

HAMPTON COUNTY, SOUTH CAROLINA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

HAMPTON COUNTY, SOUTH CAROLINA

ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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HAMPTON COUNTY, SOUTH CAROLINA

ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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FINANCIAL SECTION

FITSNNEWS



INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the County Council
of Hampton County, South Carolina
Hampton, 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 aggregate remaining fund information of **Hampton County, South Carolina** (the "County"), as of and for the year ended June 30, 2025, 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 aggregate remaining fund information of the County as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 17, the County implemented Governmental Accounting Standards Board ("GASB") Statement No. 101, Compensated Absences, as of July 1, 2024. This standard significantly changed the accounting for the County's compensated absences and disclosures. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund (on page 52), the Schedules of the Proportionate Share of the Net Pension Liability (on page 53), the Schedules of Contributions (on page 54) and the OPEB Retirement Plan – Schedule of Changes in the Total OPEB Liability and Related Ratios (on pages 55 and 56), 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 (“GASB”), 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.

Management has omitted the Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the GASB 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. Our opinion on the basic financial statements is not affected by this missing information.

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 Statements, the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96), are presented for the purpose of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Statements, the Schedule of Expenditures of Federal Awards, and the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) 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 23, 2025, 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 Hampton County, South Carolina's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Savannah, Georgia
December 23, 2025

BASIC FINANCIAL STATEMENTS

FITSNNEWS

HAMPTON COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 9,871,027
Receivables, net of allowances	4,787,361
Prepaid expense	149,979
Property held for resale	1,545,588
Capital assets:	
Nondepreciable	848,907
Depreciable/amortizable, net	24,753,706
Total assets	41,956,568
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows for pension	2,566,621
Deferred outflows for other post-employment benefits	1,853,901
Total deferred outflows of resources	4,420,522
LIABILITIES	
Current liabilities:	
Accounts payable	3,618,935
Accrued expenses	751,290
Accrued interest	192,581
Unearned revenue	10,632
Accrued compensated absences	920,088
Closure and post-closure care costs	24,850
Notes payable	1,042,472
Bonds payable	110,000
Lease liabilities	321,536
Non-current liabilities:	
Closure and post-closure care costs	242,414
Notes payable	4,985,833
Bonds payable	480,000
Lease liabilities	445,376
Total OPEB liability	8,171,908
Net pension liability	13,012,213
Total liabilities	34,330,128
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows for pension	2,295,402
Deferred inflows for other post-employment benefits	3,551,416
Total deferred inflows of resources	5,846,818
NET POSITION	
Net investment in capital assets	18,217,396
Restricted:	
Other purposes	3,275,197
Unrestricted (deficit)	(15,292,449)
Total net position	\$ 6,200,144

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

HAMPTON COUNTY, SOUTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Primary government						
Governmental activities:						
General government	\$ 3,255,082	\$ 671,210	\$ 1,477,759	\$ -	\$	(1,106,113)
Public buildings	1,550,664	-	-	-		(1,550,664)
Finance	1,265,160	-	-	-		(1,265,160)
Public works	1,429,186	417,275	40,906	1,871,777		900,772
Sanitation	968,379	209,845	11,619	-		(746,915)
Economic development	2,000,373	-	779,821	-		(1,220,552)
Emergency services	5,152,603	594,167	1,405,366	-		(3,153,070)
Codes and law enforcement	4,836,082	114,605	985,687	-		(3,735,790)
Courts	595,384	354,037	101,010	-		(140,337)
Culture and recreation	82,312	1,992	-	-		(80,320)
Health, education and welfare	1,183,111	-	972,029	-		(211,082)
Interest and fiscal charges	571,302	-	-	-		(571,302)
Total governmental activities	<u>\$ 22,889,638</u>	<u>\$ 2,363,131</u>	<u>\$ 5,774,197</u>	<u>\$ 1,871,777</u>		<u>(12,880,533)</u>
General revenues:						
						14,323,994
						2,461,900
						155,107
						505,146
						274,664
						<u>17,720,811</u>
						<u>4,840,278</u>
						1,874,697
						(514,831)
						<u>1,359,866</u>
						<u>\$ 6,200,144</u>

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

HAMPTON COUNTY, SOUTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	Fire District Fund	Capital Projects Fund
ASSETS			
Cash and cash equivalents	\$ 3,728,012	\$ 327,302	\$ 1,231,381
Receivables, net	3,814,114	91,095	-
Due from other funds	2,164,668	73,870	-
Advance to other funds	-	-	3,051,292
Prepaid expenditures	122,328	26,632	-
Property held for resale	-	-	-
Total assets	<u>\$ 9,829,122</u>	<u>\$ 518,899</u>	<u>\$ 4,282,673</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,621,263	\$ 1,667	\$ -
Accrued expenses	700,155	51,135	-
Unearned revenue	-	-	-
Due to other funds	-	376,654	-
Advance from other funds	3,215,118	-	-
Total liabilities	<u>6,536,536</u>	<u>429,456</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	1,294,718	52,793	-
Unavailable revenue - grants	347,827	-	-
Total deferred inflows of resources	<u>1,642,545</u>	<u>52,793</u>	<u>-</u>
FUND BALANCES			
Non-spendable:			
Prepaid expenditures	122,328	26,632	-
Property held for resale	-	-	-
Advances to other funds	-	-	3,051,292
Restricted:			
Waste tire	-	-	-
Fire bond	-	10,018	-
Fire bond reserve	-	-	-
Recreation	-	-	-
Crime victim services	-	-	-
Sheriff's department	-	-	-
Emergency services	-	-	-
Drug fund	-	-	-
Council on Aging	-	-	-
Capital projects	-	-	1,231,381
Committed:			
Airport commission	-	-	-
Assigned:			
Estill Industrial Park	-	-	-
Detention center	-	-	-
Unassigned (deficit)	1,527,713	-	-
Total fund balances (deficits)	<u>1,650,041</u>	<u>36,650</u>	<u>4,282,673</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,829,122</u>	<u>\$ 518,899</u>	<u>\$ 4,282,673</u>

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

Economic Development Fund	Fire Bond Fund	Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 718,877	\$ 1,234,911	\$ 1,218,680	\$ 1,411,864	\$ 9,871,027
564,666	6,803	132,316	178,367	4,787,361
-	-	127,200	7,686	2,373,424
-	54,078	-	109,748	3,215,118
-	-	-	1,019	149,979
1,545,588	-	-	-	1,545,588
<u>\$ 2,829,131</u>	<u>\$ 1,295,792</u>	<u>\$ 1,478,196</u>	<u>\$ 1,708,684</u>	<u>\$ 21,942,497</u>
\$ 564,666	\$ -	\$ 378,581	\$ 52,758	\$ 3,618,935
-	-	-	-	751,290
-	-	-	10,632	10,632
227,145	73,870	1,123,120	572,635	2,373,424
-	-	-	-	3,215,118
<u>791,811</u>	<u>73,870</u>	<u>1,501,701</u>	<u>636,025</u>	<u>9,969,399</u>
-	5,633	-	2,573	1,355,717
564,666	-	16,646	-	929,139
<u>564,666</u>	<u>5,633</u>	<u>16,646</u>	<u>2,573</u>	<u>2,284,856</u>
-	-	-	1,019	149,979
1,545,588	-	-	-	1,545,588
-	54,078	-	109,748	3,215,118
-	-	-	2,982	2,982
-	1,162,211	-	-	1,172,229
-	-	-	246,855	246,855
-	-	-	1,157	1,157
-	-	-	18,105	18,105
-	-	-	667	667
-	-	-	495,479	495,479
-	-	-	44,021	44,021
-	-	-	62,321	62,321
-	-	-	-	1,231,381
-	-	-	445,926	445,926
34,259	-	-	-	34,259
-	-	-	3,602	3,602
(107,193)	-	(40,151)	(361,796)	1,018,573
<u>1,472,654</u>	<u>1,216,289</u>	<u>(40,151)</u>	<u>1,070,086</u>	<u>9,688,242</u>
<u>\$ 2,829,131</u>	<u>\$ 1,295,792</u>	<u>\$ 1,478,196</u>	<u>\$ 1,708,684</u>	<u>\$ 21,942,497</u>

HAMPTON COUNTY, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2025

Total governmental fund balances:	\$	9,688,242
<p>Amounts reported for governmental activities in the Statement of Net Position are different because of the following:</p>		
<p>Capital assets and right-to-use lease assets used in governmental activities are not financial resources and, therefore, are not reported in the government funds.</p>		
Costs of assets	\$ 54,830,520	
Accumulated depreciation/amortization	<u>(29,227,907)</u>	25,602,613
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:</p>		
Unavailable revenue		2,284,856
<p>Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. These deferred outflows of resources consist of pension and OPEB related experience differences, assumption changes, differences from changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions, and contributions subsequent to the measurement date:</p>		
Deferred outflows related to pensions	\$ 2,566,621	
Deferred outflows related to other post-employment benefits	<u>1,853,901</u>	4,420,522
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:</p>		
Bonds payable	\$ (590,000)	
Notes payable	(6,028,305)	
Compensated absences	(920,088)	
Landfill closure and post-closure costs	(267,264)	
Accrued interest	(192,581)	
Lease liabilities	(766,912)	
Net pension liability	(13,012,213)	
Total other post-employment benefits liability	<u>(8,171,908)</u>	(29,949,271)
<p>Deferred inflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds. These deferred inflows of resources consist of pension and OPEB related experience differences, assumption changes, differences between projected and actual earnings on plan investments, and differences from changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions:</p>		
Deferred outflows related to pensions	\$ (2,295,402)	
Deferred inflows related to other post-employment benefits	<u>(3,551,416)</u>	<u>(5,846,818)</u>
Net position of governmental activities		<u>\$ 6,200,144</u>

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

HAMPTON COUNTY, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>General Fund</u>	<u>Fire District Fund</u>	<u>Capital Projects Fund</u>
REVENUES			
Taxes	\$ 15,540,920	\$ 974,837	\$ 11,496
Other local sources	2,248,642	-	-
Intergovernmental	2,423,457	140,986	-
Miscellaneous	505,146	-	-
Interest income	92,362	10,164	23,906
Total revenues	<u>20,810,527</u>	<u>1,125,987</u>	<u>35,402</u>
EXPENDITURES			
Current:			
General government	3,139,128	-	-
Public buildings	554,879	-	-
Finance	1,348,100	-	-
Public works	909,184	-	-
Sanitation	926,927	-	-
Economic development	107,743	-	-
Emergency services	2,606,523	1,165,847	-
Codes and law enforcement	5,970,570	-	-
Courts	728,449	-	-
Culture and recreation	85,295	-	-
Health, education and welfare	517,765	-	-
Capital outlay	330,660	-	-
Debt service:			
Principal	4,008,057	-	-
Interest	479,494	-	-
Total expenditures	<u>21,712,774</u>	<u>1,165,847</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(902,247)</u>	<u>(39,860)</u>	<u>35,402</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	3,330,660	-	-
Transfers in	24,763	-	-
Transfers out	(148,080)	-	-
Total other financing sources, net	<u>3,207,343</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,305,096	(39,860)	35,402
Fund balances (deficits), beginning of year	<u>(655,055)</u>	<u>76,510</u>	<u>4,247,271</u>
Fund balances (deficits), end of year	<u>\$ 1,650,041</u>	<u>\$ 36,650</u>	<u>\$ 4,282,673</u>

