \$109,646.

Total revenues for the County's governmental activities increased by 9.1 percent, and total expenses increased 7.6 percent. Factors contributing to these results included:

- Increases in property taxes, due primarily to increased valuations resulting from construction and property purchases and an increase in millage levy.
- Increases in payroll and benefits costs across all functions.



GOVERNMENT-WIDE FINANCIAL ANALYSIS – continued



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds

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

At June 30, 2022, the County's governmental funds reported combined ending fund balances of \$53,248,422, an increase of \$9,019,099 from the prior year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – continued

Approximately 37 percent of the combined fund balances (\$19,638,866) constitute unassigned fund balance, which is available for spending at the County's discretion. Twenty-three percent of the combined fund balances (\$12,039,750) is assigned and committed for various types of cultural, administrative and capital projects. The majority of the remaining balance is restricted (\$20,739,406) to indicate that it is not available for new spending because it has constraints established by parties outside the government or by enabling legislation. The remainder of the balance is nonspendable; which is comprised of prepaids (\$830,400).

The general fund is the chief operating fund of the County. At June 30, 2022, unassigned fund balance of the general fund was \$19,638,866 and total fund balance was \$29,841,149. As a measure of the general fund's liquidity, the unassigned fund balance represents approximately 69 percent of total general fund expenditures and transfers out.

The capital fund has a total fund balance of \$11,298,678, \$9,718,324 of which is restricted, and \$1,580,354 is assigned for capital projects. The net increase in fund balance during the current fiscal year was \$8,940,166, due primarily to unspent bond proceeds. Funds were primarily spent for capital assets and infrastructure improvements.

GENERAL FUND BUDGETARY HIGHLIGHTS

A budget and actual comparison schedule for the General Fund is provided in the Required Supplementary Information. The schedule shows the original adopted budget, the final budget, the actual results on GAAP basis, and the variance between budget and actual. After the original budget is approved, it may be revised for a variety of reasons such as unforeseen circumstances, new bond or loan proceeds, new grant awards, or other unanticipated revenues.

Actual revenues were higher than the projected amounts by \$3,658,543 primarily due to increased intergovernmental revenues, increased tax revenues, and other revenues. Actual expenditures were over budget by \$620,101 due to increases in salary and related employee benefit costs, and the recoding of lease expenses which were reflective of new GASB lease rules that were implemented during the fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2022, the County had \$82,322,057 invested in capital assets including police equipment, buildings, infrastructure, etc. (See following table). Capital assets for government activities increased by of \$5,680 over last year.

	Governmental Activities		Total Percentage Change
	2022	2021	2021-2022
Land	\$ 1,999,889	1,688,895	18.4%
Construction in Progress	562,102	-	100.0%
Buildings	27,971,840	27,795,915	0.6%
Other Improvements	241,561	241,561	0.0%
Vehicle & Equipment	19,813,297	20,856,843	-5.0%
Infrastructure	30,619,256	30,619,256	0.0%
Books	1,114,112	1,113,908	0.0%
Total Capital Assets	82,322,057	82,316,377	0.0%
Accumulated Depreciation	46,994,791	46,953,902	0.1%
Total Net Assets	\$ 35,327,266	35,362,475	-0.1%

Additional information on the County's capital assets can be found in Note 3(C) to the financial statements.

Long-term Debt

At year-end, the County had \$11,845,000 in outstanding general obligation bonds, compared to \$2,815,000 last year. That is an increase of 320.8 percent as shown in the following table.

	Governmental Activities		Percentage Change
	2022	2021	2021-2022
General Obligation Bonds, Series 2011	\$ 2,070,000	2,815,000	-26.5%
General Obligation Bonds, Series 2021	9,775,000	-	100.0%
	11,845,000	2,815,000	320.8%

More detailed information about the County's long-term liabilities is presented in Note 3(F) to the financial statements.

Other obligations of the County include unamortized bond premiums, leases, accrued compensated absences, other post-employment benefits and landfill closure and post closure costs.

The state limit for amount of general obligation debt the County can issue is 8 percent of the assessed value of all taxable property within the County's legal limits. Outstanding debt is below this limit – which is approximately \$15.7 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Local, national and international economic factors influence the County's revenues. Positive economic growth is correlated with increased revenues from property taxes, sales taxes, charges for services, as well as state and federal grants. Economic growth in the local economy may be measured by a variety of indicators such as employment growth, unemployment, new construction and assessed valuation.

There were several major industrial announcements of new project in the County during the fiscal year. All indications are that this may continue in the early part of the 22-23 fiscal year.

All of these factors were considered in the approval of the County's millage rate total property millage rate of 74.8 mills in 2021 and 77.5 mills in 2022.

Budgeted 2023 operations expenditures are expected to increase by \$4,342,820, which is 4.5 percent above the final 2022 budget. This increase is primarily due to increase in various insurance premiums, fuel, and general inflation.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Administrator at 110 Railroad Avenue, Gaffney, South Carolina.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Cherokee County, South Carolina
Statement of Net Position
June 30, 2022

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 48,522,018
Investments	15,586,588
Accounts Receivable (Net)	365,525
Other Receivables	1,209,148
Taxes Receivable (Net)	2,730,842
Prepaid Items	743,462
Inventory	86,938
Due from Recreation District	246,426
Capital Assets - Not Being Depreciated	2,561,991
Capital Assets - Net of Accumulated Depreciation	33,196,559
Total Assets	<u>105,249,497</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions Related Items	4,647,922
OPEB Related Items	643,684
Total Deferred Outflows of Resources	<u>5,291,606</u>
LIABILITIES	
Accounts Payable	804,567
Accrued Liabilities	949,318
Local Option Sales Tax - Property Tax Relief	2,402,520
Unearned Revenue	11,633,609
Accrued Interest Payable	101,663
Noncurrent Liabilities:	
Due Within One Year	1,941,233
Due in More than One Year	18,228,553
Net Pension Liability	21,188,939
OPEB Liability	3,983,400
Total Liabilities	<u>61,233,802</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions Related Items	4,098,132
OPEB Related Items	251,900
Total Deferred Inflows of Resources	<u>4,350,032</u>
NET POSITION	
Net Investment in Capital Assets	31,627,001
Restricted For:	
Public Safety	2,318,655
Debt Service	2,593,850
Capital Projects	9,718,324
Cultural and Recreation	2,008,325
Transportation	3,308,514
Economic Development	255,519
Health and Welfare	298,795
Other Purposes	237,429
Unrestricted (Deficit)	(7,409,143)
Total Net Position	<u>\$ 44,957,269</u>

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

Cherokee County, South Carolina
Statement of Activities
For the Year Ended June 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT					
Governmental Activities					
General Government	\$ 10,831,674	1,513,907	681,815	-	(8,635,952)
Public Safety	15,084,244	1,496,310	1,495,516	135,000	(11,957,418)
Transportation	4,583,303	-	2,580,306	-	(2,002,997)
Health and Human Services	823,225	64,576	197,529	-	(561,120)
Environmental and Housing	4,039,489	448,954	123,884	-	(3,466,651)
Culture and Recreation	1,091,306	28,941	132,284	-	(930,081)
Economic Development	2,473,249	-	35,000	1,800,000	(638,249)
Unallocated Interest Expense	220,198	-	-	-	(220,198)
Total Primary Government	<u>\$ 39,146,688</u>	<u>3,552,688</u>	<u>5,246,334</u>	<u>1,935,000</u>	<u>(28,412,666)</u>
General Revenues					
Property Taxes				\$	24,486,557
Accommodations Tax					215,425
Local Hospitality Tax					129,986
Franchise Fee					271,420
Unrestricted State Aid to Political Subdivisions					2,617,984
Unrestricted Investment Earnings					94,861
Gain on Sale of Asset					250,831
Miscellaneous					235,956
Total General Revenues					<u>28,303,020</u>
Change in Net Position					(109,646)
Net Position Beginning of Year					44,916,614
Prior Period Adjustment					150,301
Net Position Beginning of Year, Restated					<u>45,066,915</u>
Net Position End of Year				\$	<u>44,957,269</u>

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

FUND FINANCIAL STATEMENTS

Cherokee County, South Carolina
Balance Sheet - Governmental Funds
June 30, 2022

	Major Funds			Non-Major	Total
	General	Capital	American	Governmental	Governmental
		Project	Rescue	Funds	Funds
			Plan		
ASSETS					
Cash	\$ 13,671,539	13,244,717	10,851,683	10,754,079	48,522,018
Investment	15,586,588	-	-	-	15,586,588
Taxes Receivable (Net)	302,937	23,475	-	39,112	365,524
Receivables (Net)					-
Intergovernmental	2,236,478	-	-	494,363	2,730,841
Other	805	-	-	1,208,343	1,209,148
Due from Other Funds	3,341,576	853,360	-	3,095,753	7,290,689
Prepaid Items	704,865	-	-	38,597	743,462
Inventory	86,938	-	-	-	86,938
Due from Recreation District	-	246,426	-	-	246,426
Assets Held for Resale	-	-	-	-	-
Total Assets	<u>35,931,726</u>	<u>14,367,978</u>	<u>10,851,683</u>	<u>15,630,247</u>	<u>76,781,634</u>
LIABILITIES					
Accounts Payable	754,375	-	-	50,192	804,567
Payroll Liabilities	253,762	-	-	44,733	298,495
Other Liabilities	650,823	-	-	-	650,823
Due to Other Funds	1,624,005	3,051,511	-	2,615,173	7,290,689
Local Option Sales Tax - Property Tax Relief	2,402,520	-	-	-	2,402,520
Unearned Revenue	-	-	10,850,631	782,978	11,633,609
Total Liabilities	<u>5,685,485</u>	<u>3,051,511</u>	<u>10,850,631</u>	<u>3,493,076</u>	<u>23,080,703</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Property Taxes	<u>405,092</u>	<u>17,789</u>	<u>-</u>	<u>29,628</u>	<u>452,509</u>
FUND BALANCES					
Nonspendable	791,803	-	-	38,597	830,400
Restricted	-	9,718,324	1,052	11,020,030	20,739,406
Assigned	5,923,463	1,580,354	-	1,048,916	8,552,733
Committed	3,487,017	-	-	-	3,487,017
Unassigned	19,638,866	-	-	-	19,638,866
Total Fund Balances	<u>29,841,149</u>	<u>11,298,678</u>	<u>1,052</u>	<u>12,107,543</u>	<u>53,248,422</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 35,931,726</u>	<u>14,367,978</u>	<u>10,851,683</u>	<u>15,630,247</u>	<u>76,781,634</u>

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

Cherokee County, South Carolina
Reconciliation of Total Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2022

Fund Balances - Total Governmental Funds	\$	53,248,422
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital Assets	83,034,403	
Less accumulation depreciation and amortization	<u>(47,275,853)</u>	35,758,550
Deferred outflows of resources related to pensions are not reported in the funds		4,647,922
Deferred outflows of resources related to OPEB are not reported in the funds		643,684
Long-term liabilities used in governmental activities are not due and payable in the current period and, therefore, are not reported in the funds		
Net Pension Liability	21,188,939	
Other Post Employment Benefits	3,983,400	
General Obligation Bonds	11,845,000	
Deferred Bond Premium	1,004,690	
Finance Lease Obligations	553,176	
Lease Obligations	431,283	
Compensated Absences	414,889	
Landfill Closure and Post Closure	<u>5,920,748</u>	(45,342,125)
Earned revenues are considered deferred inflows of resources in fund statements and are susceptible to full accrual on the entity-wide statements		
Deferred inflows of resources for taxes		452,511
Pension related deferrals		(4,098,132)
OPEB related deferrals		(251,900)
Other receivables and liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
		(101,663)
Net Position of Governmental Activities	<u>\$</u>	<u>44,957,269</u>

The notes to the financial statements are an integral part of this statement.

Cherokee County, South Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	Major Funds				Non-Major Governmental Funds	Total Governmental Funds
	General	Capital Project	E-911 Telephone Surcharge	American Rescue Plan		
REVENUES						
Taxes	\$ 19,472,439	1,365,297	-	-	2,996,713	23,834,449
Licenses and Permits	475,747	-	-	-	-	475,747
Intergovernmental	4,637,063	-	-	279,222	3,920,224	8,836,509
Charges for Services	1,053,353	-	-	-	661,457	1,714,810
Fines and Forfeits	696,758	-	-	-	-	696,758
Confiscated Money	-	-	-	-	65,725	65,725
Interest Income	121,561	10,740	-	1,052	1,799	135,152
Gain/Loss on Sale of Asset Held for Resale	-	(133,835)	-	-	-	(133,835)
Miscellaneous	1,202,271	23	-	-	1,640,283	2,842,577
Total Revenues	<u>27,659,192</u>	<u>1,242,225</u>	<u>-</u>	<u>280,274</u>	<u>9,286,201</u>	<u>38,467,892</u>
EXPENDITURES						
Current						
General Government	9,409,612	284,744	-	279,222	67,091	10,040,669
Public Safety	12,467,265	524,811	-	-	1,432,528	14,424,604
Transportation	1,341,115	6,050	-	-	2,069,596	3,416,761
Health and Human Services	421,308	-	-	-	64,574	485,882
Environmental and Housing	3,422,731	556,113	-	-	30,338	4,009,182
Culture and Recreation	265	-	-	-	2,810,521	2,810,786
Economic Development	-	157,899	-	-	2,181,516	2,339,415
Capital Outlay	834,375	399,932	-	-	52,424	1,286,731
Debt Service						
Principal Retirement	281,063	1,371,000	-	-	1,970,000	3,622,063
Interest and Fiscal Charges	11,033	1,510	-	-	259,715	272,258
Total Expenditures	<u>28,188,767</u>	<u>3,302,059</u>	<u>-</u>	<u>279,222</u>	<u>10,938,303</u>	<u>42,708,351</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(529,575)</u>	<u>(2,059,834)</u>	<u>-</u>	<u>1,052</u>	<u>(1,652,102)</u>	<u>(4,240,459)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from Lease Obligation	712,346	-	-	-	-	712,346
Proceeds from the Sale of Assets	262,765	-	-	-	-	262,765
General Obligation Bond Proceeds	-	11,000,000	-	-	-	11,000,000
General Obligation Bond Premium	-	1,134,146	-	-	-	1,134,146
Transfer In	419,562	-	-	-	1,336,217	1,755,779
Transfers Out	(200,000)	(1,134,146)	-	-	(421,633)	(1,755,779)
Total Other Financing Sources	<u>1,194,673</u>	<u>11,000,000</u>	<u>-</u>	<u>-</u>	<u>914,584</u>	<u>13,109,257</u>
Net Change in Fund Balances	<u>665,098</u>	<u>8,940,166</u>	<u>-</u>	<u>1,052</u>	<u>(737,518)</u>	<u>8,868,798</u>
Fund Balances - Beginning of Year	29,176,051	2,358,512	1,362,531	-	11,332,229	44,229,323
Reclassification	-	-	(1,362,531)	-	1,362,531	-
Prior Period Adjustment	-	-	-	-	150,301	150,301
Fund Balances - Beginning of Year As Restated	<u>29,176,051</u>	<u>2,358,512</u>	<u>-</u>	<u>-</u>	<u>12,845,061</u>	<u>44,379,624</u>
Fund Balances - End of Year	<u>\$ 29,841,149</u>	<u>11,298,678</u>	<u>-</u>	<u>1,052</u>	<u>12,107,543</u>	<u>53,248,422</u>

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

Cherokee 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 year Ended June 30, 2022

Net Change in Fund Balance - Total Governmental Funds \$ 8,868,798

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 these assets is allocated over their estimated useful lives and reported as depreciation expense and amortization

Expenditures for capital and right to use assets	3,779,117	
Less current year depreciation and amortization expense	<u>(3,371,110)</u>	408,007

The net effects of disposals of capital assets is to decrease the change in net position in the statement of activities

Net Book Value of Asset Dispositions		(11,933)
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Some expenses/revenues reported in the Statement of Activities do not require the use of current financial resources and are not reported as revenues/expenditures in the governmental funds. Net effect of various transactions that increased net assets.

89,592

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

Property Taxes		94,887
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities.

Debt issued:

General obligation bonds	(11,000,000)	
General obligation bond premium	(1,134,147)	
Lease obligation	(712,346)	

Principal repayments:

General obligation bonds	1,970,000	
CCEDC loan	1,371,000	
Finance lease	252,017	
Lease obligation	281,063	

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

Amortization of bond premiums	129,457	
Change in accrued interest payable	(77,396)	
Change in compensated absences	890	
Change in unfunded OPEB costs	(160,395)	
Change in landfill closure/post closure costs	<u>(274,411)</u>	(381,855)

The cost of pension benefits earned net of employee contributions is reported in the statement of Activities as an element of pension expense. The fund financial statements report pension contributions as expenditures.

