

FAIRFIELD COUNTY, SOUTH CAROLINA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

FAIRFIELD COUNTY, SOUTH CAROLINA

ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the County Council
of Fairfield County
Winnsboro, South Carolina**

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying 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, 2022, 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.

We did not audit the financial statements of Fairfield Behavioral Health Services or Fairfield Council on Aging, which represent 76 percent, 109 percent, and 76 percent, respectively, of the assets, revenues, and financial position of the aggregate discretely presented component units as of June 30, 2022. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Fairfield Behavioral Health Services and Fairfield Council on Aging, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the Fairfield Council on Aging were not audited in accordance with *Government Auditing Standards*. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Notes 1 and 9 to the financial statements, the County adopted new accounting guidance, GASB Statement No. 87, *Leases*, effective July 1, 2021. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 5 through 11), the budgetary comparison schedule for the General Fund (on pages 67 through 68), the Schedule of Changes in the Total OPEB Liability and Related Ratios (on page 69), the Schedules of County's Proportionate Share of the Net Pension Liability (on page 70), and the Schedules of County's Pension Contributions (on pages 71 through 72) 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Comparative Balance Sheets - General Fund, Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund, combining and individual nonmajor fund financial statements and schedules, the Schedule of Budget to Actual Costs - South Carolina Department of Transportation Contract, the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96), as required by the State of South Carolina, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Comparative Balance Sheets - General Fund, Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund, combining and individual nonmajor fund financial statements and schedules, the Schedule of Budget to Actual Costs - South Carolina Department of Transportation Contract, the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96), and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The financial statements of Fairfield County, South Carolina as of and for the year ended June 30, 2021, were audited by other auditors, whose report dated March 31, 2022, and who expressed an unmodified opinion on those financial statements. The partial comparative information related to the 2021 financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Columbia, South Carolina
June 23, 2023

FAIRFIELD COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

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, 2022. 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 21,000
- 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. 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 the cost of doing business at an all-time high, 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, holding capital equipment purchases or seeking other funding sources such as grants to help with one-time capital expenditures.

FAIRFIELD COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

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, 2022, by \$103.7 million (net position).
- **Change in net position** - The County's net position increased over the course of this year's operations. Net position of the governmental activities increased by \$71 million.
- **General fund** - The principal operating fund of the County is the general fund. During fiscal year 2022, general fund revenues and other financing sources, which primarily consisted of property taxes and sales taxes were \$37 million. Expenditures and net transfers out of the general fund were \$35 million. This resulted in an increase in the fund balance for the year of \$2.0 million. The main component of this increase was a settlement from Dominion energy with \$1.9 million going to the general fund. Also, the medical office buildings on the old hospital property were sold for \$1.4 million. Unfortunately, both of these are non-recurring revenue sources.
- **General fund budget** - The general fund actual revenues exceeded the final budgeted amounts by \$671,000 due primarily to the Dominion settlement and the sale of the medical office buildings. General fund actual expenditures were less than the final budgeted amounts by \$1.1 million. This variance is primarily due to freezing certain positions and capital equipment purchases.

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).

FAIRFIELD COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

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.

Custodial funds - The County is the trustee, or custodian, 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 24 to 66.

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 \$103.7 million as of June 30, 2022.

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
JUNE 30, 2022**

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 the disposal 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)	<u>2022</u>	<u>2021</u>	<u>Percentage Change</u>
Current and other assets	\$ 95,223	\$ 31,648	200.9%
Capital assets, net	70,847	66,783	6.1%
Total assets	<u>166,070</u>	<u>98,431</u>	68.7%
Deferred outflows of resources	11,758	11,164	5.3%
Current liabilities	6,634	2,704	145.3%
Long-term liabilities	60,870	74,323	(18.1)%
Total liabilities	<u>67,504</u>	<u>77,027</u>	(12.4)%
Deferred inflows of resources	6,580	248	2553.2%
Net position			
Net investment in capital assets	52,176	43,068	21.1%
Restricted	11,458	6,527	75.5%
Unrestricted	40,110	(17,275)	(332.2)%
Total net position	<u>\$ 103,744</u>	<u>\$ 32,320</u>	221.0%

Change in net position - The County's total revenues for the fiscal year ended June 30, 2022, were \$ 114.6 million. The total cost of all programs and services was \$43.2 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)	<u>2022</u>	<u>2021</u>	<u>Percentage Change</u>
Revenues			
Program revenues			
Charges for services	\$ 2,559	\$ 3,503	(26.9)%
Operating grants and contributions	2,146	2,823	(24.0)%
Capital grants and contributions	-	2,180	(100.0)%
General revenues			
Property taxes	25,325	27,088	(6.5)%
Accommodations taxes	488	196	149.0%
Sales taxes	2,583	2,268	13.9%
Investment income	446	1,063	(58.0)%
Intergovernmental	6,584	1,855	254.9%
Gain on sale of capital assets	104	50	108.0%
Other	74,406	1,720	4225.9%
Total revenues	<u>114,641</u>	<u>42,746</u>	168.2%

FAIRFIELD COUNTY, SOUTH CAROLINA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Financial Analysis of the County as a Whole, Continued

(Dollars in thousands)	<u>2022</u>	<u>2021</u>	<u>Percentage Change</u>
Expenses			
General government	\$ 13,040	\$ 16,178	(19.4)%
Public safety	9,210	9,267	(0.6)%
Public works and utilities	4,897	2,843	72.2%
Health and welfare	11,962	11,320	5.7%
Judicial	1,252	1,291	(3.0)%
Cultural and recreation	1,860	2,016	(7.7)%
Interest and fiscal charges	997	1,078	(7.5)%
Total expenses	<u>43,218</u>	<u>43,993</u>	(1.8)%
Change in net position	<u>\$ 71,423</u>	<u>\$ (1,247)</u>	(5,827.6)%

Compared to fiscal year 2022, the County's revenues and expenses changed due primarily to the following:

- During fiscal year 2022, property taxes decreased by \$1.8 million from fiscal year 2021. Fiscal year 2022 marks the seventh consecutive year that there has been no millage increase by the County, operational or capital. With no increases in millage, unless the County sees some continued increases in assessments or investment and construction, there can be no long-term expectation for property taxes to maintain a positive trend.
- During fiscal year 2022, the County continued to make strong efforts to decrease or hold expenditures as constant as possible. The primary factors that made this possible were putting any capital projects or expenditures on hold unless crucial to operations and freezing vacant positions.
- In fiscal year 2022, the County received over \$99 million in a settlement from Dominion Energy. These funds were obligated for various projects and bond refinancing. The largest portion of the settlement was for the construction of a sewer treatment plant.
- Proceeds from the sale of the medical office buildings were \$1.4 million.

FAIRFIELD COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Financial Analysis of the County as a Whole, Continued

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	
	<u>Expenses</u>	<u>Net Expense</u>
General government	\$ 13,040	\$ (8,615)
Public safety	9,210	(9,056)
Public works and utilities	4,897	(4,772)
Health and welfare	11,962	(11,962)
Judicial	1,252	(1,252)
Cultural and recreation	1,860	(1,860)
Interest and fiscal charges	997	(997)
Total expenses	<u>\$ 43,218</u>	<u>\$ (38,514)</u>

The cost of all governmental activities this year was \$43.2 million. Expenses consist primarily of general government, public safety, and health and welfare totaling \$13.0 million, \$9.2 million and \$12.0 million, respectively. The net cost of governmental activities was \$38.5 million which was financed by general revenues. General revenues consist primarily of property taxes of \$25.3 million and other revenues associated with the Dominion settlement.

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 \$91.6 million. Of this combined fund balance, \$6.8 million or 7.46% is unassigned and, therefore, available for spending at the County's discretion.

FAIRFIELD COUNTY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Capital Assets and Debt Administration

Capital Assets - As of June 30, 2022, the County had invested in capital assets, net of related debt, \$52.2 million, including land, land improvements, buildings and improvements, leasehold improvements, infrastructure, machinery and equipment and software. Total depreciation and amortization expense for the year was approximately \$3.9 million.

The schedule below presents capital asset balances, net of depreciation, for the fiscal year ended June 30, 2022:

Table with 2 columns: Description and Amount. Rows include Capital assets, not being depreciated (Land, Construction in progress), Capital assets, being depreciated (Land improvements, Buildings and improvements, Leasehold improvements, Infrastructure, Machinery and equipment, Software), Less accumulated depreciation, Total capital assets, being depreciated, net, and Net capital assets.

Debt Administration - At year-end, the County had \$22.3 million in general obligation and revenue bonds, net of unamortized bond discounts, of which \$2.3 million is due within one year.

