

**Fairfield County, South Carolina**

***Report on Financial Statements***

***For the fiscal year ended June 30, 2020***

# Fairfield County, South Carolina

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## Financial Section



## Independent Auditor's Report

Honorable Chairman and  
Members of the County Council  
Fairfield County, South Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fairfield County, South Carolina (the "County") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Fairfield County Council on Aging and Fairfield Behavioral Health Services, which represent 71 percent, 97 percent, and 74 percent, respectively, of the assets, net position/assets, and revenues of the County's aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the County, is based solely on the reports of the other auditors. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Fairfield County Library Commission and Fairfield County Council on Aging were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2020, 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.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule (GAAP Basis) - General Fund, Schedule of Changes in the County's Total OPEB Liability and Related Ratios, Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of the County's Contributions Related to the Pension Liability, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other 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 fund financial statements, Schedule of Budget to Actual Costs - South Carolina Department of Transportation Contracts, Schedule of Court Fines, Surcharges and Assessment Activity - Victim's Assistance Fund, Computation of Legal Debt Margin, and 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, Schedule of Court Fines, Surcharges and Assessment Activity - Victim's Assistance Fund, Computation of Legal Debt Margin, and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, Schedule of Court Fines, Surcharges and Assessment Activity - Victim's Assistance Fund, Computation of Legal Debt Margin, and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Budget to Actual Costs - South Carolina Department of Transportation Contracts has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2021, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Elliott Davis, LLC*

Columbia, South Carolina  
January 8, 2021

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## Fairfield County, South Carolina

### *Management's Discussion and Analysis*

*For the fiscal year ended June 30, 2020*

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As management of Fairfield County (the "County"), we offer readers of our financial statements, this narrative overview and analysis of the financial activities for the year ended June 30, 2020. Please read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which immediately follow this section.

#### **Statistical Data**

- Approximately 710 square miles
- Within 30 miles of the geographic center of South Carolina (the "State")
- Population of approximately 24,000
- Bordered on the:
  - South by Richland County whose county seat is Columbia, the State capital
  - East by the Wateree River
  - West by the Broad River
  - North by Chester County
- Highways
  - Serviced North and South by Interstate 77 and US Highways 321, 21, 213, 215, and 269
  - Serviced East and West by State Highways 34 and 200
- Rail
  - Serviced North and South by Norfolk Southern Rail Way
- Air
  - 5,000-foot runway general aviation airport owned and operated by the County.
- Governed by a 7 person County Council elected on a non-partisan basis from their respective districts. Operating under the State of South Carolina Home Rule, County Council has adopted the Council/Administrator form of government.

Geographically, the County is positioned to begin benefiting from the growth of our sister county to the South, Richland County, home of the State capital. We provide a quality of life envied by most, a small town atmosphere and friendliness, with a short commuting distance to more urban economic centers. Our tax base is stable as the largest taxpayer is an energy producing facility; however, we recognize the need to diversify our economy and have made this a priority. Therefore, County Council is concentrating many resources to develop several industrial parks where businesses may locate and provide employment to our citizens.

In addition to providing funding to develop the industrial parks, we must be about the business of administering a county government. This is an expensive undertaking. With unfunded mandates from higher levels of government and diminishing revenue sources, we must look for ways to minimize the tax burden on our citizens. We are approaching this on two fronts: (1) broadening the tax base through increased economic development and (2) having intense operational reviews of expenditures. Our expenditure reviews include the traditional items such as: competitive bidding, extending the period for filling vacancies, eliminating overtime, etc. Some non-traditional, cost cutting ideas include better training of employees as well as containing and reducing expenditures in areas such as insurance, risk management, safety, workers' compensation, and unemployment compensation.



## Fairfield County, South Carolina

### Management's Discussion and Analysis

For the fiscal year ended June 30, 2020

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#### Financial Highlights

- The County's financial condition has continued to maintain revenues at a relatively constant level over this period.
- **Net position** - The County's governmental activities total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources at June 30, 2020 by \$33.6 million (net position).
- **Change in net position** - The County's net position decreased over the course of this year's operations. Net position of the governmental activities decreased by \$5.0 million.
- **General fund** - The principal operating fund of the County is the general fund. During fiscal year 2020, general fund revenues and other financing sources, which primarily consisted of property taxes and sales taxes were \$32.4 million. Expenditures and net transfers out of the general fund were \$36.4 million. This resulted in an decrease in the fund balance for the year of \$4.0 million
- **General fund budget** - The general fund actual revenues were less than the final budgeted amounts by \$1.4 million due primarily to less than expected collections of property taxes. General fund actual expenditures were less than the final budgeted amounts by \$2.2 million. This variance is primarily due to department directors making informed decisions in regards to purchases and employee staffing turnover and unfilled positions.

#### Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three parts: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This section will not include discussion related to the component units of the County. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** - The government-wide financial statements (Statement of Net Position and Statement of Activities) are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. These statements outline functions of the County that are principally supported by property taxes, State aid, intergovernmental grants and various charges for services, fines and fees. The governmental activities of the County include general government, public safety, public works, environment and housing, health and welfare, judicial, cultural and recreation, and non-departmental allocations expenditures.

The Statement of Net Position presents information on all of the County's total assets and deferred outflows and total liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused compensated absences).

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## Fairfield County, South Carolina

### *Management's Discussion and Analysis*

*For the fiscal year ended June 30, 2020*

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#### **Overview of the Financial Statements, Continued**

**Fund financial statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Fiduciary funds** - The County is the trustee, or fiduciary, for assets that belong to others. The County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The County excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 to 54.

**Supplementary information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further supports the financial statements with a comparison of the County's budget for the fiscal year and other supplementary information schedules.

#### **Financial Analysis of the County as a Whole**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, total assets and deferred outflows exceeded total liabilities and deferred inflows by \$33.6 million as of June 30, 2020.

By far the largest portion of the County's net position reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings and improvements, leasehold improvements, infrastructure, machinery and equipment, and software), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its residents; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## Fairfield County, South Carolina

### Management's Discussion and Analysis

For the fiscal year ended June 30, 2020

#### Financial Analysis of the County as a Whole, Continued

The County's financial position is the product of the following transactions, including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of the County's net position for the following fiscal years ended June 30:

(Dollars in thousands)	2020	2019	Percentage Change
Current and other assets	\$ 32,399	\$ 35,111	(7.7)%
Capital assets, net	<u>63,403</u>	<u>62,556</u>	1.4%
Total assets	<u>95,802</u>	<u>97,667</u>	(1.9)%
Deferred outflows of resources	<u>8,940</u>	<u>8,830</u>	1.2%
Current liabilities	2,429	2,789	(12.9)%
Long-term liabilities	<u>67,797</u>	<u>63,981</u>	6.0%
Total liabilities	<u>70,226</u>	<u>66,770</u>	5.2%
Deferred inflows of resources	<u>948</u>	<u>1,158</u>	(18.1)%
Net position			
Net investment in capital assets	40,017	38,631	3.6%
Restricted	5,949	6,142	(3.1)%
Unrestricted	<u>(12,398)</u>	<u>(6,204)</u>	99.8%
Total net position	<u>\$ 33,568</u>	<u>\$ 38,569</u>	(13.0)%

**Change in net position** - The County's total revenues for the fiscal year ended June 30, 2020 were \$39.1 million. The total cost of all programs and services was \$44.1 million. The section below presents a summary of the activity that resulted in changes in net position for the following fiscal years ended June 30:

(Dollars in thousands)	2020	2019	Percentage Change
Revenues			
Program revenues			
Charges for services	\$ 3,232	\$ 3,183	1.5%
Operating grants and contributions	1,394	1,809	(22.9)%
Capital grants and contributions	2,209	2,073	6.6%
General revenues			
Property taxes	26,897	28,476	(5.6)%
Accommodations taxes	175	192	(8.9)%
Sales taxes	1,870	1,810	3.3%
Investment income	570	1,018	(44.0)%
Intergovernmental	1,763	1,678	5.1%
Gain (loss) on sale of capital assets	3	8	(62.5)%
Other	<u>986</u>	<u>390</u>	152.8%
Total revenues	<u>39,099</u>	<u>40,637</u>	(3.8)%

# Fairfield County, South Carolina

## Management's Discussion and Analysis

For the fiscal year ended June 30, 2020

### Financial Analysis of the County as a Whole, Continued

(Dollars in thousands)	2020	2019	Percentage Change
Expenses			
General government	17,155	13,495	27.1%
Public safety	8,632	8,068	7.0%
Public works and utilities	3,003	2,549	17.8%
Health and welfare	10,958	10,427	5.1%
Judicial	1,258	1,230	2.3%
Cultural and recreation	2,000	1,836	8.9%
Interest and fiscal charges	<u>1,094</u>	<u>1,144</u>	(4.4)%
Total expenses	<u>44,100</u>	<u>38,749</u>	13.8%
Change in net position	<u>\$ (5,001)</u>	<u>\$ 1,888</u>	(364.9)%

Compared to fiscal year 2019, the County's revenues and expenses changed due primarily to the following:

- Property taxes** – During fiscal year 2020, property taxes decreased by approximately \$1.6 million, primarily due to activities at the nuclear power plant. The assessment on the 1984 operational reactor is declining over time as the millage rate has remained the same for the last 6 years, resulting in approximately \$400,000 less ad valorem taxes being collected in 2020. Additionally, when construction on the new reactors ceased in July of 2017, the construction infrastructure at the site was disassembled and moved, which resulted in an approximately \$830,000 decrease in taxes collected on state business personal property from 2019 to 2020. Lastly, several real properties amounting to approximately \$380,000 in taxes collected have been transferred to Santee Cooper, which is a state utility authority and therefore does not pay property taxes on real estate.
- General government expenses** – The increase in general government expenses is primarily due to a \$1.6 million increase in OPEB expense. The County also expended approximately \$625,000 on grant matches related to economic development incentives. Finally, about \$600,000 of the increase is from to expenses related to the COVID-19 response that will be reimbursed by the CARES Act in fiscal year 2021.

**Governmental activities** - The table below presents the cost of the seven major functional activities: general government, public safety, public works and utilities, health and welfare, judicial, cultural and recreation, and interest and fiscal charges. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and County's taxpayers by each of these functions.

(Dollars in thousands)	Total Expenses	Net Expense
General government	\$ 17,155	\$ (15,220)
Public safety	8,632	(8,584)
Public works and utilities	3,003	(800)
Health and welfare	10,958	(8,944)
Judicial	1,258	(695)
Cultural and recreation	2,000	(1,927)
Interest and fiscal charges	<u>1,094</u>	<u>(1,094)</u>
Total expenses	<u>\$ 44,100</u>	<u>\$ (37,264)</u>

## Fairfield County, South Carolina

### Management's Discussion and Analysis

For the fiscal year ended June 30, 2020

#### Financial Analysis of the County as a Whole, Continued

The cost of all governmental activities this year was \$44.1 million. Expenses consist primarily of general government, public safety, and health and welfare totaling \$17.2 million, \$8.6 million and \$11.0 million, respectively. The net cost of governmental activities was \$37.3 million which was financed by general revenues and beginning net position. General revenues consist primarily of property taxes of \$26.9 million.

#### Financial Analysis of the County's Funds

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

The financial performance of the County as a whole is reflected in its governmental funds. As the County completed the year, its governmental funds reported a combined fund balance of \$29.5 million. Of this combined fund balance, \$6.2 million or 20.9% is unassigned and therefore available for spending at the County's discretion.

The general fund is the principal operating fund of the County. The decrease in fund balance in the general fund for the fiscal year was \$4.0 million, which was mainly the result of expenditures exceeding revenues.

#### Capital Assets and Debt Administration

**Capital assets** - As of June 30, 2020, the County had invested, net of related debt, \$40.0 million in capital assets, including land, land improvements, buildings and improvements, leasehold improvements, infrastructure, machinery and equipment and software. Total depreciation expense for the year was approximately \$3.4 million.

The schedule below presents capital asset balances, net of depreciation, for the fiscal year ended June 30, 2020.

Capital assets, not being depreciated	
Land	\$ 11,926,023
Construction in progress	14,121,080
	<u>26,047,103</u>
Capital assets, being depreciated	
Land improvements	25,106,820
Buildings and improvements	30,611,948
Leasehold improvements	1,658,079
Infrastructure	6,665,465
Machinery and equipment	25,177,831
Software	498,001
	<u>89,718,144</u>
Less accumulated depreciation	<u>(52,362,209)</u>
Total capital assets, being depreciated, net	<u>37,355,935</u>
Net capital assets	<u>\$ 63,403,038</u>

**Debt administration** - At year end, the County had \$27,478,059 in general obligation and revenue bonds, net of unamortized bond discounts, of which \$1,116,638 is due within one year.

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## **Fairfield County, South Carolina**

### ***Management's Discussion and Analysis***

***For the fiscal year ended June 30, 2020***

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#### **Economic Factors and Budgetary Projections**

Unlike a typical county, the County's revenue stream is relatively constant. This is due primarily to a licensed electrical generating facility located in the County, which accounts for approximately 45% of property tax revenues. The facility received an extension to its operating license through 2042. While this piece of the facility remains operational, construction has ceased on the new reactors, which has caused some hardship for the County and closed the potential for additional future revenues. Taking this revenue source into account and the other economic factors in our community, our budget philosophy is to be socially responsible within a very conservative fiscal approach. We intend for this trend will to continue over future budgets.

#### **Request for Information**

This financial report is designed to provide the County's citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Comptroller, Fairfield County, 350 Columbia Road, Post Office Drawer 60, Winnsboro, South Carolina 29180.

Audited financial statements of the County's component units may be obtained by written request to Fairfield County Council, Post Office Drawer 60, Winnsboro, South Carolina 29180.

**Fairfield County, South Carolina**  
**Statement of Net Position**  
**As of June 30, 2020**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 8,477,748
Amounts held in escrow	3,301,792
Taxes receivable, net	1,213,436
Accounts receivable, net	1,451,876
Investments	14,225,375
Due from other governments	2,423,586
Prepaid items	161,193
Land and building held for sale	1,144,000
Capital assets, not being depreciated	26,047,103
Capital assets, being depreciated net	37,355,935
Total assets	<u>95,802,044</u>
<b>Deferred outflows of resources</b>	
Deferred outflows related to total OPEB liability	3,432,029
Deferred outflows related to net pension liability	5,508,518
Total deferred outflows of resources	<u>8,940,547</u>
<b>Liabilities</b>	
Accounts payable	612,580
Retainage payable	328,081
Accrued liabilities	947,641
Due to taxpayers	3,244
Due to other agencies	202,298
Accrued interest payable	335,584
Long-term liabilities	
Due within one year	1,189,935
Due in more than one year	27,437,983
Net pension liability	27,699,502
Total OPEB liability	<u>11,470,073</u>
Total liabilities	<u>70,226,921</u>
<b>Deferred inflows of resources</b>	
Deferred inflows related to total OPEB liability	72,381
Deferred inflows related to net pension liability	875,761
Total deferred inflows of resources	<u>948,142</u>
<b>Net Position</b>	
Net investment in capital assets	40,017,413
Restricted for:	
General government programs	35,210
Public safety programs	81,205
Health and welfare programs	4,472,514
Judicial programs	178,350
Cultural and recreation programs	235,374
Debt service	945,599
Unrestricted	(12,398,137)
Total net position	<u>\$ 33,567,528</u>

**See Notes to Basic Financial Statements**

## Fairfield County, South Carolina

## Statement of Activities

For the fiscal year ended June 30, 2020

Functions/Programs	Expenses	Program revenues			Net revenue (expense) and changes in net position
		Charges for sales and service	Operating grants and contributions	Capital grants and contributions	Governmental activities
<b>Governmental activities</b>					
General government	\$ 17,154,697	\$ 331,569	\$ 776,218	\$ 826,868	\$ (15,220,042)
Public safety	8,631,750	31,397	16,794	-	(8,583,559)
Public works and utilities	3,002,868	747,818	72,895	1,381,976	(800,179)
Health and welfare	10,958,185	1,622,789	391,476	-	(8,943,920)
Judicial	1,257,692	426,214	136,451	-	(695,027)
Cultural and recreation	2,000,029	72,579	-	-	(1,927,450)
Interest and fiscal charges	1,093,882	-	-	-	(1,093,882)
Total governmental activities	44,099,103	3,232,366	1,393,834	2,208,844	(37,264,059)
Total	\$ 44,099,103	\$ 3,232,366	\$ 1,393,834	\$ 2,208,844	
<b>General revenues:</b>					
Property taxes					26,897,144
Sales tax					1,869,604
Accommodations tax					174,986
Investment income					569,521
Intergovernmental					1,763,072
Gain on sale of capital assets					2,945
Other					985,766
Total general revenues					32,263,038
Change in net position					(5,001,021)
<b>Net position, beginning of year</b>					38,568,549
<b>Net position, end of year</b>					\$ 33,567,528