(204,729)

Change in Net Position of Governmental Activities		<u>\$ (109,646)</u>
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The notes to the financial statements are an integral part of this statement.

Cherokee County, South Carolina
Statement of Fiduciary Net Position
Agency Funds
For the Year Ended June 30, 2022

Assets

Cash	\$ 56,444,029
Taxes Receivable (Net)	765,282
Other Receivables	<u>1,104,589</u>
Total Assets	<u><u>58,313,900</u></u>

Liabilities

Due to Designated Recipients	<u>58,313,900</u>
Total Liabilities	<u><u>\$ 58,313,900</u></u>

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

NOTES TO FINANCIAL STATEMENTS

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Cherokee County, South Carolina (the County) operates under Home Rule legislation effective July 1, 1976. The County operates under a Council-Administrator form of government and provides the following services as authorized by its charter: Public safety (police and fire), highway and street maintenance, sanitation, health and social services, culture-recreation, public improvements, and general administration services.

Cherokee County is a corporate government entity incorporated under the South Carolina Home Rule Act and is governed by an elected seven member County Council. These financial statements present the government as required by accounting principles generally accepted in the United States of America. As required by U.S. generally accepted accounting principles, these basic financial statements present the government and its component units, entities for which the government is considered to be financially accountable. A blended component unit, although a legally separate entity is, in substance, part of the County's operations, and data from the units are presented in the capital projects funds and economic development corporation entity within the County's governmental activities. The County has no discretely presented component units. The following entity is presented as a blended component unit:

Cherokee County Economic Development Corporation – The Corporation is a non-profit corporation established under State law, of which the County is the sole corporate member as identified in the corporation's bylaws. The Corporation is organized to develop and implement, for the specific benefit of the County, economic development strategies for commercial, industrial, residential and other development.

The County's annual financial report includes the accounts of all County operations. The financial statements of Cherokee County, South Carolina, have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

B. Basis of Presentation

The County's financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. The accounts of the County are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are three categories of funds: governmental, proprietary and fiduciary.

Government-wide Financial Statements:

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation, Continued

The statement of net position presents the financial condition of the governmental activities for the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program and function of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and the interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, and all taxes, are presented as general revenues of the County, with certain limited exceptions.

The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

The County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

The County reports the following governmental fund types:

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - The special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

Debt Service Funds - The debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds - The capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations or other governments.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation, Continued

The County has the following major capital projects funds:

1. Capital Projects Fund – is used to account for funds to be used for the acquisition or construction of capital facilities and other capital assets.
2. Economic Development Corporation Fund – is used to account for the acquisition and construction of facilities or infrastructure for the promotion of economic development within the County.

Additionally, the County reports the following fund type:

Fiduciary Fund - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. The agency fund is custodial in nature (assets equals liabilities) and does not involve measurement of results of operations. The County's fiduciary fund category includes agency funds for education, clerk of court, family court, property taxes, magistrates, and others.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources management focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All assets and liabilities associated with the operation of the County are included on the statement of net position.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's enterprise funds functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus and Basis of Accounting, Continued

Fund Financial Statements

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

Property taxes, licenses, and interest are susceptible to accrual. Taxes collected and held by the state at year end on behalf of the County are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the County and are recognized as revenue at that time.

With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Agency funds have no measurement focus, but rather are custodial in nature (assets equal liabilities).

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus and Basis of Accounting, Continued

Revenue - Exchange and Non-exchange Transactions

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

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

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

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

Unearned Revenue

The County reports unearned revenue on its statement of net position and governmental funds balance sheet. In both the government-wide and governmental fund statements, resources received that are "intended to finance" a future period are reported as unearned revenue. In subsequent periods, the liability for unearned revenue is removed from the statement of net position and governmental funds balance sheet and revenue is recognized.

Expenses/Expenditures

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

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity Cash and Investments

Cash and Cash Equivalents

For purposes of the statements of cash flows for the enterprise funds and internal service funds, the City considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

The County pools the cash of substantially all special revenue funds into an internal cash pool that is available for use by all special revenue funds. Each individual fund's portion of the pool is displayed on the combined balance sheet as cash.

The Cherokee County Public Library and the Cherokee County Development Board maintain separate cash and investment accounts, generally in the form of cash in the bank and certificates of deposit.

Investments

Investments with a readily determined fair value are stated at fair value which approximates cost. State statutes authorize the County to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its political subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposits collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Investment Pool

Receivables and Payables

All trade and property taxes receivable are shown net of an allowance for uncollectibles. Trade receivables are comprised of amounts due from entities and individuals for a variety of types of fees, charges and services, including franchise fees and other fees and charges.

Intergovernmental Receivable

Amounts due from federal grants represent reimbursable costs, which have been incurred by the County but have not been reimbursed by the grantor agency. Costs under grant programs are recognized as expenditures in the period in which they are incurred by the County.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Reported prepaid items in the Governmental Fund Types are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value.

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 by governmental.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity Cash and Investments, Continued

Major outlays for capital assets and improvements are capitalized as projects are constructed. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40 - 45
Improvements other than buildings	5 - 10
Machinery and equipment	3 - 15
Infrastructure	20 - 40
Books	5 - 10

Deferred Inflows/Outflows of Resources

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County currently has two types of deferred outflows of resources: (1) The County reports deferred pension charges in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. (2) The County reports deferred other postemployment benefits ("OPEB") charges in its Statements of Net Position in connection with its OPEB Plan. The deferred pension and OPEB charges are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension/OPEB expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County currently has three types of deferred inflows of resources: (1) The County reports unavailable revenue only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (revenues) in the period the amounts become available. (2) The County reports deferred pension credits in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. The deferred pension credits are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP. (3) The County also reports deferred other postemployment benefits ("OPEB") credits in its Statement of Net Position in connection with its OPEB plan.

Compensated Absences

The County's annual leave policy allows accumulation, with supervisor approval, of a maximum of four weeks vacation to be paid to employees upon termination. Sick leave can be accumulated, up to a maximum of sixty days, but it is not paid upon termination. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service with the County. All vacation pay is recorded when accrued by the employee in the government-wide financial statements. The general fund is typically used to liquidate the liability for compensated absences.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity Cash and Investments, Continued

Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position and Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) are legally or contractually required to be maintained intact. The County has classified assets held for resale, inventories, prepaid items, and long-term portions of receivables and advances as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next current fiscal year.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources through either a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Committed - This classification includes amounts that can only be used for specific purposes pursuant to constraints determined by a formal action of the government's highest level of decision making authority. County Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance, 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. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned - This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County Council or by an official or body to which the County Council delegates authority. County Council has delegated this authority to the Assistant County Administrator. This classification captures fund balance held to meet anticipated expenditures of budget carryforwards, except where other external constraints or Council ordinances require that the fund balance be classified as restricted or committed.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity Cash and Investments, Continued

Unassigned - This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balances of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

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

The County would typically use restricted fund balances first, followed by committed resources and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of those other classified funds.

Fund balances for all major and nonmajor governmental funds as of June 30, 2022, were distributed as follows:

	General Fund	Capital Project Fund	American Rescue Plan	Other Non-Major Governmental Funds	Total Governmental Funds
Nonspendable					
Prepays	\$ 704,865	-	-	38,597	743,462
Inventory	86,938	-	-	-	86,938
Restricted For					
Emergency Communications	-	-	-	1,955	1,955
Law Enforcement	-	-	-	302,702	302,702
Health and Welfare	-	-	-	298,795	298,795
Environmental and Housing	-	-	-	150,227	150,227
Road Surface Repairs	-	-	-	104,465	104,465
Transportation	-	-	-	3,204,049	3,204,049
Culture and Recreation	-	-	-	2,008,325	2,008,325
Public Safety	-	-	-	1,630,400	1,630,400
Economic Development	-	15,724	-	255,519	271,243
Solicitor	-	-	-	383,598	383,598
Other Purposes	-	-	-	86,151	86,151
Capital Projects	-	9,702,600	1,052	-	9,703,652
Debt Service	-	-	-	2,593,850	2,593,850
Assigned					
Unfunded OPEB	3,983,400	-	-	-	3,983,400
Road Surface Repairs	1,940,063	-	-	-	1,940,063
County Buildings	-	-	-	-	-
Capital Projects	-	1,359,285	-	-	1,359,285
Airport	-	221,069	-	-	221,069
Public Safety	-	-	-	798,916	798,916
Economic Development	-	-	-	250,000	250,000
Committed					
Fund Balance (Budget)	3,487,017	-	-	-	3,487,017
Unassigned	19,638,866	-	-	-	19,638,866
Total Fund Balances	<u>\$ 29,841,149</u>	<u>11,298,678</u>	<u>1,052</u>	<u>12,107,543</u>	<u>53,248,422</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity Cash and Investments, Continued

Net Position

The County's total assets and deferred outflows of resources less total liabilities and deferred inflows of resources represent net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Accounting Estimates

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

Interfund Transactions

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

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

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

E. New GASB Pronouncement Implementation

For the year ended June 30, 2022, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset. These changes were incorporated in County's June 30, 2022, financial statements but had no effect on the beginning net position.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

Annual budgets are adopted for the general fund on the modified accrual basis.

The County Council follows these procedures in establishing the budget data reflected in the financial statements:

Prior to June 1, the Administrator submits to the County Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes expenditures and the means of financing them for the upcoming year.

Public hearings are conducted at the County Administration Building to obtain taxpayer comment. Prior to June 30, the budget is legally enacted through passage of an ordinance.

The County Administrator is authorized to transfer budget amounts within departments in the general fund. The County Administrator may transfer funds between departments with the approval of County Council. The County Administrator may move funds between departments because it is at the total appropriation level that fiscal responsibility for budgets is enforced.

Formal budgetary integration is employed as a management control device during the year.

The County Council may authorize supplemental appropriations during the year.

B. Encumbrances

Under encumbrance accounting, outstanding purchase orders, if any, are recorded in order to reserve that portion of the applicable appropriation in the governmental fund types. Encumbrances outstanding at year end are carried forward and are reported as committed fund balance.

C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2022, expenditures exceeded appropriations by \$620,101 in the general fund and \$1,521 in the capital project fund.

NOTE 3 - DETAILED NOTES ON GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Cash Deposits and Investments

Deposits

Statutes authorize the County to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposit collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Investment Pool. The County has not adopted a formal deposit or investment policy. The State Treasurer's Investment Pool is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC), but has a policy that it will operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

**NOTE 3 - DETAILED NOTES ON GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS,
Continued**

A. Cash Deposits and Investments - Continued

Custodial Credit Risk – 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. The County does not have a deposit policy for custodial credit risk. All of the County's deposits at June 30, 2022 were covered by federal depository insurance or by collateral held in the pledging financial institution's trust department in the County's name.

At June 30, 2022, the County's deposits were as follows:

		<u>Bank Balance</u>	<u>Carrying Value</u>
Demand Deposits	Governmental	\$ 80,698,914	48,522,018
Demand Deposits	Fiduciary	<u>25,314,430</u>	<u>56,444,029</u>
Total		<u><u>\$ 106,013,344</u></u>	<u><u>104,966,047</u></u>

The following schedule reconciles cash and cash equivalents as reported on the Statement of Net Position to footnote disclosure provided for deposits and investments.

<u>Statement of Net Position</u>		
Cash and Cash Equivalents	\$ 13,671,539	
Cash and Cash Equivalents-Restricted	34,850,479	
Investments	<u>15,586,588</u>	
Total Statement of Net Assets		64,108,606
<u>Statement of Fiduciary Net Position</u>		
Cash and Cash Equivalents	56,444,029	
Total Statement of Fiduciary Net Assets		<u>56,444,029</u>
Total Cash, and Cash Equivalents		<u><u>120,552,635</u></u>
<u>Disclosure, Deposits and Investments</u>		
Carrying Value of Deposits		104,953,194
Cash on Hand		12,853
Investments		<u>15,586,588</u>
Total Disclosure, Deposits and Investments		<u><u>\$ 120,552,635</u></u>

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

**NOTE 3 - DETAILED NOTES ON GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS,
Continued**

A. Cash Deposits and Investments - Continued

Investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 – Investments reflect prices quoted in active markets.

Level 2 – Investments reflect prices that are based on similar observable assets either directly or indirectly, which may include markets that are not considered to be active.

Level 3 – Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. Money market mutual funds classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

South Carolina Local Government Investment Pool ("Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application*, investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than 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 \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

Interest rate risk – The County does not have an investment policy for interest rate risk.

At June 30, 2022, the County had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Maturity</u>	<u>Rating</u>	<u>Fair Value Hierarchy</u>
Local Government Investment Pool	\$ 15,586,588	Daily	N/A	N/A

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

**NOTE 3 - DETAILED NOTES ON GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS,
Continued**

B. Taxes Receivable

Property Tax Receivable

The County property tax is levied each fall (except automobiles which are annually assessed on the first day of the month the automobiles are registered) on the assessed valuations of property located in the County as of the preceding January 1. The books are open for collection September 30 with the first penalty, three percent, applicable to payments made after January 15, the due date. An additional seven percent penalty is added to payments made after February 1, and an additional 5 percent penalty plus costs is added after March 16. Property taxes attach as an enforceable lien, and are considered delinquent if not paid by March 16.

Property taxes on vehicles are billed by the 15th day of the month preceding the expiration date of South Carolina vehicle licenses, and are due by the last day of that month.

Assessed values for real estate are established annually by the County Tax Assessor at 4% of market value for legal residence and 6% of market value for rental and other real property. Real property in the County for the 2021 levy was assessed at \$114,773,800, representing 5% of estimated market value. Assessed values for personal property are established by the County Auditor and the South Carolina Department of Revenue at 10.5% of the estimated market value. The 2021 assessed value for personal property was \$82,025,504. The total assessed value was between 4% and 10.5% of the estimated value of \$3,484,259,702. The County tax rate is currently 98.7 mills. The following is a schedule of current and net delinquent taxes receivable by fund:

	Taxes Receivable	Allowance for Uncollectibles	Net Taxes Receivable
Governmental Funds			
General Fund	\$ 602,653	299,716	302,937
Capital Fund	55,856	32,381	23,475
Nonmajor Funds			
Debt Service Fund	50,674	29,376	21,298
Library Fund	42,387	24,573	17,814
	<u>751,570</u>	<u>386,046</u>	<u>365,524</u>
Agency Funds	<u>1,820,872</u>	<u>1,055,590</u>	<u>765,282</u>
	<u>\$ 2,572,442</u>	<u>1,441,636</u>	<u>1,130,806</u>

Local Option Sales Tax - Property Tax Relief

In 2008, the Cherokee County voters approved a referendum to impose a one percent local option sales tax. This tax was imposed beginning May 2009. Of the revenues collected from this tax, 29% is available to the County to fund capital projects and 71% is being used as a credit against ad valorem taxes and vehicle taxes. This credit first appeared on ad valorem tax notices mailed in October 2009 and on vehicle tax notices beginning with those notices for January 2010.

The County has established a Local Option Sales Tax – Property Tax Relief account to account for the liability of local option sales tax collections in excess of local option sales tax credits applied on property tax notices. As of June 30, 2022 the balance in this account, included in the general fund, was \$2,402,520.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

**NOTE 3 - DETAILED NOTES ON GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS,
Continued**

C. Capital Assets

Primary government capital asset activity for the year ended June 30, 2022 was as follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 1,688,895	310,994	-	1,999,889
Construction in Progress	-	562,102	-	562,102
	<u>1,688,895</u>	<u>873,095</u>	<u>-</u>	<u>2,561,991</u>
Capital Assets Being Depreciated:				
Buildings	27,795,915	1,299,851	1,123,926	27,971,840
Improvements Other than Buildings	241,561	-	-	241,561
Machinery and Equipment	12,570,672	339,985	1,241,063	11,669,594
Vehicles	7,295,577	480,003	622,470	7,153,110
Assets Acquired Under Lease	990,594	-	-	990,594
Infrastructure	30,619,256	-	-	30,619,256
Books	1,113,908	73,836	73,632	1,114,112
	<u>80,627,482</u>	<u>2,193,675</u>	<u>3,061,091</u>	<u>79,760,067</u>
Less Accumulated Depreciated:				
Buildings	13,041,811	621,491	1,123,214	12,540,088
Improvements Other than Buildings	190,770	8,315	-	199,085
Machinery and Equipment	10,272,223	692,525	1,238,594	9,726,154
Vehicles	5,785,046	497,743	613,718	5,669,071
Assets Acquired Under Lease	90,069	129,058	-	219,127
Infrastructure	16,699,806	1,070,219	-	17,770,025
Books/Volumes	874,177	70,696	73,632	871,241
	<u>46,953,902</u>	<u>3,090,047</u>	<u>3,049,158</u>	<u>46,994,791</u>
Total Capital Assets Being Depreciated, Net	<u>33,673,581</u>	<u>(896,371)</u>	<u>11,933</u>	<u>32,765,276</u>
Total Capital Assets, Net	<u>\$ 35,362,476</u>	<u>(23,277)</u>	<u>11,933</u>	<u>35,327,266</u>

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

Governmental Activities	
General Government	\$ 483,880
Public Safety	877,048
Health and Human Services	52,931
Environmental and Housing	376,665
Transportation	1,153,944
Culture and Recreation	<u>145,579</u>
Total	<u>\$ 3,090,047</u>

Certain reclassifications have been made to fixed asset categories to reflect more accurately the nature of the assets owned.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 3 - DETAILED NOTES ON GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS, Continued

D. Capital Assets, continued

Investment in Capital Asset Calculation

Capital Assets		
Nondepreciable	\$ 2,561,991	
Depreciable, Net	<u>33,196,559</u>	
	35,758,550	35,758,550
Non-Current Liabilities:		
Due Within One Year	1,941,233	
Due in More than One Year	<u>18,228,553</u>	
	20,169,786	
Compensated Absences	(414,889)	
Landfill Closure and Post Closure Liability	<u>(5,920,748)</u>	
	13,834,149	(13,834,149)
Net Asset- Capital Project- 2021 GO Bond Fund	<u>9,702,600</u>	
	9,702,600	9,702,600
Net Investment in Capital Assets		<u>\$ 31,627,001</u>

E. Interfund Receivables, Payables and Transfers

During the course of its operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers.