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

Economic Development Fund	Fire Bond Fund	Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 44,874	\$ -	\$ 46,551	\$ 16,618,678
-	-	-	-	2,248,642
1,307,111	-	1,629,774	1,329,996	6,831,324
-	-	-	-	505,146
5,321	2,465	375	20,514	155,107
<u>1,312,432</u>	<u>47,339</u>	<u>1,630,149</u>	<u>1,397,061</u>	<u>26,358,897</u>
-	-	-	48,804	3,187,932
-	-	-	-	554,879
-	-	-	-	1,348,100
-	-	-	-	909,184
-	-	-	-	926,927
1,313,166	-	484,945	155,030	2,060,884
-	-	1,138,895	432,549	5,343,814
-	-	-	192,705	6,163,275
-	-	-	101,747	830,196
-	-	-	-	85,295
-	-	27,400	662,195	1,207,360
-	-	-	76,597	407,257
-	107,000	-	-	4,115,057
-	43,423	-	-	522,917
<u>1,313,166</u>	<u>150,423</u>	<u>1,651,240</u>	<u>1,669,627</u>	<u>27,663,077</u>
(734)	(103,084)	(21,091)	(272,566)	(1,304,180)
-	-	-	-	3,330,660
-	-	-	148,080	172,843
-	-	-	(24,763)	(172,843)
-	-	-	123,317	3,330,660
(734)	(103,084)	(21,091)	(149,249)	2,026,480
<u>1,473,388</u>	<u>1,319,373</u>	<u>(19,060)</u>	<u>1,219,335</u>	<u>7,661,762</u>
<u>\$ 1,472,654</u>	<u>\$ 1,216,289</u>	<u>\$ (40,151)</u>	<u>\$ 1,070,086</u>	<u>\$ 9,688,242</u>

HAMPTON COUNTY, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Net change in fund balances - total governmental funds	\$	2,026,480
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense:</p>		
Capital outlay	\$ 2,133,718	
Depreciation/amortization expense	<u>(2,304,589)</u>	(170,871)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Unavailable revenue		1,096,355
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The effects of these items are as follows:</p>		
Repayment of the principal of long-term debt	\$ 1,115,057	
Gain on extinguishment of debt	274,664	
Issuance of long-term debt	<u>(330,660)</u>	1,059,061
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The following amounts represent the net liability changes using the full accrual method of accounting:</p>		
Pension liability	\$ 921,464	
Landfill closure and post-closure liability	(6,264)	
Compensated absences	42,271	
Accrued interest on long-term debt	(48,385)	
Other post-employment benefits liability	<u>(79,833)</u>	<u>829,253</u>
Change in net position of governmental activities		<u>\$ 4,840,278</u>

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

HAMPTON COUNTY, SOUTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2025**

ASSETS	
Cash and cash equivalents	\$ 5,398,943
Taxes receivable	1,853,691
Other receivable	618,634
Total assets	<u>\$ 7,871,268</u>
LIABILITIES	
Due to others	\$ 1,911,862
Total liabilities	<u>\$ 1,911,862</u>
NET POSITION	
Restricted for individuals, organizations and other governments	\$ 5,959,406
	<u>\$ 5,959,406</u>

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

HAMPTON COUNTY, SOUTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

ADDITIONS	
Taxes	\$ 23,511,025
Fines and fees	584,469
Intergovernmental	1,995,641
Miscellaneous	24,518,627
Total additions	<u>50,609,762</u>
DEDUCTIONS	
Taxes and fees paid to other governments	48,222,843
Other custodial disbursements	490,511
Total deductions	<u>48,713,354</u>
Change in fiduciary net position	1,896,408
Net position, beginning of year	<u>4,062,998</u>
Net position, end of year	<u>\$ 5,959,406</u>

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

NOTES TO FINANCIAL STATEMENTS

FITSNNEWS

HAMPTON COUNTY, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-wide and Fund Financial Statements

The government-wide statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Hampton County, South Carolina (the "County") does not maintain any business-type activities.

B. Reporting Entity

The County is a political subdivision of the State of South Carolina, operating under the Council-Administrator form of government to provide services authorized by its charter. It is governed by an elected Council (the "County Council"), which is governed by state statutes and regulations. In addition to the members of the County Council, there are two elected Constitutional Officers: Treasurer and Auditor.

The accompanying financial statements present the combined financial positions and combined results of operations of the various fund types controlled by the County Council and its Constitutional Officers.

The County Council funds all of the operating budgets of the County's Constitutional Officers. The Constitutional Officers' revenues and expenditures are included in the General Fund. The accounting policies of the County conform to generally accepted accounting principles, as applicable to governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting.

In evaluating how to define the County, for financial reporting purposes, management has considered any potential component units over which the County exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the County (as distinct from legal relationships). Based on the application of the criteria set forth in generally accepted accounting principles ("GAAP"), management has considered any potential component units over which the County exercises significant influence and has determined that the County has no component units for financial reporting purposes.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation – Government-wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The County reports the following major governmental funds:

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

The **Economic Development Fund** accounts for all financial resources accumulated and payments made for economic development of the County.

The **Fire District Fund** accounts for the County's rural fire district operations and services.

The **Capital Projects Fund** accounts for the resources accumulated and payments made for special major capital projects.

The **Fire Bond Fund** accounts for the County's tax collections allocated for payments of the rural fire bond.

The **Grants Fund** accounts for the County's grant revenues and expenditures.

Additionally, the government reports the following fund types:

Special Revenue Funds – 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation – Fund Financial Statements (Continued)

Custodial Funds – used to account for assets held by the County in a trustee capacity for Hampton County Schools and for amounts held by the Clerk of Court, Probate Court, three County Magistrates, Tax Collector, Treasurer, New Life Center, and Delegation Fund.

E. Measurement Focus and Basis of Accounting

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

The government-wide statements are reported using the *flow of economic resources measurement focus* and the *accrual basis of accounting* as are the fiduciary funds. Revenues are recognized 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 grantor have been met.

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Cash Equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The County is authorized by state statute to invest in the following:

- Obligations of the United States, its agencies and instrumentalities;
- Obligations of the State of South Carolina or any of its political subdivisions;
- Savings and Loan Associations to the extent that they are insured by an agency of the federal government;
- Certificates of deposit and repurchase agreements, provided the collateral is the type described above, and has a market value in excess of the certificate of deposit or repurchase agreement plus accrued interest, and is held by a third-party as escrow agent or custodian;
- Repurchase agreements when collateralized by securities of the type described above and held by a third-party as escrow agent or custodian, of a market value not less than the amount of the repurchase agreement so that it is collateralized, including interest;
- No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond debt issue of the County Treasurer, if the particular portfolio of the investment company or investment trust in which the investment is: (i) limited to obligations described above, and (ii) has among its objectives the attempt to maintain a constant net asset value of \$1 a share and to that end, values its assets by the amortized cost method.
- GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, states investments are to be carried at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than forced liquidation. The County reports investments at cost, if cost reasonably approximates fair value.

G. Receivables

In the fund financial statements, material receivables include revenue accruals such as property taxes, franchise fees, grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are reported as deferred inflows of resources in the fund financial statements. Property taxes and trade receivables are shown net of an allowance for uncollectibles.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., current portion of interfund loans) or "advances to/from other funds" (i.e., non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Prepaid Items

Prepaid balances are for payments made by the County in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for the subsequent expenditures.

I. Capital Assets

In the government-wide financial statements, capital assets which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported as assets in the governmental activities Statement of Net Position. Capital assets, other than infrastructure assets, are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the useful lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation/amortization has been calculated on each class of depreciable property, using the straight-line method. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	50
Vehicles and equipment	5 – 20
Land improvements	15
Infrastructure	15
Right-to-use leased equipment	5 – 7

J. Leases – Lessee

The County is a lessee for noncancellable leases of equipment and land. The County recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$10,000 or more.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Leases – Lessee (Continued)

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

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

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

Lease assets are reported with capital assets and lease liabilities are reported separately on the Statement of Net Position.

K. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

L. Compensated Absences

Unused vacation and sick liabilities are reported in the applicable governmental type activities columns in the government-wide financial statements. With two weeks' notice, County employees are paid up to 200 hours of unused leave when they voluntarily quit or retire. Compensated absences are paid from the General Fund.

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets, therefore, compensated absences are not included in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Landfill Closure Costs

Under the terms of current state and federal regulations, the County is required to place a final cover on closed landfill areas, and to perform certain monitoring and maintenance functions for a period of up to 30 years after closure. The County recognizes these costs of closure and post-closure maintenance over the active life of each landfill area, based on landfill capacity use during the period. Required obligations for closure and post-closure costs are recognized in the governmental activities column in the government-wide Statement of Net Position.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets 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; and 2) the County reports deferred other post-employment benefits ("OPEB") charges in its statements of net position in connection with the Hampton County OPEB Plan. The deferred pension and OPEB charges are either: (a) recognized in the subsequent period as a reduction of the net pension or total 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. See Note 15 and Note 16 and the required supplementary information immediately following the notes to the financial statements for more information related to the deferred outflows for pension and OPEB.

In addition to liabilities, the Statement of Net Position and the governmental funds Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents the acquisition of net assets 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 also reports deferred pension credits 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; and (3) the County also reports deferred OPEB credits in its statements of net position in connection with its participation in the Hampton County OPEB Plan. These deferred pension and OPEB credits are amortized in a systematic and rational method and recognized as a reduction of OPEB expense in future periods in accordance with GAAP. See Note 15 and Note 16 and the required supplementary information immediately following the notes to the financial statements for more information related to the deferred inflows for pension and OPEB.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Equity Classifications

Equity is classified as net positions and displayed in three components in the government-wide financial statements.

- **Net investment in capital assets** consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- **Restricted net position** consists of net position with constraints placed on the use either by: 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** consists of all other net position that does not meet the definition of “restricted” or “net investment in capital assets”. In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either: a) not in spendable form – prepaid costs or inventories; or b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance is comprised of the remaining four classifications: restricted, committed, assigned, and unassigned.

- **Non-spendable fund balance** reflects the amounts reported as non-spendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.
- **Restricted fund balance** reflects the constraints imposed on resources either: a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.
- **Committed fund balance** can only be used for specific purposes pursuant to constraints imposed by formal resolution or ordinances of the County Council – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the County Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Equity Classifications (Continued)

- **Assigned fund balance** reflects the amounts constrained by the County's "intent" to be used for a specific purpose, but are neither restricted nor committed. The County Council and the County Administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.
- **Unassigned fund balance** is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

P. Net Position Flow Assumption

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

Q. Fund Balance Flow Assumption

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

R. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the amounts reported in the financial statements and the related notes. Accordingly, actual results could differ from these estimates.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Program Revenues

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

In accordance with the State of South Carolina General Statute, the County prepares an annual balanced budget ordinance. The County adopts annual budgets for the General Fund using the modified accrual basis. An annual budget for the Special Revenue Funds are not adopted as sufficient budgetary control is achieved through restrictions included in the various grant agreements. An annual operating budget for the Capital Projects Fund is not adopted as its revenues and expenditures are adopted on a project basis. Appropriations lapse at the end of the budget year.

In March, the budget process begins with a special comprehensive work session in which the finance department and administrator meet with all department heads to discuss current and future trends, needs and goals of the County. All department heads submit comprehensive lists of programs, projects, and initiatives to be considered in the upcoming budget and meet with financial department staff and the administrator individually. During May and June, formal budget workshops are held. The County Council holds public hearings and a final budget must be prepared and adopted no later than June 30.

Budgets are prepared at the fund, function and department levels. Budgets are adopted at the fund level and are amended as necessary during the fiscal year in one of two ways. First, the administrator delegated by the County Council may make line item transfers within individual fund budgets with subsequent monthly notice to the County Council. Such transfers can neither increase nor decrease the overall budget at the fund level. Second, the budget may be increased or decreased at the fund level as changing circumstances dictate, subject to County Council approval.