See Notes to Basic Financial Statements



## Fairfield County, South Carolina

## Balance Sheet - Governmental Funds

June 30, 2020

	General Fund	Fairfield Facilities Corporation	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 2,233,063	\$ 4,695,082	\$ 1,549,603	\$ 8,477,748
Amounts held in escrow	3,301,792	-	-	3,301,792
Taxes receivable, net	1,139,166	-	74,270	1,213,436
Accounts receivable, net	1,441,221	-	10,655	1,451,876
Investments	14,225,375	-	-	14,225,375
Due from other funds	2,558,022	-	6,099,410	8,657,432
Due from other governments	1,312,915	-	1,110,671	2,423,586
Prepaid items	684	159,907	602	161,193
Land and building held for sale	-	-	1,144,000	1,144,000
Total assets	<u>\$ 26,212,238</u>	<u>\$ 4,854,989</u>	<u>\$ 9,989,211</u>	<u>\$ 41,056,438</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 391,504	\$ 11,500	\$ 209,576	\$ 612,580
Retainage payable	-	321,148	6,933	328,081
Accrued liabilities	919,567	-	28,074	947,641
Due to other funds	6,099,410	-	2,558,022	8,657,432
Due to taxpayers	3,244	-	-	3,244
Due to other agencies	2,298	-	200,000	202,298
Total liabilities	<u>7,416,023</u>	<u>332,648</u>	<u>3,002,605</u>	<u>10,751,276</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	785,214	-	51,249	836,463
Total deferred inflows of resources	<u>785,214</u>	<u>-</u>	<u>51,249</u>	<u>836,463</u>
<b>Fund balances</b>				
Nonspendable				
Prepaid items	684	159,907	602	161,193
Restricted				
General government	-	-	35,210	35,210
Public safety	-	-	81,205	81,205
Health and welfare	3,301,792	-	1,170,722	4,472,514
Judicial	-	-	178,350	178,350
Cultural and recreation	-	-	235,374	235,374
Debt service	-	-	945,599	945,599
Capital outlay	-	4,362,434	-	4,362,434
Committed				
Local option sales tax	117,132	-	-	117,132
General government	3,480,000	-	-	3,480,000
Public works and utilities	-	-	890,362	890,362
Health and welfare	760,000	-	-	760,000
Cultural and recreation	-	-	57,849	57,849
Capital outlay	-	-	3,340,084	3,340,084
Assigned				
General government	4,200,000	-	-	4,200,000
Unassigned	6,151,393	-	-	6,151,393
Total fund balances	<u>18,011,001</u>	<u>4,522,341</u>	<u>6,935,357</u>	<u>29,468,699</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,212,238</u>	<u>\$ 4,854,989</u>	<u>\$ 9,989,211</u>	<u>\$ 41,056,438</u>

See Notes to Basic Financial Statements

**Fairfield County, South Carolina**
**Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position**
**June 30, 2020**

Total governmental fund balances \$ 29,468,699

**Amounts reported for governmental activities in the Statement of Net Position are different because of the following:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Historical cost of capital assets	\$ 115,765,248	
Accumulated depreciation	(52,362,210)	
		63,403,038

Some of the County's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.

836,463

Net pension liability, total other post-employment benefit liability, and accrued compensated absences reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported in the funds.

Deferred outflows related to net pension liability	5,508,518	
Deferred inflows related to net pension liability	(875,761)	
Net pension liability	(27,699,502)	
Deferred outflows related to total OPEB liability	3,432,029	
Deferred inflows related to total OPEB liability	(72,381)	
Total OPEB liability	(11,470,073)	
Accrued compensated absences	(879,859)	
		(32,057,029)

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

Bonds payable, net of unamortized bond discounts	(27,748,059)	
Accrued interest payable	(335,584)	
		(28,083,643)

Net position of governmental activities \$ 33,567,528

**See Notes to Basic Financial Statements**

## Fairfield County, South Carolina

## Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the fiscal year ended June 30, 2020

	General Fund	Fairfield Facilities Corporation	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 25,274,321	\$ -	\$ 1,668,463	\$ 26,942,784
Sales tax	1,869,604	-	-	1,869,604
Intergovernmental	1,763,072	-	3,602,679	5,365,751
Licenses, permits, fines and fees	705,206	-	282,172	987,378
Charges for services	1,908,499	-	336,488	2,244,987
Investment income	508,980	57,193	3,348	569,521
Other	389,025	-	596,741	985,766
Total revenues	<u>32,418,707</u>	<u>57,193</u>	<u>6,489,891</u>	<u>38,965,791</u>
<b>Expenditures</b>				
General government	10,240,554	-	1,526,052	11,766,606
Public safety	7,764,082	-	165,589	7,929,671
Public works and utilities	1,323,262	-	1,452,052	2,775,314
Health and welfare	9,191,261	-	873,310	10,064,571
Judicial	1,093,230	-	76,703	1,169,933
Cultural and recreation	1,729,269	-	140,241	1,869,510
Capital outlay	357,245	15,082	3,911,769	4,284,096
Debt service				
Principal retirement	-	10,000	1,109,384	1,119,384
Interest and fiscal charges	-	894,833	188,212	1,083,045
Total expenditures	<u>31,698,903</u>	<u>919,915</u>	<u>9,443,312</u>	<u>42,062,130</u>
Excess (deficiency) of revenues over (under) expenditures	<u>719,804</u>	<u>(862,722)</u>	<u>(2,953,421)</u>	<u>(3,096,339)</u>
<b>Other financing sources (uses)</b>				
Proceeds from general obligation bonds	-	-	599,000	599,000
Proceeds from sale of capital assets	-	-	2,945	2,945
Transfers in	36,591	895,500	4,855,908	5,787,999
Transfers out	(4,793,748)	-	(994,251)	(5,787,999)
Total other financing sources (uses)	<u>(4,757,157)</u>	<u>895,500</u>	<u>4,463,602</u>	<u>601,945</u>
Net change in fund balances	<u>(4,037,353)</u>	<u>32,778</u>	<u>1,510,181</u>	<u>(2,494,394)</u>
<b>Fund balances, beginning of year</b>	22,048,354	4,489,563	5,425,176	31,963,093
<b>Fund balances, end of year</b>	<u>\$ 18,011,001</u>	<u>\$ 4,522,341</u>	<u>\$ 6,935,357</u>	<u>\$ 29,468,699</u>

See Notes to Basic Financial Statements

**Fairfield County, South Carolina**
**Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities**
**For the fiscal year ended June 30, 2020**

Total net change in fund balance - governmental funds \$ (2,494,394)

**Amounts reported for governmental activities in the Statement of Activities are different because of the following:**

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital outlay	\$ 4,284,096	
Depreciation expense	<u>(3,436,819)</u>	
		847,277

The proceeds from the disposal of capital assets are reported as revenue in the governmental funds. The cost of the capital assets are removed from the capital asset account on the Statement of Net Position and is offset against the proceeds from the sale of capital assets resulting in a gain or loss on disposal of capital assets on the Statement of Activities.

Gain on sale of capital assets	2,945	
Proceeds from sale of capital assets	<u>(2,945)</u>	
		-

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.

129,346

Some expenses for pensions, other post-employment benefit obligation costs, and compensated absences reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Net pension liability	(1,573,332)	
Total OPEB liability	(2,409,968)	
Accrued compensated absences	<u>(119,626)</u>	
		(4,102,926)

A 1% contribution made by the State on employers' behalves directly to PEBA starting in fiscal year 2018 is not included on the Statement of Activities as the measurement date is a year in arrears. Revenues and expenditures of \$110,129 are excluded from the Statement of Activities.

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A 1% contribution made by the State on employers' behalves directly to PEBA in the prior fiscal year is not reported as revenue in the governmental funds but is included on the Statement of Activities as the measurement date for fiscal year 2020 is a year in arrears.

110,129

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. Also, governmental funds report the effect of losses on debt refundings, premiums and discounts, when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The net effect of these differences in the treatment of long-term debt and related accounts, together with governmental activities accruals for accrued interest are as follows:

Bond proceeds	(599,000)	
Bond repayments	1,119,384	
Amortization of bond discounts	(23,322)	
Accrued interest payable	<u>12,485</u>	
		<u>509,547</u>

Change in net position of governmental activities \$ (5,001,021)

**Fairfield County, South Carolina****Statement of Fiduciary Net Position****June 30, 2020**

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**Assets**

Cash and cash equivalents	\$ 5,846,308
Taxes receivable, net	1,605,912
Investments	<u>17,322,603</u>
Total assets	<u>\$ 24,774,823</u>

**Liabilities**

Amounts held for others	\$ 910,848
Due to other governments	<u>23,863,975</u>
Total liabilities	<u>\$ 24,774,823</u>

*See Notes to Basic Financial Statements*

**Fairfield County, South Carolina**  
**Governmental Discretely Presented Component Unit**  
**Fairfield County Library Commission**  
**Statement of Net Position**  
**June 30, 2020**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 234,920
Accounts receivable	29,567
Investments	2,000
Prepaid items	13,318
Capital assets, being depreciated net	629,667
Total assets	<u>909,472</u>
<b>Deferred outflows of resources</b>	
Deferred outflows related to total OPEB liability	111,197
Deferred outflows related to net pension liability	126,251
Total deferred outflows of resources	<u>237,448</u>
<b>Liabilities</b>	
Accrued liabilities	16,534
Long-term liabilities	
Accrued compensated absences - due within one year	7,087
Accrued compensated absences - due after one year	14,004
Net pension liability	688,468
Total OPEB liability	461,464
Total liabilities	<u>1,187,557</u>
<b>Deferred inflows of resources</b>	
Deferred inflows related to total OPEB liability	2,345
Deferred inflows related to net pension liability	21,529
Total deferred inflows of resources	<u>23,874</u>
<b>Net Position</b>	
Investment in capital assets	629,667
Restricted for:	
Nonexpendable	171,657
Capital outlay	14,697
Unrestricted	(877,800)
Total net position	<u>\$ (61,779)</u>

**See Notes to Basic Financial Statements**

**Fairfield County, South Carolina**  
**Governmental Discretely Presented Component Unit**  
**Fairfield County Library Commission**  
**Statement of Activities**  
**For the fiscal year ended June 30, 2020**

	Expenses	Program revenues		Net revenue (expense) and changes in net position
		Charges for sales and service	Operating grants and contributions	Governmental activities
<b>Functions/Programs</b>				
<b>Governmental activities</b>				
Library services	\$ 904,573	\$ 10,332	\$ 109,011	\$ (785,230)
<b>General revenues:</b>				
County appropriations				477,626
Investment income				3,417
Gifts and donations				4,259
Miscellaneous revenue				18,568
Loss on disposal of capital assets				(1,581)
Total general revenues				502,289
Change in net position				(282,941)
<b>Net position, beginning of year</b>				221,162
<b>Net position, end of year</b>				\$ (61,779)

See Notes to Basic Financial Statements

**Fairfield County, South Carolina**
***Nongovernmental Discretely Presented Component Units***
***Statements of Financial Position***
***June 30, 2020***

	<b>Fairfield Behavioral Health Services</b>	<b>Fairfield County Council on Aging</b>	<b>Total</b>
<b>Assets</b>			
Cash	\$ 77,175	\$ 494,295	\$ 571,470
Receivables	82,588	125,862	208,450
Certificates of deposit	157,295	-	157,295
Prepaid expenses	2,100	4,642	6,742
Property and equipment, net	1,646,973	221,142	1,868,115
Total assets	<u>\$ 1,966,131</u>	<u>\$ 845,941</u>	<u>\$ 2,812,072</u>
<b>Liabilities and Net Assets</b>			
<b><i>Liabilities</i></b>			
Accounts payable and accrued liabilities	\$ 42,088	\$ 20,946	\$ 63,034
Accrued compensated absences	22,880	6,391	29,271
Refundable advance	42,034	-	42,034
Notes payable	500,000	10,184	510,184
Total liabilities	<u>607,002</u>	<u>37,521</u>	<u>644,523</u>
<b><i>Net assets</i></b>			
Without donor restrictions	<u>1,359,129</u>	<u>808,420</u>	<u>2,167,549</u>
Total net assets	<u>1,359,129</u>	<u>808,420</u>	<u>2,167,549</u>
Total liabilities and net assets	<u>\$ 1,966,131</u>	<u>\$ 845,941</u>	<u>\$ 2,812,072</u>

***See Notes to Basic Financial Statements***



**Fairfield County, South Carolina**  
**Nongovernmental Discretely Presented Component Units**  
**Statements of Activities**  
**For the fiscal year ended June 30, 2020**

	<b>Fairfield Behavioral Health Services</b>	<b>Fairfield County Council on Aging</b>	<b>Total</b>
<b>Changes in net assets without donor restrictions:</b>			
Revenues and other support			
Local	\$ -	\$ 498,477	\$ 498,477
County appropriations	83,144	104,411	187,555
State contracts	-	63,680	63,680
Client fees	107,775	-	107,775
Alcohol excise tax	50,609	-	50,609
Investment income	1,205	306	1,511
Other	179,072	100,998	280,070
Net assets released from restrictions	592,992	24,000	616,992
Total revenues, gains and other support	<u>1,014,797</u>	<u>791,872</u>	<u>1,806,669</u>
Expenses			
Program services	917,070	588,677	1,505,747
Supporting services	173,903	135,988	309,891
Total expenses	<u>1,090,973</u>	<u>724,665</u>	<u>1,815,638</u>
Change in net assets without donor restrictions	<u>(76,176)</u>	<u>67,207</u>	<u>(8,969)</u>
<b>Changes in net assets with donor restrictions:</b>			
Federal	344,593	-	344,593
State	109,163	-	109,163
Other	300	-	300
Grants	122,518	24,000	146,518
State contract	16,418	-	16,418
Net assets released from restrictions	(592,992)	(24,000)	(616,992)
Change in net assets with donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>(76,176)</u>	<u>67,207</u>	<u>(8,969)</u>
<b>Net assets, beginning of year</b>			
Without donor restrictions	1,435,305	741,213	2,176,518
	<u>1,435,305</u>	<u>741,213</u>	<u>2,176,518</u>
<b>Net assets, end of year</b>			
Without donor restrictions	1,359,129	808,420	2,167,549
	<u>\$ 1,359,129</u>	<u>\$ 808,420</u>	<u>\$ 2,167,549</u>

See Notes to Basic Financial Statements

# Fairfield County, South Carolina

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

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### Note 1. Summary of Significant Accounting Policies

Fairfield County, South Carolina (the "County") is a political subdivision of the State of South Carolina (the "State"), operating under the provisions of South Carolina 2975 Act No. 283 (Home Rule Act) using a Council-Administrator form of government to provide services authorized by its charter. The County is governed by an elected Board (County Council) which is governed by State statutes and regulations.

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements are presented in conformity with GASB Codification Sec. 2200, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The more significant of the County's accounting policies are described below.

#### A. Reporting Entity

Using the criteria of GASB Codification Sec. 2100, the basic financial statements of the County present the reporting entity that consists of the primary government and those organizations for which the primary government is financially accountable and for which the nature and significance of their relationship, with the primary government, are such that exclusion could cause the County's financial statements to be misleading or incomplete.

Financial accountability is defined as appointment of a voting majority of the separate organization's board and either (a) the ability to impose will by the primary government, or (b) the possibility that the separate organization will provide a financial benefit to or impose a financial burden on the primary government. "Blended" component units are separate entities that are, substantially, part of the primary government's operations and are combined with financial data of the primary government. "Discretely presented" component units, on the other hand, are reported on separately to emphasize that they are legally separate from the operations of the primary government. A summary of the County's blended and discretely presented component units follows:

**Blended Component Unit** - During fiscal year 2013, the County created the Fairfield Facilities Corporation (the "Corporation") to facilitate the issuance of debt for the County. The activities of the Corporation have been "blended" with the County and are presented as a major fund for fiscal year 2020. County Council appoints the officers and directors of the Corporation. The Corporation does not issue separate financial statements.

**Discretely Presented Component Unit** - Using the criteria of GASB Codification Sec. 2100, the County has three discretely presented component units and all have a June 30 fiscal year end.

**Fairfield County Library Commission** - Fairfield County Library Commission (the "Library Commission") was established as the designated authority to provide a public library system to the residents of the County. The County provides the Library Commission with an annual appropriation which is the majority of the Library Commission's operating revenue. County Council appoints members of the Library Commission's Board, which is the Library Commission's governing authority. The Library Commission's Board is responsible for the hiring and termination of management personnel. Accordingly, the Library Commission is considered to be a component unit of the County and its financial position and results of operations have been reported in the financial statements of the County.

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## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

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#### Note 1. Summary of Significant Accounting Policies, Continued

##### A. Reporting Entity, Continued

**Fairfield County Council on Aging** - Fairfield County Council on Aging (the "Council on Aging") was created to meet certain needs of the elderly in the County. County Council appoints all of the members of the Council on Aging. Accordingly, the Council on Aging is considered to be a component unit of the County and its assets and liabilities and revenues and expenses have been reported in the financial statements of the County.