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 our county, which accounts for approximately 45% of our 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 an addition to the facility, which has caused some hardship on the County and closed the additional future revenue. The County strongly pursues economic development. Currently, plans for a water treatment plant are underway to open up additional capacity to attract industry to the County, grading for speculative developments and initiatives to construct a new speculative building. However, with consideration of it's the nuclear power plant still being the primary revenue source and the time duration for economic developments, our budget philosophy is to be socially responsible within a very conservative fiscal approach; this trend will have 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 Finance Director, Fairfield County, 250 N. Walnut Street, 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

JUNE 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 87,936,319
Receivables:	
Property taxes, net	731,346
Other receivables, net	1,749,048
Lease receivable	46,240
Due from other governments	4,444,936
Prepaid items	314,950
Capital assets:	
Nondepreciable	33,668,671
Depreciable, net of accumulated depreciation and amortization	37,178,310
Total assets	166,069,820
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding	2,516,742
Deferred outflows related to total OPEB liability	3,973,272
Deferred outflows related to net pension liability	5,268,126
Total deferred outflows of resources	11,758,140
LIABILITIES	
Accounts payable	1,357,055
Retainage payable	328,081
Accrued payroll and related benefits	675,121
Due to other governments	254,324
Unearned revenue	972,757
Accrued interest payable	99,369
Long-term liabilities:	
Due within one year	2,947,718
Due in more than one year	22,116,157
Total OPEB liability	12,500,436
Net pension liability	26,252,850
Total liabilities	67,503,868
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to total OPEB liability	2,051,568
Deferred inflows related to net pension liability	4,482,556
Deferred lease receipts	46,165
Total deferred inflows of resources	6,580,289
NET POSITION	
Net investment in capital assets	52,175,543
Restricted for:	
General government programs	2,219,205
Public safety	145,692
Health and welfare	3,723,009
Judicial programs	185,381
Cultural and recreation projects	316,652
Debt service	4,867,965
Unrestricted	40,110,356
Total net position	\$ 103,743,803

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

FAIRFIELD COUNTY, SOUTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue (Expense) and Changes in Net Position</u>
		<u>Charges for Sales and Service</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:				
Governmental activities:				
General government	\$ 13,040,271	\$ 2,279,241	\$ 2,146,419	\$ (8,614,611)
Public safety	9,210,461	154,298	-	(9,056,163)
Public works and utilities	4,896,706	124,989	-	(4,771,717)
Health and welfare	11,962,214	-	-	(11,962,214)
Judicial	1,252,269	-	-	(1,252,269)
Cultural and recreation	1,860,087	-	-	(1,860,087)
Interest and fiscal charges	996,696	-	-	(996,696)
Total governmental activities	<u>\$ 43,218,704</u>	<u>\$ 2,558,528</u>	<u>\$ 2,146,419</u>	<u>(38,513,757)</u>
General revenues:				
Property taxes				25,325,479
Sales tax				2,583,481
Accommodations tax				488,102
Investment income				445,628
Intergovernmental				6,583,920
Gain on sale of capital assets				104,330
Other				2,227,302
Extraordinary revenue - settlement				<u>72,178,793</u>
Total general revenues				<u>109,937,035</u>
Change in net position				71,423,278
Net position, beginning of year				<u>32,320,525</u>
Net position, end of year				<u>\$ 103,743,803</u>

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

FAIRFIELD COUNTY, SOUTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	<u>General Fund</u>	<u>Grant Subfunds</u>	<u>Capital Improvement Projects</u>	<u>Economic Development Program</u>	<u>Sewer Treatment Plant</u>	<u>Fairfield Facilities Corporation</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS								
Cash and cash equivalents	\$ 13,413,375	\$ 732,854	\$ 16,898,051	\$ 164,348	\$ 45,733,435	\$ 4,665,274	\$ 6,328,982	\$ 87,936,319
Taxes receivable, net	685,110	-	-	-	-	-	46,236	731,346
Accounts receivable, net	1,635,663	-	-	-	-	-	113,385	1,749,048
Leases receivable	46,240	-	-	-	-	-	-	46,240
Due from other funds	2,466,529	-	-	-	-	-	-	2,466,529
Due from other governments	1,596,951	524,197	-	717,281	-	-	1,606,507	4,444,936
Prepaid items	44,692	-	-	-	-	150,573	119,685	314,950
Total assets	<u>19,888,560</u>	<u>1,257,051</u>	<u>16,898,051</u>	<u>881,629</u>	<u>45,733,435</u>	<u>4,815,847</u>	<u>8,214,795</u>	<u>97,689,368</u>
LIABILITIES								
Accounts payable	612,641	15,055	97,974	-	-	-	631,385	1,357,055
Retainage payable	-	-	-	-	-	321,148	6,933	328,081
Accrued liabilities	662,972	-	-	-	-	-	12,149	675,121
Due to other funds	-	509,138	-	881,629	-	-	1,075,762	2,466,529
Due to other governments	254,324	-	-	-	-	-	-	254,324
Unearned revenue	258,265	714,492	-	-	-	-	-	972,757
Total liabilities	<u>1,788,202</u>	<u>1,238,685</u>	<u>97,974</u>	<u>881,629</u>	<u>-</u>	<u>321,148</u>	<u>1,726,229</u>	<u>6,053,867</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - leases	46,165	-	-	-	-	-	-	46,165
Unavailable revenue - property taxes	-	-	-	-	-	-	21,537	21,537
Total deferred inflows of resources	<u>46,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,537</u>	<u>67,702</u>
FUND BALANCES								
Nonspendable								
Prepaid expenditures	44,692	-	-	-	-	150,573	24,312	219,577
Restricted								
General government	-	-	-	-	-	-	2,219,205	2,219,205
Public safety	-	18,366	-	-	-	-	127,326	145,692
Health and welfare	2,250,251	-	-	-	-	-	1,472,758	3,723,009
Judicial	-	-	-	-	-	-	185,381	185,381
Cultural and recreation	-	-	-	-	-	-	316,652	316,652
Debt service	-	-	-	-	-	4,344,126	523,839	4,867,965
Committed								
Local option sales tax	490,957	-	-	-	-	-	-	490,957
General government	3,480,000	-	-	-	-	-	-	3,480,000
Health and welfare	760,000	-	-	-	-	-	-	760,000
Public works and utilities	-	-	-	-	-	-	314,647	314,647
Capital outlay	-	-	16,800,077	-	45,733,435	-	1,282,909	63,816,421
Assigned								
General government	4,200,000	-	-	-	-	-	-	4,200,000
Unassigned	6,828,293	-	-	-	-	-	-	6,828,293
Total fund balances	<u>18,054,193</u>	<u>18,366</u>	<u>16,800,077</u>	<u>-</u>	<u>45,733,435</u>	<u>4,494,699</u>	<u>6,467,029</u>	<u>91,567,799</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,888,560</u>	<u>\$ 1,257,051</u>	<u>\$ 16,898,051</u>	<u>\$ 881,629</u>	<u>\$ 45,733,435</u>	<u>\$ 4,815,847</u>	<u>\$ 8,214,795</u>	<u>\$ 97,689,368</u>

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

FAIRFIELD COUNTY, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2022

Total fund balances for governmental funds:		\$ 91,567,799
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets and right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		70,846,981
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.		21,537
Deferred inflows and deferred outflows related to the pension liability and OPEB liability are not reported in governmental funds.		
Pension related deferred outflows of resources	\$ 5,268,126	
Pension related deferred inflows of resources	(4,482,556)	
OPEB related deferred outflows of resources	3,973,272	
OPEB related deferred inflows of resources	<u>(2,051,568)</u>	2,707,274
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
General obligation bonds payable	\$ (3,807,139)	
Revenue bonds payable	(18,580,000)	
Discount on bonds payable	98,130	
Accrued compensated absences	(787,608)	
Lease liability	(1,987,258)	
Total OPEB liability	(12,500,436)	
Net pension liability	(26,252,850)	
Accrued interest	(99,369)	
Deferred loss on bond refunding	<u>2,516,742</u>	<u>(61,399,788)</u>
Net position of governmental activities		<u>\$ 103,743,803</u>

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

FAIRFIELD COUNTY, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	General Fund	Grant Subfunds	Capital Improvement Projects	Economic Development Program	Sewer Treatment Plant	Fairfield Facilities Corporation	Nonmajor Governmental Funds	Total Governmental Funds
Revenues								
Property taxes	\$ 24,131,823	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,568,198	\$ 25,700,021
Sales tax	2,618,875	-	-	-	-	-	452,708	3,071,583
Intergovernmental	2,897,848	2,146,416	-	688,781	-	-	2,997,294	8,730,339
Licenses, permits, fines and fees	1,198,945	-	-	-	-	-	240,378	1,439,323
Charges for services	1,080,296	-	-	-	-	-	38,909	1,119,205
Investment income	6,239	-	4,168	-	-	435,053	168	445,628
Other	1,483,856	-	3,152	-	44,004	-	696,290	2,227,302
Extraordinary revenue - settlement	1,975,955	-	15,211,800	-	45,690,118	-	9,300,920	72,178,793
Total revenues	<u>35,393,837</u>	<u>2,146,416</u>	<u>15,219,120</u>	<u>688,781</u>	<u>45,734,122</u>	<u>435,053</u>	<u>15,294,865</u>	<u>114,912,194</u>
Expenditures								
General government	9,928,399	23,046	859,517	-	-	-	906,594	11,717,556
Public safety	8,825,922	-	-	-	-	-	296,091	9,122,013
Public works and utilities	1,177,571	-	-	922,060	-	-	2,626,032	4,725,663
Health and welfare	8,781,560	1,829,228	-	-	-	-	922,663	11,533,451
Judicial	1,197,666	-	-	-	-	-	53,867	1,251,533
Cultural and recreation	1,595,227	49,328	-	-	-	-	153,146	1,797,701
Capital outlay	-	267,000	1,564,788	-	-	950,726	1,033,521	3,816,035
Debt service:								
Principal retirement	590,757	-	-	-	-	785,000	1,136,570	2,512,327
Interest and fiscal charges	11,683	-	-	-	687	1,679,300	144,641	1,836,311
Total expenditures	<u>32,108,785</u>	<u>2,168,602</u>	<u>2,424,305</u>	<u>922,060</u>	<u>687</u>	<u>3,415,026</u>	<u>7,273,125</u>	<u>48,312,590</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,285,052</u>	<u>(22,186)</u>	<u>12,794,815</u>	<u>(233,279)</u>	<u>45,733,435</u>	<u>(2,979,973)</u>	<u>8,021,740</u>	<u>66,599,604</u>
Other financing sources (uses):								
Issuance of debt	-	-	-	-	-	18,480,330	1,361,000	19,841,330
Issuance of leases	3,139	-	-	-	-	-	-	3,139
Payment to refunding bond escrow agent	-	-	-	-	-	(25,294,181)	-	(25,294,181)
Sale of capital assets	1,438,793	-	42,649	-	-	-	61,070	1,542,512
Transfers in	233,821	5,813	1,813,741	164,348	-	10,094,473	1,798,440	14,110,636
Transfers out	(2,782,342)	-	(248,085)	-	-	-	(11,080,209)	(14,110,636)
Total other financing sources (uses), net	<u>(1,106,589)</u>	<u>5,813</u>	<u>1,608,305</u>	<u>164,348</u>	<u>-</u>	<u>3,280,622</u>	<u>(7,859,699)</u>	<u>(3,907,200)</u>
Net change in fund balances	<u>2,178,463</u>	<u>(16,373)</u>	<u>14,403,120</u>	<u>(68,931)</u>	<u>45,733,435</u>	<u>300,649</u>	<u>162,041</u>	<u>62,692,404</u>
Fund balance, beginning of year	<u>15,875,730</u>	<u>34,739</u>	<u>2,396,957</u>	<u>68,931</u>	<u>-</u>	<u>4,194,050</u>	<u>6,304,988</u>	<u>28,875,395</u>
Fund balance, end of year	<u>\$ 18,054,193</u>	<u>\$ 18,366</u>	<u>\$ 16,800,077</u>	<u>\$ -</u>	<u>\$ 45,733,435</u>	<u>\$ 4,494,699</u>	<u>\$ 6,467,029</u>	<u>\$ 91,567,799</u>