B. Deficit Fund Balance

The Clerk of Court Fund has a deficit fund balance of \$11,621, the County Transportation Committee (“CTC”) Fund has a deficit fund balance of \$289,870, and the Grants Fund has a deficit fund balance of \$40,151 at June 30, 2025. The Clerk of Court and CTC are included in the nonmajor governmental funds. These deficits are intended to be eliminated through increased user charges or interfund transfers.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS

At June 30, 2025, the carrying amount of the County's deposits was \$15,269,970. To reconcile this information to the financial statements, we include the following:

As reported in the Statement of Net Position:

Cash and cash equivalents	\$ 9,871,027
Cash and cash equivalents - custodial funds	5,398,943
Total	\$ 15,269,970

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the County's deposits may not be returned or the County may not be able to recover collateral securities in the possession of an outside party. The County does not have a written policy related to custodial credit risk, but does have an agreement with its banking institution that securities be pledged to cover any deposits in excess of Federal Depository Insurance Corporation ("FDIC") coverage. At June 30, 2025, there are no funds exposed to credit risk.

Interest Rate Risk: The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 4. RECEIVABLES AND PROPERTY TAXES

Receivables as of June 30, 2025, including the applicable allowances for uncollectible accounts, are as follows:

	Primary Government						Total Primary Government
	General	Fire District	Economic Development	Fire Bond	Grants	Nonmajor Governmental	
Taxes receivable	\$ 1,659,438	\$ 67,356	\$ -	\$ 9,375	\$ -	\$ 3,311	\$ 1,739,480
Accounts receivable	2,468,616	34,062	564,666	865	132,316	175,590	3,376,115
Less: allowance	(313,940)	(10,323)	-	(3,437)	-	(534)	(328,234)
Net total receivables	\$ 3,814,114	\$ 91,095	\$ 564,666	\$ 6,803	\$ 132,316	\$ 178,367	\$ 4,787,361

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES AND PROPERTY TAXES (CONTINUED)

Property taxes are levied by the County at varying rates per \$100 of assessed valuation of real estate and personal property owned and used in the County except exempt property as provided by the Constitution and laws of the State of South Carolina and attached an enforceable lien when levied.

In the County, taxes are collected for County and school purposes as a single tax bill which must be paid in full by the individual taxpayer. Taxes are collected on a calendar year basis. Real and personal taxes in the County are payable without penalty on or before January 15 of each year (except taxes on motor vehicles, which are payable on a monthly basis).

If taxes are not paid on or before January 15, a penalty of 3% is added thereon. If taxes are not paid on or before February 1, an additional penalty of 7% is added. If taxes are not paid on or before March 16, an additional 5% thereon is added plus all costs incurred and the property goes into execution. In September, properties on which the taxes have not been paid are advertised for public sale in a local newspaper for three consecutive weeks. The first Monday in October, the property is sold. The County Tax Collector is responsible for the collection of delinquent taxes and is empowered to sell as much of the defaulting taxpayer's estate – real, personal or both – as may be sufficient to satisfy the taxes. As collections are made, the delinquent tax revenue is remitted to the County Treasurer.

Property taxes at the fund level are recorded as receivables and deferred inflows of resources at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and, therefore, susceptible to accrual in accordance with generally accepted accounting principles, have been recognized as revenue.

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances as of June 30, 2025 are as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Total
General Fund	Economic Development Fund	\$ 227,145
General Fund	Fire District Fund	249,454
General Fund	Grants Fund	1,123,120
General Fund	Nonmajor Governmental Funds	564,949
Grants Fund	Fire District Fund	127,200
Fire District Fund	Fire Bond	73,870
Nonmajor Governmental Funds	Nonmajor Governmental Funds	7,686
		\$ 2,373,424

NOTES TO FINANCIAL STATEMENTS

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Advances to/from other funds:

Receivable Fund	Payable Fund	Total
Fire Bond Fund	General Fund	\$ 54,078
Capital Projects Fund	General Fund	3,051,292
Nonmajor Governmental Funds	General Fund	109,748
		\$ 3,215,118

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.

Interfund transfers for the year ended June 30, 2025 consisted of the following:

	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ 24,763	\$ 148,080
Nonmajor Governmental Funds	148,080	24,763
Total interfund balances	\$ 172,843	\$ 172,843

Transfers are used to move revenues to finance various programs that the government must account for in the other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

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NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025 was as follows:

Governmental activities	Balance July 1, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 835,773	\$ -	\$ -	\$ -	\$ 835,773
Construction in progress	1,064,575	53,988	-	(1,105,429)	13,134
Total capital assets not being depreciated	<u>1,900,348</u>	<u>53,988</u>	<u>-</u>	<u>(1,105,429)</u>	<u>848,907</u>
Capital assets being depreciated:					
Buildings and improvements	26,490,923	29,105	-	1,078,522	27,598,550
Infrastructure	4,976,198	-	-	-	4,976,198
Land improvements	304,540	-	-	-	304,540
Vehicles	10,018,490	391,030	(332,614)	-	10,076,906
Equipment, furniture and fixtures	8,328,634	1,328,935	-	26,907	9,684,476
Right-to-use leased assets	1,010,283	330,660	-	-	1,340,943
Total capital assets being depreciated	<u>51,129,068</u>	<u>2,079,730</u>	<u>(332,614)</u>	<u>1,105,429</u>	<u>53,981,613</u>
Less accumulated depreciation:					
Buildings and improvements	(11,080,161)	(850,986)	-	-	(11,931,147)
Infrastructure	(3,826,259)	(170,748)	-	-	(3,997,007)
Land improvements	(268,947)	(4,356)	-	-	(273,303)
Vehicles	(7,571,354)	(365,709)	332,614	-	(7,604,449)
Equipment, furniture and fixtures	(4,190,344)	(599,417)	-	-	(4,789,761)
Right-to-use leased assets	(318,867)	(313,373)	-	-	(632,240)
Total accumulated depreciation	<u>(27,255,932)</u>	<u>(2,304,589)</u>	<u>332,614</u>	<u>-</u>	<u>(29,227,907)</u>
Total capital assets being depreciated, net	<u>23,873,136</u>	<u>(224,859)</u>	<u>-</u>	<u>1,105,429</u>	<u>24,753,706</u>
Governmental activities capital assets, net	<u>\$ 25,773,484</u>	<u>\$ (170,871)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,602,613</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the governmental activities of the primary government as follows:

<u>Governmental Activities</u>	
General government	\$ 129,457
Public buildings	1,028,834
Public works	571,005
Sanitation	73,903
Emergency services	287,309
Codes and law enforcement	191,502
Courts	900
Parks and recreation	2,304
Economic development	19,375
Total depreciation expense	<u>\$ 2,304,589</u>

NOTE 7. LONG-TERM DEBT

A. Notes Payable

\$939,550 Equipment Note issued June 30, 2016 to fund various capital purchases of the County. The note accrues interest at 2.47% with quarterly principal and interest payments of \$26,581. The note matures in June 2026.

\$406,240 Equipment Note issued June 30, 2016 to fund various capital purchases of the County. The note accrues interest at 3.60% with quarterly principal and interest payments of \$4,669. The note matures in June 2026. \$125,000 principal payment was made on July 5, 2016 prior to quarterly payments.

On July 9, 2020, the County obtained a construction loan from Palmetto State Bank to finance the construction of airport hangars. The loan term is for two years with an interest rate of 2.0%. At June 30, 2025, the County had draws totaling \$2,391,956. On August 18, 2022, the loan was paid off by the United States Department of Agriculture ("USDA"). The note with the USDA matures in August 2052 with an interest rate of 2.25%. Payments are due annually with the first three years being interest only payments.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Notes Payable (Continued)

\$449,528 Equipment Note issued December 2, 2022 to fund the purchase of two trucks. The note accrues interest at 8.14% with annual principal and interest payments of \$100,114. The note matures in January 2028.

\$401,547 Equipment Note issued May 15, 2023 to fund the purchase of an ambulance for the County. The note accrues interest at 3.48% with annual principal and interest payments of \$78,818. The note matures in October 2028.

\$2,432,615 Equipment Note issued April 29, 2024 to fund the purchase of radios for the County. The note accrues interest at 7.80% with annual principal and interest payments of \$609,078. The note matures in April 2029.

\$829,463 Equipment Note issued April 29, 2024 to fund the purchase of a landfill compactor for the County. The note accrues interest at 7.38% with annual principal and interest payments of \$156,973. The note matures in April 2031.

Debt service requirements to maturity as of June 30, 2025 are as follows:

Year Ending June 30,	Notes Payable		
	Principal	Interest	Total
2026	\$ 1,042,472	\$ 375,270	\$ 1,417,742
2027	801,664	259,788	1,061,452
2028	860,705	200,746	1,061,451
2029	906,123	131,635	1,037,758
2030	203,318	70,123	273,441
2031 – 2035	508,371	230,943	739,314
2036 – 2040	405,783	176,559	582,342
2041 – 2045	454,189	128,152	582,341
2046 – 2050	508,526	73,815	582,341
2051 and 2052	337,154	15,580	352,734
	<u>\$ 6,028,305</u>	<u>\$ 1,662,611</u>	<u>\$ 7,690,916</u>

B. Bonds Payable

On October 22, 2010, the County sold General Obligation (“GO”) bonds in the amount of \$1,800,000, Series 2010A and 2010B, which discharged the \$1,850,000 outstanding with payment of \$50,000 principal made at issuance. The bonds will bear interest at a rate of 3.3% per annum. Principal will be payable on March 1st of each year. Principal and interest will be paid from the direct ad valorem tax in the Fire Bond Fund upon all property in the Hampton Fire District.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

B. Bonds Payable (Continued)

Debt service requirements to maturity as of June 30, 2025 are as follows:

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 110,000	\$ 36,757	\$ 146,757
2027	114,000	29,904	143,904
2028	118,000	22,802	140,802
2029	122,000	15,450	137,450
2030	126,000	7,850	133,850
	<u>\$ 590,000</u>	<u>\$ 112,763</u>	<u>\$ 702,763</u>

C. Leases

The County enters into lease agreements for periods between three and five years as lessee for the use of certain equipment. The leases have an imputed interest rate of 10.51%. Principal and interest expenditures to maturity for lease liabilities as of June 30, 2025 are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 321,536	\$ 70,631	\$ 392,167
2027	359,658	32,509	392,167
2028	85,718	2,057	87,775
Total	<u>\$ 766,912</u>	<u>\$ 105,197</u>	<u>\$ 872,109</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

C. Leases (Continued)

Long-term liability activity for the fiscal year ended June 30, 2025 was as follows:

	<u>Balance June 30, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
Primary Government					
Governmental activities:					
General obligation bonds	\$ 697,000	\$ -	\$ 107,000	\$ 590,000	\$ 110,000
Notes payable	7,055,862	-	1,027,557	6,028,305	1,042,472
Lease liabilities	691,416	330,660	255,164	766,912	321,536
Net pension liability	14,923,257	1,024,311	2,935,355	13,012,213	-
Total OPEB liability	7,927,165	774,978	530,235	8,171,908	-
Compensated absences	962,359	-	42,271	920,088	920,088
Landfill closure and post-closure costs	261,000	6,264	-	267,264	24,850
Governmental activity long-term liabilities	<u>\$ 32,518,059</u>	<u>\$ 2,136,213</u>	<u>\$ 4,897,582</u>	<u>\$ 29,756,690</u>	<u>\$ 2,418,946</u>

NOTE 8. SHORT-TERM DEBT

The County's short-term debt for the year ended June 30, 2025 consisted of the following activity:

	<u>Balance June 30, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
Primary Government					
Governmental activities:					
Tax anticipation note	\$ -	\$ 3,000,000	\$ 3,000,000	\$ -	\$ -
Governmental activity short-term liabilities	<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ -</u>

The County issued Tax Anticipation Notes in October 2024, November 2024, and December 2024 in the total amount of \$3,000,000, maturing in January 2025, February 2025, and March 2025, bearing interest at 10.00%, to fund operations. The County repaid the notes, including interest of \$74,583, in December 2024, January 2025, and February 2025.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. RISK MANAGEMENT

The County is exposed to various risks of loss and maintains elements of both self-insurance and purchased insurance policies divided into coverage for workers' compensation, property and casualty, and employee health insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The County also pays insurance premiums to certain other commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to, or on behalf of, the insured for covered economic losses sustained during the policy in accordance with insurance policy and benefit program limits.