Operating subsidies are also recorded as transfers. The classification of amounts recorded as subsidies, advances or equity contributions is determined by County management. To the extent that certain transactions between funds had not been paid or received as of year-end, balances of interfund amounts receivable or payable have been recorded.

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

**NOTE 3 - DETAILED NOTES ON GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS,
Continued**

E. Interfund Receivables, Payables and Transfers, continued

The following is a summary of interfund receivables and payables at June 30, 2022, all of which are expected to be paid within one year:

Interfund:	<u>Receivable</u>	<u>Payable</u>
Major Funds:		
General Fund		
Due from Special Revenue Fund	\$ 1,143,424	1,624,005
Due from Capital Projects Fund	2,198,152	-
Capital Projects Fund		
Due to General Fund	853,360	3,051,511
Non-Major Governmental Funds		
Special Revenue Funds		
Due to General Fund	1,471,748	2,615,173
Debt Service Fund		
Due from General Fund	1,624,005	-
	<u>\$ 7,290,689</u>	<u>7,290,689</u>

The following is a summary of interfund transfers for the year ended June 30, 2022:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ 419,562	200,000
Capital Project Fund	-	1,134,146
Nonmajor Governmental Funds	<u>1,336,217</u>	<u>421,633</u>
	<u>\$ 1,755,779</u>	<u>1,755,779</u>

During the year, transfers were used to 1) move funds from the Capital Projects Fund to the General Fund as approved in the 2021-2022 Budget, 2) for routine transfers of funds to and from other funds, such as covering of certain expenditures from special revenue grants.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

**NOTE 3 - DETAILED NOTES ON GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS,
Continued**

F. Long-term Debt

The following is a summary of debt transactions for the County for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Governmental Activities					
Private Placement -					
General Obligation Bonds, Series 2011	\$ 2,815,000	-	745,000	2,070,000	770,000
General Obligation Bonds, Series 2021	-	11,000,000	1,225,000	9,775,000	100,000
Direct Placement -					
Loan Payable	1,371,000	-	1,371,000	-	-
Financing Leases	805,193	-	252,017	553,176	251,794
Lease Obligations	-	712,346	281,063	431,283	286,013
Bond premium	-	1,134,147	129,457	1,004,690	137,563
Landfill Closure and					
Post Closure Liability	5,646,336	274,412	-	5,920,748	-
Net OPEB Obligation	3,571,700	564,700	153,000	3,983,400	-
Net Pension Liability	25,279,741	2,288,745	6,379,547	21,188,939	-
Compensated Absences	415,779	395,823	396,713	414,889	395,863
	<u>\$ 39,904,749</u>	<u>16,370,173</u>	<u>10,932,797</u>	<u>45,342,125</u>	<u>1,941,233</u>

Resources from the general fund and debt service funds have been used to liquidate the governmental activities debt and loan payable obligations. Accrued general leave liabilities have been liquidated primarily by the General Fund.

The County issued Private Placement General Obligation Bond Series 2011 through SunTrust Bank for the construction of an administration building. Annual installments of \$505,000 to \$795,000 plus interest at 3.40% are payable through May of 2025.

During the year, on August 18, 2021, the County issued private placement General Obligation Bonds, Series 2021 in the amount of \$11,000,000, at a premium of \$1,134,146.55, with annual principal payments and semi-annual interest payments beginning March 1, 2022, with interest at 3% per annum, and 2% per annum for the last two years.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

**NOTE 3 - DETAILED NOTES ON GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS,
Continued**

F. Long-term Debt, Continued

Future principal and interest payments of the two Private Placement General Obligation Bonds are as follows:

Fiscal Year	General Obligation Bonds			General Obligation Bonds, Series 2021			TOTAL		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 770,000	70,380	840,380	100,000	269,800	369,800	870,000	340,180	1,210,180
2024	795,000	44,200	839,200	115,000	266,800	381,800	910,000	311,000	1,221,000
2025	505,000	17,170	522,170	325,000	263,350	588,350	830,000	280,520	1,110,520
2026	-	-	-	865,000	253,600	1,118,600	865,000	253,600	1,118,600
2027	-	-	-	905,000	227,650	1,132,650	905,000	227,650	1,132,650
2028	-	-	-	940,000	200,500	1,140,500	940,000	200,500	1,140,500
2029	-	-	-	980,000	172,300	1,152,300	980,000	172,300	1,152,300
2030	-	-	-	1,025,000	142,900	1,167,900	1,025,000	142,900	1,167,900
2031	-	-	-	1,065,000	112,150	1,177,150	1,065,000	112,150	1,177,150
2032	-	-	-	1,110,000	80,200	1,190,200	1,110,000	80,200	1,190,200
2033	-	-	-	1,155,000	46,900	1,201,900	1,155,000	46,900	1,201,900
2034	-	-	-	1,190,000	23,800	1,213,800	1,190,000	23,800	1,213,800
	<u>\$ 2,070,000</u>	<u>131,750</u>	<u>2,201,750</u>	<u>9,775,000</u>	<u>2,059,950</u>	<u>11,834,950</u>	<u>11,845,000</u>	<u>2,191,700</u>	<u>14,036,700</u>

Default and Remedies

The general obligation debt of the county is backed by the full faith and credit and taxing authority of the district and as such no provision is made in State Law for default or remedy.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

**NOTE 3 - DETAILED NOTES ON GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS,
Continued**

F. Long-term Debt, Continued

Conduit Debt Obligations

Industrial Revenue Bonds are issued to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. Such bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither Cherokee County, the State nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. No Industrial Revenue Bonds were issued by the County in fiscal years 2003 through 2022.

The aggregate principal amount payable or the aggregate original issued amount for issues prior to July 1, 2002 could not be determined.

G. 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 the sites stop accepting waste, and to perform certain maintenance and monitoring functions at the sites for thirty years after closing.

The County has recorded a liability in the government-wide statement of net position for the total estimated closure and post-closure care costs for the portion of the landfills filled at June 30, 2022, calculated as follows:

	MSW	C&D Cells A, B, C & D	Total
Total Estimated Current Closure and Post Closure Care Cost	\$ 4,087,123	2,910,516	
Percentage of Landfill Capacity Used to Date	100%	63%	
Reported Liability for Closure and Post Closure Care Cost	<u>\$ 4,087,123</u>	<u>1,833,625</u>	<u>5,920,748</u>
Total Estimated Current Closure and Post Closure Care Cost Remaining to be Recognized	<u>\$ -</u>	<u>-</u>	
Landfill's Approximate Remaining Life in Years	<u>-</u>	<u>14.1</u>	

The estimated total current cost of the landfill closure and post closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired as of June 30, 2022. However, the actual cost of closure and post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The County is in compliance with the SC Department of Health and Environment Control (SCDHEC) financial assurance requirements at June 30, 2022, demonstrating this sufficiently for SCDHEC with sufficient cash reserves and/or debt capacity.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

**NOTE 3 - DETAILED NOTES ON GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS,
Continued**

H. Financing Leases

Governmental funds – Financing leases payable at June 30, 2022 are comprised of two leases with two separate leasing companies, one master lease for eleven vehicles and one lease for landfill compactor equipment as follows:

\$328,513 capital lease to Enterprise Fleet Management for vehicle equipment payable in monthly installments of principal and interest of \$5,365 through February 2025 at 1.30%; Secured by vehicles.	\$ 159,433
Less current portion	<u>57,525</u>
Long-term portion outstanding	<u><u>\$ 101,908</u></u>
 \$590,606 capital lease with Leasing 2, Inc. for landfill compactor equipment, payable in three annual installments of \$204,818.92 including interest at 2.68% per annum, secured by landfill equipment.	 \$ 393,743
Less current portion	<u>194,269</u>
Long-term portion outstanding	<u><u>\$ 199,474</u></u>

Annual requirements to amortize all capital leases outstanding as of June 30, 2022 are as follows:

Year Ending June 30	Enterprise Fleet Management			Leasing 2		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 57,525	6,856	64,381	\$ 194,269	10,550	204,819
2024	59,999	4,382	64,381	199,474	5,345	204,819
2025	41,909	1,506	43,415			
	<u>\$ 159,433</u>	<u>12,744</u>	<u>172,177</u>	<u>\$ 393,743</u>	<u>15,895</u>	<u>409,638</u>

Year Ending June 30	Total		
	Principal	Interest	Total
2023	\$ 251,794	17,406	269,200
2024	259,473	9,727	269,200
2025	41,909	1,506	43,415
	<u>\$ 553,176</u>	<u>28,639</u>	<u>581,815</u>

The gross amount of capital assets recorded under capital leases as of June 30, 2022 was \$990,594, with accumulated depreciation of \$771,467.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

**NOTE 3 - DETAILED NOTES ON GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS,
Continued**

I. Leases

For the fiscal year ended June 30, 2022, Cherokee County has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the 2022 financial statements and had no effect on the beginning net position of the County. For additional information, refer to the disclosures below.

Lease Obligation Payable

The County leases a building facility for housing some of its departments for a monthly rental of \$24,341.33. The lease is planned to terminate on December 31, 2023. The remaining annual requirements for lease payments under this lease are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 286,083	6,013	292,096
2024	145,200	848	146,048
	<u>\$ 431,283</u>	<u>6,861</u>	<u>438,144</u>

Lease activity between the years ended June 30, 2021 to June 30, 2022 is listed below:

	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022
Lease Assets - Building	\$ -	712,346	-	712,346
Lease Accumulated Amortization - Buildings	-	281,063	-	281,063
Total Lease Assets, Net	<u>\$ -</u>	<u>431,283</u>	<u>-</u>	<u>431,283</u>
	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022
Lease Payable	<u>\$ -</u>	<u>712,346</u>	<u>281,063</u>	<u>431,283</u>

The County leases miscellaneous equipment and buildings under cancelable lease arrangements. The total costs for these lease arrangements for the year ended June 30, 2022 were \$292,096.

J. Leases as Lessor

The County has two leasing arrangements that either do not meet the criteria of GASB 87 or are considered not material to the financial statements. The total received for the fiscal year was \$30,050 and is included in miscellaneous income in the statements of activities and revenues, expenditures and changes in fund balances.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries insurance through the State Budget and Control Board Office of Insurance Reserve Fund. The County pays premiums to the Fund for its general insurance coverage. The agreement for formation of the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through commercial companies for each insured event. Additionally, the County participates in a self-funded program to provide workers' compensation insurance through the South Carolina Association of Counties, which works in a similar way as the Insurance Reserve Fund.

The County continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

B. Commitments and Contingencies

Grant Programs

The County participates in a number of federal and state assisted grant programs. These programs are subject to audits by grantors or their representatives. The audits of these programs for or including the year ended June 30, 2021, have not yet been conducted. Therefore, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Library Services and Construction Act, Title II

The County received monies in the year 2000 from a federal grant to assist for payment of the construction costs for a new addition to the main library. These funds were received under the Library Services and Construction Act, Title II (LSCAII). The total amount of the award was \$200,000. Per Section 770.42 of (CAFR 34) of the Federal Register, if within 20 years of the receipt of this grant the County ceases to use the facility as a library, or the Library itself were to cease to be a public library, the amount the County may be obligated to repay is the amount that equals the funds received from the United States Government, or the fair market value of the facility allocated proportionally between the United States Government funds received and the local funds received. This provision has lapsed during the current fiscal year and is no longer effective as of June 30, 2021.

Litigation

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

Contractual Commitments

The County has entered into a long-term agreement with the City of Gaffney whereby the County will house all adult male and female prisoners over which the City municipal court has jurisdiction, for a per day fee to be adjusted annually each July 1 based on actual cost of operation. The per day fee was adjusted to \$38.65 effective July 1, 2020. The agreement is for 25 years, and was initiated in November, 1997. The total amount paid to the County under this agreement for the fiscal year ended June 30, 2021 was \$ 68,140.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION, Continued

B. Commitments and Contingencies, Continued

The County has also entered into an agreement with the City of Gaffney whereby the City will provide fire protection in a defined fire protection area outside the City limits in exchange for the County providing monthly payments to the City for the cost of providing fire protection on a cost per call basis. The per call fee is to be adjusted annually based on actual cost of the previous fiscal year provided the maximum amount to be paid by the County to the City will not exceed the amount of taxes generated by the millage assessed in the Gaffney Fire Protection Area. The initial term of the agreement expired on December 31, 2010, and was extended for two successive five year terms, in accordance with the terms of the agreement. The total amount the County paid under this agreement for the fiscal year ended June 30, 2021 was \$936,984. During the year a public referendum authorized an increase in the millage for this Fire Protection Area to 16 mills, which was assessed, billed and collected with the tax notices that went out in the fall of 2020. A new agreement was entered into dated November 16, 2021 that provides for an initial ten year term beginning January 1, 2022, with additional successive five year terms with the agreement of both parties.

Multicounty Industrial or Business Park

The County entered into a thirty year Joint County Industrial/Business Park agreement with Spartanburg County on July 2, 2001. The agreement provides that a taxpayer's property located in the multi-county industrial/business park will receive a property tax abatement and otherwise pay a fee-in-lieu of ad valorem taxes at a rate and in an amount negotiated between the taxpayer and the two parties to the agreement. Both counties are to share revenues and expenses of the park equally.

For tax year 2020, of the total payments made by taxpayers who were subject to this multicounty industrial park agreement, \$2,318,823 would have been received by the County but for the taxpayers' location within its multicounty industrial park. For the tax year 2020, payments-in-lieu of standard ad valorem tax payments from taxpayers within the County's multicounty industrial park totaled \$1,867,735, of which \$934,868 was due to Spartanburg County as their 50% share.

The County collects ad valorem taxes for the City of Gaffney, the City of Blacksburg, the Spartanburg School District 2, the Recreation District and Cherokee County School District One, as well as several fire districts and other special purpose tax districts, and accounts for in its Agency fund.

Other Contingencies

Due to the COVID 19 Pandemic that has continued to develop, the County is continuing to evaluate what effect it will have on its operation with respect to revenues, the collectability of receivables including timing concessions, the ability to obtain necessary materials and supplies, the health and stability of the workforce, and the ability to be mobile, access service locations, and continue to provide essential services at an appropriate level, all within the guidelines and mandates of federal, state and local governments and officials. At this time, as of the date of this report, it is management's opinion that the County will experience minimal effect on its ongoing operations, or the value of its assets and obligations long term.