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

FAIRFIELD COUNTY, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds	\$	62,692,404
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 6,872,751		
Depreciation and amortization expense	<u>(3,945,513)</u>		2,927,238

The net effect of various miscellaneous transactions (i.e., sales and donations) is to decrease net position.	(1,438,182)
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Because some revenues will not be collected for several months after the County's fiscal year-end, they are not considered "available" revenues and are deferred in the governmental funds. Unavailable revenues changed by this amount this year.

(374,542)

Bond and other long-term debt proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. In the current period, proceeds were received from:

Issuance of general obligation bonds	\$ (1,361,000)		
Issuance of revenue bonds	(18,580,000)		
Issuance of leases	<u>(3,139)</u>		(19,944,139)

Repayment of long-term debt is reported as an expenditure in governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consisted of:

General obligation bond principal retirement	\$ 1,136,570		
Revenue bond principal retirement	24,620,000		
Discount on bond issuance	99,671		
Deferred amount on refunding	2,710,338		
Lease payments	<u>590,757</u>		29,157,336

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Total OPEB liability, net of related deferred outflows and deferred inflows	\$ (1,071,423)		
Net pension liability, net of related deferred outflows and deferred inflows	(164,211)		
Compensated absences	50,340		
Amortization of bond discount	(445,829)		
Amortization of deferred amount on refunding	<u>(193,596)</u>		(1,824,719)

In the Statement of Activities, interest is accrued on outstanding bonds whereas, in governmental funds, interest is expensed when due.	<u>227,882</u>
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Change in net position of governmental activities	<u><u>\$ 71,423,278</u></u>
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FAIRFIELD COUNTY, SOUTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022**

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 14,396,130
Investments	7,966,173
Taxes receivable	905,185
Total assets	<u>23,267,488</u>
LIABILITIES	
Amounts held for others	1,045,740
Due to other taxing entities	22,203,635
Total liabilities	<u>23,249,375</u>
NET POSITION	
Restricted for individuals, organizations, and other governments	<u>18,113</u>
Total net position	<u>\$ 18,113</u>

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

FAIRFIELD COUNTY, SOUTH CAROLINA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Custodial Funds</u>
ADDITIONS	
Current property taxes	\$ 45,847,455
Other custodial receipts	41,569,403
Fines and fees	305,718
Criminal and civil bonds	21,843
Inmate funds collected	<u>23,329</u>
Total additions	<u>87,767,748</u>
DEDUCTIONS	
Other custodial disbursements	<u>87,758,943</u>
Total deductions	<u>87,758,943</u>
Change in net position	8,805
NET POSITION, BEGINNING OF YEAR	<u>9,308</u>
NET POSITION, END OF YEAR	<u><u>\$ 18,113</u></u>

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

FAIRFIELD COUNTY, SOUTH CAROLINA

**GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Fairfield County Library Commission	Fairfield Behavioral Health Services	Total Governmental Activities
ASSETS			
Cash and cash equivalents	\$ 293,628	\$ 224,470	\$ 518,098
Investments	29,667	100,286	129,953
Accounts receivable	1,000	138,160	139,160
Prepaid items	15,700	2,100	17,800
Capital assets being depreciated, net of accumulated depreciation	660,856	1,490,057	2,150,913
Total assets	<u>1,000,851</u>	<u>1,955,073</u>	<u>2,955,924</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to total OPEB liability	265,070	-	265,070
Deferred outflows related to net pension liability	172,547	246,449	418,996
Total deferred outflows of resources	<u>437,617</u>	<u>246,449</u>	<u>684,066</u>
LIABILITIES			
Accounts payable	1,541	21,476	23,017
Accrued liabilities	16,293	6,303	22,596
Accrued compensated absences, due within one year	5,899	24,131	30,030
Long-term liabilities			
Notes payable	-	500,000	500,000
Accrued compensated absences, due after one year	26,123	-	26,123
Net pension liability	738,842	827,734	1,566,576
Total OPEB liability	553,884	-	553,884
Total liabilities	<u>1,342,582</u>	<u>1,379,644</u>	<u>2,722,226</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to total OPEB liability	136,867	-	136,867
Deferred inflows related to net pension liability	108,323	264,514	372,837
Total deferred inflows of resources	<u>245,190</u>	<u>264,514</u>	<u>509,704</u>
NET POSITION			
Net investment in capital assets	660,856	990,057	1,650,913
Restricted			
Permanent funds	187,412	-	187,412
Unrestricted	(997,572)	(432,693)	(1,430,265)
Total net position	<u>\$ (149,304)</u>	<u>\$ 557,364</u>	<u>\$ 408,060</u>

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

FAIRFIELD COUNTY, SOUTH CAROLINA

**GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue (Expense) and Changes in Net Position</u>
		<u>Charges for Sales and Service</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:				
Fairfield County Library Commission	\$ 924,213	\$ 6,233	\$ 131,000	\$ (786,980)
Fairfield Behavioral Health Services	1,394,718	83,065	1,277,493	(34,160)
	<u>2,318,931</u>	<u>89,298</u>	<u>1,408,493</u>	<u>(821,140)</u>
General revenues:				
County appropriations				736,837
Alcohol excise tax				65,423
Investment income				1,834
Gifts and donations				550
Miscellaneous revenue				37,414
Total general revenues				<u>842,058</u>
Change in net position				20,918
Net position, beginning of year				387,142
Net position, end of year				<u>\$ 408,060</u>

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

FAIRFIELD COUNTY, SOUTH CAROLINA

NONGOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

	Fairfield County Council on Aging
ASSETS	
Cash and cash equivalents	\$ 435,111
Receivables, net	86,211
Prepaid items	5,855
Property and equipment, net of accumulated depreciation	746,066
Total assets	<u>1,273,243</u>
LIABILITIES	
Accounts payable and accrued expenses	22,735
Accrued compensated absences	8,767
Total liabilities	<u>31,502</u>
NET ASSETS	
Without donor restrictions	<u>1,241,741</u>
Total liabilities and net assets	<u>\$ 1,273,243</u>

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

FAIRFIELD COUNTY, SOUTH CAROLINA

**NONGOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Fairfield County Council on Aging</u>
Changes in net assets without donor restrictions:	
Revenues, gains and other support	
Local	\$ 438,228
County appropriations	93,968
Client fees	71,134
Investment income	125
Other	33,405
Net assets released from restrictions	<u>453,426</u>
Total revenues, gains, and other support	<u>1,090,286</u>
Expenses	
Program services	581,372
Supporting services	<u>311,836</u>
Total expenses	<u>893,208</u>
Change in net assets without donor restrictions	<u>197,078</u>
Changes in net assets with donor restrictions:	
Grants	453,426
Net assets released from restrictions	<u>(453,426)</u>
Change in net assets	197,078
Net assets, beginning of year	
Without donor restrictions	<u>1,044,663</u>
	<u>1,044,663</u>
Net assets, end of year	
Without donor restrictions	1,241,741
	<u>\$ 1,241,741</u>

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

NOTES TO FINANCIAL STATEMENTS

FAIRFIELD COUNTY, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 Statement and Management’s Discussion and Analysis for State and Local Governments*. The more significant of the County’s accounting policies are described below.

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 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 organizations of the primary government. A summary of the County’s blended and discretely presented component units follows:

Fairfield Facilities Corporation – 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 2022. County Council appoints the officers and directors of the Corporation. The Corporation does not issue separate financial statements.

Discretely Presented Component Units – 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Fairfield County Library Commission – Fairfield County Library Commission (the “Library Commission”) was established as a 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.

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.

Basis of Presentation

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. The Statement of Net Position reports all financial and capital resources of the County and reports the difference between assets and deferred outflows and liabilities and deferred inflows as net position not fund balance or equity.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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.

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 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.

Grant Subfunds - The Grant Subfunds fund accounts for the activities relative to various federal and state grants received throughout the fiscal year.

Capital Improvement Projects - The Capital Improvements Projects fund accounts for the numerous capital projects funded by Fairfield County.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Fund Accounting (Continued)

Economic Development Program - The Economic Development Program fund accounts for the purchase and improvement of industrial properties located throughout Fairfield County for the purpose of future expansion.