Several state funds accumulate assets and the State itself assumes substantially all risks for the following:

1. Claims of covered public employees for health and dental insurance benefits (Office of Insurance Services), and
2. Claims of covered public employees for long-term disability and group life insurance benefits (Retirement System).

The County assumes the risk for unemployment compensation benefits by paying directly to the Employment Security Commission actual claims filed against the County.

Employees elect health coverage through either a health maintenance organization or through the State's self-insured plan. All other coverages listed above are through the applicable State self-insured plan except dependent and optional life premiums which are remitted to a commercial carrier. The County has recorded insurance premium expenditures in the applicable functional expenditure categories of the unrestricted current funds. These expenditures do not include estimated claim losses and estimable premium adjustments.

The County has not reported a supplemental premium assessment expenditure, and the related liability at June 30, 2025, because the requirements of GASB Statement No. 10, which states that a liability for supplemental assessments must be reported if information prior to issuance of the financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred on or before June 30, 2025, and that the amount of the premium is reasonably estimable, have not been satisfied.

In management's opinion, supplemental premium assessments, if any, would not be significant enough to have a material adverse effect on the financial position of the County.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. COMMITMENTS AND CONTINGENCIES

The County participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County had not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the County, there may be a contingent liability relating to compliance with the rules and regulations governing the required contractor documentation related to one grant. No provision has been recorded in the accompanying combined financial statements for the contingent cost as the County is vigorously pursuing the required documentation and in the preliminary stages of calculating the pending ineligible contractor cost total.

The County is involved in a number of legal matters, which either have or could result in litigation. The nature of the lawsuits varies considerably. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.

As of June 30, 2025, the County had several significant commitments. The most significant commitment relates to the Southern Carolina Industrial Campus Road Extension project, which is funded in part through a U.S. Department of Commerce, Economic Development Administration (“EDA”) award (Award No. 04-01-07699). The award provides federal funding of up to \$4,204,000 and requires a non-federal share of \$1,051,000. Subsequent to year-end, the County, through its grant administrator, submitted its initial reimbursement request to the Economic Development Administration in the amount of \$1,481,961 for eligible federal costs incurred through August 22, 2025. The non-federal share is expected to be supported through funding administered by the South Carolina Department of Commerce under a reimbursable expense arrangement.

In addition, the County entered into a professional services agreement dated May 27, 2025, with Beaufort Design Build, LLC in the amount of \$227,250 for site evaluation and project feasibility services related to the potential conversion of a former high school property into a County recreation center.

The County also had limited airport-related planning and evaluation activities; however, as of June 30, 2025, no material airport construction contracts were outstanding.

With respect to the Southern Carolina Industrial Campus Speculative Building Project, the County’s involvement is limited to administering and reimbursing eligible costs under a capped economic development grant program. Supporting documentation reflects post-year-end costs incurred by the developer; however, these amounts do not represent a County construction obligation or commitment as of June 30, 2025. The County’s participation in the project is limited to reimbursement of eligible costs in accordance with grant agreements and does not constitute a direct construction commitment.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFERRED COMPENSATION PLANS

All state and local government employees can participate in a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, administered by the state public employee retirement system through a state-approved non-governmental third-party, permits governmental employees to defer a portion of their salaries until future years. The deferred compensation is not available to an employee until termination, retirement, death or unforeseeable emergency. The State Attorney General issued an opinion that amounts deferred by local governmental units and administered through the state-wide plan remain assets and liabilities of the local government unit. In prior years, the County included the cumulative amounts deferred in the agency fund of the County. However, effective July 24, 1998, the funds were placed in trust with the South Carolina Deferred Compensation Commission. Therefore, the funds are no longer an asset of the County, subject to claims of its general creditors, but are held in trust for exclusive benefits of participants and their beneficiaries.

NOTE 12. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and federal regulations require the County to place a final cover on the portion of its landfill that holds municipal waste. The County has to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The County closed the landfill in October 1993 to municipal waste, but it will remain open to inert waste. The recognition of these landfill closure and post-closure costs is based on the amount of available landfill space used during the year. The estimated liability for landfill closure and post-closure care costs has a balance of \$267,264 at June 30, 2025.

The estimated remaining useful life of the C & D landfill is 13 years. The estimated costs of landfill closure and post-closure care costs increased by \$6,264. The amounts were accrued in previous years.

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 landfill were acquired as of June 30, 2025. 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 has not accumulated or segregated funds to meet this liability. The General Fund will pay for these costs.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. PROPERTY HELD FOR RESALE

The detail on property held for resale is as follows:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Regional Industrial Park	\$ 1,467,715	\$ -	\$ -	\$ 1,467,715
Estill Industrial Park	77,873	-	-	77,873
Total	\$ 1,545,588	\$ -	\$ -	\$ 1,545,588

NOTE 14. TAX ABATEMENTS

The County's tax abatement program is the "Fee-in-Lieu of Ad Valorem Property Tax" ("FILOT") program. The FILOT program is authorized by South Carolina state law, specifically, Chapter 44, Title 12 of the Code of Laws of South Carolina, 1976, as amended. The purpose of the FILOT program is to reduce the disparately higher property tax rates applied to manufacturing and certain commercial properties in South Carolina, which have previously impeded new and expanding business from locating in South Carolina, [S.C. Code Ann. §12-44-20].

Property taxes are abated under the FILOT program through an agreement, executed by the County and the taxpayer, pursuant to which a fee-in-lieu of ad valorem property tax payment for the economic development property associated with the project is calculated using: (i) a reduced assessment ratio, which may be reduced from 10.5% to a floor of 6% (or 4% in the case of certain enhanced investments as defined by state law), and (ii) a locked millage rate (or a millage rate that is allowed to increase or decrease every fifth year) [S.C. Code Ann. §12-44-40(A)], for a term of not more than 30 years (or 40 years in the case of certain enhanced investments as defined by state law) [S.C. Code Ann. §12-44-30(21)].

As a result of these agreements, the County had assessed property values abated of approximately \$3,988,000 under this program for the year ended June 30, 2025. For the year ended June 30, 2025, the County received \$857,415 of taxes abated via FILOT agreements.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. PENSION 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 (the “Systems”) and benefit programs of the state of South Carolina, including the State Optional Retirement Program and the South Carolina Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems’ (“SCRS”) 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 GAAP. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value.

PEBA issues an Annual Comprehensive Financial Report (“ACFR”) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to:

PEBA
202 Arbor Lake Drive
Columbia, SC 29223

PEBA is considered a division of the primary government of the state of South Carolina and, therefore, retirement trust fund financial information is also included in the ACFR of the state.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. PENSION PLANS (CONTINUED)

Plan Description

The South Carolina Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of §9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and first-term individuals elected to the South Carolina General Assembly.

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

Plan Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each Retirement 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. An employee member of the System with an effective date of membership prior to July 1, 2012 is a Class Two member. An employee member of the System with an effective date of membership on or after July 1, 2012 is a Class Three member.
- PORS – To be eligible for PORS membership, an employee must be required by the terms of his/her employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. PENSION PLANS (CONTINUED)

Plan Benefits

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

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

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

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

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. PENSION PLANS (CONTINUED)

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability ("UAAL") over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00% for SCRS and 9.75% for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the 1% increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by one percentage point each year until reaching 18.56% for SCRS and 21.24% for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. Upon resuming following the postponement, the annual increases will subside effective July 1, 2024. The board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of 1% in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85% funded.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. PENSION PLANS (CONTINUED)

Plan Contributions (Continued)

As noted earlier, both employees and the County are required to contribute to the plans at rates established and as amended by PEBA. The County's contributions are actuarially determined but are communicated to and paid by the County as a percentage of the employees' annual eligible compensation. Required employer and employee contribution rates for the past three years are as follows:

	SCRS Rates			PORS Rates		
	2023	2024	2025	2023	2024	2025
Employer contribution rate:						
Retirement	17.41%	18.41%	18.41%	19.84%	20.84%	20.84%
Incidental death benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental death contributions	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	<u>17.56%</u>	<u>18.56%</u>	<u>18.56%</u>	<u>20.24%</u>	<u>21.24%</u>	<u>21.24%</u>
Employee contribution rate	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.75%</u>	<u>9.75%</u>	<u>9.75%</u>

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

The required contributions and percentages of amounts contributed to the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed
2025	\$ 847,820	100%	\$ 728,532	100%
2024	861,399	100%	711,164	100%
2023	869,141	100%	650,469	100%

Eligible payrolls of the County covered under the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Payroll	PORS Payroll	Total Payroll
2025	\$ 4,567,995	\$ 3,429,999	\$ 7,997,994
2024	4,641,160	3,348,230	7,989,390
2023	4,949,550	3,213,782	8,163,332

NOTES TO FINANCIAL STATEMENTS

NOTE 15. PENSION 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 Retirement Systems was most recently issued for the period ended June 30, 2019.

The June 30, 2024 total pension liability, net pension liability and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”), and are based on an actuarial valuation performed as of July 1, 2023. The total pension liability was rolled-forward from the valuation date to the Plans' fiscal year-end, June 30, 2024, using generally accepted actuarial principles. There was no legislation enacted during the 2024 legislative session that had a material change in the benefit provisions for any of the Systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2024:

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 15. PENSION PLANS (CONTINUED)

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 rate of returns 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 2024 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 following table. For actuarial purposes, the 7.00% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.25% inflation component.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.23%	2.86%
Bonds	26.0%	2.60%	0.68%
Private Equity	9.0%	9.60%	0.86%
Private Debt	7.0%	6.90%	0.48%
Real Assets	12.0%		
Real Estate	9.0%	4.30%	0.39%
Infrastructure	3.0%	7.30%	0.22%
	100%		
		Total expected real return	5.49%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	7.74%

NOTES TO FINANCIAL STATEMENTS

NOTE 15. PENSION PLANS (CONTINUED)

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

The net pension liability (“NPL”) is calculated separately for each Retirement System and represents that particular Retirement System’s total pension liability determined in accordance with GASB No. 67 less that System’s fiduciary net position. NPL totals, as of the June 30, 2024 measurement date, for the SCRS and PORS, are presented in the following table:

Retirement System	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Pension	County's Proportionate Share of the Collective Net Pension Liability
SCRS	\$20,727,038	\$12,806,885	\$ 7,920,153	61.8%	0.033774%
PORS	\$17,276,687	\$12,184,627	\$ 5,092,060	70.5%	0.16975%

The total pension liability is calculated by the Retirement Systems’ actuary, and each Plan’s fiduciary net position is reported in the Retirement Systems’ financial statements. The net pension liability is disclosed in accordance with the requirements of GASB No. 67 in the Retirement Systems’ notes to the financial statements and required supplementary information. Liability calculations performed by the Retirement 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.