C. Deferred Compensation Plans

Several optional deferred compensation plans are available to the County's employees. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k) and 403(b) are accounted for by the State of South Carolina. Employees may withdraw the current value of their contributions when they terminate employment. With approval of the State's Deferred Compensation Commission, employees may also withdraw the current value of their contributions prior to termination of employment if they meet certain requirements. These requirements differ among the three plans. Compensation deferred under the Section 457, 401(k) and 403(b) plans is placed in trust for the contributing employees. Neither the State nor the County has any liability for losses under the plans.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION, Continued

D. Pension and Retirement Plans

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The Comprehensive Annual Financial Report is publicly available through PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description

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

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the S.C. General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

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

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION, Continued

D. Pension and Retirement Plans, Continued

Plan Descriptions, Continued

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

Membership

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

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

State ORP - As an alternative to membership in SCRS, certain newly hired state, public school, and higher education employees and individuals first elected to the S.C. General Assembly at or after the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

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

Benefits

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

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION, Continued

D. Pension and Retirement Plans, Continued

Benefits, Continued

SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

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

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

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

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go in effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION, Continued

D. Pension and Retirement Plans, Continued

Contributions, Continued

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

Effective July 1, 2021, employees participating in the SCRS were required to contribute 9.00% of all earnable compensation. The employer contribution rate for SCRS was 16.56%. Included in the total SCRS employer contribution rate is a base retirement contribution of 16.41% and 0.15% for the incidental death benefit program. The County's actual retirement and incidental death benefit program contributions for participating employees to the SCRS for the years ended June 30, 2022, 2021, and 2020 were:

<u>Fiscal Year Ended</u>	<u>Retirement</u>		<u>Incidental Death</u>	
	<u>Rate</u>	<u>Contribution</u>	<u>Rate</u>	<u>Contribution</u>
2022	16.410%	\$ 1,126,968	0.15%	\$ 10,301
2021	15.410%	\$ 967,243	0.15%	\$ 9,415
2020	15.410%	\$ 951,168	0.15%	\$ 9,259

Effective July 1, 2021, employees participating in the PORS were required to contribute 9.75% of all earnable compensation. The employer contribution rate for PORS was 19.24%. Included in the total PORS employer contribution rate is a base retirement contribution of 18.84%, 0.20% for the incidental death benefit program, and 0.20% for the accidental death program. The County's actual retirement, incidental death benefit program and accidental death program contributions to the PORS for the years ended June 30, 2022, 2021, and 2020 were:

<u>Fiscal Year Ended</u>	<u>Retirement</u>		<u>Incidental Death</u>		<u>Accidental Death</u>	
	<u>Rate</u>	<u>Contribution</u>	<u>Rate</u>	<u>Contribution</u>	<u>Rate</u>	<u>Contribution</u>
2022	18.840%	\$ 944,503	0.20%	\$ 10,145	0.20%	\$ 10,145
2021	17.840%	\$ 871,041	0.20%	\$ 9,765	0.20%	\$ 9,765
2020	17.840%	\$ 836,100	0.20%	\$ 9,373	0.20%	\$ 9,373

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION, Continued

D. Pension and Retirement Plans, Continued

Actuarial Assumptions and Methods

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

The June 30, 2021, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by the Systems' consulting actuary, Gabriel, Roeder Smith & 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. There was no legislation enacted during the 2021 legislative session that had a material change in the benefit provisions for any of the systems. In FY 2021 the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

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

		SCRS		PORS
Actuarial Cost Method		Entry age normal		Entry age normal
Investment Rate of Return	1	7.00%	1	7.00%
Projected Salary Increases	1	3.0% to 11.0% (varies by service)	1	3.5% to 10.5% (varies by service)
Benefit Adjustments		Lesser of 1% or \$500 annually		Lesser of 1% or \$500 annually

¹ Includes inflation at 2.25%

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 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.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION, Continued

D. Pension and Retirement Plans, Continued

Actuarial Assumptions and Methods, Continued

Assumptions used in the determination of the June 30, 2021, TPL are as follows:

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

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2021, for SCRS and PORS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	County's Proportionate Share of NPL	County's Portion of NPL
SCRS	\$ 55,131,579,363	33,490,305,970	21,641,273,393	60.7%	0.556450%	12,042,355
SCRS- Library	55,131,579,363	33,490,305,970	21,641,273,393	60.7%	0.003612%	781,734
PORS	8,684,586,488	6,111,672,064	2,572,914,424	70.4%	0.325112%	8,364,850
						<u>21,188,939</u>

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the County reported liabilities of \$12,824,089 and \$8,364,850 for its proportionate share of the net pension liabilities of SCRS and PORS, respectively. The net pension liability was measured as of June 30, 2021. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers.

For the year ended June 30, 2022, the County recognized net pension expenses of \$1,214,894 and \$1,073,851 for SCRS and PORS, respectively.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION, Continued

D. Pension and Retirement Plans, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SCRS</u>	<u>PORS</u>	<u>Total</u>
Deferred Outflows of Resources			
Difference between Expected and Actual Experience	\$ 218,444	284,565	503,009
Changes of Assumptions	701,949	596,621	1,298,570
Net difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Change in Proportion and Difference Between Employer Contribution and Proportionate Share of Plan Contributions	197,115	482,437	679,552
County Contributions Subsequent to the Measurement Date	<u>1,201,997</u>	<u>964,794</u>	<u>2,166,791</u>
TOTAL	<u>\$ 2,319,505</u>	<u>2,328,417</u>	<u>4,647,922</u>
Deferred Inflows of Resources			
Difference between Expected and Actual Experience	\$ 17,308	26,051	43,359
Changes of Assumptions	-	-	-
Net difference between Projected and Actual Earnings on Pension Plan Investments	1,862,868	1,875,362	3,738,230
Change in Proportion and Difference Between Employer Contribution and Proportionate Share of Plan Contributions	<u>225,172</u>	<u>91,371</u>	<u>316,543</u>
TOTAL	<u>\$ 2,105,348</u>	<u>1,992,784</u>	<u>4,098,132</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION, Continued

D. Pension and Retirement Plans, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

The \$1,201,997 and \$964,794 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date for SCRS and PORS, respectively, during the year ended June 30, 2021 will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. 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 Ended June 30</u>	<u>SCRS</u>	<u>PORS</u>
2022	\$ (5,419)	10,626
2023	(131,864)	40,676
2024	(153,498)	(33,479)
2025	(697,060)	(646,983)
2026	-	-
Thereafter	-	-

Long-Term Expected Rate of Return

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

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

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION, Continued

D. Pension and Retirement Plans, Continued

Long-Term Expected Rate of Return, Continued

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

<u>Allocation/Exposure</u>		<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	1	46.0%	6.87%	3.16%
Bonds		26.0%	0.27%	0.07%
Private Equity	1,2	9.0%	9.68%	0.87%
Private Debt	2	7.0%	5.47%	0.39%
Real Assets		12.0%		
Real Estate	2	9.0%	6.01%	0.54%
Infrastructure	2	3.0%	5.08%	0.15%
Total Expected Return	3	100.0%		5.18%
Inflation for Actuarial Purposes				2.25%
				7.43%

- ¹ The target weight to Private Equity will be equal to its actual weight, reported by the custodial bank, as of prior month end. When flows have occurred, flow adjusted weights are used to more accurately reflect the impact of the asset class weight. Private Equity and Public Equity combine for 55% of the entire portfolio.
- ² Staff and Consultant will notify the Commission if Private Markets assets exceed 25% of total assets.
- ³ Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 20% of total assets.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION, Continued

D. Pension and Retirement Plans, Continued

Discount Rate

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

Sensitivity Analysis

The following table presents the County's proportionate share of the SCRS and PORS net pension liability calculated using the discount rate of 7 percent, as well as what the County's respective NPL would be if it were calculated using a discount rate of 1.00 percent lower (6 percent) or 1.00 percent higher (8 percent) than the current rate.

<u>Sensitivity of the Net Pension Liability to Changes in the Discount Rate</u>			
<u>Plan</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
SCRS	\$ 15,773,986	12,042,355	8,940,598
SCRS- Library	1,023,975	781,734	580,383
PORS	12,136,327	8,364,850	5,275,433

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2021, and the accounting valuation report as of June 30, 2021. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' Comprehensive Annual Financial Report.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION, Continued

E. Post Employment Health Insurance Benefits

Employees covered by benefit terms. At July 1, 2020 (the valuation date) the following employees were covered by the benefit terms:

	Count	Total OPEB Liability
Inactive employees or beneficiaries currently receiving benefits	53	\$ 1,110,400
Inactive employees entitled to but not yet receiving benefits	-	-
Active employees	96	2,801,500
Total	<u>149</u>	<u>\$ 3,911,900</u>

Plan Description

Eligibility Conditions

A retiring employee who is at least age 55 and has at least ten years of service with the County, the last five of which must be consecutive and in a full time, regular position, is eligible to elect post-retirement coverage. Pre-65 retirees who retire and do not elect to continue coverage through the County may elect coverage at age 65.

Covered Employees

All full time employees (must be covered by the active plan at time of retirement or disability). Only employees hired prior to July 20, 2009 are eligible to participate in this plan.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION, Continued

F. Post Employment Health Insurance Benefits, Continued

<u>Type of Coverage</u>	<u>Employee</u>	<u>Spouse</u>
Life Insurance (Basic)	None	Not Applicable
Dental Coverage	Not valued - cost of this coverage is immaterial. Employee pays \$12 per month.	Not Applicable
Vision Coverage	Not valued - cost of this coverage is immaterial. Employee pays \$7 per month.	Not Applicable
Medical Coverage		
Pre-Medicare (for employees that have not yet reached Medicare eligibility)	Retiree pays 100% of regular group insurance premium until becoming Medicare eligible and then County contributes as outlined below.	Employee pays 100% of spousal premium
Post-Medicare (commencing at the time of first billing of retiree's coverage under a Medicare Supplement Plan)	For employees hired before July 20, 2009, County pays: 100% of premium, up to \$200 per month for 30 years of service. 75% of premium, up to \$200 per month for 20 years of service. 50% of premium, up to \$200 per month for 10 years of service.	
Coverage Ceases	At death	Coverage stops at spouse death.
Disability Coverage	No post-retirement disability benefit is valued for Active employees. Disabled Retirees are recognized after they become eligible for Disability benefits.	Not Applicable
Long Term Care Coverage	No post-retirement long term care insurance is provided by the employer.	Not Applicable

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION, Continued

E. Post Employment Health Insurance Benefits, Continued

Amendments

The Employer reserves the right to amend the Plan at any time subject to County Council action.

Employer Contributions

The funding policy of the plan sponsor is to contribute annually an amount sufficient to satisfy benefit payment requirements to participants.

Employee Contributions

None.

Net OPEB Liability

The employer's net OPEB liability is reported herein as of June 30, 2022 for the employer fiscal year and reporting period of July 1, 2021 to June 30, 2022. The values shown for this fiscal year and reporting period are based on a measurement date of July 1, 2021 and the corresponding measurement period of July 1, 2020 to July 1, 2021. The measurement of the total OPEB liability is based on a valuation date of July 1, 2020.

Actuarial Assumptions and Actuarial Methods

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

Discount Rate:	1.92%
Salary Scale:	2.50%
Healthcare Cost Trend Rates:	0.00% for fiscal year end 2021 (to reflect actual experience), then 7.00% for fiscal year end 2022, decreasing 0.50% per year to an ultimate rate of 5.00%
Mortality:	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021
Actuarial Cost Method:	Entry Age Actuarial Cost Method

Expected Return on Assets:

None

Discount Rate:

The discount rate has been set equal to 1.92% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION, Continued

E. Post Employment Health Insurance Benefits, Continued

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/ (Asset) (a) - (b)
Balances at July 1, 2021	\$ 3,571,700	-	3,571,700
Changes for the Year:			
Service Cost	86,100	-	86,100
Interest	88,800	-	88,800
Differences Between Expected and Actual Experience	(83,500)	-	(83,500)
Contributions - Employer	-	69,500	(69,500)
Contributions - Employee	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(69,500)	(69,500)	-
Changes of Benefit Terms	-	-	-
Administrative Expense	-	-	-
Other Changes	389,800	-	389,800
Net Changes	<u>\$ 411,700</u>	<u>-</u>	<u>411,700</u>
Balances at June 30, 2022*	\$ 3,983,400	-	3,983,400

*Measurement Date is July 1, 2021

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability/(asset) of the employer as of the measurement date calculated using the discount rate, as well as what the employer's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Employer's Net OPEB Liability/(Asset)	\$ 3,879,400	3,983,400	4,097,800

Sensitivity of the net OPEB liability to changes in the Trend rate. The following presents the net OPEB liability/(asset) of the employer as of the measurement date calculated using the trend rate, as well as what the employer's net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Employer's Net OPEB Liability/(Asset)	\$ 4,588,200	3,983,400	3,484,600

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 4 - OTHER INFORMATION, Continued

E. Post Employment Health Insurance Benefits, Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Part 1)

For the year ended June 30, 2022, under GASB 75 the employer OPEB expense is \$229,600. The Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB as of June 30, 2022 from various sources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	(243,400)
Changes of Assumptions	567,000	(8,500)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	-
Employer Contributions After Measurement Date but Prior to Fiscal Year End	<u>76,684</u>	<u>-</u>
Total	<u>\$ 643,684</u>	<u>(251,900)</u>

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

<u>Year Ended June 30</u>	
2023	\$ 50,100
2024	98,500
2025	103,600
2026	61,600
2027	1,300
Thereafter	-

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 5 – TAX ABATEMENTS

The county utilizes an economic development program to attract businesses and industry to the County for the purposes of expanding and diversifying the local economy and creating jobs. This is the only program under which taxes are abated at the County. South Carolina law allows two primary mechanisms that the County may employ in order to improve its competitiveness with other jurisdictions, both in-state and out-of-state, and incentivize new or additional investment in the County. These mechanisms effectively allow the County to reduce the amount of ad valorem property taxes that will be paid on new business investments. These two mechanisms include: Fee in Lieu of Tax (FILOT) agreements and Special Source Revenue Credits (SSRC).

While these two mechanisms do not totally level the playing field, they do position the County to have its other attributes, geographic location, labor qualify, etc. to be better evaluated in a company's decision process. These two mechanisms are key in making Cherokee County competitive with our neighboring states for qualify economic development projects.

Companies that are located in South Carolina and classified as manufacturing facilities are subject to *ad valorem taxes*. The fair market value is multiplied by the assessment ratio, generally equal to 10.5%, to produce the assessed value and then multiplied by the millage rate. Cherokee County provides certain tax reductions through the following programs:

1. Fee in Lieu of Ad Valorem Tax
2. Special Source Revenue Credit

The *Fee in Lieu of Ad Valorem Tax* program is intended to encourage commercial and industrial investment in South Carolina. The property tax reduction is granted pursuant to Chapter 44 of Title 12 of the South Carolina Code of Laws of South Carolina 1976 as amended. Taxpayers are eligible to receive a reduction in property taxes, through reduced assessed values and locked millage rates, if they enter into an agreement with Cherokee County and invest at least \$2.5 million in taxable property (or some other negotiated investment floor) in Cherokee County within a 5 year period. Under the *Fee in Lieu of Ad Valorem Tax* program, if a taxpayer does not make the required investment within the 5 year period, then the reduced property taxes terminate and the taxpayer must repay Cherokee County the difference between the abated taxes received and what the taxpayer would have paid had it not had the benefit of the *Fee in Lieu of Ad Valorem Tax* program.

Cherokee County has twenty-seven (27) taxpayers that have entered into an agreement with Cherokee County under the *Fee in Lieu of Ad Valorem Tax* program. In the aggregate, these taxpayers, without the benefit of the program would pay \$2,351,698 to Cherokee County in *ad valorem* tax. However, due to the benefit provided by the *Fee in Lieu of Ad Valorem Tax* program, the taxpayers paid an aggregate of \$5,782,341 to Cherokee County in the most recent fiscal year.

For the county bonded debt, these taxpayers, without the benefit of the program would pay \$183,948 in *ad valorem* tax. However, due to the benefit provided by the *Fee in Lieu of Ad Valorem Tax* Program, the taxpayers paid an aggregate of \$162,886 to the county in the most recent fiscal year. For the county capital project fund, these taxpayers, without the benefit of the program would pay \$202,426 in *ad valorem* tax. However, due to the benefit provided by the *Fee in Lieu of Ad Valorem Tax* program, the taxpayers paid an aggregate of \$224,719 to Cherokee County in the most recent fiscal year.

CHEROKEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 5 – TAX ABATEMENTS – Continued

The *Special Source Revenue Credit* program is intended to encourage investment into infrastructure serving Cherokee County or infrastructure serving a commercial or manufacturing enterprise in Cherokee County. The property tax reduction is granted pursuant to Chapter 1 of Title 4 of the South Carolina Code of Laws of South Carolina 1976, as amended. All property that is located in an MCIP, *Multi-County Industrial Park*, is exempt from property taxes, but property owners must pay an amount equivalent to the property taxes that would otherwise be due. The companies that make an agreement with the county based on this option are based on infrastructure credits or credits based on investments /money spent to improve a facility. Taxpayers are eligible to receive a percentage reduction off their total property tax liability if the taxpayer is located in a multicounty park, enters into an agreement with Cherokee County and agrees to make an investment in taxable property in Cherokee County and create jobs. If the taxpayer does not meet its investment or job commitments, the taxpayer must repay a portion of the reduction.

Cherokee County has two (2) taxpayers that have entered into an agreement with Cherokee County under the Special Source Revenue Credit program. In the aggregate, these taxpayers, without the benefits of the program would pay \$106,016 to Cherokee County in ad valorem tax in the most recent fiscal year. However, due to the benefit provided by the *Special Source Revenue Credit* program, the taxpayers pay an aggregate of \$89,023 to Cherokee County.