**Fairfield Behavioral Health Services** - Fairfield Behavioral Health Services (the "Agency") was organized to provide comprehensive services for victims of alcohol and drug abuse in the County. County Council appoints all of the members of the Agency's Board of Directors, which is the Agency's governing authority. Accordingly, the Agency is considered to be a component unit of the County and its assets and liabilities and revenues and expenses have been reported in the financial statements of the County.

Audited financial statements of the discretely presented component units may be obtained by written request to Fairfield County Council, Post Office Drawer 60, Winnsboro, South Carolina 29180.

##### B. Basis of Presentation

The statements of the County are presented as follows:

**Government-wide Financial Statements** - The Statement of Net Position and the Statement of Activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities. The County has no activities considered to be business-type activities.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and; therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, including taxes, which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

**Fund Financial Statements** - Fund financial statements report detailed information about the County. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

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#### Note 1. Summary of Significant Accounting Policies, Continued

##### C. Measurement Focus and Basis of Accounting

###### Fund Accounting

The accounts of the County and its component units are organized and operated on the basis of funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The government reports the following major governmental funds:

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

A portion of the general fund balance has been committed for certain contingencies including loss of fee in lieu due to plant closings, property insurance increases, and additional operating funds required for the Fairfield Memorial Hospital.

**Fairfield Facilities Corporation** - The Fairfield Facilities Corporation is a capital project fund used to account for the issuance of revenue bonds and the acquisition of capital assets from the bond proceeds.

Additionally, the government reports the following nonmajor fund types:

**Special Revenue Funds** - The special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted or committed to expenditures for specified purposes.

**Capital Projects Funds** - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of resources and the payment of general long-term debt principal and interest.

The County also maintains an agency fund which accounts for monies held on behalf of school districts, special districts and other agencies that use the County as a depository for property taxes and/or State funds collected on behalf of the other governments.

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

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

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#### Note 1. Summary of Significant Accounting Policies, Continued

##### C. Measurement Focus and Basis of Accounting, Continued

###### Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows and inflows, and in the presentation of expenses versus expenditures.

###### Revenues - Exchange and Non-exchange Transactions

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

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

On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: delinquent taxes, sales tax, grants, interest, fees and charges for services.

###### Expenses / Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as donated commodities revenue. Unused donated commodities are reported as unearned revenue.

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

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## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

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#### Note 1. Summary of Significant Accounting Policies, Continued

##### C. Measurement Focus and Basis of Accounting, Continued

###### Interfund Activity

Reallocation of resources between funds of the reporting entity are classified as interfund transfers and are reported as operating transfers. For purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

###### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the County's financial position and results of operations and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

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

**Cash and Cash Equivalents and Investments** - For purposes of the Statement of Net Position, the County considers all liquid non-equity investments with an original maturity of three months or less to be cash equivalents. Such investments consist primarily of amounts in the South Carolina local government investment pool. Investments are carried at fair value, which approximates cost.

State statutes authorize the County to invest in:

1. Obligations of the United States and agencies thereof;
2. General obligations of the State of South Carolina or any of its political units;
3. Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
4. Repurchase agreements when collateralized by securities as set forth in this section;
5. 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 or other debt issue of the County, if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (1) and (4) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

**Receivables and Payables** - All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The allowance for trade accounts receivable is computed based upon an estimate of collections within each aging category. The allowance for property taxes receivable is based upon a composite average of each delinquent tax year's collections to the outstanding balance at the beginning of the fiscal year.

# Fairfield County, South Carolina

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

### Note 1. Summary of Significant Accounting Policies, Continued

#### D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position, Continued

At June 30, 2020, receivables for the County's individual major funds and other nonmajor governmental funds in the aggregate including the applicable allowance for uncollectible accounts, are as follows:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Taxes	\$ 1,196,124	\$ 77,984	\$ 1,274,108
Accounts	<u>2,234,145</u>	<u>10,655</u>	<u>2,244,800</u>
Gross	3,430,269	88,639	3,518,908
Less:			
Allowance - taxes	56,958	3,714	60,672
Allowance - accounts	<u>792,924</u>	<u>-</u>	<u>792,924</u>
Net receivables	<u>\$ 2,580,387</u>	<u>\$ 84,925</u>	<u>\$ 2,665,312</u>

Property taxes become a lien on real estate and certain personal properties owned on the preceding December 31 of each County fiscal year ended June 30. These taxes are levied on or before October 31, and are due without penalty through January 15. Penalties are added to the taxes depending on the date paid as follows:

January 16 through February 1	3% of tax
February 2 through March 18	10% of tax
March 19 and thereafter	15% of tax plus collection cost

The lien and collection date for motor vehicles is the last day of the month in which the motor vehicle license expires. The County bills and collects its own property taxes. Property tax revenue is recognized when past due and collectible within the current period or soon enough thereafter (defined as sixty days) to pay liabilities of the current period. An allowance is provided for an estimated amount of taxes billed, which may ultimately prove to be uncollectible. Unavailable revenue (property taxes) represents that portion of property taxes which is deemed not available to pay current expenses.

Short-term amounts owed between funds are classified as "due from other funds" or "due to other funds" on the balance sheet.

**Capital Assets** - Capital assets, which include land, construction in progress, land improvements, buildings and improvements, leasehold improvements, infrastructure, machinery and equipment, and software, are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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**Fairfield County, South Carolina****Notes to Basic Financial Statements****For the fiscal year ended June 30, 2020**

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**Note 1. Summary of Significant Accounting Policies, Continued****D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position, Continued**

Major outlays for capital assets are capitalized as the projects are constructed. Interest incurred during the construction phase of proprietary capital assets is included as part of the capitalized value of the assets constructed.

All reported capital assets other than land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Capital assets of the primary government, as well as the component unit, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	15 - 20 years
Buildings and improvements	10 - 50 years
Leasehold improvements	15 - 20 years
Infrastructure	40 - 50 years
Machinery and equipment	5 - 15 years
Software	3 - 10 years

**Compensated absences** - Employees with less than 10 years of service are allowed to carry over not more than thirty (30) days unused annual leave each July 1. Employees with 10 years or more of service may carry over no more than forty (40) days unused annual leave each July 1. Any employee who had more than the maximum carryover amount on June 30, 1989, when this policy was implemented, was allowed to keep the excess in a separate pool that will be paid to the employee upon separation from employment. Accumulated unused annual leave is paid to employees upon separation from employment.

The County has accrued a liability for accrued compensated absences which have been earned but not taken by County employees based on the following criteria:

1. The County's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' service already rendered;
2. The obligation related to rights that vest or accumulate;
3. Payment of the compensation is probable; and
4. The amount can be reasonably estimated.

**Pensions** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS) and additions to/deductions from SCRS' and PORS' fiduciary net position have been determined on the same basis as they are reported by SCRS or PORS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



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## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

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#### Note 1. Summary of Significant Accounting Policies, Continued

##### D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position, Continued

**Other post-employment benefits (OPEB)** - For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

**Deferred outflows of resources and deferred inflows of resources** - Changes in the net pension liability and total OPEB liability not included in pension expense and OPEB expense, respectively, are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions and benefit payments made subsequent to the measurement date of the net pension liability and total OPEB liability, respectively, are reported as deferred outflows of resources.

**Long-term obligations** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as another financing source. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from debt proceeds received, are reported as debt service expenditures.

**Fund balances** - Governmental funds report fund balances in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2020, fund balances for governmental funds are made up of the following categories:

- Nonspendable Fund Balance includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- Restricted Fund Balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.
- Committed Fund Balance includes amounts that can only be used for the specific purposes determined by a formal action of the County's highest level of decision-making authority, County Council. Commitments may be changed or lifted only by the County taking the same formal action that imposes the constraint originally.
- Assigned Fund Balance comprises amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (a) County Council or (b) a body (for example: a Finance Committee) or official to which County Council has delegated the authority to assign amounts to be used for specific purposes.

# Fairfield County, South Carolina

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

### Note 1. Summary of Significant Accounting Policies, Continued

#### D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position, Continued

- Unassigned Fund Balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

County Council is the County's highest level of decision making authority. County Council can establish, modify, or rescind fund balance commitments through adoption of a resolution or ordinance. The County Administrator has the authority to assign fund balance amounts to a specific purpose. The County Administrator is appointed by and serves at the pleasure of County Council.

The County considers restricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted amounts are available. When an expenditure is incurred for which committed, assigned, or unassigned amounts could be used, the County considers expenditures to be used in this respective order.

As of June 30, 2020, County Council had not established an unassigned fund balance target.

**Net position** - Net position represents the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Net position is classified as net investment in capital assets; restricted; and unrestricted. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Reported amounts for net investment in capital assets are as follows at June 30, 2020:

Capital assets, net of accumulated depreciation	\$ 63,403,038
Less: Bonds payable, net of unamortized bond discounts	(27,748,059)
Less: Capital project payables and retainages	(332,648)
Add: Unspent bond proceeds	<u>4,695,082</u>
	<u>\$ 40,017,413</u>

#### E. Reclassifications

The presentation of certain items in the 2019 financial statements have been reclassified to be consistent with the 2020 presentation. Such reclassifications had no effect on change in net position, cash flows or net position.

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## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

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#### Note 1. Summary of Significant Accounting Policies, Continued

##### F. Subsequent Events

These financial statements have not been updated for subsequent events occurring after January 8, 2021, which is the date the financial statements were available to be issued.

#### Note 2. Stewardship, Compliance and Accountability

**Budgetary accounting** - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. Certain special revenue funds and capital projects funds are budgeted over the life of the grant or project but are not formally approved by County Council. Since grant periods may differ from the County's fiscal year, a comparison of budgetary information for the total special revenue and capital projects funds would not be meaningful. Formal budgetary policies are not employed for the debt service funds because effective budgetary control is alternatively achieved through debt provisions.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to the first County Council meeting in June, the County Administrator submits to County Council a proposed operating budget. The operating budget includes proposed expenditures and the means by which financing will occur.
2. Taxpayers are given the opportunity to comment on the proposed budget at a regularly scheduled open Council meeting.
3. The budget is legally adopted, after three readings, prior to June 30.
4. Any budget revisions are approved by County Council. The County Administrator has the authority only to reallocate the funds between line items within a department.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Encumbrances are not recognized by the County and are not considered in the budgetary control process. The appropriations of the general fund and special revenue funds of the County lapse at June 30 each year and the outstanding purchase orders, contracts and other commitments must be renewed. Therefore, there are no reservations of the fund balances at year end for encumbrances. Lapsed appropriations of the special revenue funds are reappropriated in the next budget year.

#### Note 3. Deposits and Investments

##### Custodial credit risk - Deposits:

Deposits include cash and cash equivalents on deposit in banks. At June 30, 2020, the carrying amount of the County's deposits was \$10,988,930 and the bank balance was \$11,699,329.

State law requires that all of the County's deposits be covered by Federal Deposit Insurance Corporation (FDIC) insurance or by collateral held in the pledging financial institutions' trust departments in the County's name. At June 30, 2020, all of the County's bank balance was insured or collateralized.

## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

#### Note 3. Deposits and Investments, Continued

##### Investments:

All of the County's investments are presented at fair value. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest income earned.

As of June 30, 2020, the County held the following investments and maturities:

Investment Type	Fair Value	Investment Maturities		
		Three months or less	Three to twelve months	More than one year
US Government Agency Obligations	\$ 25,639,147	\$ 1,058,068	\$ 6,782,612	\$17,798,467
Money Market Fund	5,908,831	5,908,831	-	-
South Carolina Local Government Investment Pool (LGIP)	6,636,918	6,636,918	-	-
Total investments held in the County's name	<u>\$ 38,184,896</u>	<u>\$ 13,603,817</u>	<u>\$ 6,782,612</u>	<u>\$17,798,467</u>

The County's investments measured and reported at fair value are classified according to the following hierarchy:

**Level 1:** Investments reflect prices quoted in active markets for identical assets.

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

**Level 3:** Investments reflect prices based upon significant unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

The following table presents the County's fair value hierarchy for those assets measured at fair value as of June 30, 2020:

	Fair Value Measurements			
	June 30, 2020	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Money market fund	\$ 5,908,831	\$ -	\$ 5,908,831	\$ -
US Government Agency Obligations	25,639,147	-	25,639,147	-
Total Investments by Fair Value Level	<u>31,547,978</u>	<u>\$ -</u>	<u>\$ 31,547,978</u>	<u>\$ -</u>
Investments by Net Asset Value (NAV):				
LGIP	<u>6,636,918</u>			
Total Investments Held in the County's Name	<u>\$ 38,184,896</u>			

## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

#### Note 3. Deposits and Investments, Continued

##### Investments, continued:

The LGIP investments are invested with the South Carolina State Treasurer's Office, which established the LGIP pursuant to Section 6-6-10 of the South Carolina Code of Laws. The LGIP is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any county treasurer or any governing body of a political subdivision of the State, may be deposited. The LGIP's investments are carried at fair value determined annually based upon quoted market prices for identical or similar investments. The total fair value of the LGIP is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by LGIP participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the LGIP may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, Post Office Box 11778, Columbia, South Carolina 29211-1950.

The following reconciles deposits and investments to the financial statements:

Exhibit 3 - Cash and cash equivalents	\$ 8,477,748	Deposits	\$ 10,988,930
Exhibit 3 - Investments	14,225,375	Investments	31,547,978
Exhibit 3 - Amounts held in escrow	3,301,792	LGIP	<u>6,636,918</u>
Exhibit 7 - Cash and cash equivalents	5,846,308	Total	<u>\$ 49,173,826</u>
Exhibit 7 - Investments	<u>17,322,603</u>		
Total	<u>\$ 49,173,826</u>		

##### Interest rate risk:

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The County's respective maturity dates are as noted above. The County does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

##### Custodial credit risk:

Custodial credit risk for investments is the risk that in the event of a failure of the counterparty to a transaction, the County will not be able to recover the value of investments or collateral securities that are in possession of an outside party. The County's policy with respect to custodial credit risk is that all of the County's investments must be insured or collateralized. At June 30, 2020, all of the County's investments were insured or collateralized.

##### Credit risk:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the County. The County has no investment policy that would further limit its investment choices other than State law. As of June 30, 2020, the underlying security ratings of the County's investment in the LGIP may be obtained from the LGIP's complete financial statements. This investment pool does not have a credit quality rating assigned. As of June 30, 2020, the underlying security ratings of the County's investment in the money market fund was AAAM according to Standard & Poor's credit ratings.

## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

#### Note 3. Deposits and Investments, Continued

##### Concentration of credit risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. The County places no limit on the amount the County may invest in any one issuer.

##### Foreign currency risk:

The County does not invest in foreign securities or have transactions with foreign currency, and as a result does not have a policy for foreign currency risk.

#### Note 4. Interfund Assets and Liabilities

The balances of interfund receivables and payables at June 30, 2020 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 2,558,022
Nonmajor Governmental	General Fund	6,099,410

All of the above balances are scheduled to be collected in the subsequent year. The balances at June 30 resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

Any transactions to transfer revenues from the fund budgeted to receive them to the fund budgeted to expend them are reported as transfers from and to other funds. Total transfers during the year ended June 30, 2020 consisted of the following individual amounts:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 36,591
Fairfield Facilities Corporation	Nonmajor Governmental	895,500
Nonmajor Governmental	Nonmajor Governmental	62,160
Nonmajor Governmental	General Fund	4,793,748
		<u>\$ 5,787,999</u>

#### Note 5. Due From Other Governmental Units

Amounts due from other governments at June 30, 2020 in the governmental type funds consisted of the following:

	<u>State</u>	<u>Federal</u>	<u>Total</u>
General Fund	\$ 1,312,915	\$ -	\$ 1,312,915
Nonmajor Governmental	<u>904,487</u>	<u>206,184</u>	<u>1,110,671</u>
	<u>\$ 2,217,402</u>	<u>\$ 206,184</u>	<u>\$ 2,423,586</u>

## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

#### Note 6. Capital Assets

The following is a summary of the changes in the County's capital assets for the fiscal year ended June 30, 2020:

	<u>Balance, June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2020</u>
Capital assets, not being depreciated				
Land	\$ 11,547,697	\$ 378,326	\$ -	\$ 11,926,023
Construction in progress	<u>13,221,615</u>	<u>1,771,878</u>	<u>872,413</u>	<u>14,121,080</u>
Total capital assets, not being depreciated	<u>24,769,312</u>	<u>2,150,204</u>	<u>872,413</u>	<u>26,047,103</u>
Capital assets, being depreciated				
Land improvements	24,636,474	470,346	-	25,106,820
Buildings and improvements	30,045,006	566,942	-	30,611,948
Leasehold improvements	1,658,079	-	-	1,658,079
Infrastructure	6,665,465	-	-	6,665,465
Machinery and equipment	23,237,219	1,969,017	28,404	25,177,832
Software	<u>498,001</u>	<u>-</u>	<u>-</u>	<u>498,001</u>
Total capital assets, being depreciated	<u>86,740,244</u>	<u>3,006,305</u>	<u>28,404</u>	<u>89,718,145</u>
Accumulated depreciation	<u>(48,953,795)</u>	<u>(3,436,819)</u>	<u>28,404</u>	<u>(52,362,210)</u>
Total capital assets, being depreciated, net	<u>37,786,449</u>	<u>(430,514)</u>	<u>-</u>	<u>37,355,935</u>
Net capital assets	<u>\$ 62,555,761</u>	<u>\$ 1,719,690</u>	<u>\$ 872,413</u>	<u>\$ 63,403,038</u>

Depreciation expense was allocated to programs of the primary government as follows:

General government	\$ 2,599,832
Public safety	160,585
Public works and utilities	162,741
Health and welfare	437,425
Judicial	317
Cultural and recreation	<u>75,919</u>
	<u>\$ 3,436,819</u>

#### Note 7. HON Facility

The County has entered into a long-term lease agreement with the State for the use of its HON facility. The HON facility has square footage of approximately 186,000 and is located in Winnsboro, South Carolina. The lease agreement requires no annual lease payment from the County; however, the County must pay for all maintenance, utilities and insurance for the facility. The lease will expire during fiscal year 2030. The County's Assessor has estimated a fair market value for leasing similar sized industrial spaces at \$2.75 per square foot. Based on its assessment, the County has recorded \$511,500 as an in-kind contribution from the State and rent expense in the General Fund for the year ended June 30, 2020.

## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

#### Note 8. Long-Term Liabilities

The following is a summary of the changes in general long-term liabilities for the fiscal year ended June 30, 2020:

	<u>Balance, June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2020</u>	<u>Due in less than one year</u>	<u>Due in more than one year</u>
Bonds payable:						
General obligation bonds	\$ 4,096,053	\$ 599,000	\$ 1,109,384	\$ 3,585,669	\$ 1,129,960	\$ 2,455,706
Revenue bonds	24,640,000	-	10,000	24,630,000	10,000	24,620,000
Unamortized bond discounts	(490,932)	-	(23,322)	(467,610)	(23,322)	(444,288)
Total	<u>\$ 28,245,121</u>	<u>\$ 599,000</u>	<u>\$ 1,096,062</u>	<u>\$ 27,748,059</u>	<u>\$ 1,116,638</u>	<u>\$ 26,631,418</u>
Accrued compensated						
Absences	<u>\$ 760,233</u>	<u>\$ 163,399</u>	<u>\$ (43,773)</u>	<u>\$ 879,859</u>	<u>\$ 73,297</u>	<u>\$ 806,562</u>

The County's outstanding notes from revenue bonds of \$24,630,000 include certain events of default, which upon occurrence, could result in all outstanding principal and accrued interest becoming immediately due and payable. Such events include (but are not limited to) failure to pay any principal or interest installment, or failure to perform or observe any other covenant, agreement, or condition contained in the loan agreement. The County's outstanding revenue bonds are secured with collateral of buildings that were constructed using the bond proceeds.

The County has no unused lines of credit.

General obligation bonds consisted of the following at June 30, 2020:

\$769,178 general obligation bonds due in annual installments of \$36,250 to \$316,958 through March 1, 2021; interest at 2.95%	\$ 101,436
\$1,156,000 general obligation bonds due in annual installments of \$5,000 to \$878,239 through March 1, 2021; interest at 2.92%	138,304
\$306,000 general obligation bonds due in annual installments of \$36,250 to \$149,695 through March 1, 2022; interest at 2.18%	185,946
\$306,000 general obligation bonds due in annual installments of \$33,239 to \$106,830 through March 1, 2022; interest at 3.01%	205,935
\$306,000 general obligation bonds due in annual installments of \$27,714 to \$121,406 through March 1, 2023; interest at 3.54%	246,287
\$306,000 general obligation bonds due in annual installments of \$24,239 to \$123,457 through March 1, 2023; interest at 1.96%	281,761
\$614,000 general obligation bonds due in annual installments of \$125,694 to \$225,590 through March 1, 2024; interest at 3.60%	614,000
\$614,000 general obligation bonds due in annual installments of \$24,000 to \$225,590 through March 1, 2025; interest at 4.63%	614,000



# Fairfield County, South Carolina

## Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

### Note 8. Long-Term Liabilities, Continued

\$599,000 general obligation bonds due in annual installments of \$20,815 to \$144,489 through March 1, 2025; interest at 3.31%	599,000
\$599,000 general obligation bonds due in annual installments of \$86,454 to \$132,636 through March 1, 2025; interest at 2.88%	<u>599,000</u>
	<u>\$ 3,585,669</u>

Revenue bonds are issued to provide funds for the acquisition and construction of major capital facilities and equipment and are secured by the pledge of certain fee-in-lieu of tax revenues of the County and do not constitute the general obligations, or pledge of the faith, credit or taxing power of the County or any other political subdivision.

Revenue bonds consisted of the following at June 30, 2020:

\$3,710,000 series 2013A revenue bonds due in annual installments of \$10,000 to \$875,000 through September 1, 2025; interest at 2.6% to 3.3%	\$ 3,650,000
\$20,980,000 series 2013B revenue bonds due in annual installments of \$500,000 to \$1,600,000 through September 1, 2042; interest at 2.2% to 4.0%	<u>20,980,000</u>
	<u>\$ 24,630,000</u>

The scheduled maturities of the County's bonds payable by type are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>General Obligation Bonds</b>			
2021	\$ 1,129,960	\$ 101,884	\$ 1,231,844
2022	983,217	68,908	1,052,125
2023	734,353	40,075	774,428
2024	491,546	17,819	509,365
2025	<u>246,593</u>	<u>4,089</u>	<u>250,682</u>
	<u>\$ 3,585,669</u>	<u>\$ 232,775</u>	<u>\$ 3,818,444</u>
<b>Revenue Bonds</b>			
2021	\$ 10,000	\$ 885,238	\$ 895,238
2022	785,000	874,802	1,659,802
2023	805,000	854,299	1,659,299
2024	825,000	831,313	1,656,313
2025	850,000	804,925	1,654,925
2026-2030	4,655,000	3,593,437	8,248,437
2031-2035	5,495,000	2,727,431	8,222,431
2036-2040	6,585,000	1,596,231	8,181,231
2041-2044	<u>4,620,000</u>	<u>282,000</u>	<u>4,902,000</u>
	<u>\$ 24,630,000</u>	<u>\$ 12,449,676</u>	<u>\$ 37,079,676</u>

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## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

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#### Note 9. Pension Plans

##### Description of the entity:

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

For purposes of measuring the net pension liability ("NPL"), 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 a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://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 CAFR of the state.

##### Plan descriptions:

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 Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

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

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

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## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

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#### Note 9. Pension Plans, Continued

##### Membership:

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

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

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

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

##### Benefits:

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

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## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

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#### Note 9. Pension Plans, Continued

##### Benefits, continued:

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

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

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

##### Contributions:

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

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

## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

#### Note 9. Pension Plans, Continued

##### Contributions, continued:

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

Required employee contribution rates<sup>1</sup> are as follows:

	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2019</u>
<b>SCRS</b>		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
<b>State ORP</b>		
Employee	9.00%	9.00%
<b>PORS</b>		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contribution rates<sup>1</sup> are as follows:

	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2019</u>
<b>SCRS</b>		
Employer Class Two	15.41%	14.41%
Employer Class Three	15.41%	14.41%
Employer Incidental Death Benefit	0.15%	0.15%
<b>State ORP</b>		
Employer Contribution <sup>2</sup>	15.41%	14.41%
Employer Incidental Death Benefit	0.15%	0.15%
<b>PORS</b>		
Employer Class Two	17.84%	16.84%
Employer Class Three	17.84%	16.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

<sup>1</sup> Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

<sup>2</sup> Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

Contributions to the SCRS and PORS pension plans from the County were \$1,603,349 and \$723,552 respectively, for the year ended June 30, 2020.

## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

#### Note 9. Pension Plans, Continued

##### Non-employer contributions:

Employer's proportionate shares were calculated on the basis of employer contributions remitted to the plan by employers and non-employer contributions appropriated in the State's budget. In an effort to offset a portion of the burden of the increased contribution requirement for employers, the General Assembly provided funding in fiscal years 2018, 2019 and 2020 for credit towards employer contributions for most employers participating in SCRS. For the year ended June 30, 2019 measurement period, PEBA provided non-employer contributions to the County in the amount of \$110,129 which is shown as a reduction of net pension liability and other grant revenue in the year ended June 30, 2020 which are presented on the economic resources measurement focus and accrual basis of accounting.

##### Pension expense:

For the year ended June 30, 2020, the County recognized pension expense for the SCRS and PORS plans of \$2,655,434 and \$1,244,800, respectively.

##### Actuarial assumptions and methods:

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2015.

The June 30, 2019, total pension liability ("TPL"), NPL, and sensitivity information shown in this report were determined by the Systems' consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on an actuarial valuation performed as of July 1, 2018. The TPL was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2019, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2019 for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return <sup>1</sup>	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service) <sup>1</sup>	3.5% to 9.5% (varies by service) <sup>1</sup>
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

<sup>1</sup> Includes inflation at 2.25%

## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

#### Note 9. Pension Plans, Continued

Actuarial assumptions and methods, continued:

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2019, TPL are as follows:

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

Net pension liability:

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2019, for SCRS and PORS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 50,073,060,256	\$ 27,238,916,138	\$ 22,834,144,118	54.4%
PORS	7,681,749,768	4,815,808,554	2,865,941,214	62.7%

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

## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

#### Note 9. Pension Plans, Continued

##### Net pension liability, continued:

At June 30, 2020, the County reported a liability of \$20,006,364 and \$7,693,138 for its proportionate share of the SCRS and PORS net pension liability ("NPL"), respectively. The County's proportionate share of the NPL was based on a projection of the County's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2020, the County's proportionate share of the SCRS and PORS plans were 0.08762% percent and 0.26843% percent, respectively.

##### Deferred outflows of resources and deferred inflows of resources:

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SCRS</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 13,752	\$ 143,722
Changes of assumptions	403,157	-
Net difference between projected and actual earnings on pension plan investments	627,108	449,985
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,169,737	8,541
Employer contributions subsequent to the measurement date	<u>1,603,349</u>	<u>-</u>
Total	<u>\$ 3,817,103</u>	<u>\$ 602,248</u>

	<u>PORS</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 158,187	\$ 56,858
Changes of assumptions	305,072	-
Net difference between projected and actual earnings on pension plan investments	314,199	216,655
Changes in proportion and differences between employer contributions and proportionate share of contributions	190,405	-
Employer contributions subsequent to the measurement date	<u>723,552</u>	<u>-</u>
Total	<u>\$ 1,691,415</u>	<u>\$ 273,513</u>



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**Fairfield County, South Carolina****Notes to Basic Financial Statements****For the fiscal year ended June 30, 2020**

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**Note 9. Pension Plans, Continued**Deferred outflows of resources and deferred inflows of resources, continued:

The \$1,603,349 and \$723,552 reported as of June 30, 2020 as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date for the SCRS and PORS plans, respectively, will be recognized as a reduction of the net pension liabilities during the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS and PORS plans, respectively:

<u>Year Ended June 30:</u>	<u>SCRS</u>	<u>PORS</u>
2021	\$ 1,011,594	\$ 448,473
2022	206,203	160,606
2023	317,978	51,056
2024	<u>75,731</u>	<u>34,215</u>
	<u>\$ 1,611,506</u>	<u>\$ 694,350</u>

Discount rate:

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

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 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5 percent real rate of return and a 2.25 percent inflation component.

## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

#### Note 9. Pension Plans, Continued

Long-term expected rate of return, continued:

Allocation/Exposure	Policy target	Expected arithmetic real rate of return	Long-term expected portfolio real rate of return
<b>Global Equity:</b>	<b>51.0%</b>		
Global Public Equity	35.0%	7.29%	2.55%
Private Equity	9.0%	7.67%	0.69%
Equity Options Strategies	7.0%	5.26%	0.37%
<b>Real Assets:</b>	<b>12.0%</b>		
Real Estate (Private)	8.0%	5.59%	0.45%
Real Estate (REITs)	1.0%	8.16%	0.08%
Infrastructure (Private)	2.0%	5.03%	0.10%
Infrastructure (Public)	1.0%	6.12%	0.06%
<b>Opportunistic:</b>	<b>8.0%</b>		
Global Tactical Asset Allocation	7.0%	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
<b>Credit:</b>	<b>15.0%</b>		
High Yield Bonds/Bank Loans	4.0%	3.14%	0.13%
Emerging Markets Debt	4.0%	3.31%	0.13%
Private Debt	7.0%	5.49%	0.38%
<b>Rate Sensitive:</b>	<b>14.0%</b>		
Core Fixed Income	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	0.00%
<b>Total expected return</b>	<b>100.0%</b>		<b>5.41%</b>
Inflation for actuarial purposes			2.25%
			<b>7.66%</b>

Sensitivity analysis:

The following table presents the collective NPL of the County calculated using the discount rate of 7.25 percent, as well as what the County's NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

<b>Sensitivity of the Net Pension Liability to Changes in the Discount Rate</b>			
System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	\$ 25,203,833	\$ 20,006,364	\$ 15,668,766
PORS	10,426,026	7,693,138	5,454,212

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## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

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#### Note 9. Pension Plans, Continued

Additional financial and actuarial information:

Information contained in this Note was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2019, and the accounting valuation report as of June 30, 2019. Additional financial information supporting the preparation of the Schedules of Employer and Nonemployer Allocations and Scheduled of Pension Amounts by Employer (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' CAFR.

#### Note 10. Deferred Compensation/Salary Deferral Plan

Several optional deferred compensation plans are available to the County employees. The multiple-employer plans, created under Internal Revenue Code Sections 457 and 401(k), are accounted for as agency funds of the State and included in the State's CAFR. Employees may withdraw the current value of their contributions when they terminate County employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

Compensation deferred under the Section 401(k) plan is placed in trust for the contributing employee. The State has no liability for losses under the plans. Under the Section 457 plan, all deferred compensation plan amounts and earnings remain assets of the State subject to the claims of the employer's general creditors, one of whom is the employee participant. It is unlikely, however, that the State would ever use plan assets to satisfy claims of the State's general creditors. The portion of assets of the Section 457 plan to which the State has access is disclosed in its financial report.

#### Note 11. Other Post-Employment Benefits (OPEB)

Plan description:

The County's policy is to provide post-retirement health, life and dental care benefits to substantially all employees who retire under the State's retirement plans. The County's plan is a single-employer defined benefit plan that provides OPEB to both the County and its discretely presented component unit, Fairfield County Library Commission (the "Commission"). There are no plan assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Required monthly contributions:

The County will pay 100% of the premium for those retirees with 10 or more consecutive years of service with the County until they reach age 65 and are eligible for Medicare coverage. Upon reaching the age of 65, the retiree has the option to pay the full premium or receive \$150 per month to help supplement the cost of purchasing Medicare gap coverage. Benefits may still be purchased for eligible retiree dependents; however, the cost of these benefits are paid by the retiree. The contribution requirements of plan members and the County are established and may be amended by the County.

Funding policy:

The required contribution is currently based on pay-as-you-go financing requirements. The County funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide for post-retirement benefits.

## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

#### Note 11. Other Post-Employment Benefits (OPEB), Continued

##### Dependent coverage:

Retirees may enroll eligible dependents in the plan during annual open enrollments and upon qualifying life events as defined by the insurance plan document, but must pay the entire dependent premium cost.

##### Employees covered by benefit terms:

As of June 30, 2020, the valuation date, there were 383 members covered by benefit terms, which consisted of 298 active members and 85 retirees and beneficiaries. The County employees consisted of 291 active members and 80 retirees and beneficiaries. The Commission employees consisted of 7 active members and 5 retirees and beneficiaries.