At June 30, 2025, the County reported liabilities of \$7,920,153 and \$5,092,060 for its proportionate share of the net pension liabilities for the SCRS and PORS, respectively. The net pension liabilities were measured as of June 30, 2024, and the total pension liabilities for the Plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report of July 1, 2023 that was projected forward to the measurement date. The County’s proportion of the net pension liabilities was based on a projection of the County’s long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2024 measurement date, the County’s SCRS proportion was 0.033774%, which was a decrease of 0.004884% from its proportion measured as of June 30, 2023. At the June 30, 2024 measurement date, the County’s PORS proportion was 0.169747%, which was a decrease of 0.013450% from its proportion measured as of June 30, 2023.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2025, the County recognized pension expense of \$654,888, which represents \$254,679 for SCRS and \$400,209 for PORS. At June 30, 2025, the County reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences between expected and actual experience	\$ 260,284	\$ 9,829
Net difference between projected and actual earnings on pension plan investments	-	305,166
Assumption changes	139,631	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,118,886
Employer contributions subsequent to the measurement date	847,820	-
Total	<u>\$ 1,247,735</u>	<u>\$ 1,433,881</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
PORS		
Differences between expected and actual experience	\$ 478,211	\$ 29,194
Net difference between projected and actual earnings on pension plan investments	-	285,481
Assumption changes	110,863	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,280	546,846
Employer contributions subsequent to the measurement date	728,532	-
Total	<u>\$ 1,318,886</u>	<u>\$ 861,521</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 15. PENSION PLANS (CONTINUED)

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

The amounts of \$847,820 and \$728,532 that were reported as deferred outflows of resources related to the County’s contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

<u>Year ending June 30,</u>	<u>SCRS</u>	<u>PORS</u>
2026	\$ (618,102)	\$ (273,776)
2027	(131,246)	116,579
2028	(204,478)	(38,490)
2029	(80,140)	(75,480)
Total	<u>\$ (1,033,966)</u>	<u>\$ (271,167)</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the 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, each Retirement Systems’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The following table presents the sensitivity of the County’s proportionate share of the net pension liability of the plans to changes in the discount rate, calculated using the discount rate of 7.00%, as well as what it would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
SCRS	\$ 10,263,623	\$ 7,920,153	\$ 5,762,002
PORS	7,377,420	5,092,060	3,220,232

NOTES TO FINANCIAL STATEMENTS

NOTE 15. PENSION PLANS (CONTINUED)

Plans' Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for the SCRS and PORS. The ACFR is publicly available through the Retirement Benefits' link on the 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

Payable to Plans

The County reported payables of approximately \$99,000 and \$79,000 to the PEBA as of June 30, 2025, representing required employer and employee contributions for the month of June 2025 for the SCRS and PORS, respectively. These amounts are included in accounts payable and accrued liabilities on the financial statements and were paid in July 2025.

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS ("OPEB")

Plan Description

The County, as authorized by the County Commission, administers a single employer defined benefit healthcare plan (the "Retiree Health Plan"). Other post-employment benefits provided by the County include a retiree health insurance premium contribution plan that covers retirees. Full-time employees of the County are eligible to receive retiree healthcare benefits. Additionally, permanent part-time employees that worked at least 30 hours per week prior to September 7, 2004 are eligible to receive retiree healthcare benefits. Benefit provisions are established by the County Council.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

Membership of the Retiree Health Plan consisted of the following at June 30, 2023, the date of the latest actuarial valuation:

Active participants	168
Retirees and beneficiaries currently receiving benefits	<u>32</u>
Total plan members	<u><u>200</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (“OPEB”) (CONTINUED)

Contributions

Contribution requirements are established annually by the County Council. The required contribution is based on projected “pay as you go” financing requirements. For the year ended June 30, 2025, the County contributed \$294,021 for the pay as you go benefits for the Retiree Health Plan.

Total OPEB Liability

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

The County’s total OPEB liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2023, with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial assumptions. The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method:	Individual Entry-Age Normal
Discount rate:	3.97% as of June 30, 2024
Healthcare cost trend rate:	Initial rate of 6.50% declining to an ultimate rate of 4.25% after 14 years.
Inflation rate:	2.25%
Salary increase:	3.00% to 9.65% for SCRS and 3.50% to 11.00% for PORS, including inflation.
Participation rate:	20% plus 3% times years of service if hired before May 2, 2008 85% if eligible for 100% subsidy if hired after May 2, 2008 55% if eligible for 50% subsidy if hired after May 2, 2008 15% if eligible for 0% subsidy if hired after May 2, 2008

For healthy retirees, the gender-distinct Pub-2010 General Headcount-Weighted Healthy Retiree mortality tables are used for SCRS members and the gender-distinct Pub-2010 Safety Headcount-Weighted Healthy Retiree mortality tables are used for PORS members. The rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2021.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period 2014 – 2019.

NOTES TO FINANCIAL STATEMENTS

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (“OPEB”) (CONTINUED)

Discount Rate

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 3.97% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”). The discount rate was 3.86% as of the prior measurement date.

Changes in the Total OPEB Liability

The changes in the total OPEB liability for the year ended June 30, 2025 were as follows:

	Total OPEB Liability
Balances as of June 30, 2024	\$ 7,927,165
Changes for the year:	
Service cost	413,606
Interest	309,064
Expected and actual experience differences	52,308
Change of assumptions	(275,985)
Benefit payments	(254,250)
Net changes	<u>244,743</u>
Balances as of June 30, 2025	<u>\$ 8,171,908</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (“OPEB”) (CONTINUED)

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

The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.97%) or 1-percentage-point higher (4.97%) than the current discount rate:

	Sensitivity of the Total OPEB Liability to Changes in the Discount Rate		
	1% Decrease (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
Total OPEB Liability	\$ 9,637,031	\$ 8,171,908	\$ 7,008,000

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

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

	Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates		
	1% Decrease	Current Healthcare Cost Trend Assumption Rate	1% Increase
Total OPEB Liability	\$ 6,771,065	\$ 8,171,908	\$ 10,009,482

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

At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 56,002	\$ 1,730,405
Change of assumptions	1,503,878	1,821,011
Contributions subsequent to the measurement date	294,021	-
Total	\$ 1,853,901	\$ 3,551,416

NOTES TO FINANCIAL STATEMENTS

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (“OPEB”) (CONTINUED)

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

County contributions subsequent to the measurement date of \$294,021, for the Retiree Health Plan are deferred outflows of resources and will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2026.

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

Year Ending June 30,	Total
2026	\$ (338,721)
2027	(368,974)
2028	(456,289)
2029	(529,976)
2030	(203,393)
Thereafter	(94,183)
Total	\$ (1,991,536)

OPEB Expense

For the year ended June 30, 2025, the County recognized OPEB expense of \$373,854.

NOTE 17. CHANGE IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of GASB Statement No. 101, *Compensated Absences*, the County is required to reevaluate the accounting treatment of compensated absences. The new standard requires the County to reevaluate the calculation and treatment of accumulated sick time in compensated absences under the new definitions of GASB Statement No. 101. Therefore, in conjunction with the implementation of GASB Statement No. 101, an adjustment was required to decrease beginning net position of governmental activities in the amount of \$514,831 to properly report compensated absences.

	Governmental Activities
Net position as of June 30, 2024, as previously reported	\$ 1,874,697
Restatement - compensated absences per GASB No. 101	(514,831)
Net position as of June 30, 2024, as restated	\$ 1,359,866

REQUIRED SUPPLEMENTARY INFORMATION

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HAMPTON COUNTY, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 14,119,527	\$ 14,119,527	\$ 15,540,920	\$ 1,421,393
Other local sources	1,775,992	1,777,992	2,248,642	470,650
Intergovernmental	1,815,435	1,827,935	2,423,457	595,522
Miscellaneous	125,160	125,160	505,146	379,986
Interest income	90,500	90,500	92,362	1,862
Total revenues	<u>17,926,614</u>	<u>17,941,114</u>	<u>20,810,527</u>	<u>2,869,413</u>
EXPENDITURES				
Current:				
General government	4,122,848	3,778,205	3,139,128	639,077
Public buildings	625,308	563,308	554,879	8,429
Finance	1,571,971	1,402,685	1,348,100	54,585
Public works	939,021	954,883	909,184	45,699
Sanitation	1,178,501	981,831	926,927	54,904
Economic development	207,573	117,573	107,743	9,830
Emergency services	2,845,854	2,651,854	2,606,523	45,331
Codes and law enforcement	4,694,440	5,318,527	5,970,570	(652,043)
Courts	1,047,878	858,578	728,449	130,129
Culture and recreation	120,235	110,835	85,295	25,540
Health, education and welfare	732,171	622,147	517,765	104,382
Capital outlay	-	330,660	330,660	-
Debt service:				
Principal	-	4,008,057	4,008,057	-
Interest	-	479,494	479,494	-
Total expenditures	<u>18,085,800</u>	<u>22,178,637</u>	<u>21,712,774</u>	<u>465,863</u>
Deficiency of revenues under expenditures	<u>(159,186)</u>	<u>(4,237,523)</u>	<u>(902,247)</u>	<u>3,335,276</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	844,186	4,390,523	3,330,660	(1,059,863)
Transfers in	-	-	24,763	24,763
Transfers out	(685,000)	(153,000)	(148,080)	4,920
Total other financing sources (uses), net	<u>159,186</u>	<u>4,237,523</u>	<u>3,207,343</u>	<u>(1,030,180)</u>
Net change in fund balances	-	-	2,305,096	2,305,096
Fund balances (deficit), beginning of year	<u>(655,055)</u>	<u>(655,055)</u>	<u>(655,055)</u>	<u>-</u>
Fund balances (deficit), end of year	<u>\$ (655,055)</u>	<u>\$ (655,055)</u>	<u>\$ 1,650,041</u>	<u>\$ 2,305,096</u>

HAMPTON COUNTY, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30,**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM**

Plan Year Ended June 30,	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered payroll	County's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	0.03377%	\$ 7,920,153	\$ 4,641,160	171%	61.8%
2023	0.03866%	9,346,555	4,949,550	189%	58.6%
2022	0.04091%	9,917,866	4,871,619	204%	57.1%
2021	0.04193%	9,075,016	4,742,621	191%	60.7%
2020	0.04167%	10,648,138	4,635,400	230%	50.7%
2019	0.04242%	9,686,207	4,480,000	216%	54.4%
2018	0.04309%	9,653,882	4,464,761	216%	54.1%
2017	0.04168%	9,717,811	4,355,336	223%	53.3%
2016	0.04452%	9,508,338	4,234,672	225%	52.9%
2015	0.04433%	8,219,640	4,064,027	202%	57.0%

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE OFFICERS' RETIREMENT SYSTEM**

Plan Year Ended June 30,	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered payroll	County's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	0.16975%	\$ 5,092,060	\$ 3,348,230	152%	70.5%
2023	0.18320%	5,576,702	3,213,782	174%	67.8%
2022	0.20252%	6,073,465	3,205,038	189%	66.4%
2021	0.20236%	5,206,470	3,040,433	171%	70.4%
2020	0.20185%	6,693,753	3,063,165	219%	58.8%
2019	0.20159%	5,777,343	2,924,000	198%	62.7%
2018	0.20334%	5,761,800	2,814,567	205%	61.7%
2017	0.19391%	5,312,365	2,611,371	203%	60.9%
2016	0.19697%	4,996,094	2,434,520	205%	60.4%
2015	0.18438%	4,018,534	2,284,197	176%	64.6%

HAMPTON COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30,

SCHEDULE OF CONTRIBUTIONS SOUTH CAROLINA RETIREMENT SYSTEM

Fiscal Year Ended June 30,	Statutorily required contribution	Contributions relative to statutorily required contribution	Contribution deficiency (excess)	County's covered payroll	Contributions as a percentage of covered payroll
2025	\$ 847,820	\$ 847,820	\$ -	\$ 4,567,995	18.56%
2024	861,399	861,399	-	4,641,160	18.56%
2023	869,141	869,141	-	4,949,550	17.56%
2022	806,740	806,740	-	4,871,619	16.56%
2021	737,952	737,952	-	4,742,621	15.56%
2020	721,268	721,268	-	4,635,400	15.56%
2019	652,204	652,204	-	4,480,000	14.56%
2018	605,422	605,422	-	4,464,761	13.56%
2017	503,491	503,491	-	4,355,336	11.56%
2016	468,330	468,330	-	4,234,672	11.06%

