York County, South Carolina

Report to County Council

For the year ended June 30, 2024

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December 26, 2024

To County Council
York County, South Carolina
York, South Carolina

To the Members of County Council:

We are pleased to present this report related to our audit of the financial statements of York County, South Carolina (the "County") as of and for the year ended June 30, 2024. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the County's financial reporting process.

This report is intended solely for the information and use of the County Council and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to you.

Elliott Davis, LLC

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Executive Summary

The following is a high level executive summary of required communications by the auditor related to conduct of the audit to those who have responsibility for the oversight of the financial reporting process.

Audit Planning Process

- Our audit approach placed a strong emphasis on obtaining an understanding of how the County functions.
- We assessed inherent risk and evaluated the design effectiveness of internal control over financial reporting and our assessment of control risk and then determined the nature, timing and extent of tests of controls and substantive procedures necessary given the risks identified and the controls as we understand them.

Materiality in Planning and Executing the Audit

- We established materiality limits that effectively represent the maximum aggregate amount of misstatements, which if detected and not corrected, would cause us to modify our opinion on the financial statements.
- Our assessment of materiality throughout the audit was based on both quantitative and qualitative considerations.

Internal Control Relevant to the Audit

- We obtained an understanding of internal control sufficient to plan the audit and to determine the nature, timing and extent of audit procedures to be performed.
- Our audit was not designed to provide assurance on internal control and was not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.

Auditor’s Responsibility Under Professional Standards

- Our responsibility under governmental auditing standards has been described to you in our engagement letter dated June 18, 2024
- We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process.
- Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Significant Accounting Policies

- The County’s significant accounting policies are disclosed in Note 1 of the financial statements.
- The County did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period which should be brought to your attention for approval.
- We noted no transactions entered into by the County during the year that were both significant and unusual.
- There were no instances in the current year related to transactions for which alternative accounting treatments are allowable under accounting principles generally accepted in the United States of America.

Management Judgments and Accounting Estimates

- The most significant estimates and judgments include:
  - Net pension and OPEB liabilities
  - Allowance for uncollectible taxes

Financial Statement Disclosures

- The disclosures in the financial statements appear to be neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Executive Summary, continued

Uncorrected and Corrected Misstatements

- ***Audit Adjustments –*** There were no audit adjustments which were identified as a result of our audit.
- ***Uncorrected Misstatements –*** There were no uncorrected misstatements which were identified as a result of our audit.

Written Communications Between Management and Our Firm

- Copies of significant written communications between our Firm and management, including the representation letter and management letter on internal control deficiencies are attached as Appendix A.

Observations About the Audit Process

Disagreements With Management

No disagreements with management arose during the course of the audit.

Consultations With Other Accountants

We are not aware of any consultations with other accountants by management of the County regarding auditing and accounting matters.

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Difficulties Encountered in Performing the Audit

We did not encounter any difficulties in dealing with management relating to the performance of our audit and we appreciate the cooperation received.

Exhibit A

Significant Written Communications
Between Management and Our Firm
For the Year Ended June 30, 2024

Honorable Chairwoman and Members of County Council
York, South Carolina

In planning and performing our audit of the financial statements of York County (the "County") as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, 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 opinion 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 deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

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.

We did not identify any material weaknesses during our audit.

Following are descriptions of identified deficiencies in internal control that we determined did not constitute significant deficiencies or material weaknesses:

Lack of Controls Over Journal Entries

During our testing over journal entries, we noted entries may be posted, reversed, or changed within the system without prior approval. The County's internal control requiring review and approval of all journal entries is a manual process, therefore the control is unable to detect or prevent the posting or manipulation of journal entries prior to review and approval.

Auditor Recommendation: Elliott Davis recommends the County implement a control within the system that prevents the same person from initiating and posting a journal entry, or that an electronic sign off is required within the system.