##### Total OPEB liability:

The County's portion of the total OPEB liability of \$11,470,073 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date. Changes in the County's OPEB liability for the year ended June 30, 2020 are as follows:

	<u>County</u>	<u>Commission</u>	<u>Total</u>
Total OPEB liability - beginning	\$ 9,059,055	\$ 383,348	\$ 9,442,403
<i>Changes for the year:</i>			
Service cost	577,488	18,711	596,199
Interest	287,896	9,328	297,224
Changes of benefit terms	1,436,462	46,541	1,483,003
Differences between expected and actual experience	(83,700)	(2,712)	(86,412)
Changes of assumptions or other inputs	666,562	21,596	688,158
Benefit payments	<u>(473,690)</u>	<u>(15,348)</u>	<u>(489,038)</u>
Net changes	<u>2,411,018</u>	<u>78,116</u>	<u>2,489,134</u>
Total OPEB liability - ending	<u>\$ 11,470,073</u>	<u>\$ 461,464</u>	<u>\$ 11,931,537</u>

##### OPEB expense:

For the year fiscal ended June 30, 2020, the County recognized OPEB expense of \$2,909,993. The calculation of OPEB expense for the fiscal year ended June 30, 2020 is as follows:

	<u>County</u>	<u>Commission</u>	<u>Total</u>
Service cost	\$ 577,488	\$ 18,711	\$ 596,199
Interest	287,896	9,328	297,224
Current-period benefit changes	1,436,462	46,541	1,483,003
Recognition of current year outflow due to liabilities	78,820	2,554	81,374
Amortization of prior year outflow (inflow) due to liabilities	<u>529,327</u>	<u>17,150</u>	<u>546,477</u>
	<u>\$ 2,909,993</u>	<u>\$ 94,284</u>	<u>\$ 3,004,277</u>

**Fairfield County, South Carolina**

*Notes to Basic Financial Statements*

*For the fiscal year ended June 30, 2020*

**Note 11. Other Post-Employment Benefits (OPEB), Continued**

*Deferred inflows of resources and deferred outflows of resources:*

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>County</u>		<u>Commission</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Difference between expected and actual experience	\$ 2,474,974	\$ 72,381	\$ 80,189	\$ 2,345
Changes in assumptions	<u>957,055</u>	<u>-</u>	<u>31,008</u>	<u>-</u>
Total	<u>\$ 3,432,029</u>	<u>\$ 72,381</u>	<u>\$ 111,197</u>	<u>\$ 2,345</u>

Because the measurement date of the total OPEB liability is equal to the last day of the employer’s fiscal year, there is no deferred outflow related to contributions made subsequent to the measurement date.

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

<u>Year ended June 30</u>	<u>County</u>	<u>Commission</u>	<u>Total</u>
2021	\$ 608,147	\$ 19,704	\$ 627,851
2022	608,147	19,704	627,851
2023	608,147	19,704	627,851
2024	608,147	19,704	627,851
2025	608,147	19,704	627,851
Thereafter	<u>318,913</u>	<u>10,332</u>	<u>329,245</u>
	<u>\$ 3,359,648</u>	<u>\$ 108,852</u>	<u>\$ 3,468,500</u>

## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

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#### Note 11. Other Post-Employment Benefits (OPEB), Continued

##### Actuarial assumptions and methods:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date:	June 30, 2020
Actuarial cost method:	Entry age normal
Inflation:	2.25 percent
Single discount rate:	2.45 percent as of June 30, 2020
Salary increases:	3.50 to 9.50 percent for PORS and 3.00 to 7.00 percent for SCRS, including inflation
Demographic assumptions:	Based on the experience study covering the five year period ending June 30, 2015 as conducted for the South Carolina Retirement System (SCRS).
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. The following multipliers are applied to the base tables: 100 percent for male SCRS members, 111 percent for female SCRS members, 125 percent for male PORS members, and 111 percent for female PORS members.
Healthcare cost trend rates:	The County's maximum direct subsidy of \$700 per month is expected to remain level. Healthcare premium trend starts at an initial rate of 6.20 percent and declines to an ultimate rate of 4.15 percent after 14 years; the ultimate trend rate includes a 0.15 percent adjustment for the excise tax
Participation rates:	75% for members retiring prior to age 65 that are eligible for the County subsidy; 100% for members retiring on or after age 65 that are eligible for the County subsidy; 10% for members retiring prior to age 65 that are not eligible for the County subsidy; 0% for members retiring on or after age 65 that are not eligible for the County subsidy; 60% for terminated members that are eligible for the County subsidy.
Notes:	The discount rate changed from 3.13 percent as of June 30, 2019 to 2.45 percent as of June 30, 2020.

**Fairfield County, South Carolina**

*Notes to Basic Financial Statements*

*For the fiscal year ended June 30, 2020*

**Note 11. 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 3.13 percent (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 2.98 percent as of the prior measurement date.

Sensitivity analysis:

The following table represents the County’s total OPEB liability calculated using the discount rate of 2.45 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percent lower (1.45 percent) or one percent higher (3.45 percent) than the current rate.

<b>Sensitivity of the total OPEB Liability to Changes in the Discount Rate</b>			
	<b>1.00% Decrease (1.45%)</b>	<b>Discount Rate (2.45%)</b>	<b>1.00% Increase (3.45%)</b>
County	\$ 12,550,821	\$ 11,470,073	\$ 10,512,483
Commission	\$ 504,945	\$ 461,464	\$ 422,938
Total OPEB Liability	\$ 13,055,766	\$ 11,931,537	\$ 10,935,421

The following table represents the County’s total OPEB liability calculated using the assumed trend rates as well as what the County’s total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher.

<b>Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend Rates</b>			
	<b>1.00% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1.00% Increase</b>
County	\$ 11,990,360	\$ 11,470,073	\$ 10,760,102
Commission	\$ 482,396	\$ 461,464	\$ 432,900
Total OPEB Liability	\$ 12,472,756	\$ 11,931,537	\$11,193,002

**Note 12. Operating Leases**

The County leases equipment and vehicles for various departments. Total costs for operating leases were approximately \$221,624 for the year ended June 30, 2020. Future minimum lease payments under operating leases are as follows for the fiscal year ending June 30:

2021	\$ 92,240
2022	8,489
2023	6,667
2024	3,333
	<u>\$ 110,729</u>

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## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

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#### Note 13. Tax Abatements

**Fee in Lieu of Tax Agreements (FILOT)** – The County has entered into fee in lieu of tax agreements pursuant to the authority granted by Title 12, Chapter 44, Title 4, Chapter 29, and/or Title 4, Chapter 12 of the Code of Laws of South Carolina, 1976, as amended. Property subject to a fee in lieu of tax agreement is exempt from ad valorem property tax and is instead subject to a fee in lieu of tax equal to the product of the value of the property, an assessment ratio that is generally no lower than 6% (but may be as low as 4% for extraordinary projects that satisfy the statutory definition of an “enhanced investment”), and a millage rate that is either fixed for the life of the agreement or is adjusted every five years based on the trailing five-year average. The County uses a variety of fixed millage and variable millage rate agreements. The County has entered into a written agreement for each fee in lieu of tax incentive, with each agreement having been approved by the County Council. Taxpayers must invest \$2,500,000 in capitalized investment within an investment period as defined in the applicable agreement (generally six years) in order to qualify for a fee in lieu of tax incentive, and some agreements include heightened requirements tied to investment and/or job creation thresholds. These requirements are negotiated on a case-by-case basis and may provide for a recapture of some or all of the abated taxes in the event that the taxpayer does not meet and/or maintain the required investment or job creation thresholds.

For the fiscal year ended June 30, 2020, the County abated property taxes totaling \$103,759 under this program.

**Special Source Revenue Credits (SSRCs)** - The County provided special source revenue credits, generally in conjunction with fee in lieu of tax agreements, pursuant to the authority granted by Sections 4-29-68 and 4-1-170 of the Code of Laws of South Carolina, 1976, as amended. Special source revenue credits, often referred to as SSRCs or “Infrastructure Credits,” are reductions to a taxpayer’s payments in lieu of taxes. Generally, property that receives SSRCs is added to a “multi-county industrial park” pursuant to Sections 4-1-170 through 4-1-175 of the Code of Laws of South Carolina, 1976, as amended. Most multi-county industrial park agreements allocate 1% of property tax (or fee in lieu of tax) revenue to the partner county.

For the fiscal year ended June 30, 2020, the County abated property taxes totaling \$221,196 under this program.

#### Note 14. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and job related illnesses and accidents. The County pays premiums to a public entity risk pool for workers’ compensation insurance and to the State Accident Fund for all other forms of coverage. The public entity risk pool and the State Accident Fund promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There has been no significant reduction in coverage and amounts of settlements have not exceeded coverage in any of the last three years.

#### Note 15. Commitments

The County is obligated under a transfer station service agreement with a provider of rural trash collection services. This contract is for ten years with five year renewal options and requires payments based on a per ton fee for solid waste delivered for disposal. During the year ended June 30, 2020, the County incurred costs totaling approximately \$817,708 (net of user fees) under this agreement.



## Fairfield County, South Carolina

### Notes to Basic Financial Statements

For the fiscal year ended June 30, 2020

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#### Note 15. Commitments, Continued

The majority of the County's facilities are owner-occupied buildings. The County is obligated under certain operating leases for additional office space. The obligations under these leases are not considered significant for financial reporting purposes.

The County is obligated under certain maintenance agreements for continued service to office machinery, data processing equipment and software. Each contract is evaluated annually and a decision is made to either continue the service or let the maintenance agreement lapse. For the year ended June 30, 2020, the total cost included in the financial statements of the County was approximately \$576,556.

The County is obligated under certain insurance policies to provide coverage for such things as tort liability, unemployment insurance, flood insurance, fire insurance, heavy equipment floater insurance, automobile comprehensive and collision insurance, and contents insurance for various County owned buildings. Each policy is renewable upon the anniversary date.

As of June 30, 2020, the County has one outstanding construction contract of approximately \$321,148.

On November 29, 2017, the County entered into an agreement with Providence Hospital, LLC ("Providence") and the Fairfield Memorial Hospital Board of Trustees for the purpose of winding down the services provided by Fairfield Memorial Hospital and to make arrangements for the continuation of healthcare services in Fairfield County to be provided by Providence. As a part of this agreement, the County has committed to provide financial support in the amount of \$10 million over a period of ten years to Providence for its operation of an emergency medical facility. During the first six years of operations, the County must maintain \$4,000,000 by August 1 of each year in an escrow account with an independent third party. Beginning on December 18, 2018, the opening date of Providence, and continuing on the first day of each quarter for ten years, the escrow agent will disburse \$250,000 to Providence.

Future commitments under this agreement are as follows for the years ending June 30:

2021	\$ 1,000,000
2022	1,000,000
2023	1,000,000
2024	1,000,000
2025	1,000,000
2026-2029	<u>3,250,000</u>
	<u>\$ 8,250,000</u>

The County has an agreement with MZI Holdings, LLC (MZI) to redevelop the historic Mount Zion Institute into a governmental administration complex. In connection therewith, the County has agreed to lease the property after the construction completion for a period of seven years. The rent is \$600,000 per year for a total of \$4,200,000 over the seven year period. This amount is included in assigned fund balance. Construction is estimated to be completed by June of 2021.

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## **Fairfield County, South Carolina**

### ***Notes to Basic Financial Statements***

***For the fiscal year ended June 30, 2020***

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#### **Note 16. Economic Dependency**

The County received a substantial portion of its property tax revenues from a single taxpayer, Dominion Energy. Of the County's total property tax revenues of \$26,897,144 for the year ended June 30, 2020, approximately \$12,019,136 was generated from Dominion Energy due to its operation of the VC Summer Nuclear Plant. This represents approximately 45% of total property tax revenues for the County. Consequently, the funding of County operations is heavily dependent on property tax revenues collected from Dominion Energy.

#### **Note 17. Local Option Sales Tax**

Fairfield County voters approved the Local Option Sales Tax referendum which added one cent to the sales and use tax imposed within the County. The Local Option Sales Tax is a 1% increase to the current sales tax rate, bringing the new sales tax rate to 7%. The revenue generated as a result of the additional one cent sales tax is collected by the South Carolina Department of Revenue to provide for county and municipal property tax relief. Resources collected, less a portion retained by the State, are distributed by the State to participating cities and counties based upon formulations defined by State law.

For the year ended June 30, 2020, amounts remitted (allocated) to the County totaled approximately \$1,870,000. The County passed an ordinance devoting all of the proceeds received, from the State in the Local Option Sales Tax program, to property tax reduction. As of June 30, 2020, approximately \$117,000 of the General Fund's fund balance is committed for future Local Option Sales Tax credits.

#### **Note 18. Uncertainties**

The 2019 novel coronavirus (or "COVID-19") has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. It is unknown the extent to which COVID-19 may spread, may have a destabilizing effect on financial and economic activity and may increasingly have the potential to negatively impact the County and its taxpayers, and the U.S. economy. These conditions could adversely affect the County's government, financial condition, and results of operations. Further, COVID-19 may result in health or other government authorities requiring the closure of businesses located within Fairfield County, South Carolina, which could significantly disrupt the County's operations and the operations of these businesses. The extent of the adverse impact of the COVID-19 outbreak on the County cannot be predicted at this time.

#### **Note 19. Subsequent Events**

During fiscal year 2013, the County constructed a spec building at the W.B. Brown Industrial Park. The County had the building appraised after completion at a fair market value of \$1,144,000. In July 2018, the County evaluated the building for potential impairment and had the building reappraised. The reappraisal listed a fair value greater than the amount recorded, however, the County elected to keep the value recorded at \$1,144,000. On November 6, 2020, the County sold the building at a list price of \$2.2 million.

## Fairfield County, South Carolina

## Budgetary Comparison Schedule (GAAP Basis) - General Fund

For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 27,296,915	\$ 27,664,150	\$ 25,274,321	\$ (2,389,829)
Sales tax	2,177,235	1,810,000	1,869,604	59,604
Intergovernmental	1,532,300	1,532,300	1,763,072	230,772
Licenses, permits, fines and fees	608,000	608,000	705,206	97,206
Charges for services	1,720,794	1,910,292	1,908,499	(1,793)
Investment income	30,000	30,000	508,980	478,980
Other	218,000	218,000	389,025	171,025
Total revenues	33,583,244	33,772,742	32,418,707	(1,354,035)
<b>Expenditures</b>				
General government				
County council	333,676	333,676	263,286	70,390
County attorney	150,000	382,429	382,428	1
County administrator	442,415	442,415	398,340	44,075
Finance	631,820	631,820	553,617	78,203
Human resources	260,291	302,806	272,692	30,114
Purchasing	186,109	186,109	152,276	33,833
Data processing	903,092	903,092	713,320	189,772
General operating	3,588,421	3,247,949	3,546,757	(298,808)
Tax assessor	400,293	400,293	350,304	49,989
Tax collector	191,954	191,954	121,811	70,143
Building maintenance	1,105,861	1,105,861	939,201	166,660
Community Development	670,616	670,616	602,812	67,804
Vehicle Maintenance	257,543	397,881	289,483	108,398
Economic development	338,165	338,165	283,971	54,194
Auditor	138,623	138,623	133,206	5,417
Treasurer	209,703	209,703	200,276	9,427
Voter registration / Election Commission	315,779	315,779	269,130	46,649
Veterans Affairs	108,720	108,720	82,882	25,838
Delegation	19,680	19,960	19,957	3
Airport commission	137,628	137,628	84,063	53,565
Quickjobs	51,323	51,323	37,955	13,368
Soil and water conservation	34,821	34,821	34,604	217
Allocations to local organizations	483,254	508,443	508,183	260
Total general government	10,959,787	11,060,066	10,240,554	819,512
Public safety				
Sheriff	4,638,938	4,638,938	4,176,510	462,428
Detention center	2,260,298	2,260,298	1,853,857	406,441
Animal control	546,995	546,995	504,431	42,564
Coroner	218,228	238,328	238,317	11
Fire department	1,021,826	1,021,826	954,630	67,196
Allocations to local organizations	28,000	28,338	36,337	(7,999)
Total public safety	8,714,285	8,734,723	7,764,082	970,641

## Fairfield County, South Carolina

## Budgetary Comparison Schedule (GAAP Basis) - General Fund

For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures, Continued</b>				
Public works and utilities				
Road maintenance division	1,725,601	1,442,092	1,323,262	118,830
Total public works and utilities	1,725,601	1,442,092	1,323,262	118,830
Health and welfare				
Fairfield County Department of Social Services	103,900	103,900	99,729	4,171
Emergency medical service	4,001,321	4,026,741	4,004,344	22,397
Emergency management	1,030,462	1,030,462	883,515	146,947
Transit	-	385,145	249,817	135,328
Solid waste	2,168,571	2,471,470	2,442,129	29,341
Allocations to local organizations	1,539,727	1,539,727	1,511,727	28,000
Total health and welfare	8,843,981	9,557,445	9,191,261	366,184
Judicial				
Probate Judge	201,235	201,235	174,428	26,807
Clerk of court	353,980	353,980	313,844	40,136
Family court	150,043	150,043	110,987	39,056
Magistrates	559,114	559,114	493,971	65,143
Total judicial	1,264,372	1,264,372	1,093,230	171,142
Cultural and recreation				
Recreation	1,097,055	1,097,055	907,920	189,135
Museum	117,284	117,284	108,340	8,944
Allocations to local organizations	609,183	609,183	713,009	(103,826)
Total cultural and recreation	1,823,522	1,823,522	1,729,269	94,253
Capital outlay	-	-	357,245	(357,245)
Total expenditures	33,331,548	33,882,220	31,698,903	2,183,317
Excess of revenues over expenditures	251,696	(109,478)	719,804	829,282
<b>Other financing sources (uses)</b>				
Transfers in	4,265,241	4,265,241	36,591	(4,228,650)
Transfers out	(4,516,937)	(4,155,763)	(4,793,748)	(637,985)
Total other financing sources (uses)	(251,696)	109,478	(4,757,157)	(4,866,635)
Net change in fund balance	\$ -	\$ -	(4,037,353)	\$ (4,037,353)
<b>Fund balance, beginning of year</b>			22,048,354	
<b>Fund balance, end of year</b>			\$ 18,011,001	