SCHEDULE OF CONTRIBUTIONS POLICE OFFICERS' RETIREMENT SYSTEM

Fiscal Year Ended June 30,	Statutorily required contribution	Contributions relative to statutorily required contribution	Contribution deficiency (excess)	County's covered payroll	Contributions as a percentage of covered payroll
2025	\$ 728,532	\$ 728,532	\$ -	\$ 3,429,999	21.24%
2024	711,164	711,164	-	3,348,230	21.24%
2023	650,469	650,469	-	3,213,782	20.24%
2022	616,649	616,649	-	3,205,038	19.24%
2021	554,575	554,575	-	3,040,433	18.24%
2020	558,721	558,721	-	3,063,165	18.24%
2019	504,085	504,085	-	2,924,000	17.24%
2018	457,086	457,086	-	2,814,567	16.24%
2017	371,859	371,859	-	2,611,371	14.24%
2016	334,503	334,503	-	2,434,520	13.74%

HAMPTON COUNTY, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
OPEB RETIREMENT PLAN – SCHEDULE OF CHANGES IN THE
TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30,**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total OPEB liability			
Service cost	\$ 413,606	\$ 418,897	\$ 619,610
Interest on total OPEB liability	309,064	311,514	203,886
Change in benefit terms	-	-	-
Difference between expected and actual experience	52,308	(1,643,515)	17,784
Effect of assumption changes	(275,985)	722,222	(2,730,283)
Benefit payments	<u>(254,250)</u>	<u>(229,253)</u>	<u>(145,921)</u>
Net change in total OPEB liability	244,743	(420,135)	(2,034,924)
Total OPEB liability - beginning	7,927,165	8,347,300	10,382,224
Total OPEB liability - ending	\$ 8,171,908	\$ 7,927,165	\$ 8,347,300
Covered employee payroll	\$ 7,305,779	\$ 7,047,157	\$ 7,004,060
Total OPEB liability as a percentage of covered employee payroll	111.9%	112.5%	119.2%

Notes to the Schedule:

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

The discount rate changed from 3.86% as of June 30, 2023 to 3.97% as of June 30, 2024.

The County is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

2022	2021	2020	2019	2018
\$ 557,933	\$ 493,688	\$ 116,804	\$ 119,909	\$ 130,678
239,848	260,635	72,826	68,604	55,814
-	-	5,485,285	-	-
(1,150,157)	1,330	(59,173)	(2,147)	-
1,281,758	792,646	624,092	(8,326)	(86,333)
(115,784)	(119,671)	(106,410)	(77,176)	(81,130)
813,598	1,428,628	6,133,424	100,864	19,029
9,568,626	8,139,998	2,006,574	1,905,710	1,886,681
<u>\$ 10,382,224</u>	<u>\$ 9,568,626</u>	<u>\$ 8,139,998</u>	<u>\$ 2,006,574</u>	<u>\$ 1,905,710</u>
\$ 6,547,114	\$ 6,919,465	\$ 6,773,277	\$ 6,908,980	\$ 5,780,270
158.6%	138.3%	120.2%	29.0%	33.0%

SUPPLEMENTARY INFORMATION

FITSNEWS

HAMPTON COUNTY, SOUTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Clerk of Court is used to account for incentive funds associated with child support enforcement generated by Clerk of Court.

Sheriff Title IVD Fund is used to account for funds used for specific payroll expenditures funded by drug funds.

Registration Board Fund is used to account for the funds received from the state for the registration board.

Waste Tire Fund is used to account for the revenues received from the state for the removal of waste tires.

Council on Aging Fund is used to account for the County's aging program.

Crime Victim Services Fund is used to account for the fines collected that are to be used to assist crime victims.

Airport Commission Fund is used to account for maintenance of the County's airport facility.

County Transportation Committee ("CTC") Funds are used to account for revenue received from the state for fuel taxes collected and allocated to the County. These funds are then used for the construction and repair of public roads.

Detention Center Fund is used to account for inmate monies and commissary transactions.

Fire Bond Reserve Fund is used to account for the County's tax collections allocated for payments of the rural fire bond.

E-911 Fund is used to account for the telecommunication fees restricted for expenditures to emergency dispatch services.

Sheriff's Department Drug Funds are used to account for revenues received from drug cases and held until the case is closed and expended for future drug investigations.

Recreation Fund is used to account for the County's recreational activities.

HAMPTON COUNTY, SOUTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025**

	Special Revenue Funds						
	Clerk of Court	Sheriff Title IVD	Registration Board	Waste Tire	Council on Aging	Crime Victim Services	Airport Commission
ASSETS							
Cash and cash equivalents	\$ 121,970	\$ 1,738	\$ -	\$ -	\$ 1,400	\$ 27,551	\$ 458,864
Receivables, net	40,634	264	-	2,982	70,922	1,390	18,032
Prepaid expenditures	-	-	-	-	1,019	-	-
Due from other funds	-	-	-	-	7,686	-	-
Advance to other funds	60,305	-	-	20,712	-	-	26,904
Total assets	<u>\$ 222,909</u>	<u>\$ 2,002</u>	<u>\$ -</u>	<u>\$ 23,694</u>	<u>\$ 81,027</u>	<u>\$ 28,941</u>	<u>\$ 503,800</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 3,590	\$ -	\$ -	\$ -	\$ 17,687	\$ 1	\$ 20,338
Unearned revenue	-	-	-	-	-	-	10,632
Due to other funds	230,940	1,335	-	-	-	10,835	-
Total liabilities	<u>234,530</u>	<u>1,335</u>	<u>-</u>	<u>-</u>	<u>17,687</u>	<u>10,836</u>	<u>30,970</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE							
Non-spendable:							
Prepaid items	-	-	-	-	1,019	-	-
Advances to other funds	60,305	-	-	20,712	-	-	26,904
Restricted:							
Waste tire	-	-	-	2,982	-	-	-
Fire bond reserve	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-
Crime victim services	-	-	-	-	-	18,105	-
Sheriff's department	-	667	-	-	-	-	-
Emergency services	-	-	-	-	-	-	-
Drug fund	-	-	-	-	-	-	-
Council on Aging	-	-	-	-	62,321	-	-
Committed:							
Airport commission	-	-	-	-	-	-	445,926
Assigned:							
Detention center	-	-	-	-	-	-	-
Unassigned (deficit)	(71,926)	-	-	-	-	-	-
Total fund balance (deficit)	<u>(11,621)</u>	<u>667</u>	<u>-</u>	<u>23,694</u>	<u>63,340</u>	<u>18,105</u>	<u>472,830</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 222,909</u>	<u>\$ 2,002</u>	<u>\$ -</u>	<u>\$ 23,694</u>	<u>\$ 81,027</u>	<u>\$ 28,941</u>	<u>\$ 503,800</u>

Special Revenue Funds							Total Nonmajor Governmental Funds
CTC	Detention Center	Fire Bond Reserve	E-911	Sheriff's Department Drug	Recreation		
\$ -	\$ 3,602	\$ 277,162	\$ 473,763	\$ 44,657	\$ 1,157	\$ 1,411,864	
-	-	3,599	40,544	-	-	178,367	
-	-	-	-	-	-	1,019	
-	-	-	-	-	-	7,686	
-	-	-	1,827	-	-	109,748	
<u>\$ -</u>	<u>\$ 3,602</u>	<u>\$ 280,761</u>	<u>\$ 516,134</u>	<u>\$ 44,657</u>	<u>\$ 1,157</u>	<u>\$ 1,708,684</u>	
\$ -	\$ -	\$ -	\$ 11,142	\$ -	\$ -	\$ 52,758	
-	-	-	-	-	-	10,632	
289,870	-	31,333	7,686	636	-	572,635	
<u>289,870</u>	<u>-</u>	<u>31,333</u>	<u>18,828</u>	<u>636</u>	<u>-</u>	<u>636,025</u>	
-	-	2,573	-	-	-	2,573	
-	-	<u>2,573</u>	-	-	-	<u>2,573</u>	
-	-	-	-	-	-	1,019	
-	-	-	1,827	-	-	109,748	
-	-	-	-	-	-	2,982	
-	-	246,855	-	-	-	246,855	
-	-	-	-	-	1,157	1,157	
-	-	-	-	-	-	18,105	
-	-	-	-	-	-	667	
-	-	-	495,479	-	-	495,479	
-	-	-	-	44,021	-	44,021	
-	-	-	-	-	-	62,321	
-	-	-	-	-	-	445,926	
-	3,602	-	-	-	-	3,602	
<u>(289,870)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(361,796)</u>	
<u>(289,870)</u>	<u>3,602</u>	<u>246,855</u>	<u>497,306</u>	<u>44,021</u>	<u>1,157</u>	<u>1,070,086</u>	
<u>\$ -</u>	<u>\$ 3,602</u>	<u>\$ 280,761</u>	<u>\$ 516,134</u>	<u>\$ 44,657</u>	<u>\$ 1,157</u>	<u>\$ 1,708,684</u>	

HAMPTON COUNTY, SOUTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Special Revenue Funds						
	Clerk of Court	Sheriff Title IVD	Registration Board	Waste Tire	Council on Aging	Crime Victim Services	Airport Commission
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	101,010	3,022	24,763	11,619	533,125	17,729	301,180
Interest income	48	-	-	-	-	-	-
Total revenues	101,058	3,022	24,763	11,619	533,125	17,729	301,180
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	155,030
Emergency services	-	5,105	-	-	-	-	-
Codes and law enforcement	-	-	-	-	-	-	-
Courts	101,747	-	-	-	-	-	-
Health, education and welfare	-	-	-	-	662,195	-	-
Capital outlay	-	-	-	-	-	-	76,597
Total expenditures	101,747	5,105	-	-	662,195	-	231,627
Excess (deficiency) of revenues over (under) expenditures	(689)	(2,083)	24,763	11,619	(129,070)	17,729	69,553
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	80,080	-	-
Transfers out	-	-	(24,763)	-	-	-	-
(uses), net	-	-	(24,763)	-	80,080	-	-
Net change in fund balance	(689)	(2,083)	-	11,619	(48,990)	17,729	69,553
Fund balance (deficit) - beginning	(10,932)	2,750	-	12,075	112,330	376	403,277
Fund balance (deficit) - ending	<u>\$ (11,621)</u>	<u>\$ 667</u>	<u>\$ -</u>	<u>\$ 23,694</u>	<u>\$ 63,340</u>	<u>\$ 18,105</u>	<u>\$ 472,830</u>

Special Revenue Funds							Total Nonmajor Governmental Funds
CTC	Detention Center	Fire Bond Reserve	E-911	Sheriff's Department Drug	Recreation		
\$ -	\$ -	\$ 46,551	\$ -	\$ -	\$ -	\$ 46,551	
40,906	114,489	-	119,540	62,613	-	1,329,996	
-	-	3,787	10,887	5,792	-	20,514	
<u>40,906</u>	<u>114,489</u>	<u>50,338</u>	<u>130,427</u>	<u>68,405</u>	<u>-</u>	<u>1,397,061</u>	
-	-	48,804	-	-	-	48,804	
-	-	-	-	-	-	155,030	
-	-	-	427,444	-	-	432,549	
-	132,314	-	-	60,391	-	192,705	
-	-	-	-	-	-	101,747	
-	-	-	-	-	-	662,195	
-	-	-	-	-	-	76,597	
<u>-</u>	<u>132,314</u>	<u>48,804</u>	<u>427,444</u>	<u>60,391</u>	<u>-</u>	<u>1,669,627</u>	
40,906	(17,825)	1,534	(297,017)	8,014	-	(272,566)	
-	-	-	68,000	-	-	148,080	
-	-	-	-	-	-	(24,763)	
-	-	-	68,000	-	-	123,317	
40,906	(17,825)	1,534	(229,017)	8,014	-	(149,249)	
<u>(330,776)</u>	<u>21,427</u>	<u>245,321</u>	<u>726,323</u>	<u>36,007</u>	<u>1,157</u>	<u>1,219,335</u>	
<u>\$ (289,870)</u>	<u>\$ 3,602</u>	<u>\$ 246,855</u>	<u>\$ 497,306</u>	<u>\$ 44,021</u>	<u>\$ 1,157</u>	<u>\$ 1,070,086</u>	

HAMPTON COUNTY, GEORGIA

CUSTODIAL FUNDS

CUSTODIAL FUNDS

Clerk of Court – To account for all monies received by the Clerk of Court on behalf of individuals, private organizations, other governmental units, and other funds.