For the county bonded debt, these taxpayers, without the benefit of the program would pay \$8,265 in *ad valorem* tax in the most recent fiscal year. However, due to the benefit provided by the *Special Source Revenue Credit* program, the taxpayers pay an aggregate of \$6,876 to Cherokee County.

For the county capital project fund, these taxpayers, without the benefit of the program would pay \$10,210 in *ad valorem* tax in the most recent fiscal year. However, due to the benefit provided by the *Special Source Revenue Credit* program, the taxpayers pay an aggregate of \$7,578 to Cherokee County.

NOTE 6 – RECLASSIFICATIONS

During the fiscal year 2022, the E-911 Telephone Surcharge fund did meet the definition of a major fund and therefore was reclassified to a nonmajor special revenue fund.

NOTE 7– PRIOR PERIOD ADJUSTMENT

Certain funds have been reclassified to reflect a decrease in a liability, unearned revenue, in the special revenue fund, in the amount of \$150,329. This amount had been incorrectly reflected in restricted fund balance.

NOTE 8 – SUBSEQUENT EVENTS

Management has through December 29, 2022, the date the financial statements were available to be issued, considered whether events have occurred or circumstances exist subsequent to the date of the financial statements, June 30, 2022, that would have materially significant effect on the carrying amounts of assets or liabilities, including estimates, and no such items have been identified.

REQUIRED SUPPLEMENTARY INFORMATION

Cherokee County, South Carolina
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Various Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 18,148,268	18,148,268	19,472,439	1,324,171
Licenses and permits	405,000	405,000	475,747	70,747
Intergovernmental	2,998,989	2,998,989	4,637,063	1,638,074
Charges for services	1,119,200	1,119,200	1,053,353	(65,847)
Fines	462,000	462,000	696,758	234,758
Interest	100,000	100,000	121,561	21,561
Miscellaneous	767,192	767,192	1,202,271	435,079
Total Revenues	24,000,649	24,000,649	27,659,192	3,658,543
Expenditures				
Current				
General government				
Vehicle Maintenance	177,068	177,068	139,411	37,657
Pooled Vehicles	8,431	8,431	11,027	(2,596)
Administration	654,585	654,585	717,465	(62,880)
Finance	384,731	384,731	439,682	(54,951)
Human Resources	118,496	118,496	133,746	(15,250)
Information Technology	231,888	231,888	233,921	(2,033)
Risk Management	22,018	22,018	14,696	7,322
Central Services	2,787,351	2,787,351	2,559,168	228,183
Buford Street Building	-	-	1,357	(1,357)
Alma Elementary Building	-	-	14,581	(14,581)
County Buildings	145,179	145,179	148,107	(2,928)
Administrative Building Complex	333,888	333,888	312,380	21,508
Economic Development	82,588	82,588	52,740	29,848
Courthouse Complex	68,930	68,930	71,692	(2,762)
Delinquent Tax Collector	197,934	197,934	152,476	45,458
Treasurer	431,758	431,758	389,962	41,796
Auditor	286,370	286,370	247,733	38,637
Building Safety	390,767	390,767	377,420	13,347
Tax Assessor	504,569	504,569	521,675	(17,106)
GIS/Mapping	110,819	110,819	109,170	1,649
Election/Voter Registration	259,438	259,438	226,561	32,877
Poll Workers	45,187	45,187	34,603	10,584
Magistrate	726,248	726,248	751,767	(25,519)
Register of Deeds	243,188	243,188	233,894	9,294
Clerk of Court	306,264	306,264	330,213	(23,949)
Probate Court	293,028	293,028	297,227	(4,199)
Attorney/Judicial	105,566	105,566	111,928	(6,362)
Clerk of Court Support	308,014	308,014	255,254	52,760
Circuit Solicitor	240,748	240,748	261,695	(20,947)
Appalachian COG	40,055	40,055	40,055	-
Cherokee Defender Corp	218,004	218,004	218,004	-
Capital Outlay	62,965	62,965	62,965	-
	9,786,075	9,786,075	9,472,575	313,500
Public Safety				
Code Enforcement	127,236	127,236	138,395	(11,159)
Animal Shelter	169,582	169,582	168,860	722
Communications	-	-	5,055	(5,055)
Enhanced E911	1,311,967	1,311,967	1,298,314	13,653
Addressing	-	-	80	(80)
Fire Protection Service	652,000	652,000	650,500	1,500
Coroner	220,505	220,505	280,180	(59,675)
Law Enforcement Center	147,392	147,392	157,759	(10,367)
Victims Advocate	132,510	132,510	115,339	17,171
Sheriff	5,354,381	5,354,381	5,312,963	41,418
Detention Center	3,637,864	3,637,864	4,103,681	(465,817)
Emergency Management	190,714	190,714	189,115	1,599
COVID	-	-	47,024	(47,024)
Capital Outlay	12,897	12,897	12,897	-
	11,957,048	11,957,048	12,480,162	(523,114)

Cherokee County, South Carolina
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts			Various Positive (Negative)
	Original	Final	Actual	
Environmental and Housing				
Department of Public Works	\$ 180,763	180,763	187,474	(6,711)
Solid Waste Collections	2,011,382	2,011,382	1,928,608	82,774
Solid Waste Disposal Landfill	449,528	449,528	517,460	(67,932)
Landfill Post Closure	65,129	65,129	82,552	(17,423)
Recycling Center	698,299	698,299	673,987	24,312
Clemson Extension Service	1,800	1,800	-	1,800
Thicketty Creek Project	13,000	13,000	13,000	-
USDA Soil Conservation	19,650	19,650	19,650	-
Capital Outlay	45,210	45,210	45,210	-
	<u>3,484,761</u>	<u>3,484,761</u>	<u>3,467,941</u>	<u>16,820</u>
Health and Human Services				
Veterans Affairs	199,693	199,693	165,121	34,572
Alcohol and Drug Abuse	7,500	7,500	7,500	-
Health Department	33,760	33,760	34,264	(504)
Indigent Care	76,450	76,450	76,450	-
Department of Social Services	29,200	29,200	7,973	21,227
Disabilities and Special Needs	50,000	50,000	50,000	-
Senior Center	30,000	30,000	30,000	-
Mental Health	35,000	35,000	35,000	-
Literacy Association	15,000	15,000	15,000	-
Debt Service	292,096	292,096	292,096	-
Capital Outlay	-	-	712,346	(712,346)
	<u>768,699</u>	<u>768,699</u>	<u>1,425,750</u>	<u>(657,051)</u>
Transportation				
Roads and Bridges	1,470,917	1,470,917	1,341,115	129,802
Capital Outlay	959	959	959	-
	<u>1,471,876</u>	<u>1,471,876</u>	<u>1,342,074</u>	<u>129,802</u>
Culture and Recreation				
Spartanburg Community College	100,000	100,000	-	100,000
Recreation District	207	207	265	(58)
	<u>100,207</u>	<u>100,207</u>	<u>265</u>	<u>99,942</u>
Total Expenditures	<u>27,568,666</u>	<u>27,568,666</u>	<u>28,188,767</u>	<u>(620,101)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,568,017)</u>	<u>(3,568,017)</u>	<u>(529,575)</u>	<u>3,038,442</u>
Other Financing Sources (Uses)				
Proceeds from Lease Obligation	-	-	712,346	(712,346)
Proceeds from Sale of Capital Assets	10,000	10,000	262,765	(252,765)
Transfers In	271,000	271,000	419,562	148,562
Transfers Out	(200,000)	(200,000)	(200,000)	-
	<u>81,000</u>	<u>81,000</u>	<u>1,194,673</u>	<u>(816,549)</u>
Net Change in Fund Balance	(3,487,017)	(3,487,017)	665,098	2,221,893
Fund Balance - Beginning of Year	<u>29,176,051</u>	<u>29,176,051</u>	<u>29,176,051</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 25,689,034</u>	<u>25,689,034</u>	<u>29,841,149</u>	<u>2,221,893</u>

Note: The County's budget reflected an expected use of fund balance of approximately \$3,487,017.

Cherokee County, South Carolina
Capital Project Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budgeted Amounts			Various Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 1,345,007	1,345,007	1,365,297	20,290
Interest	-	-	10,740	10,740
Miscellaneous	-	-	25,109	25,109
Total Revenues	1,345,007	1,345,007	1,401,146	56,139
Expenditures				
Current				
General Government				
Vehicle Maintenance	12,000	12,000	-	12,000
Information Technology	115,030	115,030	78,819	36,211
Administration	147,811	147,811	147,141	670
Building Inspector	-	-	-	-
Treasurer	-	-	-	-
Election/Voter Registration/Poll Workers	-	-	-	-
Clerk of Court	4,800	4,800	4,418	382
Animal Shelter	-	-	-	-
Public Safety				
Enhanced E911	2,808	2,808	2,592	216
Coroner	14,500	14,500	15,995	(1,495)
Law Enforcement Center	7,000	7,000	7,000	-
Sheriff	402,159	402,159	449,224	(47,065)
Detention Center	90,000	90,000	50,000	40,000
Emergency Management	-	-	-	-
Transportation				
Road and Bridges	17,200	17,200	-	17,200
Airport	-	-	29,175	(29,175)
Public Works Campus	-	-	-	-
Environmental and Housing				
US Soil and Water Conservation	7,500	7,500	-	7,500
Solid Waste Collections	260,000	260,000	303,915	(43,915)
Solid Waste Disposal Landfill	204,819	204,819	204,819	-
Landfill - Post closure	47,380	47,380	47,380	-
Recycling	-	-	-	-
Thicketty Creek Project	12,000	12,000	6,050	5,950
Debt Service				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	1,345,007	1,345,007	1,346,528	(1,521)
Excess (Deficiency) of Revenues Over Expenditures	-	-	54,618	54,618
Other Financing Sources (Uses) Proceeds from Capital Lease	-	-	-	-
Net Change in Fund Balance	-	-	54,618	54,618
Fund Balance - Beginning of Year	1,467,154	1,467,154	1,467,154	-
Fund Balance - End of Year	\$ 1,467,154	1,467,154	1,521,772	54,618

The capital building fund and the economic development fund are included with the capital project fund as a major fund, but are not budgeted and not included in this presentation.

CHEROKEE COUNTY
Pension Plan Required Supplementary Information
For the Year Ended June 30, 2022

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
Schedule of the City's Proportionate Share of the Net Pension Liability

Year	County's Proportion of the Net Pension Liability	County Library's Proportion of the Net Pension Liability	County's Proportion of the Net Pension Liability	Covered Payroll During the Measurement Period	Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2022	0.055645%	0.003612%	\$ 12,824,089	\$ 6,454,851	198.67%	60.70%
June 30, 2021	0.055604%	0.003504%	15,103,111	6,563,312	230.11%	50.70%
June 30, 2020	0.057512%	0.003614%	13,957,518	6,454,851	216.23%	54.40%
June 30, 2019	0.054791%	0.003489%	13,058,554	6,437,661	202.85%	54.10%
June 30, 2018	0.050195%	0.003672%	11,670,203	5,796,316	201.34%	53.34%
June 30, 2017	0.050507%	0.003640%	11,140,678	5,247,543	212.30%	52.91%
June 30, 2016	0.049787%	0.003689%	9,760,072	8,159,863	119.61%	56.99%
June 30, 2015	0.081311%	0.003339%	14,320,172	7,703,568	185.89%	59.92%

Schedule of Employer Contribution

Year	Statutorily Required Contribution	Contributions Recognized by the Plan	Contributions Excess (Deficiency)	County's Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2022	\$ 1,201,997	\$ 1,201,997	-	\$ 7,280,146	16.51%
June 30, 2021	1,036,599	1,036,599	-	6,276,721	16.51%
June 30, 2020	1,017,656	1,017,656	-	6,563,312	15.51%
June 30, 2019	936,231	936,231	-	6,454,851	14.50%
June 30, 2018	677,064	677,064	-	6,437,661	10.52%
June 30, 2017	670,054	670,054	-	5,796,316	11.56%
June 30, 2016	580,379	580,379	-	5,247,543	11.06%
June 30, 2015	889,424	889,424	-	8,159,863	10.90%

Note: This schedule will continue to build prospectively until a 10 year trend of data is compiled.

CHEROKEE COUNTY
Pension Plan Required Supplementary Information
For the Year Ended June 30, 2022

POLICE OFFICERS RETIREMENT SYSTEM (PORS)
Schedule of the City's Proportionate Share of the Net Pension Liability

Year	Proportion of the Net Pension Liability	Proportion of the Net Pension Liability	Covered Payroll During the Measurement Period	Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2022	0.325112%	\$ 8,364,850	\$ 4,882,517	171.32%	70.40%
June 30, 2021	0.306875%	10,176,630	4,686,661	217.14%	58.80%
June 30, 2020	0.303097%	8,686,594	4,396,085	197.60%	62.70%
June 30, 2019	0.315720%	8,946,049	4,339,808	206.14%	61.70%
June 30, 2018	0.297870%	8,160,330	4,005,403	203.73%	60.90%
June 30, 2017	0.302910%	7,683,236	3,861,673	198.96%	60.44%
June 30, 2016	0.304780%	6,642,756	3,775,721	175.93%	64.57%
June 30, 2015	0.291680%	5,583,983	3,507,756	159.19%	67.55%

Schedule of Employer Contribution

Year	Statutorily Required Contribution	Contributions Recognized by the Plan	Contributions Excess (Deficiency)	County's Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2022	\$ 964,794	\$ 964,794	-	\$ 5,072,741	19.02%
June 30, 2021	890,571	890,571	-	4,882,517	18.24%
June 30, 2020	854,847	854,847	-	4,686,661	18.24%
June 30, 2019	757,885	757,885	-	4,396,085	17.24%
June 30, 2018	571,928	571,928	-	4,339,808	13.18%
June 30, 2017	570,369	570,369	-	4,005,403	14.24%
June 30, 2016	530,594	530,594	-	3,861,673	13.74%
June 30, 2015	506,342	506,342	-	3,775,721	13.41%

Note: This schedule will continue to build prospectively until a 10 year trend of data is compiled.

Cherokee County, South Carolina
Schedule of Changes in County's Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2021

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	\$ 86,100	77,800	67,500	87,300	85,100
Interest	88,800	104,300	111,400	119,000	114,900
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	(83,500)	(118,600)	(43,400)	(347,500)	-
Changes of Assumptions	389,800	288,700	186,100	(33,700)	-
Benefit Payments, Including Refunds of Employee Contributions	(69,500)	(71,600)	(80,100)	(62,300)	(112,000)
Net Change in Total OPEB Liability	411,700	280,600	241,500	(237,200)	88,000
Total OPEB Liability Beginning	3,571,700	3,291,100	3,049,600	3,286,800	3,198,800
Total OPEB Liability Ending	<u>3,983,400</u>	<u>3,571,700</u>	<u>3,291,100</u>	<u>3,049,600</u>	<u>3,286,800</u>
Plan Fiduciary Net Position					
Contributions - Employer	69,500	71,600	80,100	62,300	112,000
Contributions - Employee	-	-	-	-	-
Net Investment Income	-	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(69,500)	(71,600)	(80,100)	(62,300)	(112,000)
Administrative Expenses	-	-	-	-	-
Other	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-	-
Plan Fiduciary Net Position - Ending	-	-	-	-	-
Employer's Net OPEB Liability - Ending	<u>3,983,400</u>	<u>3,571,700</u>	<u>3,291,100</u>	<u>3,049,600</u>	<u>3,286,800</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-Employee Payroll	3,446,400	3,446,400	3,505,200	3,505,200	4,811,300
Employer's Net OPEB Liability as a Percentage of Covered-Employee Payroll	115.58%	103.64%	93.89%	87.00%	68.31%
Notes to Schedule:					
None					
Actuarially Determined Contribution	69,500	71,600	80,100	62,300	62,300
Contributions in Relation to the Actuarially Determined Contribution	69,500	71,600	80,100	62,300	62,300
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expected Covered-Employee Payroll	\$ 3,446,400	3,446,400	3,505,200	3,505,200	4,811,300
Contributions as a Percentage of Covered-Employee Payroll	2.02%	2.08%	2.29%	1.78%	2.33%

Notes to Schedules: The employer has elected to make an annual contribution equal to the benefits payments. The employer share of net benefits is the difference between the expected benefit payments and the retiree contributions. It is sometimes referred to as "pay-as-you-go."

The expected benefit payments are actuarially determined to reflect the age difference between the overall covered group and the retiree group.

Actuarially determined contributions, which are based on the "pay-as-you-go" cost, and actual contributions are from the measurement periods ending June 30 of the year prior to the year-end of the reporting periods shown.