## Fairfield County, South Carolina

Schedule of Changes in the County's Total OPEB Liability and Related Ratios  
For the fiscal year ended June 30, 2020

	2020			2019			2018		
	County	Commission	Total	County	Commission	Total	County	Commission	Total
Service cost at end of year	\$ 577,488	\$ 18,711	\$ 596,199	\$ 580,054	\$ 23,489	\$ 603,543	\$ 291,555	\$ 12,795	\$ 304,350
Interest	287,896	9,328	297,224	147,881	5,988	153,869	140,805	6,179	146,984
Changes of benefit terms	1,436,462	46,541	1,483,003	-	-	-	-	-	-
Difference between expected and actual experience	(83,700)	(2,712)	(86,412)	3,366,121	136,312	3,502,433	-	-	-
Changes of assumptions or other inputs	666,562	21,596	688,158	517,685	20,964	538,649	-	-	-
Benefit payments	(473,690)	(15,348)	(489,038)	(418,465)	(16,946)	(435,411)	(198,182)	(8,696)	(206,878)
<b>Net change in total OPEB liability</b>	<b>2,411,018</b>	<b>78,116</b>	<b>2,489,134</b>	<b>4,193,276</b>	<b>169,807</b>	<b>4,363,083</b>	<b>234,178</b>	<b>10,278</b>	<b>244,456</b>
Total OPEB liability - beginning	9,059,055	383,348	9,442,403	4,865,779	213,541	5,079,320	4,631,601	203,263	4,834,864
<b>Total OPEB liability - ending</b>	<b>\$ 11,470,073</b>	<b>\$ 461,464</b>	<b>\$ 11,931,537</b>	<b>\$ 9,059,055</b>	<b>\$ 383,348</b>	<b>\$ 9,442,403</b>	<b>\$ 4,865,779</b>	<b>\$ 213,541</b>	<b>\$ 5,079,320</b>
<b>Proportion of total OPEB liability</b>	96.1%	3.9%	100%	95.9%	4.1%	100%	95.8%	4.2%	100%
Covered employee payroll	\$ 13,625,893	\$ 337,639	\$ 13,963,532	\$ 12,866,118	\$ 251,132	\$ 13,117,250	\$ 10,714,394	\$ 281,198	\$ 10,995,592
<b>Total OPEB liability as a percentage of covered employee payroll</b>	<b>84.18%</b>	<b>136.67%</b>	<b>85.45%</b>	<b>70.41%</b>	<b>152.65%</b>	<b>71.98%</b>	<b>45.41%</b>	<b>75.94%</b>	<b>46.19%</b>

Note: This schedule is presented to illustrate the requirement to show information for ten (10) years. However, information for fiscal years 2011 through 2017 is not readily available.

**Fairfield County***Schedule of the County's Proportionate Share of the Net Pension Liability**For the fiscal year ended June 30, 2020*

	<b>SCRS</b>						
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability	0.08762%	0.08196%	0.08052%	0.07822%	0.07985%	0.08452%	0.08452%
County's proportionate share of the net pension liability	\$ 20,006,364	\$ 18,364,892	\$ 18,125,221	\$ 16,707,677	\$ 15,143,558	\$ 14,551,198	\$ 15,159,514
County's covered payroll during the measurement period	\$ 9,252,010	\$ 8,504,378	\$ 8,081,568	\$ 7,577,417	\$ 7,488,006	\$ 7,684,474	\$ 7,782,679
County's proportionate share of the net pension liability as a percentage of its covered payroll	216.24%	215.95%	224.28%	220.49%	202.24%	189.36%	194.79%
Plan fiduciary net position as a percentage of the total pension liability	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%	56.39%
	<b>PORS</b>						
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability	0.26843%	0.26652%	0.26008%	0.25074%	0.24995%	0.24785%	0.24785%
County's proportionate share of the net pension liability	\$ 7,693,138	\$ 7,552,016	\$ 7,125,105	\$ 6,360,033	\$ 5,447,673	\$ 4,744,985	\$ 5,137,945
County's covered payroll during the measurement period	\$ 3,893,516	\$ 3,677,792	\$ 3,496,245	\$ 3,197,119	\$ 3,096,543	\$ 2,952,824	\$ 2,894,221
County's proportionate share of the net pension liability as a percentage of its covered payroll	197.59%	205.34%	203.79%	198.93%	175.93%	160.69%	177.52%
Plan fiduciary net position as a percentage of the total pension liability	62.69%	61.73%	60.94%	60.44%	64.57%	67.50%	62.98%

Note: This schedule is presented to illustrate the requirement to show information for ten (10) years. However, information for fiscal years 2011 through 2013 is not readily available.

**Fairfield County, South Carolina***Schedule of the County's Contributions Related to the Pension Liability**For the fiscal year ended June 30, 2020*

	SCRS						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,603,349	\$ 1,269,829	\$ 1,075,930	\$ 934,229	\$ 838,062	\$ 816,051	\$ 813,352
Contributions made to the pension plan	1,603,349	1,269,829	1,075,930	934,229	838,062	816,051	813,352
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 9,730,186	\$ 9,252,010	\$ 8,504,378	\$ 8,081,568	\$ 7,577,417	\$ 7,488,006	\$ 7,684,474
Contributions as a portion of covered payroll	16.48%	13.72%	12.65%	11.56%	11.06%	10.90%	10.58%
	PORS						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 723,552	\$ 638,376	\$ 564,408	\$ 497,865	\$ 439,284	\$ 415,246	\$ 382,767
Contributions made to pension plan	723,552	638,376	564,408	497,865	439,284	415,246	382,767
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 4,147,026	\$ 3,893,516	\$ 3,677,792	\$ 3,496,245	\$ 3,197,119	\$ 3,096,543	\$ 2,952,824
Contributions as a portion of covered payroll	17.45%	16.40%	15.35%	14.24%	13.74%	13.41%	12.96%

Note: This schedule is presented to illustrate the requirement to show information for ten (10) years. However, information for fiscal years 2011 through 2013 is not readily available.

## Fairfield County, South Carolina

## Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2020

	Nonmajor Debt Service	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 922,578	\$ 587,118	\$ 39,907	\$ 1,549,603
Taxes receivable, net	74,270	-	-	74,270
Accounts receivable, net	-	655	10,000	10,655
Due from other funds	-	1,281,500	4,817,910	6,099,410
Due from other governments	-	340,382	770,289	1,110,671
Prepaid items	-	602	-	602
Land and building held for sale	-	-	1,144,000	1,144,000
Total assets	<u>\$ 996,848</u>	<u>\$ 2,210,257</u>	<u>\$ 6,782,106</u>	<u>\$ 9,989,211</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 31,168	\$ 178,408	\$ 209,576
Retainage payable	-	-	6,933	6,933
Accrued liabilities	-	28,074	-	28,074
Due to other funds	-	198,924	2,359,098	2,558,022
Due to other agencies	-	-	200,000	200,000
Total liabilities	<u>-</u>	<u>258,166</u>	<u>2,744,439</u>	<u>3,002,605</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	51,249	-	-	51,249
Total deferred inflows of resources	<u>51,249</u>	<u>-</u>	<u>-</u>	<u>51,249</u>
<b>Fund balances</b>				
Nonspendable				
Prepaid items	-	602	-	602
Restricted				
General government	-	35,210	-	35,210
Public safety	-	81,205	-	81,205
Health and welfare	-	1,170,722	-	1,170,722
Judicial	-	178,350	-	178,350
Cultural and recreation	-	235,374	-	235,374
Debt service	945,599	-	-	945,599
Committed				
Public works and utilities	-	-	890,362	890,362
Cultural and recreation	-	57,849	-	57,849
Capital outlay	-	192,779	3,147,305	3,340,084
Total fund balances	<u>945,599</u>	<u>1,952,091</u>	<u>4,037,667</u>	<u>6,935,357</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 996,848</u>	<u>\$ 2,210,257</u>	<u>\$ 6,782,106</u>	<u>\$ 9,989,211</u>



## Fairfield County, South Carolina

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

For the year ended June 30, 2020

	Nonmajor Debt Service	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Taxes	\$ 1,525,976	\$ 142,487	\$ -	\$ 1,668,463
Intergovernmental	-	1,393,835	2,208,844	3,602,679
Licenses, permits, fines and fees	-	167,898	114,274	282,172
Charges for services	-	336,488	-	336,488
Investment income	3,348	-	-	3,348
Other	-	244,096	352,645	596,741
Total revenues	<u>1,529,324</u>	<u>2,284,804</u>	<u>2,675,763</u>	<u>6,489,891</u>
<b>Expenditures</b>				
General government	-	1,364,516	161,536	1,526,052
Public safety	-	165,589	-	165,589
Public works and utilities	-	80,830	1,371,222	1,452,052
Health and welfare	-	873,310	-	873,310
Judicial	-	76,703	-	76,703
Cultural and recreation	-	140,241	-	140,241
Capital outlay	-	243,535	3,668,234	3,911,769
Debt service				
Principal retirement	1,109,384	-	-	1,109,384
Interest and fiscal charges	188,212	-	-	188,212
Total expenditures	<u>1,297,596</u>	<u>2,944,724</u>	<u>5,200,992</u>	<u>9,443,312</u>
Excess (deficiency) of revenues over (under) expenditures	<u>231,728</u>	<u>(659,920)</u>	<u>(2,525,229)</u>	<u>(2,953,421)</u>
<b>Other financing sources (uses)</b>				
Proceeds from general obligation bonds	599,000	-	-	599,000
Proceeds from sale of capital assets	-	-	2,945	2,945
Transfers in	-	948,323	3,907,585	4,855,908
Transfers out	(895,500)	(36,591)	(62,160)	(994,251)
Total other financing sources (uses)	<u>(296,500)</u>	<u>911,732</u>	<u>3,848,370</u>	<u>4,463,602</u>
Net change in fund balances	(64,772)	251,812	1,323,141	1,510,181
<b>Fund balances, beginning of year</b>	<u>1,010,371</u>	<u>1,700,279</u>	<u>2,714,526</u>	<u>5,425,176</u>
<b>Fund balances, end of year</b>	<u>\$ 945,599</u>	<u>\$ 1,952,091</u>	<u>\$ 4,037,667</u>	<u>\$ 6,935,357</u>

**Fairfield County, South Carolina**  
**Comparative Balance Sheets - General Fund**  
**June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,233,063	\$ 3,788,744
Amounts held in escrow	3,301,792	3,594,945
Taxes receivable, net	1,139,166	901,819
Accounts receivable, net	1,441,221	1,318,446
Investments	14,225,375	10,807,469
Due from other funds	2,558,022	2,340,625
Due from other governments	1,312,915	1,259,845
Prepaid items	684	-
Total assets	<u>\$ 26,212,238</u>	<u>\$ 24,011,893</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 391,504	\$ 392,026
Accrued liabilities	919,567	756,579
Due to other funds	6,099,410	-
Due to taxpayers	3,244	3,244
Due to other agencies	2,298	2,298
Due to component unit	-	147,033
Total liabilities	<u>7,416,023</u>	<u>1,301,180</u>
<b>Deferred inflows of resources</b>		
Unavailable revenue - property taxes	785,214	662,359
Total deferred inflows of resources	<u>785,214</u>	<u>662,359</u>
<b>Fund balances</b>		
Restricted		
Health and welfare	3,301,792	3,594,945
Committed		
Local option sales tax	117,132	-
General government	3,480,000	3,480,000
Health and welfare	760,000	760,000
Assigned		
General government	4,200,000	4,200,000
Unassigned	6,151,393	10,013,409
Total fund balances	<u>18,011,001</u>	<u>22,048,354</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,212,238</u>	<u>\$ 24,011,893</u>

**Fairfield County, South Carolina**
**Comparative Statements of Revenues, Expenditures and Changes in Fund Balance - General Fund  
For the years ended June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Revenues</b>		
Taxes	\$ 25,274,321	\$ 26,539,482
Sales tax	1,869,604	1,809,880
Intergovernmental	1,763,072	1,677,965
Licenses, permits, fines and fees	705,206	760,431
Charges for services	1,908,499	1,662,323
Investment income	508,980	919,657
Other	389,025	127,312
Total revenues	<u>32,418,707</u>	<u>33,497,050</u>
<b>Expenditures</b>		
General government	10,240,554	9,372,636
Public safety	7,764,082	7,372,528
Public works and utilities	1,323,262	1,463,085
Health and welfare	9,191,261	8,449,375
Judicial	1,093,230	1,093,826
Cultural and recreation	1,729,269	1,570,740
Capital outlay	357,245	660,491
Total expenditures	<u>31,698,903</u>	<u>29,982,681</u>
Excess revenues over expenditures	<u>719,804</u>	<u>3,514,369</u>
<b>Other financing sources (uses)</b>		
Transfers in	36,591	24,506
Transfers out	(4,793,748)	(3,031,713)
Total other financing uses	<u>(4,757,157)</u>	<u>(3,007,207)</u>
Net change in fund balances	<u>(4,037,353)</u>	<u>507,162</u>
<b>Fund balance, beginning of year</b>	22,048,354	21,541,192
<b>Fund balance, end of year</b>	<u>\$ 18,011,001</u>	<u>\$ 22,048,354</u>

## Fairfield County, South Carolina

## Combining Balance Sheet - Nonmajor Special Revenue Funds

June 30, 2020

	Tourism Promotion	Tourism Related	Transit System	Sheriff Seizure	Railroad Track Maintenance	Clerk of Court Incentive
<b>Assets</b>						
Cash and cash equivalents	\$ 28,989	\$ 196,588	\$ 16,279	\$ 4,571	\$ 57,849	\$ 179,653
Accounts receivable, net	-	-	19	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	29,744	-	-	523
Prepaid items	-	-	602	-	-	-
Total assets	<u>\$ 28,989</u>	<u>\$ 196,588</u>	<u>\$ 46,644</u>	<u>\$ 4,571</u>	<u>\$ 57,849</u>	<u>\$ 180,176</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 3,000	\$ 8,688	\$ -	\$ -	\$ 1,826
Accrued liabilities	-	-	15,139	-	-	-
Due to other funds	-	-	900	-	-	-
Total liabilities	<u>-</u>	<u>3,000.00</u>	<u>24,727</u>	<u>-</u>	<u>-</u>	<u>1,826.00</u>
<b>Fund balances</b>						
Nonspendable - prepaid items	-	-	602	-	-	-
Restricted						
General government	-	-	-	-	-	-
Public safety	-	-	-	4,571	-	-
Health and welfare	-	-	21,315	-	-	-
Judicial	-	-	-	-	-	178,350
Cultural and recreation	28,989	193,588	-	-	-	-
Committed						
Cultural and recreation	-	-	-	-	57,849	-
Capital outlay	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance	<u>28,989</u>	<u>193,588</u>	<u>21,917</u>	<u>4,571</u>	<u>57,849</u>	<u>178,350</u>
Total liabilities and fund balances	<u>\$ 28,989</u>	<u>\$ 196,588</u>	<u>\$ 46,644</u>	<u>\$ 4,571</u>	<u>\$ 57,849</u>	<u>\$ 180,176</u>

## Fairfield County, South Carolina

## Combining Balance Sheet - Nonmajor Special Revenue Funds

June 30, 2020

	Clerk of Court IV-D	Victim's Assistance	Airport	911 Tariff	County Donations	Workforce Investment Act
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 2,644	\$ -	\$ -	\$ 28,480	\$ 684
Accounts receivable, net	-	-	-	636	-	-
Due from other funds	-	-	-	1,090,000	-	-
Due from other governments	32,904	-	44,766	58,868	-	81,737
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 32,904</u>	<u>\$ 2,644</u>	<u>\$ 44,766</u>	<u>\$ 1,149,504</u>	<u>\$ 28,480</u>	<u>\$ 82,421</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 1,500	\$ 83	\$ 8,177	\$ -	\$ 436	\$ 1,680
Accrued liabilities	1,530	2,561	-	-	-	8,578
Due to other funds	29,874	-	13,186	1,357	-	72,163
Total liabilities	<u>32,904</u>	<u>2,644</u>	<u>21,363</u>	<u>1,357</u>	<u>436</u>	<u>82,421</u>
<b>Fund balances</b>						
Nonspendable - prepaid items	-	-	-	-	-	-
Restricted						
General government	-	-	23,403	-	59	-
Public safety	-	-	-	-	13,928	-
Health and welfare	-	-	-	1,148,147	1,260	-
Judicial	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	12,797	-
Committed						
Cultural and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>23,403</u>	<u>1,148,147</u>	<u>28,044</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 32,904</u>	<u>\$ 2,644</u>	<u>\$ 44,766</u>	<u>\$ 1,149,504</u>	<u>\$ 28,480</u>	<u>\$ 82,421</u>

