

Topic: Reporting Requirements – Counties & Municipalities



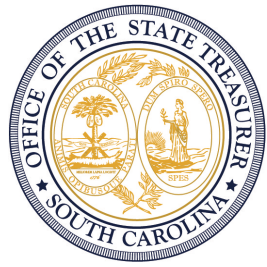
SOUTH CAROLINA
TREASURER'S OFFICE



Counties - Annual Requirements

- **Independent annual audit** of all financial records and transactions of the county and any agency funded in whole by county funds
- Audit must be performed **by CPA or public accounting firm** and must be independent of county government/officers
- May designate for period no more than **3 years**, made no later than 30 days after beginning of the fiscal year
- Audit report must be available for **public inspection**
- Copy submitted by **January 1st** each year for prior fiscal year

Source: Section 4-9-150



Counties - Annual Requirements (cont'd)

Amendments to Section 4-9-150 were **effective June 7, 2023**, which:

- 1) Transitioned the submission to the State Treasurer's Office (STO)
(was formerly the Comptroller General's Office)
Email reports to: Annualaudits@sto.sc.gov

- 2) Added an allowance for extensions
 - STO may grant extension of up to 90 days upon county showing proper cause - form available on the website: <https://treasurer.sc.gov/what-we-do/for-governments/audit-information/>
 - Email extension requests to:**
Annualaudits@sto.sc.gov
 - Approval must be received from the STO **PRIOR to the January 1st** deadline.



Counties - Annual Requirements (cont'd)

DELINQUENCY/WITHHOLDING

- STO funds distributed to the county **must be withheld** pending receipt of copy of report.
- The delinquency is **reported** on the STO website <https://treasurer.sc.gov/what-we-do/for-governments/audit-information/county-delinquent-audits/>
- As a courtesy, STO will send out reminder letters to counties prior to deadline.



Municipalities - Annual Requirements

CURRENT REQUIREMENTS:

- **Independent annual audit** of all financial records and transactions of the municipality and agencies funded by municipal funds.
- If the municipality has a court system, a supplementary schedule must be included detailing all fines and assessments collected at the court level, the amount remitted to the municipal treasurer and the amount remitted to the State Treasurer.

Sources: Sections 5-7-240, 14-1-208 and Proviso 98.9.



Municipalities - Annual Requirements (cont'd)

- Audit must be performed **by CPA or public accounting firm** and must be independent of county government/officers
- May designate for period no more than **4 years**, made no later than 30 days after beginning of the fiscal year
- Reporting must be available for **public inspection**
- The annual report must be submitted within **13 months of the end of the fiscal year.**

Email reports to: Annualaudits@sto.sc.gov



Municipalities - Annual Requirements (cont'd)

DELINQUENCY/WITHHOLDING

- The STO must withhold **all** of the municipality's State Aid to Subdivisions Act distributions until receipt of copy of report. **However**, the 2022 and 2023 Proviso 98.9 **suspended these penalties** for those fiscal years and also directed the Treasurer to release funds withheld for the prior two fiscal years. ***Note the suspension may be eliminated in the future.***
- The delinquency is **reported** on the STO website <https://treasurer.sc.gov/what-we-do/for-governments/audit-information/county-delinquent-audits/>
- As a courtesy, STO sends out reminder letters to municipalities prior to deadline.



Municipalities - Annual Requirements (cont'd)

Upcoming changes in requirements

*Act 71 passed in 2023, implements future changes for **certain** municipalities.*

Effective for the **municipal fiscal year beginning after January 1, 2024**, those with recurring revenues less than the established threshold (***\$500,000 in Year 1***) may provide **either** an audit of financial statements or a **compilation** of financial statements in lieu of an audit as follows:

- 1) *With court system* – Annually and must include Uniform Supplementary schedule, along with prescribed Agreed Upon Procedures (AUP); or
- 2) *Without court system* - At least once every 3 years.



Municipalities - Annual Requirement

Upcoming changes in requirements

Effective for the **municipality's fiscal year beginning after 1/1/2024:**

Nonrecurring Revenues:	Court System	No Court System
> Threshold*	Annual Audit with Uniform Supplemental Schedule	Annual Audit
< Threshold*	Annual Audit OR Compilation/AUP** with Uniform Supplemental Schedule	Audit OR Compilation every 3 years

*The Year 1 threshold of \$500,000 will be adjusted based on a prescribed Consumer Price Index each subsequent calendar year by the SC Office of Revenue and Fiscal Affairs.

** AUP will be established annually by STO and approved by the Office of the State Auditor

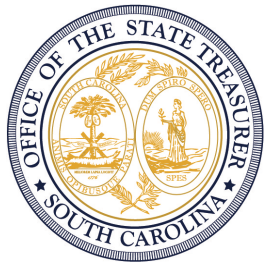


Audit Findings

If the annual audited financial statement contains a **significant finding related to court fines**, the STO shall withhold a specific amount or if unspecified, 25% of all state payments until the estimated deficiency has been satisfied.

Specified amounts would relate to audits performed by the State Auditor's Office.

Sources: Provisos 98.9 and 117.48 and Section 14-1-210



State Auditor's Role

The State Auditor is authorized to perform audits of county and municipal records to determine if these amounts have been properly recorded and remitted to the state.

- If any deficiencies are found, the STO will adjust the state's portion of fees from any Aid to Subdivisions.
- If an overpayment to the STO has deemed to occur the STO will remit the overpayment back to the entity.

Sources: Sections 14-1-210(a) and 14-1-210(b) and Proviso 105.4



Other Annual Requirements

APPLICABLE TO COUNTIES & MUNICIPALITIES RECEIVING REVENUES FROM STATE AID (KNOWN AS AID TO SUBDIVISIONS)

As annual report must be submitted to the Revenue and Fiscal Affairs Office for the most recent fiscal year completed by March 15.

DELINQUENCY/WITHHOLDING

If a county or municipality is delinquent, the STO is authorized to **withhold 10% of aid to subdivisions** until rectified. However, this section is also currently **suspended for Municipalities** per Proviso 98.9.

Sources: Section 6-1-50 and Proviso 98.9



Monthly Court Fines Reporting

Monthly court fines filing must be filed with the STO.

- If more than 90 days delinquent, 25% of all Aid to Subdivisions will be withheld until filing requirement is satisfied.
- However, as discussed previously, the 2022-2024 Proviso 98.9 **suspended these penalties** for Municipals for those fiscal years and also directed the Treasurer to release funds withheld for the prior two fiscal years. ***The suspension of penalties may be eliminated at some point in the future.***

Sources: Section 14-1-220 and Proviso 98.9

Questions?



SOUTH CAROLINA
TREASURER'S OFFICE



Referenced Code of Laws and Proviso's:

SECTION 4-9-150

SECTION 5-7-240

SECTION 6-1-50

SECTION 14-1-208

SECTION 14-1-10

SECTION 14-1-220

2022, 2023 & 2024 Proviso 98.9

2024 Proviso 105.4

2024 Proviso 117.48



Helpful Tips for in Researching ACH payments from the State

Please check the following website for remittance data on ACH payments from State Agencies:

<https://applications.sc.gov/STOvendorinquiry/>

To search you must enter:

- 1) Last 4 digits of EIN or SSN
- 2) Exact dollar amount issued

Please note that Aid to Subdivisions payments are not within this database search. For any questions related to Aid to Subdivisions payments, please email AidtoSubs@sto.sc.gov.



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