Probate Court – To account for all monies received by the Probate Court on behalf of individuals, private organizations, other governmental units, and other funds.

Magistrate Court – To account for all monies received by the Magistrate Court on behalf of individuals, private organizations, other governmental units, and other funds.

Delinquent Tax – To account for delinquent taxes collected.

School Districts – To account for receipts and disbursements by the Treasurer of assets earmarked for the school districts.

Delegation Funds – To account for all delegated monies received by the County on behalf of individuals, private organizations, other governmental units, and other funds.

Treasurer's Office – To account for receipts and disbursements by the Treasurer that will be disbursed to other entities.

New Life Center – To account for all monies received by the New Life Center on behalf of individuals, private organizations, other governmental units, and other funds.

HAMPTON COUNTY, SOUTH CAROLINA

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2025**

	ASSETS	Clerk of Court	Probate Court	Magistrate Court
Cash and cash equivalents		\$ 117,773	\$ 3,847	\$ 32,184
Taxes receivable		-	-	-
Other receivables		-	-	-
		<u>117,773</u>	<u>3,847</u>	<u>32,184</u>
Total assets				
	LIABILITIES			
Due to others		<u>24,635</u>	<u>3,269</u>	<u>17,599</u>
Total liabilities		<u>24,635</u>	<u>3,269</u>	<u>17,599</u>
	NET POSITION			
Restricted:				
Individuals, organizations, and other governments		<u>93,138</u>	<u>578</u>	<u>14,585</u>
Total net position		<u>\$ 93,138</u>	<u>\$ 578</u>	<u>\$ 14,585</u>

Delinquent Tax	School Districts	Delegation Funds	Treasurer's Office	New Life Center	Total
\$ 934,211	\$ 2,624,994	\$ 12,617	\$ 1,673,317	\$ -	\$ 5,398,943
-	1,853,691	-	-	-	1,853,691
-	246,777	-	96,521	275,336	618,634
<u>934,211</u>	<u>4,725,462</u>	<u>12,617</u>	<u>1,769,838</u>	<u>275,336</u>	<u>7,871,268</u>
96,521	-	-	1,769,838	-	1,911,862
<u>96,521</u>	<u>-</u>	<u>-</u>	<u>1,769,838</u>	<u>-</u>	<u>1,911,862</u>
837,690	4,725,462	12,617	-	275,336	5,959,406
<u>\$ 837,690</u>	<u>\$ 4,725,462</u>	<u>\$ 12,617</u>	<u>\$ -</u>	<u>\$ 275,336</u>	<u>\$ 5,959,406</u>

FITS NEWS

HAMPTON COUNTY, SOUTH CAROLINA

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Clerk of Court</u>	<u>Probate Court</u>	<u>Magistrate Court</u>
ADDITIONS			
Taxes	\$ -	\$ -	\$ -
Fines and fees	200,838	37,863	283,033
Intergovernmental	-	-	-
Miscellaneous	-	-	-
Total additions	<u>200,838</u>	<u>37,863</u>	<u>283,033</u>
DEDUCTIONS			
Taxes and fees paid to other governments	-	-	-
Other custodial disbursements	173,392	37,285	279,834
Total deductions	<u>173,392</u>	<u>37,285</u>	<u>279,834</u>
Net increase in fiduciary net position	27,446	578	3,199
Net position, beginning of year	<u>65,692</u>	<u>-</u>	<u>11,386</u>
Net position, end of year	<u>\$ 93,138</u>	<u>\$ 578</u>	<u>\$ 14,585</u>

<u>Delinquent Tax</u>	<u>School Districts</u>	<u>Delegation Funds</u>	<u>Treasurer's Office</u>	<u>New Life Center</u>	<u>Total</u>
\$ 2,955,008	\$ 20,556,017	\$ -	\$ -	\$ -	\$ 23,511,025
-	-	-	-	62,735	584,469
-	1,995,641	-	-	-	1,995,641
-	24,518,596	31	-	-	24,518,627
<u>2,955,008</u>	<u>47,070,254</u>	<u>31</u>	<u>-</u>	<u>62,735</u>	<u>50,609,762</u>
2,529,625	45,693,218	-	-	-	48,222,843
-	-	-	-	-	490,511
<u>2,529,625</u>	<u>45,693,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,713,354</u>
425,383	1,377,036	31	-	62,735	1,896,408
412,307	3,348,426	12,586	-	212,601	4,062,998
<u>\$ 837,690</u>	<u>\$ 4,725,462</u>	<u>\$ 12,617</u>	<u>\$ -</u>	<u>\$ 275,336</u>	<u>\$ 5,959,406</u>

HAMPTON COUNTY, SOUTH CAROLINA

**UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (PER ACT 96)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

FOR THE STATE TREASURER'S OFFICE:

COUNTY/MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected	\$ 307,672	\$ 310,926	N/A	\$ 618,598
Court fines and assessments remitted to State Treasurer	107,877	141,177	N/A	249,054
Total Court Fines and Assessments retained	\$ 199,795	\$ 169,749	N/A	\$ 369,544
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	N/A	N/A	N/A	\$ 1,900
Assessments retained	N/A	N/A	N/A	-
Total Surcharges and Assessments retained for victim services	N/A	N/A	N/A	\$ 1,900

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	N/A	\$ 376	\$ 376
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer	N/A	-	-
Victim Service Assessments Retained by City/County Treasurer	N/A	12,591	12,591
Victim Service Surcharges Retained by City/County Treasurer	N/A	5,138	5,138
Interest Earned	N/A	-	-
Grant Funds Received			
Grant from:	N/A	-	-
General Funds Transferred to Victim Service Fund	N/A	-	-
Contribution Received from Victim Service Contracts:			
(1) Town of	N/A	-	-
(2) Town of	N/A	-	-
(3) City of	N/A	-	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	N/A	\$ 18,105	\$ 18,105

(Continued)

HAMPTON COUNTY, SOUTH CAROLINA

**UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (PER ACT 96)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC) (CONTINUED)

Expenditures for Victim Service Program:	Municipal	County	Total
Salaries and Benefits	N/A	\$ -	\$ -
Operating Expenditures	N/A	-	-
Victim Service Contract(s):			
(1) Entity's Name	N/A	-	-
(2) Entity's Name	N/A	-	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter	N/A	-	-
(2) Rape Crisis Center	N/A	-	-
(3) Other local direct crime victims service agency	N/A	-	-
Transferred to General Fund	N/A	-	-
Total Expenditures from Victim Service Fund/Program (B)	N/A	\$ -	\$ -
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	N/A	\$ -	\$ -
Less: Prior Year Fund Deficit Repayment	N/A	-	-
Carryforward Funds – End of Year	N/A	\$ 18,105	\$ 18,105

Developed by the Office of the Attorney General, Department of Crime Victim Compensation

COMPLIANCE SECTION

FITSNNEWS



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

**To the Honorable Members of the County Council
of Hampton County, South Carolina
Hampton, 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 fund and the aggregate remaining fund information of Hampton County, South Carolina (the "County") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 23, 2025.

Report on Internal Control Over Financial Reporting

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

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies, in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as items 2025-001 and 2025-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2025-003

Hampton County, South Carolina's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Hampton County, South Carolina's responses to the findings identified in our audit as described in the accompanying Schedule of Findings and Questioned Costs. Hampton County, South Carolina's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result 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.

Mauldin & Jenkins, LLC

Savannah, Georgia
December 23, 2025



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

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

Report on Compliance for Each Major Federal Program

Opinion on the Major Federal Program

We have audited Hampton County, South Carolina's (the "County") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended June 30, 2025. The County's major federal program is identified in the Summary of the Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Savannah, Georgia
December 23, 2025

HAMPTON COUNTY, SOUTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal AL Number	Pass-through Entity Identifying Number	Federal Expenditures	Sub-Recipient
U.S. Department of Health and Human Services:				
Direct				
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	SOF1 CK19-1904	\$ 180,915	\$ -
	Total 93.323		<u>180,915</u>	<u>-</u>
Passed through Office of Child Support Enforcement:				
Federal Financial Assistance	93.563	G-04SC404	39,679	-
Clerk of Court Incentive (IV-D)	93.563	G-04SC404	65,827	-
Family Court Filing Fees	93.563	G-04SC404	4,752	-
Sheriff's Department	93.563	G-04SC404	2,673	-
CLTC Medicaid	93.563	G-04SC404	49,865	-
	Total 93.563		<u>162,796</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>343,711</u>	<u>-</u>
U.S. Department of Homeland Security:				
Passed through S.C. Emergency Management Agency:				
Emergency Management Performance Grant	97.042	24LEMPG01	17,807	-
Emergency Management Performance Grant	97.042	23LEMPG01	1,063	-
Emergency Management Performance Grant	97.042	22LEMG01-S	788	-
	Total 97.042		<u>19,658</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>19,658</u>	<u>-</u>
U.S. Department of Commerce:				
Passed through S.C. Department of Commerce:				
Investments for Public Works and Economic Development Facilities	11.300	04-01-07699	1,297,332	-
	Total 11.300		<u>1,297,332</u>	<u>-</u>
Total U.S. Department of Commerce			<u>1,297,332</u>	<u>-</u>
U.S. Department of Housing and Urban Development:				
Passed through S.C. Department of Commerce:				
Community Development Block Grants	14.228	4-CE-19-005	27,400	-
	Total 14.228		<u>27,400</u>	<u>-</u>
Community Development Block Grants/Entitlement Grants	14.218	CV1-010	11,612	-
	Total 14.218		<u>11,612</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>39,012</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,699,713</u>	<u>\$ -</u>

HAMPTON COUNTY, SOUTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Hampton County, South Carolina (the "County"), and is presented on the accrual basis of accounting. The County reporting entity is defined in Note 1 of the County's basic financial statements.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus

The determination of when an award is expended is based on when the activity related to the award occurred.

Program Type Determination

Type A programs are defined as federal programs with federal expenditures exceeding the larger of \$750,000, or 3%, of total federal expenditures. The threshold of \$750,000 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection

The risk-based approach was used in the selection of federal programs to be tested as major programs. The County did not qualify as a low-risk auditee for the fiscal year ended June 30, 2025.

De-Minimis Indirect Cost Rate

During 2025, the County did not use the de-minimis indirect cost rate.

Non-Cash Awards

The County did not receive non-cash federal awards during the year ended June 30, 2025.

HAMPTON COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

Yes No

Significant deficiencies identified not considered to be material weaknesses?

Yes No

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

Material weaknesses identified?

Yes No

Significant deficiencies identified not considered to be material weaknesses?

Yes No

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

Identification of major programs:

AL Number
11.300

Name of Federal Program
U.S. Department of Commerce
Investments for Public Works and
Economic Development Facilities

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes No

HAMPTON COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2025-001. Accounting Policies and Procedures

Criteria: Internal controls should be in place which provide reasonable assurance that individuals are adhering to a formal accounting policies and procedures manual.