Sewer Treatment Plant - The Sewer Treatment Plant accounts for the construction of a sewer treatment plant in Fairfield County.

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 ***Custodial Funds*** which account 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Expenses/Expenditures (Continued)

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.

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.

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

Cash and Cash Equivalents and Investments - 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.

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. Savings and loan association deposits to the extent they are insured by the Federal Deposit Insurance Corporation (FDIC);
4. 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.
5. Repurchase agreements when collateralized by securities as set forth in this section;

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position (Continued)

Cash and Cash Equivalents and Investments (Continued)

6. South Carolina State Investment Pool established and maintained by the State Treasurer;
7. 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.

At June 30, 2022, 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:

	General	Nonmajor Governmental	Total
Taxes receivable	\$ 685,110	\$ 46,236	\$ 731,346
Accounts receivable	2,381,077	113,385	2,494,462
Gross	3,066,187	159,621	3,225,808
Less:			
Allowance - accounts receivable	(745,414)	-	(745,414)
Net receivables	\$ 2,320,773	\$ 159,621	\$ 2,480,394

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position (Continued)

Receivables and Payables (Continued)

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, software, and right-to-use leased assets 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. Major outlays for capital assets are capitalized as the projects are constructed.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position (Continued)

Capital Assets (Continued)

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:

Description	Governmental Activities Estimated Lives
Land improvements	15 - 20 years
Buildings and improvements	10 - 50 years
Right-to-use leased building	4 years
Leasehold improvements	15 - 20 years
Infrastructure	40 - 50 years
Machinery and equipment	5 - 15 years
Right-to-use leased equipment	1 - 3 years
Software	3 - 10 years

Lease Accounting (Lessee) - The County is a lessee for non-cancellable leases including buildings and improvements and equipment. The County recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the asset's useful life or the term of the lease.

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

The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position (Continued)

Lease Accounting (Lessee) (Continued)

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the County is reasonably certain to exercise. The County monitors changes in circumstances that would require a re-measurement of its lease and will re-measure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position. The General Fund is typically used to liquidate lease liabilities.

Lease Accounting (Lessor) - The County is the lessor for certain non-cancellable leases of real property and spaces within existing County buildings. The County recognizes a lease receivable and a deferred inflow of resources for deferred lease receipts in accordance with these transactions. At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments made at or before the lease commencement date, less certain other amounts to be paid by the County (if any). Subsequently, the deferred inflow of resources is amortized into lease revenue on a straight-line basis over the lease term.

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

The lease agreements entered into by the County as lessor do not include stated interest rates. Therefore, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments that the County will receive over the term of the lease agreement.

The County monitors changes in circumstances that would require a re-measurement of its lease and will re-measure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position (Continued)

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 and Other Post-employment Benefits (OPEB) - 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. 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.

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, are reported as deferred outflows of resources. Additionally, the County reports deferred outflows of resources in the Statement of Net Position related to a deferred loss on bond refundings. Such deferred losses are amortized over the shorter of the life of the refunded bonds or the refunding bonds. Finally, the County reports deferred inflows of resources in the Statement of Net Position and the Governmental Funds Balance Sheet related deferred lease receipts.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position (Continued)

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, 2022, 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.
- 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position (Continued)

Fund Balances (Continued)

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, 2022, 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 the County's net investment in capital assets are as follows at June 30, 2022:

Capital assets, net of accumulated depreciation	\$ 70,846,981
Less: Bonds payable, net of unamortized bond discounts, and leases payable	(24,276,267)
Less: Capital project payables and retainages	(328,081)
Add: Deferred loss on refunding	2,516,742
Add: Unspent bond proceeds	3,416,168
Net investment in capital assets	<u>\$ 52,175,543</u>

NOTES TO FINANCIAL STATEMENTS

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 and the budgetary level of control is the fund level. 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 re-appropriated 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, 2022, the carrying amount of the County's deposits was \$96,107,405 and the bank balance was \$97,818,187.

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, 2022, all of the County's bank balance was insured or collateralized.

NOTES TO FINANCIAL STATEMENTS

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, 2022, the County held the following investments and maturities:

Investment Type	Fair Value	Investment Maturities		
		Less than one year	Three to twelve months	More than one year
US Government Agency Obligations	\$ 7,858,734	\$ 1,720,984	\$ -	\$ 6,137,750
Money Market Fund	107,439	107,439	-	-
South Carolina Local Government Investment Pool (LGIP)	6,225,044	6,225,044	-	-
Total investments held in the County's name	<u>\$ 14,191,217</u>	<u>\$ 8,053,467</u>	<u>\$ -</u>	<u>\$ 6,137,750</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.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued):

The following table presents the County's fair value hierarchy for those assets measured at fair value as of June 30, 2022:

Investment Type	Level 1	Level 2	Level 3	Fair Value
US Government Agency Obligations	\$ 6,867,194	\$ 991,540	\$ -	\$ 7,858,734
Total investments held in the County's name	<u>\$ 6,867,194</u>	<u>\$ 991,540</u>	<u>\$ -</u>	7,858,734
Investments not subject to level disclosure:				
S.C. Local Government Investment Pool				6,225,044
Money Market Fund				107,439
Total investments				<u>\$ 14,191,217</u>

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:

As reported in the Statement of Net Position:

Primary government
Cash and cash equivalents \$ 87,936,319

As reported in the Statement of Fiduciary

Net Position:
Custodial Funds - cash and cash equivalents 14,396,130
Custodial Funds - investments 7,966,173
\$ 110,298,622

Cash deposited with financial institutions \$ 96,107,405
Investments 7,966,173
SC Local Government Investment Pool 6,225,044
\$ 110,298,622

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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, 2022, 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, 2022, the underlying security ratings of the County's investment in the money market fund was AAAM according to Standard & Poor's credit ratings. The County's investments in U.S. Agency Obligations were rated AAA by Standard & Poor's as of June 30, 2022.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. INTERFUND ASSETS AND LIABILITIES

The balances of interfund receivables and payables at June 30, 2022, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grant Subfunds	\$ 509,138
General Fund	Economic Development Program Fund	881,629
General Fund	Nonmajor Governmental Funds	1,075,762
		<u>\$ 2,466,529</u>

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, 2022, consisted of the following individual amounts:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 233,821
Fairfield Facilities Corporation	Nonmajor Governmental Funds	10,094,473
Grant Subfunds	General Fund	5,813
Capital Improvement Projects	Nonmajor Governmental Funds	751,915
Capital Improvement Projects	General Fund	1,061,826
Nonmajor Governmental Funds	Capital Improvement Projects	248,085
Nonmajor Governmental Funds	General Fund	1,550,355
Economic Development	General Fund	164,348
		<u>\$ 14,110,636</u>

NOTE 5. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governments at June 30, 2022, in the governmental-type funds consisted of the following:

	<u>State</u>	<u>Federal</u>	<u>Total</u>
General Fund	\$ 1,596,951	\$ -	\$ 1,596,951
Grant Subfunds	56,948	467,249	524,197
Economic Development Program Fund	717,281	-	717,281
Nonmajor Governmental Funds	1,403,244	203,263	1,606,507
Net receivables	<u>\$ 3,774,424</u>	<u>\$ 670,512</u>	<u>\$ 4,444,936</u>

NOTES TO FINANCIAL STATEMENTS

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, 2022:

Governmental Activities	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 14,159,966	\$ -	\$ (160,390)	\$ -	\$ 13,999,576
Construction in progress	16,208,628	5,531,640	-	(2,071,173)	19,669,095
Total capital assets not being depreciated	<u>30,368,594</u>	<u>5,531,640</u>	<u>(160,390)</u>	<u>(2,071,173)</u>	<u>33,668,671</u>
Capital assets being depreciated:					
Land improvements	25,865,062	-	-	-	25,865,062
Buildings and improvements	30,853,514	316,544	(1,466,665)	-	29,703,393
Leasehold improvements	1,658,079	-	-	1,296,685	2,954,764
Infrastructure	6,665,465	176,411	-	774,488	7,616,364
Machinery and equipment	25,857,785	845,017	(475,423)	-	26,227,379
Software	498,001	-	-	-	498,001
Total capital assets being depreciated	<u>91,397,906</u>	<u>1,337,972</u>	<u>(1,942,088)</u>	<u>2,071,173</u>	<u>92,864,963</u>
Less accumulated depreciation for:					
Land improvements	(21,969,016)	(438,625)	-	-	(22,407,641)
Buildings and improvements	(10,458,507)	(777,872)	194,581	-	(11,041,798)
Leasehold improvements	(744,067)	(82,904)	-	-	(826,971)
Infrastructure	(1,242,111)	(166,275)	-	-	(1,408,386)
Machinery and equipment	(20,123,914)	(1,855,420)	469,715	-	(21,509,619)
Software	(445,836)	(20,614)	-	-	(466,450)
Total accumulated depreciation	<u>(54,983,451)</u>	<u>(3,341,710)</u>	<u>664,296</u>	<u>-</u>	<u>(57,660,865)</u>
Total capital assets being depreciated, net	<u>36,414,455</u>	<u>(2,003,738)</u>	<u>(1,277,792)</u>	<u>2,071,173</u>	<u>35,204,098</u>
Governmental activities capital assets, net	<u>\$ 66,783,049</u>	<u>\$ 3,527,902</u>	<u>\$ (1,438,182)</u>	<u>\$ -</u>	<u>68,872,769</u>
Leased assets, net (Note 9)					<u>1,974,212</u>
Total capital assets, net as reported in the Statement of Net Position					<u>\$ 70,846,981</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

General government	\$ 2,590,334
Public safety	88,448
Public works and utilities	171,043
Health and welfare	428,763
Judicial	736
Cultural and recreation	62,386
	<u>62,386</u>
Total Governmental Activities Depreciation Expense	<u>\$ 3,341,710</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 2026. 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, 2022.