**COMBINING AND INDIVIDUAL NONMAJOR FUND
FINANCIAL STATEMENTS AND SCHEDULES**

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds							
	201	202	203	204	205	206	207	208
	Local County	Infrastructure	Overmountain	E911 Tele	E911 Tele	Sheriff	Sheriff	Sheriff
	Accomodations Fee		Endowment	Tariff	Surcharge	Confiscated	Drug	Jail Canteen
Assets								
Cash	203,703	104,465	11,196	229,947	1,687,968	782,949	286	438,641
Taxes receivable (net)	-	-	-	-	-	-	-	-
Other receivables	-	-	-	43	96,156	-	-	-
Due from General Fund	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	156	-	-	-	-
	<u>203,703</u>	<u>104,465</u>	<u>11,196</u>	<u>230,146</u>	<u>1,784,124</u>	<u>782,949</u>	<u>286</u>	<u>438,641</u>
Liabilities								
Accounts payable	-	-	-	-	-	-	-	238
Due to General Fund	8,076	-	-	70,719	601,511	-	1,139	-
Unearned revenue	-	-	-	-	-	782,978	-	-
	<u>8,076</u>	<u>-</u>	<u>-</u>	<u>70,719</u>	<u>601,511</u>	<u>782,978</u>	<u>1,139</u>	<u>238</u>
Deferred Inflows of Resources								
Unavailable Revenues - Property Taxes								
Fund Balances								
Nonspendable	-	-	-	156	-	-	-	-
Restricted	195,627	104,465	11,196	-	1,182,613	(29)	(853)	-
Assigned	-	-	-	159,271	-	-	-	438,403
Unassigned	-	-	-	-	-	-	-	-
	<u>195,627</u>	<u>104,465</u>	<u>11,196</u>	<u>159,427</u>	<u>1,182,613</u>	<u>(29)</u>	<u>(853)</u>	<u>438,403</u>
	<u>203,703</u>	<u>104,465</u>	<u>11,196</u>	<u>230,146</u>	<u>1,784,124</u>	<u>782,949</u>	<u>286</u>	<u>438,641</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds								
	209	210	211	212	213	214	215	216	217
	Sheriff	Transportation	Solicitor	Solicitor	Sheriff	Sheriff	Sheriff	Sheriff	Sheriff
	Inmate Telephone	C-Funds	Gambling	Estreated Bnd	Weekend Jail	Sex Offender	Hardship	Child Supp-DSS	Federal Drug
Assets									
Cash	187,317	3,062,584	168,864	57,331	14,556	100,454	7,926	20,943	133,764
Taxes receivable (net)	-	-	-	-	-	-	-	-	-
Other receivables	-	141,465	-	-	-	-	-	1,023	-
Due from General Fund	-	-	-	-	-	-	-	-	14,685
Prepaid expenses	-	-	-	-	-	-	-	-	-
	<u>187,317</u>	<u>3,204,049</u>	<u>168,864</u>	<u>57,331</u>	<u>14,556</u>	<u>100,454</u>	<u>7,926</u>	<u>21,966</u>	<u>148,449</u>
Liabilities									
Accounts payable	-	-	-	-	-	-	-	307	-
Due to General Fund	631	-	-	-	-	-	-	-	2,300
Unearned revenue	-	-	-	-	-	-	-	-	-
	<u>631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>307</u>	<u>2,300</u>
Deferred Inflows of Resources									
Unavailable Revenues - Property Taxes									
Fund Balances									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	3,204,049	168,864	57,331	-	100,454	7,926	21,659	146,149
Assigned	186,686	-	-	-	14,556	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
	<u>186,686</u>	<u>3,204,049</u>	<u>168,864</u>	<u>57,331</u>	<u>14,556</u>	<u>100,454</u>	<u>7,926</u>	<u>21,659</u>	<u>146,149</u>
	<u>187,317</u>	<u>3,204,049</u>	<u>168,864</u>	<u>57,331</u>	<u>14,556</u>	<u>100,454</u>	<u>7,926</u>	<u>21,966</u>	<u>148,449</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds									
	218	219	220	221	290	223	224	225	227	228
	Sheriff	Law Enforcement	Sheriff	Electronic	Local	Rural	Project	Project	SC DHEC	Dhec
	Siezed Gambling	Training Cntr.	D.A.R.E.	Monitoring	Hospitality Tax	Infrastructure	Clari	Peach	Hpp Grant	Grant
Assets										
Cash	3,259	862	16,799	303,288	62,060	-	-	-	-	-
Taxes receivable (net)	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Due from General Fund	-	-	-	-	-	20,102	-	500	-	1
Prepaid expenses	-	-	-	-	-	-	-	-	-	-
	<u>3,259</u>	<u>862</u>	<u>16,799</u>	<u>303,288</u>	<u>62,060</u>	<u>20,102</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>1</u>
Liabilities										
Accounts payable	-	-	-	21,925	79	-	-	-	-	-
Due to General Fund	-	14,359	306	173,256	427,074	-	-	-	1,764	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>14,359</u>	<u>306</u>	<u>195,181</u>	<u>427,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,764</u>	<u>-</u>
Deferred Inflows of Resources										
Unavailable Revenues - Property Taxes										
Fund Balances										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	3,259	(13,497)	16,493	108,107	(365,093)	20,102	-	500	(1,764)	1
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
	<u>3,259</u>	<u>(13,497)</u>	<u>16,493</u>	<u>108,107</u>	<u>(365,093)</u>	<u>20,102</u>	<u>-</u>	<u>500</u>	<u>(1,764)</u>	<u>1</u>
	<u>3,259</u>	<u>862</u>	<u>16,799</u>	<u>303,288</u>	<u>62,060</u>	<u>20,102</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>1</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds								
	229 Restitution	230 Incentive Child Support	232 Carolina Thread Trail	233 Veterans Affairs	234 Recycle Grant (Used Oil)	235 Recycle Grant (Waste Tire)	236 East Gaffney Lighting Project	237 Norfolk Southern Sheriff Grant	238 Body Worn Camera Award
Assets									
Cash	-	-	-	-	-	-	-	-	-
Taxes receivable (net)	-	-	-	-	-	-	-	-	-
Other receivables	-	789	-	-	-	7,691	-	-	-
Due from General Fund	1,957	278,834	692	18,865	1,079	150,608	5,000	3,000	97,642
Prepaid expenses	-	-	-	-	-	-	-	-	-
	<u>1,957</u>	<u>279,623</u>	<u>692</u>	<u>18,865</u>	<u>1,079</u>	<u>158,299</u>	<u>5,000</u>	<u>3,000</u>	<u>97,642</u>
Liabilities									
Accounts payable	-	-	-	-	-	-	-	-	-
Due to General Fund	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources									
Unavailable Revenues - Property Taxes									
Fund Balances									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	1,957	279,623	692	18,865	1,079	158,299	5,000	3,000	97,642
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
	<u>1,957</u>	<u>279,623</u>	<u>692</u>	<u>18,865</u>	<u>1,079</u>	<u>158,299</u>	<u>5,000</u>	<u>3,000</u>	<u>97,642</u>
	<u>1,957</u>	<u>279,623</u>	<u>692</u>	<u>18,865</u>	<u>1,079</u>	<u>158,299</u>	<u>5,000</u>	<u>3,000</u>	<u>97,642</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds								
	239 Victims Assistance Fund	240 7th Circuit Sol Renovations	241 School Resource Officer Grant	242 Adopt-A-Cop Program	243 Bullet Proof Vests Grant	244 Project Lifesaver	245 7th Circuit Sol Restricted	246 7th Circuit Sol Drug Forfeit	247 Emergency Management
Assets									
Cash	-	-	-	-	-	-	-	-	-
Taxes receivable (net)	-	-	-	-	-	-	-	-	-
Other receivables	8,300	-	-	-	-	-	-	-	79,055
Due from General Fund	-	16,548	49,258	290	5,055	47	22,648	29,643	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
	<u>8,300</u>	<u>16,548</u>	<u>49,258</u>	<u>290</u>	<u>5,055</u>	<u>47</u>	<u>22,648</u>	<u>29,643</u>	<u>79,055</u>
Liabilities									
Accounts payable	-	-	-	-	-	-	4,844	-	-
Due to General Fund	8,300	-	-	-	-	-	-	-	79,099
Unearned revenue	-	-	-	-	-	-	-	-	-
	<u>8,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,844</u>	<u>-</u>	<u>79,099</u>
Deferred Inflows of Resources									
Unavailable Revenues - Property Taxes									
Fund Balances									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	16,548	49,258	290	5,055	47	17,804	29,643	(44)
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>16,548</u>	<u>49,258</u>	<u>290</u>	<u>5,055</u>	<u>47</u>	<u>17,804</u>	<u>29,643</u>	<u>(44)</u>
	<u>8,300</u>	<u>16,548</u>	<u>49,258</u>	<u>290</u>	<u>5,055</u>	<u>47</u>	<u>22,648</u>	<u>29,643</u>	<u>79,055</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds								
	248 Emergency Preparedness	249 Em/Co-Gen	250 Fire Insurance Tax	251 Canine K-9 Fund	252 Pandemic Influenza Planning	253 Hazmat	258 Regional Planning	263 Project Diamondback	264 Project Sweetwater
Assets									
Cash	-	-	-	-	-	-	-	-	-
Taxes receivable (net)	-	-	-	-	-	-	-	-	-
Other receivables	-	-	126,664	-	-	-	-	-	-
Due from General Fund	61,092	2,000	-	15,765	2,970	48	-	-	230,014
Prepaid expenses	-	-	-	-	-	-	-	-	-
	<u>61,092</u>	<u>2,000</u>	<u>126,664</u>	<u>15,765</u>	<u>2,970</u>	<u>48</u>	<u>-</u>	<u>-</u>	<u>230,014</u>
Liabilities									
Accounts payable	-	-	-	-	-	-	-	-	-
Due to General Fund	-	-	-	-	-	-	1	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources									
Unavailable Revenues - Property Taxes									
Fund Balances									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	61,092	2,000	126,664	15,765	2,970	48	(1)	-	230,014
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
	<u>61,092</u>	<u>2,000</u>	<u>126,664</u>	<u>15,765</u>	<u>2,970</u>	<u>48</u>	<u>(1)</u>	<u>-</u>	<u>230,014</u>
	<u>61,092</u>	<u>2,000</u>	<u>126,664</u>	<u>15,765</u>	<u>2,970</u>	<u>48</u>	<u>-</u>	<u>-</u>	<u>230,014</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds								
	267 Title IV-D DSS	271 Recycle Waste (Solid Waste)	273 EMS Grant	280 Ohsjp Coronavirus Emer Funding	281 Broadband Expan Initiative	285 Solicitors Early Assesment Prg	286 SC Power Team	287 Coronavirus Emergency Support	288 Project Fallin
Assets									
Cash	-	-	-	-	-	-	-	-	-
Taxes receivable (net)	-	-	-	-	-	-	-	-	-
Other receivables	25,540	-	-	-	-	-	1,200,000	-	-
Due from General Fund	-	-	-	-	250,000	93,407	-	-	100,000
Prepaid expenses	-	-	-	-	-	-	-	-	-
	<u>25,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>93,407</u>	<u>1,200,000</u>	<u>-</u>	<u>100,000</u>
Liabilities									
Accounts payable	-	8,950	-	-	-	-	-	-	-
Due to General Fund	26,226	200	-	213	-	-	1,200,000	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
	<u>26,226</u>	<u>9,150</u>	<u>-</u>	<u>213</u>	<u>-</u>	<u>-</u>	<u>1,200,000</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources									
Unavailable Revenues - Property Taxes									
Fund Balances									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	(686)	(9,150)	-	(213)	-	93,407	-	-	100,000
Assigned	-	-	-	-	250,000	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
	<u>(686)</u>	<u>(9,150)</u>	<u>-</u>	<u>(213)</u>	<u>250,000</u>	<u>93,407</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
	<u>25,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>93,407</u>	<u>1,200,000</u>	<u>-</u>	<u>100,000</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds						Total Nonmajor Governmental Fund
	289 EMS FEMA Grant	291 Project Pigeon DHL	Total Nonmajor Special Revenue Fund	Debt Service	Library	Development Board	
Assets							
Cash	-	-	7,599,162	964,682	2,021,362	168,875	10,754,079
Taxes receivable (net)	-	-	-	21,297	17,815	-	39,112
Other receivables	-	-	1,686,726	-	15,981	-	1,702,706
Due from General Fund	-	-	1,471,750	1,624,005	-	-	3,095,753
Prepaid expenses	-	-	156	-	38,441	-	38,597
	-	-	10,757,794	2,609,984	2,093,599	168,875	15,630,247
Liabilities							
Accounts payable	-	-	36,343	-	45,227	13,356	94,925
Due to General Fund	-	-	2,615,174	-	-	-	2,615,173
Unearned revenue	-	-	782,978	-	-	-	782,978
	-	-	3,434,495	-	45,227	13,356	3,493,076
Deferred Inflows of Resources							
Unavailable Revenues - Property Taxes			-	16,134	13,494		29,628
Fund Balances							
Nonspendable	-	-	156	-	38,441	-	38,597
Restricted	-	-	6,274,227	2,593,850	1,996,437	155,519	11,020,033
Assigned	-	-	1,048,916	-	-	-	1,048,916
Unassigned	-	-	-	-	-	-	-
	-	-	7,323,299	2,593,850	2,034,878	155,519	12,107,543
	-	-	10,757,794	2,609,984	2,093,599	168,875	15,630,247

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds						
	201	202	203	204	205	206	208
	Local County	Infrastructure	Overmountain	E911 Tele	E911 Tele	Sheriff	Sheriff
	Accommodations Fee		Endowment	Tariff	Surcharge	Confiscated	Jail Canteen
Revenues							
Taxes	84,324	70,058	-	111,097	440,091	-	-
Intergovernmental	-	-	-	-	-	-	-
Interest	1,767	-	1	-	-	-	-
Charges for services	-	-	-	-	-	-	139,546
Confiscated money	-	-	-	-	-	-	286
Miscellaneous	-	-	-	-	-	-	-
	<u>86,091</u>	<u>70,058</u>	<u>1</u>	<u>111,097</u>	<u>440,091</u>	<u>-</u>	<u>139,546</u>
Expenditures							
Current							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	72,078	620,009	29	3,000
Transportation	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-
Environmental and housing	-	-	-	-	-	-	-
Culture and recreation	1,327,132	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
	<u>1,327,132</u>	<u>-</u>	<u>-</u>	<u>72,078</u>	<u>620,009</u>	<u>29</u>	<u>3,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,241,041)</u>	<u>70,058</u>	<u>1</u>	<u>39,019</u>	<u>(179,918)</u>	<u>(29)</u>	<u>83,687</u>
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(1,241,041)</u>	<u>70,058</u>	<u>1</u>	<u>39,019</u>	<u>(179,918)</u>	<u>(29)</u>	<u>83,687</u>
Fund Balances - Beginning of Year	1,436,668	34,407	11,195	120,408	-	(150,301)	354,717
Reclassification	-	-	-	-	1,362,531	-	-
Prior Period Adjustments	-	-	-	-	-	150,301	-
Fund Balances - Beginning of Year, Restated	1,436,668	34,407	11,195	120,408	1,362,531	-	354,717
Fund Balances - End of Year	<u>195,627</u>	<u>104,465</u>	<u>11,196</u>	<u>159,427</u>	<u>1,182,613</u>	<u>(29)</u>	<u>438,404</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds								
	209	210	211	212	213	214	215	216	217
	Sheriff	Transportation	Solicitor	Solicitor	Sheriff	Sheriff	Sheriff	Sheriff	Sheriff
	Inmate Telephone	C-Funds	Gambling	Estreated Bnd	Weekend Jail	Sex Offender	Hardship	Child Supp-DSS	Federal Drug
Revenues									
Taxes	-	-	-	-	-	-	-	-	-
Intergovernmental	-	2,580,306	-	-	-	-	-	7,359	-
Interest	-	-	-	-	-	-	-	-	-
Charges for services	81,788	-	-	-	4,063	20,075	-	-	-
Confiscated money	-	-	1,705	-	-	-	-	-	63,734
Miscellaneous	-	-	-	11,481	-	-	-	-	-
	<u>81,788</u>	<u>2,580,306</u>	<u>1,705</u>	<u>11,481</u>	<u>4,063</u>	<u>20,075</u>	<u>-</u>	<u>7,359</u>	<u>63,734</u>
Expenditures									
Current									
General government	-	-	-	-	-	-	-	-	-
Public safety	65,771	-	96,846	3,261	17,889	6,204	-	6,863	41,628
Transportation	-	2,069,596	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-	-	-
Environmental and housing	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	800
Debt service	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
	<u>65,771</u>	<u>2,069,596</u>	<u>96,846</u>	<u>3,261</u>	<u>17,889</u>	<u>6,204</u>	<u>-</u>	<u>6,863</u>	<u>42,428</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>16,017</u>	<u>510,710</u>	<u>(95,141)</u>	<u>8,220</u>	<u>(13,826)</u>	<u>13,871</u>	<u>-</u>	<u>496</u>	<u>21,306</u>
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	16,017	510,710	(95,141)	8,220	(13,826)	13,871	-	496	21,306
Fund Balances - Beginning of Year	170,668	2,693,339	264,005	49,112	28,382	86,583	7,926	21,163	124,844
Reclassification	-	-	-	-	-	-	-	-	-
Prior Period Adjustments	-	-	-	-	-	-	-	-	-
Fund Balances - Beginning of Year, Restated	170,668	2,693,339	264,005	49,112	28,382	86,583	7,926	21,163	124,844
Fund Balances - End of Year	<u>186,685</u>	<u>3,204,049</u>	<u>168,864</u>	<u>57,332</u>	<u>14,556</u>	<u>100,454</u>	<u>7,926</u>	<u>21,659</u>	<u>146,150</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds								
	218	219	220	221	290	223	224	225	227
	Sheriff	Law Enforcement	Sheriff	Electronic	Local	Rural	Project	Project	SC DHEC
	Siezed Gambling	Training Cntr.	D.A.R.E.	Monitoring	Hospitality Tax	Infrastructure	Clari	Peach	Hpp Grant
Revenues									
Taxes	-	-	-	-	129,986	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	295,194	-	-	-	-	-
Confiscated money	-	-	-	-	-	-	-	-	-
Miscellaneous	-	5,145	16,008	-	-	-	-	-	-
	-	5,145	16,008	295,194	129,986	-	-	-	-
Expenditures									
Current									
General government	-	-	-	-	-	-	15,676	-	-
Public safety	-	10,228	8,910	106,758	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-	-	-
Environmental and housing	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	495,078	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service									
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
	-	10,228	8,910	106,758	495,078	-	15,676	-	-
Excess (Deficiency) of Revenues									
Over (Under) Expenditures	-	(5,083)	7,098	188,436	(365,092)	-	(15,676)	-	-
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(173,256)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(173,256)	-	-	-	-	-
Net Change in Fund Balances	-	(5,083)	7,098	15,180	(365,092)	-	(15,676)	-	-
Fund Balances - Beginning of Year	3,259	(8,414)	9,396	92,928	-	20,102	15,676	500	(1,764)
Reclassification	-	-	-	-	-	-	-	-	-
Prior Period Adjustments	-	-	-	-	-	-	-	-	-
Fund Balances - Beginning of Year, Restated	3,259	(8,414)	9,396	92,928	-	20,102	15,676	500	(1,764)
Fund Balances - End of Year	3,259	(13,497)	16,494	108,108	(365,092)	20,102	-	500	(1,764)