## Fairfield County, South Carolina

## Combining Balance Sheet - Nonmajor Special Revenue Funds

June 30, 2020

	Justice Assistance Grant	Planning Grant	Sheriff Drug Fund	Forfeited Land Commission	Sheriff Child Support	Sheriff Judgments/ Executions
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ 16,900	\$ 11,748	\$ 9,704	\$ 6,708
Accounts receivable, net	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,900</u>	<u>\$ 11,748</u>	<u>\$ 9,704</u>	<u>\$ 6,708</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	266	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>266</u>	<u>-</u>
<b>Fund balances</b>						
Nonspendable - prepaid items	-	-	-	-	-	-
Restricted						
General government	-	-	-	11,748	-	-
Public safety	-	-	16,900	-	9,438	6,708
Health and welfare	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-
Committed						
Cultural and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>16,900</u>	<u>11,748</u>	<u>9,438</u>	<u>6,708</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,900</u>	<u>\$ 11,748</u>	<u>\$ 9,704</u>	<u>\$ 6,708</u>

## Fairfield County, South Carolina

## Combining Balance Sheet - Nonmajor Special Revenue Funds

June 30, 2020

	Sheriff Law Enforcement	Sex Offender	Cares Act	Medical Office Building	Element Access Road	Grant Subfunds	Nonmajor Special Revenue Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 17,100	\$ 7,700	\$ -	\$ 1,414	\$ -	\$ 107	\$ 587,118
Accounts receivable, net	-	-	-	-	-	-	655
Due from other funds	-	-	-	130,000	61,500	-	1,281,500
Due from other governments	-	-	-	-	-	91,840	340,382
Prepaid items	-	-	-	-	-	-	602
Total assets	<u>\$ 17,100</u>	<u>\$ 7,700</u>	<u>\$ -</u>	<u>\$ 131,414</u>	<u>\$ 61,500</u>	<u>\$ 91,947</u>	<u>\$ 2,210,257</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 135	\$ -	\$ 5,643	\$ 31,168
Accrued liabilities	-	-	-	-	-	-	28,074
Due to other funds	-	-	-	-	-	81,444	198,924
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>135</u>	<u>-</u>	<u>87,087</u>	<u>258,166</u>
<b>Fund balances</b>							
Nonspendable - prepaid items	-	-	-	-	-	-	602
Restricted							
General government	-	-	-	-	-	-	35,210
Public safety	17,100	7,700	-	-	-	4,860	81,205
Health and welfare	-	-	-	-	-	-	1,170,722
Judicial	-	-	-	-	-	-	178,350
Cultural and recreation	-	-	-	-	-	-	235,374
Committed							
Cultural and recreation	-	-	-	-	-	-	57,849
Capital outlay	-	-	-	131,279	61,500	-	192,779
Unassigned	-	-	-	-	-	-	-
Total fund balance	<u>17,100</u>	<u>7,700</u>	<u>-</u>	<u>131,279</u>	<u>61,500</u>	<u>4,860</u>	<u>1,952,091</u>
Total liabilities and fund balances	<u>\$ 17,100</u>	<u>\$ 7,700</u>	<u>\$ -</u>	<u>\$ 131,414</u>	<u>\$ 61,500</u>	<u>\$ 91,947</u>	<u>\$ 2,210,257</u>

## Fairfield County, South Carolina

Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds  
For the fiscal year ended June 30, 2020

	Tourism Promotion	Tourism Related	Transit System	Sheriff Seizure	Railroad Track Maintenance	Clerk of Court Incentive
<b>Revenues</b>						
Taxes	\$ 44,996	\$ 97,491	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	129,275	4,880	-	17,364
Licenses, permits, fines and fees	-	-	-	-	-	-
Charges for services	-	-	336,488	-	-	-
Other	-	-	1,424	-	-	-
Total revenues	44,996	97,491	467,187	4,880	-	17,364
<b>Expenditures</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	2,331	-	-
Public works and utilities	-	-	-	-	-	-
Health and welfare	-	-	603,859	-	-	-
Judicial	-	-	-	-	-	1,826
Cultural and recreation	51,812	80,503	-	-	7,173	-
Capital outlay	-	-	-	-	-	-
Total expenditures	51,812	80,503	603,859	2,331	7,173	1,826
Excess (deficiency) of revenues over (under) expenditures	(6,816)	16,988	(136,672)	2,549	(7,173)	15,538
<b>Other financing sources (uses)</b>						
Transfers in	-	-	136,670	-	15,000	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	136,670	-	15,000	-
Net change in fund balance	(6,816)	16,988	(2)	2,549	7,827	15,538
<b>Fund balances, beginning of year</b>	35,805	176,600	21,919	2,022	50,022	162,812
<b>Fund balances, end of year</b>	\$ 28,989	\$ 193,588	\$ 21,917	\$ 4,571	\$ 57,849	\$ 178,350



## Fairfield County, South Carolina

Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds  
For the fiscal year ended June 30, 2020

	Clerk of Court IV-D	Victim Assistance	Airport	911 Tariff	County Donations	Workforce Investment Act
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	119,087	-	44,766	156,366	-	684,027
Licenses, permits, fines and fees	-	27,197	-	139,501	-	-
Charges for services	-	-	-	-	-	-
Other	-	-	-	-	74,004	28
Total revenues	119,087	27,197	44,766	295,867	74,004	684,055
<b>Expenditures</b>						
General government	-	-	45,544	-	-	685,134
Public safety	-	58,679	-	-	75,669	-
Public works and utilities	-	-	-	-	-	-
Health and welfare	-	-	-	186,514	-	-
Judicial	74,877	-	-	-	-	-
Cultural and recreation	-	-	-	-	753	-
Capital outlay	7,619	-	-	-	-	-
Total expenditures	82,496	58,679	45,544	186,514	76,422	685,134
Excess (deficiency) of revenues over (under) expenditures	36,591	(31,482)	(778)	109,353	(2,418)	(1,079)
<b>Other financing sources (uses)</b>						
Transfers in	-	31,482	16,800	-	-	1,079
Transfers out	(36,591)	-	-	-	-	-
Total other financing sources (uses)	(36,591)	31,482	16,800	-	-	1,079
Net change in fund balance	-	-	16,022	109,353	(2,418)	-
<b>Fund balances, beginning of year</b>	-	-	7,381	1,038,794	30,462	-
<b>Fund balances, end of year</b>	\$ -	\$ -	\$ 23,403	\$ 1,148,147	\$ 28,044	\$ -

## Fairfield County, South Carolina

Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds  
For the fiscal year ended June 30, 2020

	Justice Assistance Grant	Planning Grant	Sheriff Drug Fund	Forfeited Land Commission	Sheriff Child Support	Sheriff Judgments/ Executions
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	11,663	62,500	-	-	-	-
Licenses, permits, fines and fees	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other	-	-	1,351	14,568	-	-
Total revenues	11,663	62,500	1,351	14,568	-	-
<b>Expenditures</b>						
General government	-	-	-	2,820	-	-
Public safety	977	-	337	-	22,319	-
Public works and utilities	-	75,000	-	-	-	-
Health and welfare	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-
Capital outlay	10,686	-	-	-	-	-
Total expenditures	11,663	75,000	337	2,820	22,319	-
Excess (deficiency) of revenues over (under) expenditures	-	(12,500)	1,014	11,748	(22,319)	-
<b>Other financing sources (uses)</b>						
Transfers in	-	12,500	-	-	22,319	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	12,500	-	-	22,319	-
Net change in fund balance	-	-	1,014	11,748	-	-
<b>Fund balances, beginning of year</b>	-	-	15,886	-	9,438	6,708
<b>Fund balances, end of year</b>	\$ -	\$ -	\$ 16,900	\$ 11,748	\$ 9,438	\$ 6,708

## Fairfield County, South Carolina

Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds  
For the fiscal year ended June 30, 2020

	Sheriff Law Enforcement	Sex Offender	Cares Act	Medical Office Building	Element Access Road	Grant Subfunds	Total Nonmajor Special Revenue Funds
<b>Revenues</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,487
Intergovernmental	-	-	-	-	-	163,907	1,393,835
Licenses, permits, fines and fees	-	1,200	-	-	-	-	167,898
Charges for services	-	-	-	-	-	-	336,488
Other	570	-	-	152,151	-	-	244,096
Total revenues	570	1,200	-	152,151	-	163,907	2,284,804
<b>Expenditures</b>							
General government	-	-	604,421	-	-	26,597	1,364,516
Public safety	5,136	-	-	-	-	141	165,589
Public works and utilities	-	-	-	-	-	5,830	80,830
Health and welfare	-	-	-	23,582	-	59,355	873,310
Judicial	-	-	-	-	-	-	76,703
Cultural and recreation	-	-	-	-	-	-	140,241
Capital outlay	-	-	-	49,805	-	175,425	243,535
Total expenditures	5,136	-	604,421	73,387	-	267,348	2,944,724
Excess (deficiency) of revenues over (under) expenditures	(4,566)	1,200	(604,421)	78,764	-	(103,441)	(659,920)
<b>Other financing sources (uses)</b>							
Transfers in	-	-	604,421	-	-	108,052	948,323
Transfers out	-	-	-	-	-	-	(36,591)
Total other financing sources (uses)	-	-	604,421	-	-	108,052	911,732
Net change in fund balance	(4,566)	1,200	-	78,764	-	4,611	251,812
<b>Fund balances, beginning of year</b>	21,666	6,500	-	52,515	61,500	249	1,700,279
<b>Fund balances, end of year</b>	\$ 17,100	\$ 7,700	\$ -	\$ 131,279	\$ 61,500	\$ 4,860	\$ 1,952,091

## Fairfield County, South Carolina

## Combining Balance Sheet - Nonmajor Capital Project Funds

June 30, 2020

	Capital Improvement Projects	Road Improvement Program	Phase II Commerce Center	Water and Sewer Program	Solid Waste & Recycling Capital Fund	Economic Development Fund	Vehicle Replacement Program	Peach Road Industrial Park Fund	WB Industrial Park Fund	Total Nonmajor Capital Project Funds
<b>Assets</b>										
Cash and cash equivalents	\$ 7,716	\$ 1,307	\$ 375	\$ 200	\$ 15,550	\$ -	\$ 396	\$ 14,363	\$ -	\$ 39,907
Accounts receivable, net	10,000	-	-	-	-	-	-	-	-	10,000
Due from other funds	2,259,512	450,000	167,000	798,000	100,850	710,548	332,000	-	-	4,817,910
Due from other governments	-	315,344	-	-	-	454,945	-	-	-	770,289
Land and building held for sale	-	-	-	-	-	-	-	-	1,144,000	1,144,000
Total assets	<u>\$ 2,277,228</u>	<u>\$ 766,651</u>	<u>\$ 167,375</u>	<u>\$ 798,200</u>	<u>\$ 116,400</u>	<u>\$ 1,165,493</u>	<u>\$ 332,396</u>	<u>\$ 14,363</u>	<u>\$ 1,144,000</u>	<u>\$ 6,782,106</u>
<b>Liabilities and Fund Balances</b>										
<b>Liabilities</b>										
Accounts payable	\$ 145,321	\$ 3,981	\$ -	\$ 18,507	\$ 5,731	\$ -	\$ -	\$ 4,560	\$ 308	\$ 178,408
Retainage payable	-	6,933	-	-	-	-	-	-	-	6,933
Due to other funds	42,346	304,430	-	-	-	1,096,562	-	9,803	905,957	2,359,098
Due to other agencies	-	-	-	-	-	-	-	-	200,000	200,000
Total liabilities	<u>187,667</u>	<u>315,344</u>	<u>-</u>	<u>18,507</u>	<u>5,731</u>	<u>1,096,562</u>	<u>-</u>	<u>14,363</u>	<u>1,106,265</u>	<u>2,744,439</u>
<b>Fund balances</b>										
Committed										
Public works and utilities	-	-	-	779,693	110,669	-	-	-	-	890,362
Capital outlay	2,089,561	451,307	167,375	-	-	68,931	332,396	-	37,735	3,147,305
Total fund balances	<u>2,089,561</u>	<u>451,307</u>	<u>167,375</u>	<u>779,693</u>	<u>110,669</u>	<u>68,931</u>	<u>332,396</u>	<u>-</u>	<u>37,735</u>	<u>4,037,667</u>
Total liabilities and fund balances	<u>\$ 2,277,228</u>	<u>\$ 766,651</u>	<u>\$ 167,375</u>	<u>\$ 798,200</u>	<u>\$ 116,400</u>	<u>\$ 1,165,493</u>	<u>\$ 332,396</u>	<u>\$ 14,363</u>	<u>\$ 1,144,000</u>	<u>\$ 6,782,106</u>

## Fairfield County, South Carolina

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds

For the year ended June 30, 2020

	Capital Improvement Projects	Road Improvement Program	Phase II Commerce Center	Water and Sewer Program	Solid Waste & Recycling Capital Fund	Economic Development Fund	Vehicle Replacement Program	Peach Road Industrial Park Fund	WB Industrial Park Fund	Total Nonmajor Capital Project Funds
<b>Revenues</b>										
Intergovernmental	\$ 193,026	\$ 1,381,976	\$ -	\$ -	\$ -	\$ 633,842	\$ -	\$ -	\$ -	\$ 2,208,844
Licenses, permits, fines and fees	-	114,274	-	-	-	-	-	-	-	114,274
Other	10,176	-	-	-	-	-	342,469	-	-	352,645
Total revenues	203,202	1,496,250	-	-	-	633,842	342,469	-	-	2,675,763
<b>Expenditures</b>										
General government	114,791	-	-	-	-	-	27,923	14,363	4,459	161,536
Public works and utilities	-	1,371,222	-	-	-	-	-	-	-	1,371,222
Capital outlay	1,717,171	-	-	132,794	195,166	633,842	989,261	-	-	3,668,234
Total expenditures	1,831,962	1,371,222	-	132,794	195,166	633,842	1,017,184	14,363	4,459	5,200,992
Excess (deficiency) of revenues over (under) expenditures	(1,628,760)	125,028	-	(132,794)	(195,166)	-	(674,715)	(14,363)	(4,459)	(2,525,229)
<b>Other financing sources (uses)</b>										
Proceeds from sale of capital assets	-	-	-	-	-	-	2,945	-	-	2,945
Transfers in	2,774,265	114,190	-	-	195,000	-	798,867	14,363	10,900	3,907,585
Transfers out	(62,160)	-	-	-	-	-	-	-	-	(62,160)
Total other financing sources (uses)	2,712,105	114,190	-	-	195,000	-	801,812	14,363	10,900	3,848,370
Net change in fund balances	1,083,345	239,218	-	(132,794)	(166)	-	127,097	-	6,441	1,323,141
<b>Fund balances, beginning of year</b>										
	1,006,216	212,089	167,375	912,487	110,835	68,931	205,299	-	31,294	2,714,526
<b>Fund balances, end of year</b>										
	\$ 2,089,561	\$ 451,307	\$ 167,375	\$ 779,693	\$ 110,669	\$ 68,931	\$ 332,396	\$ -	\$ 37,735	\$ 4,037,667

## Fairfield County, South Carolina

Schedule of Budget to Actual Costs - South Carolina Department of Transportation Contracts  
For the fiscal year ended June 30, 2020