NOTE 8. LONG-TERM OBLIGATIONS

The following is a summary of the changes in general long-term liabilities for the fiscal year ended June 30, 2022:

Governmental Activities	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due within One Year
General obligation bonds	\$ 3,582,709	\$ 1,361,000	\$ (1,136,570)	\$ 3,807,139	\$ 1,278,302
Revenue bonds	24,620,000	18,580,000	(24,620,000)	18,580,000	990,000
Unamortized bond discounts	(444,288)	(99,671)	445,829	(98,130)	(7,989)
Accrued compensated absences	837,948	379,731	(430,071)	787,608	93,505
Lease liability	2,574,876	3,139	(590,757)	1,987,258	593,900
Net pension liability	31,391,555	4,452,235	(9,590,940)	26,252,850	-
Total other postemployment benefit liability	14,334,736	991,481	(2,825,781)	12,500,436	-
	<u>\$ 76,897,536</u>	<u>\$ 25,667,915</u>	<u>\$ (38,748,290)</u>	<u>\$ 63,817,161</u>	<u>\$ 2,947,718</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM OBLIGATIONS (CONTINUED)

The County's outstanding notes from revenue bonds of \$18,580,000 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, 2022:

\$306,000 of Series 2016A general obligation bonds due in annual installments of \$27,714 to \$121,406 through March 1, 2023; interest at 3.54%	\$ 31,253
\$306,000 of Series 2016B general obligation bonds due in annual installments of \$23,239 to \$123,457 through March 1, 2023; interest at 1.96%	88,603
\$614,000 of Series 2017A general obligation bonds due in annual installments of \$125,694 to \$225,590 through March 1, 2024; interest at 3.60%	257,862
\$614,000 of Series 2018A general obligation bonds due in annual installments of \$24,000 to \$225,590 through March 1, 2024; interest at 4.63%	354,758
\$599,000 of Series 2019A general obligation bonds due in annual installments of \$20,815 to \$144,489 through March 1, 2025; interest at 3.31%	348,138
\$599,000 of Series 2020A general obligation bonds due in annual installments of \$86,454 to \$132,636 through March 1, 2025; interest at 2.88%	391,878
\$1,127,000 of Series 2021A general obligation bonds due in annual installments of \$153,535 to \$248,804 through March 1, 2026; interest at 1.12%	973,647
\$1,361,000 of Series 2022 general obligation bonds due in annual installments of \$194,083 to \$242,287 through March 1, 2027; interest at 2.29%	1,361,000
	\$ 3,807,139

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM OBLIGATIONS (CONTINUED)

Revenue (Installment Purchase) bonds were issued by the Fairfield Facilities Corporation 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, 2022:

\$18,580,000 of Series 2021 revenue bonds due in annual installments of \$720,000 to \$1,085,000 through September 2042; interest at 2.00% to 3.15%

\$ 18,580,000

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

Year Ended June 30	General Obligation Bonds		
	Principal	Interest	Total
2023	\$ 1,278,302	\$ 95,250	\$ 1,373,552
2024	1,005,628	57,805	1,063,433
2025	727,032	31,367	758,399
2026	442,887	15,321	458,208
2027	353,290	8,090	361,380
	<u>\$ 3,807,139</u>	<u>\$ 207,833</u>	<u>\$ 4,014,972</u>

Year Ended June 30	Revenue Bonds		
	Principal	Interest	Total
2023	\$ 990,000	\$ 462,843	\$ 1,452,843
2024	880,000	444,142	1,324,142
2025	900,000	426,343	1,326,343
2026	915,000	408,192	1,323,192
2027	720,000	391,843	1,111,843
2028-2032	3,835,000	1,730,822	5,565,822
2033-2037	4,295,000	1,238,751	5,533,751
2038-2042	4,960,000	565,054	5,525,054
2043	1,085,000	17,089	1,102,089
	<u>\$ 18,580,000</u>	<u>\$ 5,685,079</u>	<u>\$ 24,265,079</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. LEASES

The County has entered into multiple noncancelable leases as the lessee for various right-to-use assets. The incremental borrowing rate varies from 0.165% to 2.186%. As of June 30, 2022, the County has \$1,987,258 outstanding in leases payable. The annual requirements to amortize all leases payable as of June 30, 2022, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 593,900	\$ 9,596	\$ 603,496
2024	595,126	6,274	601,400
2025	598,465	2,935	601,400
2026	199,767	233	200,000
	\$ 1,987,258	\$ 19,038	\$ 2,006,296

Leased asset activity for the County's governmental activities for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Remeasurements	Deductions	Ending Balance
Governmental activities:					
Leased assets:					
Buildings and improvements	\$ 2,574,876	\$ -	\$ -	\$ -	\$ 2,574,876
Equipment	-	3,139	-	-	3,139
Total leased assets	2,574,876	3,139	-	-	2,578,015
Less accumulated amortization for:					
Buildings and improvements	-	(602,983)	-	-	(602,983)
Equipment	-	(820)	-	-	(820)
Total accumulated amortization	-	(603,803)	-	-	(603,803)
Governmental activities total leased assets, net	\$ 2,574,876	\$ (600,664)	\$ -	\$ -	\$ 1,974,212

NOTES TO FINANCIAL STATEMENTS

NOTE 10. 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 South Carolina Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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

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

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLANS (CONTINUED)

Plan Descriptions (Continued):

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.

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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLANS (CONTINUED)

Benefits:

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

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

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLANS (CONTINUED)

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 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent.

If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLANS (CONTINUED)

Contributions (Continued):

Required employee contribution rates are as follows:

South Carolina Retirement System

Employee class two	9.00% of earnable compensation
Employee class three	9.00% of earnable compensation

South Carolina Police Officers Retirement System

Employee class two	9.75% of earnable compensation
Employee class three	9.75% of earnable compensation

Required employer contribution rates are as follows:

South Carolina Retirement System

Employer class two	16.41% of earnable compensation
Employer class three	16.41% of earnable compensation
Employer incidental death benefit	0.15% of earnable compensation

South Carolina Police Officers Retirement System

Employer class two	18.84% of earnable compensation
Employer class three	18.84% of earnable compensation
Employer incidental death benefit	0.20% of earnable compensation
Employer accidental death program	0.20% of earnable compensation

Contributions to the SCRS and PORS pension plans from the County were \$1,586,805 and \$870,389 respectively, for the year ended June 30, 2022.

Non-employer Contributions:

Employers 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, 2020, 2021, and 2022 for credit towards employer contributions for most employers participating in SCRS. For the year ended June 30, 2021 measurement period, PEBA provided non-employer contributions to the County in the amount of \$110,130 which is shown as a reduction of the net pension liability and other grant revenue in the year ended June 30, 2022 which are presented on the economic resources measurement focus and accrual basis of accounting.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLANS (CONTINUED)

Pension Expense:

For the year ended June 30, 2022, the County recognized its proportionate share of collective pension expense for the SCRS and PORS plans of \$1,756,020 and \$977,745, 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, 2019.

The June 30, 2021, total pension liability, net pension liability, 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, 2020. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles. There was no legislation enacted during the 2021 legislative session that had a material change in the benefit provisions for any of the systems. In FY 2021, the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2021, for SCRS and PORS:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 10. 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 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2021 total pension liability are as follows:

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

Net Pension Liability:

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

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>	<u>County's Proportionate Share of the Collective Net Pension Liability</u>
SCRS	\$ 55,131,579,363	\$ 33,490,305,970	\$ 21,641,273,393	60.7%	0.087512%
PORS	\$ 8,684,586,488	\$ 6,111,672,064	\$ 2,572,914,424	70.4%	0.284278%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 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 Statement Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

At June 30, 2022, the County reported a liability of \$18,938,613 and \$7,314,237 for its proportionate share of the SCRS and PORS net pension liability, respectively. The County's proportionate share of the net pension liability 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLANS (CONTINUED)

Net Pension Liability (Continued):

At June 30, 2022, the County's proportionate share of the SCRS and PORS plans were 0.087512 percent and 0.284278 percent, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources:

At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 322,597	\$ 25,560
Changes of assumptions	1,036,638	-
Net difference between projected and actual earnings on pension plan investments	-	2,751,083
Changes in proportion and differences between employer contributions and proportionate share of contributions	359,118	43,314
Employer contributions subsequent to the measurement date	<u>1,586,805</u>	<u>-</u>
Total	<u>\$ 3,305,158</u>	<u>\$ 2,819,957</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLANS (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued):

PORS	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 248,824	\$ 22,779
Changes of assumptions	521,686	-
Net difference between projected and actual earnings on pension plan investments	-	1,639,820
Changes in proportion and differences between employer contributions and proportionate share of contributions	322,069	-
Employer contributions subsequent to the measurement date	<u>870,389</u>	<u>-</u>
Total	<u>\$ 1,962,968</u>	<u>\$ 1,662,599</u>

The \$1,586,805 and \$870,389 reported as of June 30, 2022, as deferred outflows of resources related to pensions resulting from County contributions paid 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, 2023.

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:

Year ended June 30:	<u>SCRS</u>	<u>PORS</u>
2023	\$ 197,227	\$ 43,550
2024	(46,114)	26,947
2025	(223,297)	(69,197)
2026	<u>(1,029,420)</u>	<u>(571,320)</u>
	<u>\$ (1,101,604)</u>	<u>\$ (570,020)</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLANS (CONTINUED)

Discount Rate:

The discount rate used to measure the total pension liability was 7.0 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 total pension liability.