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds									
	228 Dhec Grant	229 Restitution	230 Incentive Child Support	232 Carolina Thread Trail	233 Veterans Affairs	234 Recycle Grant (Used Oil)	235 Recycle Grant (Waste Tire)	236 East Gaffney Lighting Project	237 Norfolk Southern Sheriff Grant	238 Body Worn Camera Award
Revenues										
Taxes	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	42,790	-	5,615	8,688	73,495	-	-	85,147
Interest	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Confiscated money	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
	-	-	42,790	-	5,615	8,688	73,495	-	-	85,147
Expenditures										
Current										
General government	-	-	-	-	613	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	43
Transportation	-	-	-	-	-	-	-	-	-	-
Health and human services	-	-	3,637	-	-	-	-	-	-	-
Environmental and housing	-	-	-	-	-	8,688	3,000	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service										
Principal retirement	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-
	-	-	3,637	-	613	8,688	3,000	-	-	43
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	39,153	-	5,002	-	70,495	-	-	85,104
Other Financing Sources (Uses)										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	-	-	39,153	-	5,002	-	70,495	-	-	85,104
Fund Balances - Beginning of Year	1	1,957	240,470	692	13,862	1,079	87,803	5,000	3,000	12,538
Reclassification	-	-	-	-	-	-	-	-	-	-
Prior Period Adjustments	-	-	-	-	-	-	-	-	-	-
Fund Balances - Beginning of Year, Restated	1	1,957	240,470	692	13,862	1,079	87,803	5,000	3,000	12,538
Fund Balances - End of Year	1	1,957	279,623	692	18,864	1,079	158,298	5,000	3,000	97,642

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds								
	239	240	241	242	243	244	245	246	247
	Victims Assistance Fund	7th Circuit Sol Renovations	School Resource Officer Grant	Adopt-A-Cop Program	Bullet Proof Vests Grant	Project Lifesaver	7th Circuit Sol Restricted	7th Circuit Sol Drug Forfeit	Emergency Management
Revenues									
Taxes	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	70,000	-	136,692
Interest	-	-	-	-	-	-	-	-	-
Charges for services	102,590	-	-	-	-	-	-	-	-
Confiscated money	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	1,505	-	-	-	-
	<u>102,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,505</u>	<u>-</u>	<u>70,000</u>	<u>-</u>	<u>136,692</u>
Expenditures									
Current									
General government	-	-	-	-	-	-	-	-	-
Public safety	62	-	-	-	-	-	40,779	914	74,304
Transportation	-	-	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-	-	-
Environmental and housing	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	51,624
Debt service	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
	<u>62</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,779</u>	<u>914</u>	<u>125,928</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>102,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,505</u>	<u>-</u>	<u>29,221</u>	<u>(914)</u>	<u>10,764</u>
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	-	-	-	-	2,071
Transfers out	(102,529)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(102,529)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,071</u>
Net Change in Fund Balances	(1)	-	-	-	1,505	-	29,221	(914)	12,835
Fund Balances - Beginning of Year	-	16,548	49,258	290	3,550	47	(11,417)	30,557	(12,880)
Reclassification	-	-	-	-	-	-	-	-	-
Prior Period Adjustments	-	-	-	-	-	-	-	-	-
Fund Balances - Beginning of Year, Restated	-	16,548	49,258	290	3,550	47	(11,417)	30,557	(12,880)
Fund Balances - End of Year	<u>(1)</u>	<u>16,548</u>	<u>49,258</u>	<u>290</u>	<u>5,055</u>	<u>47</u>	<u>17,804</u>	<u>29,643</u>	<u>(45)</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds								
	248	249	250	251	252	253	258	263	264
	Emergency	Em/Co-Gen	Fire Insurance	Canine	Pandemic	Hazmat	Regional	Project	Project
	Preparedness		Tax	K-9 Fund	Influenza Planning		Planning	Diamondback	Sweetwater
Revenues									
Taxes	-	-	-	-	-	-	-	-	-
Intergovernmental	15,000	-	126,664	-	-	-	50,000	-	-
Interest	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Confiscated money	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	15,145	-	-	-	-	-
	<u>15,000</u>	<u>-</u>	<u>126,664</u>	<u>15,145</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Expenditures									
Current									
General government	-	-	-	-	-	-	50,000	-	-
Public safety	6,162	-	144,460	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-	-	-
Environmental and housing	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	500,000	-
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
	<u>6,162</u>	<u>-</u>	<u>144,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>500,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,838</u>	<u>-</u>	<u>(17,796)</u>	<u>15,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>	<u>-</u>
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(2,071)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(2,071)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	6,767	-	(17,796)	15,145	-	-	-	(500,000)	-
Fund Balances - Beginning of Year	54,325	2,000	144,460	620	2,970	48	(1)	500,000	230,014
Reclassification	-	-	-	-	-	-	-	-	-
Prior Period Adjustments	-	-	-	-	-	-	-	-	-
Fund Balances - Beginning of Year, Restated	54,325	2,000	144,460	620	2,970	48	(1)	500,000	230,014
Fund Balances - End of Year	<u>61,092</u>	<u>2,000</u>	<u>126,664</u>	<u>15,765</u>	<u>2,970</u>	<u>48</u>	<u>(1)</u>	<u>-</u>	<u>230,014</u>

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds								
	267 Title IV-D DSS	271 Recycle Waste (Solid Waste)	273 EMS Grant	280 Ohsjp Coronavirus Emer Funding	281 Broadband Exp Initiative	285 Solicitors Early Assesment Prg	286 SC Power Team	287 Coronavirus Emergency Support	288 Project Fallin
Revenues									
Taxes	-	-	-	-	-	-	-	-	-
Intergovernmental	154,739	9,500	8,878	-	250,000	135,000	-	8,453	-
Interest	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Confiscated money	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	1,200,000	-	100,000
	154,739	9,500	8,878	-	250,000	135,000	1,200,000	8,453	100,000
Expenditures									
Current									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	8,878	-	-	41,593	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Health and human services	35,113	-	-	-	-	-	-	8,453	-
Environmental and housing	-	18,650	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	1,200,000	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service									
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
	35,113	18,650	8,878	-	-	41,593	1,200,000	8,453	-
Excess (Deficiency) of Revenues									
Over (Under) Expenditures	119,626	(9,150)	-	-	250,000	93,407	-	-	100,000
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(135,528)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(135,528)	-	-	-	-	-	-	-	-
Net Change in Fund Balances	(15,902)	(9,150)	-	-	250,000	93,407	-	-	100,000
Fund Balances - Beginning of Year	15,216	-	-	(213)	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-	-
Prior Period Adjustments	-	-	-	-	-	-	-	-	-
Fund Balances - Beginning of Year, Restated	15,216	-	-	(213)	-	-	-	-	-
Fund Balances - End of Year	(686)	(9,150)	-	(213)	250,000	93,407	-	-	100,000

CHEROKEE COUNTY, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds						Total Nonmajor Governmental Fund
	289 EMS FEMA Grant	291 Project Pigeon DHL	Total Nonmajor Special Revenue Fund	Debt Service	Library	Development Board	
Revenues							
Taxes	-	-	835,556	1,175,485	985,672	-	2,996,713
Intergovernmental	25,620	-	3,793,946	-	126,278	-	3,920,224
Interest	-	-	1,768	-	-	31	1,799
Charges for services	-	-	643,256	-	18,201	-	661,457
Confiscated money	-	-	65,725	-	-	-	65,725
Miscellaneous	-	250,000	1,599,283	-	6,006	35,000	1,640,283
	25,620	250,000	6,939,534	1,175,485	1,136,157	35,031	9,286,201
Expenditures							
Current							
General government	-	-	66,289	-	-	802	67,091
Public safety	-	-	1,432,528	-	-	-	1,432,528
Transportation	-	-	2,069,596	-	-	-	2,069,596
Health and human services	17,371	-	64,574	-	-	-	64,574
Environmental and housing	-	-	30,338	-	-	-	30,338
Culture and recreation	-	-	1,822,210	-	988,311	-	2,810,521
Economic Development	-	250,000	1,950,000	-	-	231,516	2,181,516
Capital outlay	-	-	52,424	-	-	-	52,424
Debt service	-	-	-	-	-	-	-
Principal retirement	-	-	-	1,970,000	-	-	1,970,000
Interest and fiscal charges	-	-	-	259,715	-	-	259,715
	17,371	250,000	7,487,959	2,229,715	988,311	232,318	10,938,303
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,249	-	(548,424)	(1,054,230)	147,846	(197,287)	(1,652,102)
Other Financing Sources (Uses)							
Transfers in	-	-	2,071	1,134,146	-	200,000	1,336,217
Transfers out	(8,249)	-	(421,633)	-	-	-	(421,633)
Total other financing sources (uses)	(8,249)	-	(419,562)	1,134,146	-	200,000	914,584
Net Change in Fund Balances	-	-	(967,986)	79,916	147,846	2,713	(737,518)
Fund Balances - Beginning of Year	-	-	6,778,454	2,513,934	1,887,032	152,806	11,332,229
Reclassification	-	-	-	-	-	-	1,362,531
Prior Period Adjustments	-	-	150,301	-	-	-	150,301
Fund Balances - Beginning of Year, Restated	-	-	6,928,755	2,513,934	1,887,032	152,806	12,845,061
Fund Balances - End of Year	-	-	5,960,768	2,593,850	2,034,878	155,519	12,107,543

Cherokee County, South Carolina
Agency Funds
Combining Statement of Fiduciary Net Position
June 30, 2022

	Cherokee No. 1	Spartanburg No. 2	Clerk of Court						
			Support Office	Out of Town Surety Bonds	Bondsmen	Condemnation Suits	Finance Officer	Magistrates Cash Bonds	Tax Collector
Assets									
Cash	\$ 53,479,012	91,610	53,508	13,813	75,949	771,059	76,004	195,815	1,386,231
Taxes Receivable (Net)	571,865	24,239	-	-	-	-	-	-	-
Other Receivables	995,042	1,119	-	-	-	-	-	-	-
	<u>55,045,919</u>	<u>116,968</u>	<u>53,508</u>	<u>13,813</u>	<u>75,949</u>	<u>771,059</u>	<u>76,004</u>	<u>195,815</u>	<u>1,386,231</u>
Liabilities									
Due to Other Designated Recipients	55,045,919	116,968	53,508	13,813	75,949	771,059	76,004	195,815	1,386,231
	<u>55,045,919</u>	<u>116,968</u>	<u>53,508</u>	<u>13,813</u>	<u>75,949</u>	<u>771,059</u>	<u>76,004</u>	<u>195,815</u>	<u>1,386,231</u>

Cherokee County, South Carolina
Agency Funds
Combining Statement of Fiduciary Net Position
June 30, 2021

	Community College	City of Chesnee	Sheriff's Drug Fund	Detention Ctr Commissary	Recreation District	Mini Bottle Tax	Town of Blacksburg- Bonds	Town of Blacksburg	Macedonia Fire District	City of Gaffney	Spartanburg 1% Fee In Lieu
Assets											
Cash	\$ (6,323)	3,619	47,336	69,849	(10,350)	15,906	4,764	7,654	3,059	107,806	-
Taxes Receivable (Net)	11,198	1,038	-	-	16,933	-	-	17,075	4,266	58,075	616
Other Receivables	-	-	-	-	-	108,428	-	-	-	-	-
	<u>4,875</u>	<u>4,657</u>	<u>47,336</u>	<u>69,849</u>	<u>6,583</u>	<u>124,334</u>	<u>4,764</u>	<u>24,729</u>	<u>7,325</u>	<u>165,881</u>	<u>616</u>
Liabilities											
Due to Other Designated Recipients	<u>4,875</u>	<u>4,657</u>	<u>47,336</u>	<u>69,849</u>	<u>6,583</u>	<u>124,334</u>	<u>4,764</u>	<u>24,729</u>	<u>7,325</u>	<u>165,881</u>	<u>616</u>
	<u>\$ 4,875</u>	<u>4,657</u>	<u>47,336</u>	<u>69,849</u>	<u>6,583</u>	<u>124,334</u>	<u>4,764</u>	<u>24,729</u>	<u>7,325</u>	<u>165,881</u>	<u>616</u>

Cherokee County, South Carolina
Agency Funds
Combining Statement of Fiduciary Net Position
June 30, 2022

	Blacksburg Fire District	Cherokee Creek Fire District	Gaffney Area Fire District	Grassy Pond Fire District	CKC Fire District	Buffalo Fire District	Corinth Fire District	Antioch Fire District	DMW/ Fire District	Goucher White Plains FD	Library	TOTALS
Assets												
Cash	\$ 1,798	39,691	7,782	1,309	1,748	1,109	2,676	830	1,481	(716)	-	56,444,029
Taxes Receivable (Net)	2,979	5,907	14,673	3,135	4,007	2,386	3,672	1,894	530	2,979	17,815	765,282
Other Receivables	-	-	-	-	-	-	-	-	-	-	-	1,104,589
	<u>4,777</u>	<u>45,598</u>	<u>22,455</u>	<u>4,444</u>	<u>5,755</u>	<u>3,495</u>	<u>6,348</u>	<u>2,724</u>	<u>2,011</u>	<u>2,263</u>	<u>17,815</u>	<u>58,313,900</u>
Liabilities												
Due to Other Designated Recipients	<u>4,777</u>	<u>45,598</u>	<u>22,455</u>	<u>4,444</u>	<u>5,755</u>	<u>3,495</u>	<u>6,348</u>	<u>2,724</u>	<u>2,011</u>	<u>2,263</u>	<u>17,815</u>	<u>58,313,900</u>
	<u>\$ 4,777</u>	<u>45,598</u>	<u>22,455</u>	<u>4,444</u>	<u>5,755</u>	<u>3,495</u>	<u>6,348</u>	<u>2,724</u>	<u>2,011</u>	<u>2,263</u>	<u>17,815</u>	<u>58,313,900</u>