Condition/Context: At the beginning of our audit process, we inquired of the County's management our interest in obtaining an accounting policies and procedures manual. We were informed that no such accounting policies and procedures manual existed until August 15, 2024. Additionally, there were no internal controls over the Schedule of Expenditures of Federal Awards noted until August 15, 2024. Policies and procedures manuals demonstrate a formal documentation of the business protocol of the County and provide guidance to County staff in day-to-day accounting matters and general business affairs for a wide variety of activities and transactions on an ongoing basis.

Effect: The lack of having formal accounting policies and procedures in place for a period of the fiscal year can lead to the lack of segregation of duties which can lead to misappropriation of funds that is not detected during the normal course of business.

Cause: There was an overall lack of appropriate controls implemented at the County during the entire fiscal year.

Recommendation: We recommend the County to have an accounting policies and procedures manual in place at all times.

Views of Responsible Officials and Planned Corrective Action: We concur. The County has prepared a formal accounting policies and procedures manual. The manual was adopted administratively on August 15, 2024, by the County Administrator/Finance Department and implemented County-wide. The manual defines internal controls, establishes clear guidelines for financial transactions, and promotes adherence to industry best practices. This action will ensure standardized processes for financial management and mitigate the risks identified by the audit, including the risk of noncompliance and inaccurate financial reporting. The manual will be in place for all future years.

HAMPTON COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2025-002. Financial Health of the General Fund

Criteria: The Government Finance Officers Association (“GFOA”) recommends that general-purpose governments maintain an unassigned General Fund balance of no less than two months of regular General Fund operating expenditures to mitigate revenue shortfalls, unexpected expenditures, and economic uncertainty. It is also the County’s policy to maintain an unassigned fund balance between 17% and 22% of estimated annual revenues for stability and creditworthiness. Additionally, sound financial management practices require local governments to maintain adequate reserves to ensure continuity of operations and fiscal stability.

Condition/Context: As of June 30, 2025, the County’s General Fund reported an unassigned fund balance of \$1,527,713, which represents less than one month of General Fund operating expenditures and represents 7.34% of operating revenues. This level of reserves is below generally accepted best-practice guidelines and limits the County’s ability to respond to unforeseen events, revenue volatility, or emergency expenditures without relying on short-term borrowing, interfund advances, or reductions in essential services.

Effect: Failure to maintain an adequate General Fund reserve increases the County’s exposure to liquidity risk, reduces budgetary flexibility, and may impair the County’s ability to sustain operations during economic downturns, address emergency or disaster-related expenditures, manage cash flow without reliance on external financing, and maintain favorable bond ratings and investor confidence.

Cause: The insufficient fund balance is primarily attributable to structural operating deficits, rising operating costs, and the result of the General Fund being advanced \$3,215,118 from other funds.

Recommendation: We recommend the County develop and implement a multi-year financial plan to rebuild reserves through a combination of expenditure controls, revenue enhancements, and budgetary discipline. We also recommend the County monitor fund balance levels throughout the fiscal year and incorporate reserve targets into the annual budgeting process.

Views of Responsible Officials and Planned Corrective Action: We concur. The County is in the process of formulating and implementing a Financial Recovery Plan to address this issue. This multi-year financial recovery plan timeline includes identifying sustainable revenue sources, optimizing existing funds, reducing expenditures, and reducing reliance on interfund advances. The fund balance policy establishes a fund balance management strategy, which requires maintaining a reserve fund balance between 17% and 22% of annual revenues to support fiscal health and meet financial obligations. Additionally, current practice includes quarterly budget-to-actual monitoring and amendment cadence. By implementing these strategies, the County aims to strengthen its financial position, ensuring the long-term sustainability of the General Fund, and addressing the audit’s finding regarding insufficient management of fund balance.

HAMPTON COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2025-003. Capital Projects Sales Tax Fund

Criteria: Section 4-10-300 of the Code of Laws of South Carolina 1976, as amended, empowers counties to impose, pursuant to a referendum, a sales and use tax not to exceed 1% within its jurisdiction for a specific purpose or for purposes and for a specific period of time.

Condition/Context/Cause: Revenues from the Capital Projects Sales Tax Fund were not used in accordance with the referendum.

Effect: As of June 30, 2025, the General Fund has an advance from the Capital Projects Sales Tax Fund in the amount of \$3,051,292.

Recommendation: We recommend the County reimburse the Capital Projects Sales Tax Fund for the amount advanced to the General Fund.

Views of Responsible Officials and Planned Corrective Action: We concur. The County's voters approved the imposition of a capital project sales tax in November 2012. The tax was imposed and collected from May 1, 2013 through June 30, 2021. In July 2024, the South Carolina Department of Revenue ("DOR") issued an audit report and made certain findings with respect to the County's accounting for and management of the capital projects sales tax. The County has appealed the DOR findings. A number of the projects originally approved in the referendum are impossible to complete due to a myriad of unforeseen circumstances. The County has identified other eligible projects and is seeking approval from the DOR to proceed with these projects. The County has engaged in settlement conferences with the DOR and is hopeful of resolving the appeal of the DOR audit findings without resorting to litigation. If the settlement is approved, the County, in lieu of any immediate reimbursement to the Capital Project Sales Tax Fund, would continue expending funds prospectively on eligible projects to resolve any concerns about funds previously transferred from the Capital Projects Sales Tax Fund to the General Fund. It is possible that the contemplated future expenditures would be accomplished through a transfer from the General Fund to the Capital Projects Sales Tax Fund.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

HAMPTON COUNTY, SOUTH CAROLINA

SUMMARY OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

STATUS OF PRIOR YEAR AUDIT FINDINGS

2024-001. Accounting Policies and Procedures

Criteria: Internal controls should be in place which provide reasonable assurance that individuals are adhering to a formal accounting policies and procedures manual.

Condition/Context: At the beginning of our audit process, we inquired with the County's management our interest in obtaining an accounting policies and procedures manual. However, we were informed that no such accounting policies and procedures manual existed. Additionally, there were no internal controls over the Schedule of Expenditures of Federal Awards noted. Policies and procedures manuals demonstrate a formal documentation of the business protocol of the County and provide guidance to County staff in day-to-day accounting matters and general business affairs for a wide variety of activities and transactions on an ongoing basis.

Auditee Responses/Status: Unresolved – See current year financial audit finding 2025-001.

2024-002. Financial Health of the General Fund

Criteria: The General Fund is the primary operating fund of the County and, therefore, accounts for the majority of revenues received and funds expended.

Condition/Context: For the overall financial health of the County, it is imperative that the County's General Fund have a sufficient fund balance for operations.

Auditee Responses/Status: Unresolved – See current year financial audit finding 2025-002.

2024-003. Capital Projects Sales Tax Fund

Criteria: Section 4-10-300 of the Code of Laws of South Carolina 1976, as amended, empowers counties to impose, pursuant to a referendum, a sales and use tax not to exceed 1% within its jurisdiction for a specific purpose or for purposes and for a specific period of time.

Condition/Context: Revenues from the Capital Projects Sales Tax Fund were not used in accordance with the referendum.

Auditee Responses/Status: Unresolved – See current year financial audit finding 2025-003.



**HAMPTON COUNTY, SOUTH CAROLINA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**



December 23, 2025

Dear Sir or Madam:

Please find below the Hampton County, SC corrective action plan for the audit finding reported in the June 30, 2025 annual financial report.

2025-001. Accounting Policies and Procedures

Criteria: Internal controls should be in place which provide reasonable assurance that individuals are adhering to formal accounting policies and procedures manual.

Condition/Context: At the beginning of our audit process, we inquired with the County's management our interest in obtaining an accounting policies and procedures manual. We were informed that no such accounting policies and procedures manual existed until August 15, 2024. Additionally, there were no internal controls over the Schedule of Expenditures of Federal Awards noted until August 15, 2024. Policies and procedures manuals demonstrate a formal documentation of the business protocol of the County and provide guidance to County staff in day-to-day accounting matters and general business affairs for a wide variety of activities and transactions on an ongoing basis.

Views of Responsible Officials and Planned Corrective Action: We concur. The County has prepared a formal accounting policies and procedures manual. The manual was adopted administratively on August 15, 2024, by the County Administrator/Finance Department and implemented County-wide. The manual defines internal controls, establishes clear guidelines for financial transactions, and promotes adherence to industry best practices. This action will ensure standardized processes for financial management and mitigate the risks identified by the audit, including the risk of noncompliance and inaccurate financial reporting. The manual will be in place for all future years.

2025-002. Financial Health of the General Fund

Criteria: The Government Finance Officers Association ("GFOA") recommends that general-purpose governments maintain an unassigned General Fund balance of no less than two months of regular General Fund operating expenditures to mitigate revenue shortfalls, unexpected expenditures, and economic uncertainty. It is also the County's



HAMPTON COUNTY, SOUTH CAROLINA MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE FISCAL YEAR ENDED JUNE 30, 2025



policy to maintain an unassigned fund balance between 17% and 22% of estimated annual revenues for stability and creditworthiness. Additionally, sound financial management practices require local governments to maintain adequate reserves to ensure continuity of operations and fiscal stability.

Condition/Context: As of June 30, 2025, the County's General Fund reported an unassigned fund balance of \$1,527,713, which represents less than one month of General Fund operating expenditures and represents 7.34% of operating revenues. This level of reserves is below generally accepted best-practice guidelines and limits the County's ability to respond to unforeseen events, revenue volatility, or emergency expenditures without relying on short-term borrowing, interfund advances, or reductions in essential services.

Views of Responsible Officials and Planned Corrective Action: We concur. The County is in the process of formulating and implementing a Financial Recovery Plan to address this issue. This multi-year financial recovery plan timeline includes identifying sustainable revenue sources, optimizing existing funds, reducing expenditures, and reducing reliance on interfund advances. The fund balance policy establishes a fund balance management strategy, which requires maintaining a reserve fund balance between 17% and 22% of annual revenues to support fiscal health and meet financial obligations. Additionally, current practice includes quarterly budget-to-actual monitoring and amendment cadence. By implementing these strategies, the County aims to strengthen its financial position, ensuring the long-term sustainability of the General Fund, and addressing the audit's finding regarding insufficient management of fund balance.

2025-003. Capital Projects Sales Tax Fund

Criteria: Section 4-10-300 of the Code of Laws of South Carolina 1976, as amended, empowers counties to impose, pursuant to a referendum, a sales and use tax not to exceed 1% within its jurisdiction for a specific purpose or for purposes and for a specific period of time.

Condition/Context/Cause: Revenues from the Capital Projects Sales Tax Fund were not used in accordance with the referendum.



**HAMPTON COUNTY, SOUTH CAROLINA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**



Views of Responsible Officials and Planned Corrective Action: We concur. The County's voters approved the imposition of a capital project sales tax in November 2012. The tax was imposed and collected from May 1, 2013 through June 30, 2021. In July 2024, the South Carolina Department of Revenue (DOR) issued an audit report and made certain findings with respect to the County's accounting for and management of the capital project sales tax. The County has appealed the DOR findings. A number of the projects originally approved in the referendum are impossible to complete due to a myriad of unforeseen circumstances. The County has identified other eligible projects and is seeking approval from DOR to proceed with these projects. The County has engaged in settlement conferences with DOR and is hopeful of resolving the appeal of the DOR audit findings without resorting to litigation. If the settlement is approved, the County, in lieu of any immediate reimbursement to the Capital Project Sales Tax Fund, would continue expending funds prospectively on eligible projects to resolve any concerns about funds previously transferred from the Capital Project Sales Tax Fund to the General Fund. It is possible that the contemplated future expenditures would be accomplished through a transfer from the General Fund to the Capital Project Sales Tax Fund.

Please let me know if additional information is needed.

Thank you,

Lavar Youmans
County Administrator