Long-term Expected Rate of Return:

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.0 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. 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
Public Equity	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity	9.0%	9.68%	0.87%
Private Debt	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real estate	9.0%	6.01%	0.54%
Infrastructure	3.0%	5.08%	0.15%
	100.0%		
		Total expected real return	5.18%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	7.43%

Sensitivity Analysis:

The following table presents the collective net pension liability of the County calculated using the discount rate of 7.0 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower (6.0 percent) or 1.00 percent higher (8.0 percent) than the current rate.

Sensitivity of the Net Position Liability to Changes in the Discount Rate				
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)	
County's portion - SCRS	\$ 24,804,225	\$ 18,938,613	\$ 14,060,582	
County's portion - PORS	\$ 10,612,023	\$ 7,314,237	\$ 4,612,846	

NOTES TO FINANCIAL STATEMENTS

NOTE 10. 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, 2021, and the accounting valuation report as of June 30, 2021. Additional financial information supporting the preparation of the Schedules of Employer and Non-employer Allocations and Schedules of Pension Amounts by Employer (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' ACFR.

NOTE 11. DEFERRED COMPENSATION

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 ACFR. 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 12. 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, the 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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 is 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.

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, 2022, the valuation date, there were 388 members covered by benefit terms, which consisted of 289 active members and 99 retirees and beneficiaries. The County employees consisted of 289 active members and 94 retirees and beneficiaries. The Commission employees consisted of 7 active members and 5 retirees and beneficiaries.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Total OPEB Liability:

The County's portion of the total OPEB liability of \$12,500,436 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date. Changes in the County's total OPEB liability for the year ended June 30, 2022, are as follows:

	County	Commission	Total
Service cost	\$ 719,121	\$ 47,975	\$ 767,096
Interest on the total OPEB liability	272,360	18,170	290,530
Difference between expected and actual experience	(57,783)	(3,855)	(61,638)
Changes of assumptions	(2,275,293)	(151,794)	(2,427,087)
Benefit payments	(492,705)	(32,870)	(525,575)
Net change in the total OPEB liability	(1,834,300)	(122,374)	(1,956,674)
Total OPEB liability, beginning of year	14,334,736	676,258	15,010,994
Total OPEB liability, end of year	\$ 12,500,436	\$ 553,884	\$ 13,054,320

OPEB Expense:

For the year fiscal ended June 30, 2022, the County recognized OPEB expense of \$1,601,541. The calculation of OPEB expense for the fiscal year ended June 30, 2022, is as follows:

	County	Commission	Total
Service cost	\$ 719,121	\$ 47,975	\$ 767,096
Interest on the total OPEB liability	272,360	18,170	290,530
Recognition of current year outflow (inflow) due to liabilities	(329,652)	(21,992)	(351,644)
Amortization of prior year outflow (inflow) due to liabilities	939,712	62,691	1,002,403
Total OPEB expense	\$ 1,601,541	\$ 106,844	\$ 1,708,385

NOTES TO FINANCIAL STATEMENTS

NOTE 12. 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, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	County		Commission	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected	\$ 2,373,031	\$ 97,761	\$ 158,313	\$ 6,522
Changes in assumptions	1,600,241	1,953,807	106,757	130,345
Total	<u>\$ 3,973,272</u>	<u>\$ 2,051,568</u>	<u>\$ 265,070</u>	<u>\$ 136,867</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 of resources 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:

Fiscal Year Ending	Net Deferred Outflows (Inflows) of Resources		
	County	Commission	Total
June 30,			
2023	\$ 610,060	\$ 40,699	\$ 650,759
2024	610,060	40,699	650,759
2025	610,060	40,699	650,759
2026	300,010	20,015	320,025
2027	51,594	3,442	55,036
Thereafter	(260,080)	(17,351)	(277,431)
	<u>\$ 1,921,704</u>	<u>\$ 128,203</u>	<u>\$ 2,049,907</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 12. 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, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Methods and Assumptions:

Actuarial Cost Method	Individual Entry-age Normal
Discount Rate	3.69% as of June 30, 2022
Inflation	2.25%
Salary Increases	3.50% to 10.50% for PORS and 3.00% to 9.50% for SCRS, including inflation
Demographic Assumptions	Based on the experience study covering the five-year period ending June 30, 2019, as conducted for the South Carolina Retirement System (SCRS).
Mortality	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with the following multipliers applied to the base totals: 97% for male SCRS members, 107% for female SCRS members, 127% for male PORS members, and 107% for female PORS members. The rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2019 to account for future mortality improvements.
Health Care 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 6.00% declines to an ultimate rate of 4.00% after 14 years.
Participation Rates	85% 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.

Other Information:

Notes	The discount rate changed from 1.92% as of June 30, 2021, to 3.92% as of June 30, 2022.
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NOTES TO FINANCIAL STATEMENTS

NOTE 12. 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 3.69 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 1.92 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 1.92 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percent lower (2.69 percent) or one percent higher (4.69 percent) than the current rate.

Sensitivity of the total OPEB Liability to Changes in the Discount Rate			
	1% Decrease	Current Discount Rate Assumption	1% Increase
	2.69%	3.69%	4.69%
County	\$ 13,747,051	\$ 12,500,436	\$ 11,405,413
Commission	609,118	553,884	505,362
Total OPEB Liability	\$ 14,356,169	\$ 13,054,320	\$ 11,910,775

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.

Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend Rates			
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
County	\$ 12,518,216	\$ 12,500,436	\$ 12,413,074
Commission	554,669	553,884	550,011
Total OPEB Liability	\$ 13,072,885	\$ 13,054,320	\$ 12,963,085

NOTES TO FINANCIAL STATEMENTS

NOTE 13. TAX ABATEMENTS

The County has entered into fee in lieu of tax (FILOT) agreements pursuant to the authority granted by Title 12, Chapter 44, Tile 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.

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 Cod 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 fiscal year ended June 30, 2022, the County abated \$60,982 in property taxes under the FILOT agreements and SSRC arrangements. The projects subject to FILOT and SSRC arrangements generated approximately \$600,000 in revenues for the County for fiscal year 2022.

NOTES TO FINANCIAL STATEMENTS

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, 2022, the County incurred costs totaling \$550,189 (net of user fees) under this agreement.

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, 2022, the total cost included in the financial statements of the County was \$516,602.

As of June 30, 2022, the County has one open construction commitment in the amount of \$321,148.

The County has an agreement with 1st & Main Development, LLC (1st & Main) 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 property will be owned by 1st & Main during the lease; however, the County will have the option to purchase the complex for a price not to exceed \$4.5M after seven years. The lease is \$600,000 annually for seven years, to be made in monthly payments, which began in May 2021. The total is not to exceed \$4,200,000, which is represented in assigned fund balance.

NOTE 16. ECONOMIC DEPENDENCY

The County received a substantial portion of its property tax revenues from a single taxpayer, Dominion Energy South Carolina, Inc. (Dominion Energy). Of the total current and delinquent tax revenues of \$24,131,823 recorded in the General Fund for the year ended June 30, 2022, \$11,938,390 was generated from Dominion Energy due to its operation of the VC Summer Nuclear Plant. This represents 49% of the total tax revenues collected for the General Fund. Consequently, the funding of County operations is heavily dependent on property tax revenues collected from Dominion Energy.

NOTES TO FINANCIAL STATEMENTS

NOTE 17. LOCAL OPTION SALES TAX

The 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, 2022, amounts remitted (allocated) to the County totaled approximately \$2,268,000. 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, 2022, approximately \$491,000 of the General Fund's fund balance is committed for future Local Option Sales Tax credits.

NOTE 18. EXTRAORDINARY ITEM

For the year ended June 30, 2022, the County received revenue from a settlement with Dominion Energy. The total settlement amount was approximately \$99 million. After legal fees the County received and recognized approximately \$72 million which is reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities as *extraordinary revenue – settlement*.

REQUIRED SUPPLEMENTARY INFORMATION

FAIRFIELD COUNTY, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
REVENUES:				
Property taxes	\$ 23,840,791	\$ 23,840,791	\$ 24,131,823	\$ 291,032
Sales tax	1,230,000	1,230,000	2,618,875	1,388,875
Intergovernmental	3,155,595	3,155,595	2,897,848	(257,747)
Licenses, permits, fines and fees	927,750	927,750	1,198,945	271,195
Charges for services	1,000,059	1,000,059	1,080,296	80,237
Investment income	285,000	285,000	6,239	(278,761)
Other	3,283,356	4,283,356	1,483,856	(2,799,500)
Extraordinary revenue - settlement	-	-	1,975,955	1,975,955
Total revenues	<u>33,722,551</u>	<u>34,722,551</u>	<u>35,393,837</u>	<u>671,286</u>
EXPENDITURES:				
Current:				
General government:				
County council	334,459	332,983	314,251	18,732
County attorney	250,000	729,591	793,599	(64,008)
County administrator	492,258	494,064	384,776	109,288
Finance	603,122	603,122	585,479	17,643
Human resources	310,781	310,781	261,918	48,863
Purchasing	150,791	150,791	149,935	856
Data processing	932,194	931,286	676,988	254,298
General operating	4,583,689	3,876,451	2,195,212	1,681,239
Tax assessor	369,132	369,132	313,976	55,156
Tax collector	192,394	192,394	163,393	29,001
Building maintenance	1,027,006	1,027,006	930,589	96,417
Community development	627,412	627,412	516,067	111,345
Vehicle maintenance	328,990	328,990	325,153	3,837
Economic development	278,577	278,577	246,581	31,996
Auditor	183,004	183,004	159,078	23,926
Treasurer	213,871	213,871	209,284	4,587
Voter registration/election commission	277,603	277,603	267,071	10,532
Veterans affairs	127,378	129,200	129,190	10
Delegation	19,000	20,489	20,488	1
Airport commission	125,604	125,604	81,726	43,878
Quickjobs	51,323	51,323	37,101	14,222
Soil and water conservation	36,558	36,558	36,533	25
Allocations to local organizations	464,640	468,120	1,130,011	(661,891)
Total general government	<u>11,979,786</u>	<u>11,758,352</u>	<u>9,928,399</u>	<u>1,829,953</u>
Public safety:				
Sheriff's office	4,935,123	4,935,123	4,774,694	160,429
Detention center	2,092,593	2,092,593	2,065,086	27,507
Animal control	590,566	583,767	583,756	11
Coroner	284,676	298,477	298,461	16
Fire department	1,113,728	1,113,728	1,076,830	36,898
Allocations to local organizations	27,500	27,500	27,095	405
Total public safety	<u>9,044,186</u>	<u>9,051,188</u>	<u>8,825,922</u>	<u>225,266</u>