Cherokee County, South Carolina
Agency Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
School District - Cherokee No. 1				
Assets				
Cash	\$ 49,310,900	93,237,578	89,069,466	53,479,012
Taxes Receivable (Net)	661,049	571,865	661,049	571,865
Other Receivables	2,749,496	995,042	2,749,496	995,042
	<u>52,721,445</u>	<u>94,804,485</u>	<u>92,480,011</u>	<u>55,045,919</u>
Liabilities				
Due to Other Designated Recipients	<u>52,721,445</u>	<u>94,804,485</u>	<u>92,480,011</u>	<u>55,045,919</u>
School District - Sptbg. No.1				
Assets				
Cash	34,728	56,882	-	91,610
Taxes Receivable (Net)	17,686	24,239	17,686	24,239
Other Receivables	1,119	-	-	1,119
	<u>53,533</u>	<u>81,121</u>	<u>17,686</u>	<u>116,968</u>
Liabilities				
Due to Other Designated Recipients	<u>53,533</u>	<u>81,121</u>	<u>17,686</u>	<u>116,968</u>
Support Office				
Assets				
Cash	<u>84,832</u>	<u>-</u>	<u>31,324</u>	<u>53,508</u>
Liabilities				
Due to Other Designated Recipients	<u>84,832</u>	<u>-</u>	<u>31,324</u>	<u>53,508</u>
Clerk of Court - Out of Town Surety Bond				
Assets				
Cash	<u>11,954</u>	<u>1,859</u>	<u>-</u>	<u>13,813</u>
Liabilities				
Due to Other Designated Recipients	<u>11,954</u>	<u>1,859</u>	<u>-</u>	<u>13,813</u>
Clerk of Court - Bondsmen				
Assets				
Cash	<u>75,931</u>	<u>18</u>	<u>-</u>	<u>75,949</u>
Liabilities				
Due to Other Designated Recipients	<u>75,931</u>	<u>18</u>	<u>-</u>	<u>75,949</u>
Condemnation Suits				
Assets				
Cash	<u>2,596,819</u>	<u>-</u>	<u>1,825,760</u>	<u>771,059</u>
Liabilities				
Due to Other Designated Recipients	<u>2,596,819</u>	<u>-</u>	<u>1,825,760</u>	<u>771,059</u>
Clerk of Court - Escrow				
Assets				
Cash	<u>4,618</u>	<u>-</u>	<u>4,618</u>	<u>-</u>
Liabilities				
Due to Other Designated Recipients	<u>\$ 4,618</u>	<u>-</u>	<u>4,618</u>	<u>-</u>

Cherokee County, South Carolina
Agency Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Clerk of Court - Finance Officer				
Assets				
Cash	\$ 75,876	128	-	76,004
Liabilities				
Due to Other Designated Recipients	75,876	128	-	76,004
Magistrate Cash Bonds				
Assets				
Cash	233,501	-	37,686	195,815
Liabilities				
Due to Other Designated Recipients	233,501	-	37,686	195,815
Tax Collector				
Assets				
Cash	1,441,996	32,025,536	32,081,301	1,386,231
Liabilities				
Due to Other Designated Recipients	1,441,996	32,025,536	32,081,301	1,386,231
Community College				
Assets				
Cash	(14,264)	7,941	-	(6,323)
Taxes Receivable (Net)	9,671	11,198	9,671	11,198
Other Receivables	-	-	-	-
	(4,593)	19,139	9,671	4,875
Liabilities				
Due to Other Designated Recipients	(4,593)	19,139	9,671	4,875
City of Chesnee				
Assets				
Cash	6,450	-	2,831	3,619
Taxes Receivable (Net)	(3,715)	4,753	-	1,038
Other Receivables	-	-	-	-
	2,735	4,753	2,831	4,657
Liabilities				
Due to Other Designated Recipients	2,735	4,753	2,831	4,657
Sheriff's Drug Fund				
Assets				
Cash	46,756	580	-	47,336
Liabilities				
Due to Other Designated Recipients	\$ 46,756	580	-	47,336

Cherokee County, South Carolina
Agency Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Detention Center Commissary				
Assets				
Cash	\$ 55,944	13,906	-	69,850
Liabilities				
Due to Other Designated Recipients	55,944	13,906	-	69,850
Recreation District				
Assets				
Cash	(22,273)	11,923	-	(10,350)
Taxes Receivable (Net)	14,855	16,933	14,855	16,933
Other Receivables	407	-	407	-
	(7,011)	28,856	15,262	6,583
Liabilities				
Due to Other Designated Recipients	(7,011)	28,856	15,262	6,583
Mini Bottle Tax				
Assets				
Cash	15,906	-	-	15,906
Other Receivable	73,471	70,165	35,208	108,428
	89,377	70,165	35,208	124,334
Liabilities				
Due to Other Designated Recipients	89,377	70,165	35,208	124,334
Town of Blacksburg - Bonds				
Assets				
Cash	4,764	-	-	4,764
Liabilities				
Due to Other Designated Recipients	4,764	-	-	4,764
Town of Blacksburg				
Assets				
Cash	(342)	7,996	-	7,654
Taxes Receivable (Net)	23,465	17,075	23,465	17,075
Other Receivables	-	-	-	-
	23,123	25,071	23,465	24,729
Liabilities				
Due to Other Designated Recipients	\$ 23,123	25,071	23,465	24,729

Cherokee County, South Carolina
Agency Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Macedonia Fire District				
Assets				
Cash	\$ (4,026)	7,085	-	3,059
Taxes Receivable (Net)	6,940	4,266	6,940	4,266
Other Receivables	118	-	118	-
	<u>3,032</u>	<u>11,351</u>	<u>7,058</u>	<u>7,325</u>
Liabilities				
Due to Other Designated Recipients	<u>3,032</u>	<u>11,351</u>	<u>7,058</u>	<u>7,325</u>
City of Gaffney				
Assets				
Cash	81,641	26,165	-	107,806
Taxes Receivable (Net)	60,036	58,075	60,036	58,075
	<u>141,677</u>	<u>84,240</u>	<u>60,036</u>	<u>165,881</u>
Liabilities				
Due to Other Designated Recipients	<u>141,677</u>	<u>84,240</u>	<u>60,036</u>	<u>165,881</u>
Spartanburg 1% Fee In Lieu				
Assets				
Cash	-	-	-	-
Taxes Receivable (Net)	768	616	768	616
	<u>768</u>	<u>616</u>	<u>768</u>	<u>616</u>
Liabilities				
Due to Other Designated Recipients	<u>768</u>	<u>616</u>	<u>768</u>	<u>616</u>
Blacksburg Fire District				
Assets				
Cash	-	1,798	-	1,798
Taxes Receivable (Net)	-	2,979	-	2,979
Other Receivables	-	-	-	-
	<u>-</u>	<u>4,777</u>	<u>-</u>	<u>4,777</u>
Liabilities				
Due to Other Designated Recipients	<u>-</u>	<u>4,777</u>	<u>-</u>	<u>4,777</u>
Cherokee Creek Fire District				
Assets				
Cash	25,734	13,957	-	39,691
Taxes Receivable (Net)	6,524	5,907	6,524	5,907
Other Receivables	-	-	-	-
	<u>32,258</u>	<u>19,864</u>	<u>6,524</u>	<u>45,598</u>
Liabilities				
Due to Other Designated Recipients	<u>32,258</u>	<u>19,864</u>	<u>6,524</u>	<u>45,598</u>
Gaffney Area Fire District				
Assets				
Cash	3,275	4,507	-	7,782
Taxes Receivable (Net)	7,377	14,673	7,377	14,673
Other Receivables	-	-	-	-
	<u>10,652</u>	<u>19,180</u>	<u>7,377</u>	<u>22,455</u>
Liabilities				
Due to Other Designated Recipients	<u>10,652</u>	<u>19,180</u>	<u>7,377</u>	<u>22,455</u>
Grassy Pond Fire District				
Assets				
Cash	(1,470)	2,779	-	1,309
Taxes Receivable (Net)	2,492	3,135	2,492	3,135
Other Receivables	-	-	-	-
	<u>1,022</u>	<u>5,914</u>	<u>2,492</u>	<u>4,444</u>
Liabilities				
Due to Other Designated Recipients	<u>\$ 1,022</u>	<u>5,914</u>	<u>2,492</u>	<u>4,444</u>

Cherokee County, South Carolina
Agency Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
CKC Fire District				
Assets				
Cash	(391)	2,139	-	1,748
Taxes Receivable (Net)	2,091	4,007	2,091	4,007
Other Receivables	-	-	-	-
	<u>1,700</u>	<u>6,146</u>	<u>2,091</u>	<u>5,755</u>
Liabilities				
Due to Other Designated Recipients	<u>1,700</u>	<u>6,146</u>	<u>2,091</u>	<u>5,755</u>
Buffalo Fire District				
Assets				
Cash	(103)	1,212	-	1,109
Taxes Receivable (Net)	1,938	2,386	1,938	2,386
Other Receivables	-	-	-	-
	<u>1,835</u>	<u>3,598</u>	<u>1,938</u>	<u>3,495</u>
Liabilities				
Due to Other Designated Recipients	<u>1,835</u>	<u>3,598</u>	<u>1,938</u>	<u>3,495</u>
Corinth Fire District				
Assets				
Cash	(451)	3,127	-	2,676
Taxes Receivable (Net)	1,361	3,672	1,361	3,672
Other Receivables	-	-	-	-
	<u>910</u>	<u>6,799</u>	<u>1,361</u>	<u>6,348</u>
Liabilities				
Due to Other Designated Recipients	<u>910</u>	<u>6,799</u>	<u>1,361</u>	<u>6,348</u>
Antioch Fire District				
Assets				
Cash	(610)	1,440	-	830
Taxes Receivable (Net)	1,791	1,894	1,791	1,894
Other Receivables	-	-	-	-
	<u>1,181</u>	<u>3,334</u>	<u>1,791</u>	<u>2,724</u>
Liabilities				
Due to Other Designated Recipients	<u>1,181</u>	<u>3,334</u>	<u>1,791</u>	<u>2,724</u>
DMW Fire District				
Assets				
Cash	16	1,465	-	1,481
Taxes Receivable (Net)	1,579	530	1,579	530
Other Receivables	-	-	-	-
	<u>1,595</u>	<u>1,995</u>	<u>1,579</u>	<u>2,011</u>
Liabilities				
Due to Other Designated Recipients	<u>\$ 1,595</u>	<u>1,995</u>	<u>1,579</u>	<u>2,011</u>

Cherokee County, South Carolina
Agency Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Goucher White Plains Fire District				
Assets				
Cash	\$ (3,213)	2,497	-	(716)
Taxes Receivable (Net)	1,421	2,979	1,421	2,979
Other Receivables	-	-	-	-
	<u>(1,792)</u>	<u>5,476</u>	<u>1,421</u>	<u>2,263</u>
Liabilities				
Due to Other Designated Recipients	<u>(1,792)</u>	<u>5,476</u>	<u>1,421</u>	<u>2,263</u>
Library				
Assets				
Cash	(55,807)	55,807	-	-
Taxes Receivable (Net)	16,233	17,815	16,233	17,815
Other Receivables	406	-	406	-
	<u>(39,168)</u>	<u>73,622</u>	<u>16,639</u>	<u>17,815</u>
Liabilities				
Due to Other Designated Recipients	<u>(39,168)</u>	<u>73,622</u>	<u>16,639</u>	<u>17,815</u>
Total - All Agency Funds				
Assets				
Cash	54,008,691	125,488,325	123,052,987	56,444,029
Taxes Receivable (Net)	833,565	768,997	837,280	765,282
Other Receivables	2,825,017	1,065,207	2,785,635	1,104,589
	<u>57,667,273</u>	<u>127,322,529</u>	<u>126,675,902</u>	<u>58,313,900</u>
Liabilities				
Due to Other Designated Recipients	<u>\$ 57,667,273</u>	<u>127,322,529</u>	<u>126,675,902</u>	<u>58,313,900</u>

Cherokee County, South Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2022

Function and Activity	Construction In Progress	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Vehicles	Capital Leases	Books	TOTAL
General Government	\$ -	395,886	12,531,835	106,756	2,378,670	-	600,560	24,594	-	16,038,301
Public Safety	-	254,958	9,787,571	23,332	4,874,227	-	3,554,549	110,814	-	18,605,451
Transportation	-	-	139,221	-	1,076,971	30,619,256	391,598	97,868	-	32,324,914
Health and Human Services	76,638	418,494	893,715	-	74,177	-	251,515	66,711	-	1,781,250
Environmental and Housing	-	715,026	738,235	73,288	2,691,525	-	2,264,394	690,607	-	7,173,075
Culture and Recreation	485,464	215,525	3,881,263	38,185	574,024	-	90,494	-	1,114,112	6,399,067
	<u>\$ 562,102</u>	<u>1,999,889</u>	<u>27,971,840</u>	<u>241,561</u>	<u>11,669,594</u>	<u>30,619,256</u>	<u>7,153,110</u>	<u>990,594</u>	<u>1,114,112</u>	<u>82,322,058</u>

Cherokee County, South Carolina
 Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity
 June 30, 2022

Function and Activity	Balance Jun 30, 2021	Additions	Retirements	Balance June 30, 2022
General Government	\$ 16,832,665	102,978	1,021,284	15,914,359
Public Safety	19,311,796	482,682	1,194,348	18,600,130
Transportation	32,478,340	-	336,043	32,142,297
Health and Human Services	1,576,236	387,632	-	1,963,868
Environmental and Housing	7,232,306	226,365	285,598	7,173,073
Culture and Recreation	4,885,035	1,867,114	223,819	6,528,330
Total	82,316,378	3,066,771	3,061,092	82,322,057

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

Cherokee County
Magistrate Court and General Session
Summary Schedule of Court Fines and Fees, Assessments and Surcharges
June 30, 2022

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected	153,613	1,696,951	-	1,850,564
Court fines and assessments remitted to State Treasurer	52,409	898,127	-	950,536
Total Court Fines and Assessments retained	101,204	798,824	-	900,028
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	19,164	13,130	-	32,294
Assessments retained	4,120	67,151	-	71,271
Total Surcharges and Assessments retained for victim services	23,284	80,281	-	103,565

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC):

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	-	-	-
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer	-	-	-
Victim Service Assessments Retained by City/County Treasurer	-	71,271	71,271
Victim Service Surcharges Retained by City/County Treasurer	-	32,294	32,294
Interest Earned	-	-	-
Grant Funds Received	-	-	-
Grant from:			
General Funds Transferred to Victim Service Fund	-	-	-
Contribution Received from Victim Service Contracts:			
(1) Town of	-	-	-
(2) Town of	-	-	-
(3) City of	-	-	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	-	103,565	103,565
Expenditures for Victim Service Program:	Municipal	County	Total
Salaries and Benefits	-	-	-
Operating Expenditures	-	62	62
Victim Service Contract(s):			
(1) Entity's Name	-	-	-
(2) Entity's Name	-	-	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	-	-	-
(2) Rape Crisis Center:	-	-	-
(3) Other local direct crime victims service agency:	-	-	-
Transferred to General Fund	-	102,529	-
Total Expenditures from Victim Service Fund/Program (B)	-	102,591	102,591
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	-	-	-
Less: Prior Year Fund Deficit Repayment	-	-	-
Carryforward Funds – End of Year	-	974	974

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
9-1-1 FUND**

FOR THE FISCAL YEAR ENDING: June 30, 2022

****Please note: individual line items may be omitted or changed to match
applicable categories from audited financial statements or reports**

	YTD ACTUAL 9-1-1 FUND
REVENUES**	
Intergovernmental Revenues:	
State	440,091
Local	111,097
Fees and Service Charges:	-
Interest and Investment Income/(loss):	-
Other:	-
TOTAL REVENUE ALL SOURCES	551,188
EXPENDITURES**	
Public Safety Communications:	
Personnel Services	353,169
General Operating	11,566
Repairs and Maintenance	20,488
Contractual Services	19,807
Supplies	39
Equipment	286,021
Service Charges	-
Other	997
Total Public Safety Communications	692,087
Capital Outlay	-
Depreciation	-
TOTAL EXPENDITURES	692,087
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(140,899)
OTHER FINANCING SOURCES (USES)	
Transfers In	-
Transfers Out	-
TOTAL OTHER FINANCING SOURCES (USES)	-
NET CHANGE IN FUND BALANCE	(140,899)
FUND BALANCE, Beginning of Year	1,482,939
FUND BALANCE, End of Year	1,342,040

FINANCIAL STATEMENT FINDINGS (APPLICABLE TO 9-1-1 FUND):

None Noted

RECOMMENDED COURSE OF ACTION (APPLICABLE TO 9-1-1 FUND):

None Noted

Cline Brandt Kochenower & Co., P.A.

Audited by:

Cline Brandt Kochenower & Co., P.A.

Signature

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12/29/2022

Date



COMPLIANCE SECTION

Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
In Accordance With Government Auditing Standards

Cherokee County
Gaffney, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major funds, and the aggregate remaining fund information of Cherokee County as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Cherokee County's basic financial statements, and have issued our report thereon dated December 29, 2022.

Internal Control Over Financial Reporting

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

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

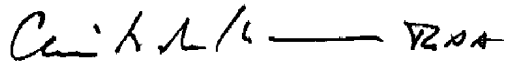
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



Gaffney, SC
December 29, 2022