	Federal	State	Local	Total	Budget	Variance with Budget
<b>PT-204711-08</b>						
<b>Administration</b>						
Personnel	\$ 5,161	\$ 634	\$ 656	\$ 6,451	\$ 25,696	\$ 19,245
Fringe benefits	1,816	212	242	2,270	5,801	3,531
Other services	162	16	25	203	449	246
Material and supplies	18	1	3	22	674	652
Utilities	511	56	72	639	4,639	4,000
Dues and subscriptions	-	-	-	-	299	299
In-state travel and meetings	-	-	-	-	299	299
Out-of-state travel and meetings	-	-	-	-	599	599
Advertising and promotion media	-	-	-	-	299	299
Lease and rentals	166	24	18	208	1,586	1,378
Total administration	7,834	943	1,016	9,793	40,341	30,548
<b>Operations</b>						
Personnel	34,860	12,556	22,303	69,719	87,086	17,367
Fringe benefits	11,172	4,022	7,148	22,342	36,472	14,130
Contract maintenance services	72	26	46	144	1,518	1,374
Other services	392	141	251	784	3,810	3,026
Gasoline/diesel	1,168	420	747	2,335	2,500	165
Other materials and supplies	205	74	131	410	3,060	2,650
Casualty/liability insurance	-	-	-	-	1,398	1,398
Total operations	47,869	17,239	30,626	95,734	135,844	40,110
<b>Capital</b>						
Salaries and wages	299	45	28	372	6,728	6,356
Fringe benefits	127	19	12	158	2,555	2,397
Tires and tubes	-	-	-	-	3,000	3,000
Total capital	426	64	40	530	12,283	11,753
Total contract - PT-204711-08	\$ 56,129	\$ 18,246	\$ 31,682	\$ 106,057	\$ 188,468	\$ 82,411
<b>PT-947SP-03</b>						
<b>Capital</b>						
IT needs assessment/scheduling/dispatching	\$ 11,553	\$ 2,888	\$ -	\$ 14,441	\$ 19,512	\$ 5,071
Total capital	11,553	2,888	-	14,441	19,512	5,071
Total contract - PT-947SP-03	\$ 11,553	\$ 2,888	\$ -	\$ 14,441	\$ 19,512	\$ 5,071
<b>RTAP-TR20R047-01</b>						
<b>Administration</b>						
Travel						
Registration	\$ 950	\$ -	\$ 274	\$ 1,224	\$ 1,224	\$ -
Lodging	1,040	-	-	1,040	1,040	-
Meals	-	-	357	357	357	-
Total administration	1,990	-	631	2,621	2,621.00	-
Total contract - RTAP-TR20R047-01	\$ 1,990	\$ -	\$ 631	\$ 2,621	\$ 2,621.00	\$ -
<b>PT-2047CA-09</b>						
<b>Administration</b>						
Personnel	\$ 4,787	\$ -	\$ -	\$ 4,787	\$ 67,000	\$ 62,213
Fringe benefits	1,509	-	-	1,509	44,000	42,491
Other services	136	-	-	136	1,000	864
Material and supplies	10	-	-	10	2,000	1,990
Utilities	361	-	-	361	8,000	7,639
Dues and subscriptions	-	-	-	-	1,000	1,000
Advertising and promotion media	282	-	-	282	1,000	718
Lease and rentals	96	-	-	96	2,500	2,404
Total administration	7,181	-	-	7,181	126,500	119,319

**Fairfield County, South Carolina**

*Schedule of Budget to Actual Costs - South Carolina Department of Transportation Contracts  
For the fiscal year ended June 30, 2020*

	Federal	State	Local	Total	Budget	Variance with Budget
<b>PT-2047CA-09, continued</b>						
<b>Operations</b>						
Personnel	15,705	-	-	15,705	26,395	10,690
Fringe benefits	8,234	-	-	8,234	9,000	766
Contract maintenance services	381	-	-	381	2,000	1,619
Other services	705	-	-	705	7,500	6,795
Gasoline/diesel	2,356	-	-	2,356	10,000	7,644
Other materials and supplies	227	-	-	227	7,500	7,273
COVID supplies	3,142	-	-	3,142	2,500	(642)
Total operations	<u>30,750</u>	<u>-</u>	<u>-</u>	<u>30,750</u>	<u>64,895</u>	<u>34,145</u>
<b>Capital</b>						
Salaries and wages	97	-	-	97	5,000	4,903
Fringe benefits	40	-	-	40	2,500	2,460
Glass replace/other contractual	116	-	-	116	2,000	1,884
Tires and tubes	291	-	-	291	3,000	2,709
Total capital	<u>544</u>	<u>-</u>	<u>-</u>	<u>544</u>	<u>12,500</u>	<u>11,956</u>
Total contract - PT-2047CA-09	<u>\$ 38,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,475</u>	<u>\$ 203,895</u>	<u>\$ 165,420</u>

**Fairfield County, South Carolina**
**Schedule of Court Fines, Surcharges and Assessment Activity - Victim's Assistance Fund  
For the fiscal year ended June 30, 2020**

<b>Court fines</b>		
Collected	\$	22,544
Retained by County		1,269
	\$	<u>21,275</u>
<b>Court assessments</b>		
Collected	\$	161,691
Retained by County		17,107
	\$	<u>144,584</u>
<b>Court surcharges</b>		
Collected	\$	90,268
Retained by County		8,820
	\$	<u>81,448</u>
<b>Victim's assistance</b>		
Court assessments	\$	18,377
Court surcharges		8,820
Transfers		31,482
Allocated to Victim's Assistance		58,679
Victim's Assistance expenditures		<u>58,679</u>
Deficiency of revenues under expenditures		-
<b>Fund balance, beginning of year</b>		-
<b>Fund balance, end of year</b>	\$	<u>-</u>



## Fairfield County, South Carolina

### Computation of Legal Debt Margin

June 30, 2020

Assessed value (1)		<u>\$ 161,082,249</u>
Debt limit - 8% of assessed value (2)		\$ 12,886,580
Amount of debt applicable to debt limit (3):		
Total general obligation bonds	\$ 3,585,669	
Less: Debt service funds available	<u>945,599</u>	
Total debt applicable to debt limit		2,640,070
Legal debt margin		<u>\$ 10,246,510</u>

#### NOTES:

- (1) The assessed valuation shown is the assessed value at December 31, 2018 used for 2019 property tax computations.
- (2) The legal debt limit is controlled by Article X, Section 14 of the Constitution of the State of South Carolina.
- (3) The legal debt limit governed by Article X of the Constitution of the State of South Carolina provides that each county, township, school district, municipality or subdivision may issue bonded indebtedness up to eight percent of the assessed value of all corporation or political division property therein. The debt limit of eight percent can be exceeded only after a referendum of the voters is affected.

## Single Audit Section

**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***

Fairfield County Council  
Fairfield County, South Carolina

We have audited, 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 of America, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fairfield County, South Carolina (the "County") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 8, 2021. Our report includes a reference to other auditors who audited the financial statements of the Fairfield County Council on Aging and Fairfield Behavioral Health Services, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Fairfield County Library Commission and Fairfield County Council on Aging were not audited in accordance with *Government Auditing Standards*.

**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) to determine the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify deficiencies in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* as items 2020-001 and 2020-002, which we consider to be significant deficiencies.

## **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **The County's Response to Findings**

The County's responses to the findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs*. The County'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.



Columbia, South Carolina  
January 8, 2021

**Independent Auditor's Report on Compliance for Each Major  
Federal Program and Report on Internal Control Over Compliance  
Required by the Uniform Guidance**

Fairfield County Council  
Fairfield County, South Carolina

**Report on Compliance for Each Major Federal Program**

We have audited Fairfield County's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

## Opinion on Each Major Federal Program

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 each of its major federal programs for the year ended June 30, 2020.

## Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Columbia, South Carolina  
January 8, 2021

**Fairfield County, South Carolina**  
**Schedule of Expenditures of Federal Awards**  
**For the fiscal year ended June 30, 2020**

Federal Grant/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Federal Grantor's/ Pass-Through Grantor's Number	Passed through to subrecipients	Federal Expenditures
<b><u>Workforce Innovation and Opportunity Act Cluster</u></b>				
<b>U.S. Department of Labor</b>				
Passed through South Carolina Department of Employment Workforce				
Workforce Investment Act - Adult Program	17.258	19A294F1	\$ -	\$ 268,868
Workforce Investment Act - Dislocated Workers	17.278	19D294F1	-	39,658
Workforce Investment Act - Youth	17.259	19Y294F1	-	363,369
Workforce Investment Act - Rapid Response	17.278	19RR294F1	-	12,132
<b>Total Workforce Innovation and Opportunity Act Cluster</b>			<u>-</u>	<u>684,027</u>
<b><u>Other Programs</u></b>				
<b>U.S. Department of Housing and Urban Development</b>				
Passed through South Carolina Department of Commerce				
Community Development Block Grant Program - Rural Planning Grant	14.228	4-RP-18-004	-	50,000
<b>Total U.S. Department of Housing and Urban Development</b>			<u>-</u>	<u>50,000</u>
<b>U.S. Department of Justice</b>				
Passed through South Carolina Law Enforcement Division				
Edward Byrne Memorial Justice Assistance Grant	16.738	2019-DJ-BX-0481	-	11,663
<b>Total U.S. Department of Justice</b>			<u>-</u>	<u>11,663</u>
<b>U.S. Department of Transportation</b>				
Passed through the Federal Aviation Administration				
Coronavirus Relief Fund	21.019	3-45-0058-020-2020	-	30,000
			<u>-</u>	<u>30,000</u>
Passed through the South Carolina Department of Transportation, Office of Public Transit				
Formula Grants for Rural Areas				
Section 5311 - Formula Grant	20.509	PT-2047CA-09	-	38,473
Section 5311 - Formula Grant	20.509	PT-204711-08	-	67,680
Section 5311 - Formula Grant	20.509	SC-2018-009	-	1,990
			<u>-</u>	<u>108,143</u>
Passed through the South Carolina Department of Commerce/Division of Aeronautics				
Airport Improvement Program				
Rejuvenate & Remark Airfield Pavements - Runway, Taxiway, and Apron	20.106	3-45-0058-018-2019	-	13,989
			<u>-</u>	<u>13,989</u>
<b>Total U.S. Department of Transportation</b>			<u>-</u>	<u>152,132</u>
<b>U.S. Department of Homeland Security</b>				
Passed through South Carolina Adjutant General's Office				
Emergency Management Performance Grant	97.042	19EMPG01	-	41,652
<b>Total U.S. Department of Homeland Security</b>			<u>-</u>	<u>41,652</u>
<b>U.S. Department of Health And Human Services</b>				
Passed through South Carolina Department of Social Services				
Child Support Enforcement Title IV-D Incentives	93.563	C17020C	-	84,322
<b>Total U.S. Department of Health and Human Services</b>			<u>-</u>	<u>84,322</u>
<b>Total Other Programs</b>			<u>-</u>	<u>339,769</u>
<b>Total federal assistance expended (accrual basis of accounting)</b>			<u>\$ -</u>	<u>\$ 1,023,796</u>

*The accompanying notes are an integral part of this schedule*

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**Fairfield County, South Carolina**  
*Schedule of Expenditures of Federal Awards*  
*For the fiscal year ended June 30, 2020*

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**Note A - Basis of Presentation**

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant award activity of Fairfield County, South Carolina (the "County") under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position or cash flows of the County.

**Note B - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note C - Indirect Cost Rate**

The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

***The accompanying notes are an integral part of this schedule***



**Fairfield County, South Carolina**  
*Schedule of Findings and Questioned Costs*  
*For the year ended June 30, 2020*

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**I. Summary of Auditor's Results**

**Financial Statements**

- (a.) Type of auditor's report issued: Unmodified
- (b.) Internal control over financial reporting:
  - 1) Material weaknesses identified? No
  - 2) Significant deficiencies identified? Yes
- (c.) Noncompliance material to financial statements noted? No

**Federal Awards**

- (a.) Internal control over major federal programs:
  - 1) Material weaknesses identified? No
  - 2) Significant deficiencies identified? None reported
- (b.) Type of auditor's report issued on compliance for major federal programs? Unmodified
- (c.) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? No
- (d.) Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
17.258, 17.278, 17.259	WIOA Cluster

- (e.) Dollar threshold used to distinguish between type A and type B programs: \$750,000
- (f.) Auditee qualified as low risk auditee? Yes

**Fairfield County, South Carolina**  
*Schedule of Findings and Questioned Costs*  
*For the year ended June 30, 2020*

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**II. Financial Statement Findings:**

**Finding 2020-001      Wire Transfers**

Criteria or Specific Requirement: Segregation of duties regarding cash disbursements should exist to ensure cash transactions are properly authorized. A single person should not have access to make wire transfers without approval from appropriate level of County personnel.

Condition/Context: We noted that the Treasurer has the ability to initiate and confirm wire transfers of any amount from the County's operating account without authorization or approval from another individual. As the Administrator for the account, the Treasurer is the only person with these permissions.

Cause: The County's online banking for the operating account is not set up to require a separate approval for wire transfers.

Effect: The County is at risk for unauthorized disbursements.

Recommendation: In order to reduce the risk of unauthorized disbursements, we recommend that the County implement within the online banking portal the feature that requires a separate initiator and approver on wire transfers prior to disbursement.

Views of Responsible Officials: The County agrees with the finding. The County will develop processes and internal controls to be sure that wire transfer requests are properly reviewed and documented prior to being made.

**Finding 2020-002      Cash and Investments Management**

Criteria or Specific Requirement: The County should maintain formally documented policies and procedures related to financial management, including the areas of cash and investments management. Additionally, the activity related to assets held in fiduciary funds should be effectively tracked and documented, as this represents assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs (GASB Statement No. 34).

Condition/Context: Cash collections, including those that are collected and held on behalf of others in fiduciary funds, are deposited into the County's main operating account. As the cash balance grows due to timing of collections/disbursements, funds are invested to generate additional earnings. However, cash flow projections and general ledger balances by fund are not being reviewed and considered prior to making transfers to the investment account.

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**Fairfield County, South Carolina**  
*Schedule of Findings and Questioned Costs*  
*For the year ended June 30, 2020*

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**II. Financial Statement Findings, Continued**

**Finding 2020-002      Cash and Investments Management, Continued**

Cause:                    The County does not have formal policies and procedures in place over financial management. Additionally, the recording and reconciling of investment activity within the County's accounting records is performed only once at the close of the fiscal year.

Effect:                    Without formal financial management policies and procedures, there is an increased risk of misappropriation of funds, as well as the potential for cash flow constraints.

Recommendation:      We recommend that the County establish formal policies and procedures over financial management. Such procedures should address, among other things, the need to 1) maintain minimum cash balances by fund 2) review cash flow projections prior to making investments 3) separately track and document activity related to fiduciary funds 4) maintain supporting documentation for all recorded transactions, and 5) perform monthly reconciliations between the County's cash and investment accounts and the general ledger. We also recommend that both the operating cash and investments belonging to fiduciary funds be placed in separate bank accounts to avoid comingling with the County's funds and mitigate the risk of misappropriation of funds.

Views of Responsible  
Officials:                    The County agrees with the finding. The Treasurer's Office and the Finance Department will work together to review and formalize the County's cash management processes. The County will also consider establishing separate bank accounts for its fiduciary funds.

**III. Federal Award Findings and Questioned Costs**

None reported



# Fairfield County Council

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JASON TAYLOR  
County Administrator

LAURA JOHNSON  
Deputy County Administrator

## Fairfield County

### ***Summary Schedule of Prior Audit Findings for the year ended June 30, 2020***

In accordance with Government Auditing Standards, issued by the Comptroller General of the United States of America, the following is the status of known material findings and recommendations from prior year audits:

#### **Item 2019-001: Procurement**

**Condition:** From the population of disbursements made during fiscal year 2019, we randomly selected 30 disbursements and tested each disbursement for compliance with the Procurement Manual. For those disbursements, we noted no instances of noncompliance with the Procurement Manual. Additionally, from the population of 61 capital asset additions during fiscal year 2019, we randomly selected 7 additions and tested each for compliance with the Procurement Manual. We noted one purchase totaling \$35,353 for a vehicle that was not budgeted and was not approved by County Council.

**Current Action Taken/Current Status:** The existing procurement manual has been reviewed by Elliott Davis, with recommendations made. Currently, staff are incorporating the recommendations into the policy for review and approval by Council.

#### **Item 2019-002: Pay Changes and Additional Pay**

**Condition:** During our inquiries with management, it was brought to our attention that there were ineffective and/or nonexistent controls in place surrounding pay changes and additional pay. Out of a population of 14 County employees who received a pay increase greater than 25% during the year, we tested a sample of 10 employees (20 pay changes). Out of a population of 20 County employees who received additional pay (other than call pay and extra duty) during the year, we tested a sample of 3 employees (4 additional pays). We noted the following conditions:

- A. There was no supporting documentation or approval for 2 of the 4 additional pays.
- B. We noted that there was inconsistencies in the required information on the "Wage Change Notice" forms being used. Out of the 22 forms (20 pay rate changes and 2 additional pay) that we examined, we noted 7 different forms being used which had different required approval fields ranging from 3 separate approvers to only 1 approver.
- C. We noted several employee signatures that appeared inconsistent across our selections.

- D. We noted that the “Wage Change Notice” forms were not completed with all of the pertinent information. For 12 out of the 22 forms we examined, we noted supporting documentation lacked detail explaining the reason for change. We noted that 3 out of the 22 “Wage Change Notice” forms did not include the information for the prior pay rate which shows the approver the amount of the increase.
- E. We noted that 2 out of the 22 “Wage Change Notice” forms were only approved by one person.

***Current Action Taken/Current Status:*** One form is used for all staff changes, requiring HR Director and Finance Director approval. A second form is used for department manager changes, requiring HR Director, Finance Director and Administrator approval. There has been discussion of making it one form for both, with a note that Administrator approval is only required if it is a department manager change. There would then be only the one form for all changes. However, the drawback is there would be a blank signature on the staff changes. Even though there would be a note as to when Administrator approval is required, it may appear incomplete.