(continued)

FAIRFIELD COUNTY, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES: (CONTINUED)				
Current (Continued):				
Public works and utilities:				
Road maintenance division	\$ 1,407,639	\$ 1,379,578	\$ 1,177,571	\$ 202,007
Total public works and utilities	<u>1,407,639</u>	<u>1,379,578</u>	<u>1,177,571</u>	<u>202,007</u>
Health and welfare:				
Fairfield County Department of Social Services	104,900	104,900	96,808	8,092
Emergency medical services	3,853,207	3,853,207	3,831,947	21,260
Emergency management	1,009,735	1,009,735	916,717	93,018
Transit	728,037	728,037	592,612	135,425
Solid waste	2,314,521	2,343,490	2,343,476	14
Allocations to local organizations	-	-	1,000,000	(1,000,000)
Total health and welfare	<u>8,010,400</u>	<u>8,039,369</u>	<u>8,781,560</u>	<u>(742,191)</u>
Judicial				
Probate Judge	213,427	213,427	202,361	11,066
Clerk of court	358,299	358,299	345,280	13,019
Family court	154,451	154,451	98,132	56,319
Magistrates	586,510	586,510	551,893	34,617
Total judicial	<u>1,312,687</u>	<u>1,312,687</u>	<u>1,197,666</u>	<u>115,021</u>
Cultural and recreation				
Recreation	1,030,710	1,047,018	1,011,819	35,199
Museum	120,092	120,092	112,151	7,941
Allocation to local organizations	471,259	471,259	471,257	2
Total cultural and recreation	<u>1,622,061</u>	<u>1,638,369</u>	<u>1,595,227</u>	<u>43,142</u>
Debt service:				
Principal retirement	-	-	590,757	(590,757)
Interest and fiscal charges	-	-	11,683	(11,683)
Total debt service	<u>-</u>	<u>-</u>	<u>602,440</u>	<u>(602,440)</u>
Total expenditures	<u>33,376,759</u>	<u>33,179,543</u>	<u>32,108,785</u>	<u>1,070,758</u>
Excess of revenues over expenditures	<u>345,792</u>	<u>1,543,008</u>	<u>3,285,052</u>	<u>1,742,044</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	1,438,793	1,438,793
Issuance of leases	-	-	3,139	3,139
Transfers in	35,000	35,000	233,821	198,821
Transfers out	(380,792)	(1,578,008)	(2,782,342)	(1,204,334)
Total other financing sources, net	<u>(345,792)</u>	<u>(1,543,008)</u>	<u>(1,106,589)</u>	<u>436,419</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>2,178,463</u>	<u>\$ 2,178,463</u>
Fund balances, beginning of year			<u>15,875,730</u>	
Fund balances, end of year			<u>\$ 18,054,193</u>	

FAIRFIELD COUNTY, SOUTH CAROLINA

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30,

	2022			2021			2020			2019			2018		
	County	Commission	Total	County	Commission	Total	County	Commission	Total	County	Commission	Total	County	Commission	Total
Total OPEB liability															
Service cost	\$ 719,121	\$ 47,975	\$ 767,096	\$ 480,485	\$ 36,027	\$ 516,512	\$ 577,488	\$ 18,711	\$ 596,199	\$ 580,054	\$ 23,489	\$ 603,543	\$ 291,555	\$ 12,795	\$ 304,350
Interest on total OPEB liability	272,360	18,170	290,530	272,651	20,444	293,095	287,896	9,328	297,224	147,881	5,988	153,869	140,805	6,179	146,984
Changes on benefit terms	-	-	-	-	-	-	1,436,462	46,541	1,483,003	-	-	-	-	-	-
Difference between expected and actual experience	(57,783)	(3,855)	(61,638)	1,185,001	88,852	1,273,853	(83,700)	(2,712)	(86,412)	3,366,121	136,312	3,502,433	-	-	-
Assumption changes	(2,275,293)	(151,794)	(2,427,087)	1,348,342	101,099	1,449,441	666,562	21,596	688,158	517,685	20,964	538,649	-	-	-
Benefit payments	(492,705)	(32,870)	(525,575)	(421,816)	(31,628)	(453,444)	(473,690)	(15,348)	(489,038)	(418,465)	(16,946)	(435,411)	(198,182)	(8,696)	(206,878)
Net change in total OPEB liability	(1,834,300)	(122,374)	(1,956,674)	2,864,663	214,794	3,079,457	2,411,018	78,116	2,489,134	4,193,276	169,807	4,363,083	234,178	10,278	244,456
Total OPEB liability - beginning	14,334,736	676,258	15,010,994	11,470,073	461,464	11,931,537	9,059,055	383,348	9,442,403	4,865,779	213,541	5,079,320	4,631,601	203,263	4,834,864
Total OPEB liability - ending	\$ 12,500,436	\$ 553,884	\$ 13,054,320	\$ 14,334,736	\$ 676,258	\$ 15,010,994	\$ 11,470,073	\$ 461,464	\$ 11,931,537	\$ 9,059,055	\$ 383,348	\$ 9,442,403	\$ 4,865,779	\$ 213,541	\$ 5,079,320
Proportion of total OPEB liability	95.8%	4.2%	100.0%	95.5%	4.5%	100.0%	96.1%	3.9%	100.0%	95.9%	4.1%	100.0%	95.8%	4.2%	100.0%
Covered-employee payroll	\$ 13,355,381	\$ 378,217	\$ 13,733,598	\$ 13,458,796	\$ 385,927	\$ 13,844,723	\$ 13,625,893	\$ 337,639	\$ 13,963,532	\$ 12,866,118	\$ 251,132	\$ 13,117,250	\$ 10,714,394	\$ 281,198	\$ 10,995,592
Total OPEB liability as a percentage of covered-employee payroll	93.60%	146.45%	95.05%	106.51%	175.23%	108.42%	84.18%	136.67%	85.45%	70.41%	152.65%	71.98%	45.41%	75.94%	46.19%

Notes to the schedule:

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

The assumptions used in the preparation of the above schedules are disclosed in Note 8 to the financial statements.

FAIRFIELD COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30,

South Carolina Retirement System

Plan Year Ended June 30,	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered payroll	County's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.087512%	\$ 18,938,613	\$ 9,892,374	191.45%	60.7%
2021	0.087230%	22,288,401	9,730,186	229.06%	50.7%
2020	0.087620%	20,006,364	9,252,010	216.24%	54.4%
2019	0.081960%	18,364,892	8,504,378	215.95%	54.1%
2018	0.080520%	18,125,221	8,081,568	224.28%	53.3%
2017	0.078220%	16,707,677	7,577,417	220.49%	52.9%
2016	0.079850%	15,143,558	7,488,006	202.24%	57.0%
2015	0.084520%	14,551,198	7,684,474	189.36%	59.9%
2014	0.084520%	15,159,514	7,782,679	194.79%	56.4%

South Carolina Police Officers Retirement System

Plan Year Ended June 30,	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered payroll	County's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.284278%	\$ 7,314,237	\$ 4,262,482	171.60%	70.4%
2021	0.274510%	9,103,154	4,147,026	219.51%	58.8%
2020	0.268430%	7,693,138	3,893,516	197.59%	62.7%
2019	0.266520%	7,552,016	3,677,792	205.34%	61.7%
2018	0.002601%	7,125,105	3,496,245	203.79%	60.9%
2017	0.250740%	6,360,033	3,197,119	198.93%	60.4%
2016	0.249950%	5,447,673	3,096,543	175.93%	64.6%
2015	0.247850%	4,744,985	2,952,824	160.69%	67.5%
2014	0.247850%	5,137,945	2,894,221	177.52%	63.0%

Notes to the schedule:

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

The assumptions used in the preparation of the above schedules are disclosed in Note 10 to the financial statements.