Rural Fire District Inconsistent or Lack of Internal Controls

During the agreed upon procedures engagement specifically over rural fire districts performed over the fiscal year 2022, we noted several instances of a lack of internal controls and/or inconsistent internal controls across rural fire districts. The lack of controls and/or inconsistency across fire districts limits the transparency of the County, limits the proper sharing of information for financial reporting with the County's finance department and could result in a financial misstatement.

The lack of controls and/or inconsistent controls across fire districts included the following areas:
Payroll and Human Resources

- Written policies and procedures over payroll and human resources
- Use of payroll providers

- Payroll processing, payment procedures and funding requests from the County
- Reconciliation between funding for payroll from the County and actual payroll expenditures

Expenses

- Written policies and procedures over procurement, purchases, payables, and payments
- Compliance with procurement policies and procedures
- Oversight and review of bank accounts and expenses
- Recording of expenses to a general ledger
- Reporting expenditures to the County
- Approval of expenses

Revenues

- Written policies and procedures over revenues, receivables, and receipts
- Reporting revenues to the County
- Operation of non-profit entities without reporting or transparency to the County
- Segregation of duties over handling cash and reporting revenue
- Recording revenue to a general ledger
- Reporting revenue to the County

Budget

- Preparation, approval, and submission of an annual budget

Board Oversight

- Regularly held board meetings
- Active oversight of Board

The lack of controls or consistent controls may result in an overstatement of expenses, understatement of revenues and an overstatement or understatement of rural fire district fund balances.

The Districts non-profit entities accepting revenue or contributions independent from the County (for example fundraisers) should maintain the same level of control over those receipts as are required by County funding. County Council may empower the Districts with spending authority over those funds; however, since the fundraising happens in the name of a County organization there is perception that those funds are governed similarly to County funds.

Auditor Recommendations: Refer to the Independent Summary of Findings report issued November 4, 2022 for a complete listing of individual recommendations.

This communication is intended solely for the information and use of management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Elliott Davis, LLC

Charleston, South Carolina
December 26, 2024

December 26, 2024

Elliott Davis, LLC
100 Calhoun Street, Suite 300
Charleston, South Carolina 29401

This representation letter is provided in connection with your audit of the financial statements of York County, South Carolina (the "County"), as of and for the year ended June 30, 2024 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of December 26, 2024:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 18, 2024, including our responsibility for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2. We acknowledge our responsibility 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.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of (U.S. GAAP). Types of related party transactions engaged in by the County include:
   a. Appropriations to the York County Library and the Culture and Heritage Commission of York County component units
   b. Due to and Due from balances with the Heritage Commission of York County component unit

6. All funds that meet the quantitative criteria in GASB Statement No. 34; Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended, and No. 37, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus—an amendment of GASB Statements No. 21 and No. 34, for presentation as major are identified

and presented as such and all other funds that are presented as major are particularly important to financial statement users.

7. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.

8. County is following either its established accounting policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or is following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.

9. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.

10. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

11. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

12. Management has followed applicable laws and regulations in adopting, approving, and amending budgets.

13. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.

14. Provisions for uncollectible receivables have been properly identified and recorded.

15. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.

16. The government has properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

17. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

18. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

19. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

20. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

21. The County's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.

22. The government disclosed the names of entities with which it has a tax abatement agreement, the total gross amount of taxes abated during the period, the specific taxes that were abated and whether any commitments other than to reduce taxes were made as part of any tax abatement agreement as required by GASB Statement No. 77, *Tax Abatement Disclosures*.

23. The government disclosed tax abatements entered into by other governments that affect its revenues, including the names of the governments that entered into the agreements, the specified taxes being abated, and the gross dollar amount of taxes abated during the period, as required by GASB Statement No. 77.

24. Leases have been properly identified, recorded and disclosed in accordance with GASB Statement No. 87, Leases.

25. Subscription-based technology information arrangements (SBITAs) have been properly identified, recorded and disclosed in accordance with GASB Statement No. 96, Subscription-Based Information Technology Arrangements.

26. Public-private and public-public partnerships and availability payments have been properly identified, recorded and disclosed in accordance with GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements.

27. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders, that is not disclosed in the financial statements.

28. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance.

29. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

30. We have provided you with:
    a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the primary government's basic financial statements such as records, documentation, and other matters.
    b. Additional information that you have requested from us for the purpose of the audit.
    c. Unrestricted access to persons within the County from whom you determined it necessary to obtain audit evidence.
    d. Minutes of the meetings of the County Council, or summaries of actions of recent meetings for which minutes have not yet been prepared.

31. All transactions have been recorded in the accounting records and are reflected in the primary government's basic financial statements.

32. We have disclosed to you the results of our assessment of risk that the primary government's basic financial statements may be materially misstated as a result of fraud.

33. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.

34. We have no knowledge of allegations of fraud or suspected fraud affecting the County's primary government basic financial statements involving:
    a. Management.
    b. Employees who have significant roles in internal control.
    c. Others where the fraud could have a material effect on the primary government's basic financial statements.

35. We have no knowledge of any allegations of fraud or suspected fraud affecting the County's primary government basic financial statements received in communications from employees, former employees, analysts, regulators, or others.

36. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.

37. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

38. We have disclosed to you the identity of all of the County's related parties and all the related-party relationships and transactions of which we are aware.

39. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the County's ability to record, process, summarize and report financial data.

40. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

41. We believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining accumulated OPEB plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the specialist with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the Plan's actuary.

42. We believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining accumulated pension plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the specialist with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the Plan's actuary.

43. We believe that the information obtained from the audited financial statements of, and other participant information provided by SC PEBA is appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the plan or its auditor in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the Plan or its auditor.

44. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

45. With respect to required supplementary information presented as required by U.S. GAAP and the Governmental Accounting Standards Board, to supplement the basic financial statements:
    a. We acknowledge our responsibility for the presentation of such information.
    b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
    c. The methods of measurement or presentation have not changed from those used in the prior period.

46. With respect to the individual and combining fund financial statements:

    a. We acknowledge our responsibility for presenting the individual and combining fund financial statements in accordance with accounting principles generally accepted in the United States of America, and we believe the individual and combining fund financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the individual and combining fund financial statements have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

47. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.

48. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.

49. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.

50. Is responsible 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.

51. Acknowledges its responsibility for the design, implementation, and maintenance of controls to prevent and detect fraud.

52. Has a process to track the status of audit findings and recommendations.

53. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.

54. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

In connection with your audit of federal awards conducted in accordance with Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) we confirm:

55. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.

56. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.

57. Management is responsible for the design, implementation, and maintenance, and has designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on its federal programs.

58. Management is responsible for the preparation of the schedule of expenditures of federal awards, acknowledges and understands its responsibility for the presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; believes the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance, and asserts that methods of measurement or presentation have not changed from those used in the prior period; and is responsible for any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

59. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.

60. Management has identified and disclosed to the auditor the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

61. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.

62. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or stated that there was no such noncompliance.

63. Management believes that the auditee has complied with the direct and material compliance requirements.

64. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

65. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.

66. Management is aware of no communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

67. There are no findings and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

68. Management is responsible for taking corrective action on audit findings of the compliance audit that meets the requirements of the Uniform Guidance.

69. Management has provided the auditor with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

70. There are no subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

71. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stated that there were no such known instances.

72. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect the entity's system of internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.

73. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.

74. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.

75. Management has charged costs to federal awards in accordance with applicable cost principles.

76. Management is responsible for, and has accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by Uniform Guidance.

77. The reporting package does not contain protected personally identifiable information.

78. Management has a plan to accurately complete the appropriate sections of the data collection form.

79. Management has disclosed all contracts or other agreements with service organizations.

York County, South Carolina

Kevin Madden

Kevin Madden, CPA
Assistant County Manager/Treasurer/CFO