FAIRFIELD COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF COUNTY'S CONTRIBUTIONS RELATED TO THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30,

South Carolina Retirement System

Fiscal Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	County's covered payroll	Contributions as a percentage of covered payroll
2022	\$ 1,586,805	\$ 1,586,805	\$ -	\$ 9,582,156	16.56%
2021	1,461,982	1,461,982	-	9,892,374	14.78%
2020	1,603,349	1,603,349	-	9,730,186	16.48%
2019	1,269,829	1,269,829	-	9,252,010	13.72%
2018	1,075,930	1,075,930	-	8,504,378	12.65%
2017	934,229	934,229	-	8,081,568	11.56%
2016	838,062	838,062	-	7,577,417	11.06%
2015	816,051	816,051	-	7,488,006	10.90%
2014	813,352	813,352	-	7,684,474	10.58%

South Carolina Police Officers Retirement System

Fiscal Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	County's covered payroll	Contributions as a percentage of covered payroll
2022	\$ 870,389	\$ 870,389	\$ -	\$ 4,523,851	19.24%
2021	744,611	744,611	-	4,262,482	17.47%
2020	723,552	723,552	-	4,147,026	17.45%
2019	638,376	638,376	-	3,893,516	16.40%
2018	564,408	564,408	-	3,677,792	15.35%
2017	497,865	497,865	-	3,496,245	14.24%
2016	439,284	439,284	-	3,197,119	13.74%
2015	415,246	415,246	-	3,096,543	13.41%
2014	382,767	382,767	-	2,952,824	12.96%

Notes to the schedule:

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

Actuarial assumption used in determining the statutorily required contribution are as follows:

FAIRFIELD COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF COUNTY'S CONTRIBUTIONS RELATED TO THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30,

System	SCRS	PORS
Calculation date	July 1, 2019	July 1, 2019
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	5-year Smoothed	5-year Smoothed
Amortization method	Level % of pay	Level % of pay
Amortization period	28-year maximum, closed period	28-year maximum, closed period
Investment return	7.25%	7.25%
Inflation	2.25%	2.25%
Salary increases	3.00% plus step-rate increases for members with less than 21 years of service.	3.50% plus step-rate increases for members with less than 15 years of service.
Mortality	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates are multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non-educators and 98% for educators.	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Males rates are multiplied by 125% and female rates are multiplied by 111%.

SUPPLEMENTARY INFORMATION

FAIRFIELD COUNTY, SOUTH CAROLINA

COMPARATIVE BALANCE SHEETS GENERAL FUND JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 13,413,375	\$ 11,193,475
Amounts held in escrow	-	3,249,554
Taxes receivable, net	685,110	682,615
Accounts receivable, net	1,635,663	1,616,156
Lease receivable	46,240	-
Due from other funds	2,466,529	375,329
Due from other governments	1,596,951	732,411
Prepaid items	44,692	18,856
Total assets	19,888,560	17,868,396
LIABILITIES		
Accounts payable	612,641	518,662
Accrued liabilities	662,972	995,694
Due to taxpayers	-	99,825
Due to other agencies	-	4,848
Due to other governments	254,324	1,774
Unearned revenue	258,265	-
Total liabilities	1,788,202	1,620,803
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	-	371,863
Unavailable revenue - leases	46,165	-
Total deferred inflows of resources	46,165	371,863
FUND BALANCES (DEFICITS)		
Nonspendable		
Prepaid items	44,692	18,856
Restricted		
Health and welfare	2,250,251	3,249,554
Committed:		
Local option sales tax	490,957	490,957
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	6,828,293	3,676,363
Total fund balances	18,054,193	15,875,730
Total liabilities, deferred inflows of resources, and fund balances	\$ 19,888,560	\$ 17,868,396

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

FAIRFIELD COUNTY, SOUTH CAROLINA

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GENERAL FUND FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
REVENUES		
Property taxes	\$ 24,131,823	\$ 25,989,550
Sales taxes	2,618,875	2,301,178
Intergovernmental	2,897,848	1,854,845
Licenses, permits, fines and fees	1,198,945	636,902
Charges for services	1,080,296	2,511,767
Investment income	6,239	11,480
Other	1,483,856	667,144
Extraordinary revenue - settlement	1,975,955	-
Total revenues	35,393,837	33,972,866
EXPENDITURES		
Current:		
General government	9,928,399	10,338,073
Public safety	8,825,922	8,172,717
Public works and utilities	1,177,571	1,271,586
Health and welfare	8,781,560	9,479,811
Judicial	1,197,666	1,119,811
Cultural and recreation	1,595,227	1,677,055
Debt service:		
Principal retirement	590,757	-
Interest and fiscal charges	11,683	1,000
Total expenditures	32,108,785	32,060,053
Excess of revenues over expenditures	3,285,052	1,912,813
OTHER FINANCING SOURCES (USES)		
Transfers in	233,821	97,109
Transfers out	(2,782,342)	(4,145,193)
Sale of capital assets	1,438,793	-
Issuance of leases	3,139	-
Total other financing uses, net	(1,106,589)	(4,048,084)
Net change in fund balances	2,178,463	(2,135,271)
Fund balance, beginning of year	15,875,730	18,011,001
Fund balance, end of year	\$ 18,054,193	\$ 15,875,730

FAIRFIELD COUNTY, SOUTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Nonmajor Debt Service Fund	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 499,140	\$ 4,279,763	\$ 1,550,079	\$ 6,328,982
Taxes receivable, net	46,236	-	-	46,236
Accounts receivable, net	-	35,408	77,977	113,385
Due from other governments	-	315,316	1,291,191	1,606,507
Prepaid items	-	119,685	-	119,685
Total assets	<u>545,376</u>	<u>4,750,172</u>	<u>2,919,247</u>	<u>8,214,795</u>
LIABILITIES				
Accounts payable	-	63,083	568,302	631,385
Retainage payable	-	-	6,933	6,933
Accrued liabilities	-	12,149	-	12,149
Due to other funds	-	267,806	807,956	1,075,762
Total liabilities	<u>-</u>	<u>343,038</u>	<u>1,383,191</u>	<u>1,726,229</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	21,537	-	-	21,537
Total	<u>21,537</u>	<u>-</u>	<u>-</u>	<u>21,537</u>
FUND BALANCES (DEFICITS)				
Nonspendable				
Prepaid items	-	24,312	-	24,312
Restricted				
General government	-	2,219,205	-	2,219,205
Public safety	-	127,326	-	127,326
Health and welfare	-	1,472,758	-	1,472,758
Judicial	-	185,381	-	185,381
Cultural and recreation	-	316,652	-	316,652
Debt service	523,839	-	-	523,839
Committed:				
Public works and utilities	-	-	314,647	314,647
Capital outlay	-	61,500	1,221,409	1,282,909
Unassigned	-	-	-	-
Total fund balances	<u>523,839</u>	<u>4,407,134</u>	<u>1,536,056</u>	<u>6,467,029</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 545,376</u>	<u>\$ 4,750,172</u>	<u>\$ 2,919,247</u>	<u>\$ 8,214,795</u>

FAIRFIELD COUNTY, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Nonmajor Debt Service Fund	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	\$ 1,568,198	\$ -	\$ -	\$ 1,568,198
Sales taxes	-	452,708	-	452,708
Intergovernmental	-	1,424,020	1,573,274	2,997,294
Licenses, permits, fines and fees	-	123,403	116,975	240,378
Charges for services	-	38,909	-	38,909
Investment income	168	-	-	168
Other	-	536,698	159,592	696,290
Extraordinary revenue - settlement	7,550,920	1,750,000	-	9,300,920
Total revenues	<u>9,119,286</u>	<u>4,325,738</u>	<u>1,849,841</u>	<u>15,294,865</u>
EXPENDITURES				
Current:				
General government	-	519,851	386,743	906,594
Public safety	-	296,091	-	296,091
Public works and utilities	-	-	2,626,032	2,626,032
Health and welfare	-	922,663	-	922,663
Judicial	-	53,867	-	53,867
Cultural and recreation	-	153,146	-	153,146
Capital outlay	-	49,950	983,571	1,033,521
Debt service:				
Principal retirement	1,136,570	-	-	1,136,570
Interest and fiscal charges	144,641	-	-	144,641
Total expenditures	<u>1,281,211</u>	<u>1,995,568</u>	<u>3,996,346</u>	<u>7,273,125</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,838,075</u>	<u>2,330,170</u>	<u>(2,146,505)</u>	<u>8,021,740</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	109,062	1,689,378	1,798,440
Transfers out	(10,094,473)	(233,821)	(751,915)	(11,080,209)
Sale of capital assets	-	-	61,070	61,070
Issuance of debt	1,361,000	-	-	1,361,000
Total other financing sources (uses), net	<u>(8,733,473)</u>	<u>(124,759)</u>	<u>998,533</u>	<u>(7,859,699)</u>
Net change in fund balances	(895,398)	2,205,411	(1,147,972)	162,041
Fund balances, beginning of year	<u>1,419,237</u>	<u>2,201,723</u>	<u>2,684,028</u>	<u>6,304,988</u>
Fund balances, end of year	<u>\$ 523,839</u>	<u>\$ 4,407,134</u>	<u>\$ 1,536,056</u>	<u>\$ 6,467,029</u>

FAIRFIELD COUNTY, SOUTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022**

	<u>Tourism Promotion</u>	<u>Tourism Related</u>	<u>Transit System</u>	<u>Sheriff Seizure</u>	<u>Railroad Track Maintenance</u>	<u>Clerk of Court Incentive</u>	<u>Clerk of Court IV-D</u>	<u>Victim's Assistance</u>
ASSETS								
Cash and cash equivalents	\$ 8,902	\$ 287,512	\$ -	\$ 4,451	\$ 20,238	\$ 187,283	\$ -	\$ 1,987
Accounts receivable, net	-	-	-	-	-	-	-	-
Due from other governments	-	-	53,273	-	-	492	12,813	-
Prepaid items	-	-	117,291	-	-	-	2,394	-
Total assets	<u>8,902</u>	<u>287,512</u>	<u>170,564</u>	<u>4,451</u>	<u>20,238</u>	<u>187,775</u>	<u>15,207</u>	<u>1,987</u>
LIABILITIES								
Accounts payable	-	-	10,273	-	-	-	182	622
Accrued liabilities	-	-	1,129	-	-	-	1,047	1,365
Due to other funds	-	-	137,244	-	-	-	13,978	-
Total liabilities	<u>-</u>	<u>-</u>	<u>148,646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,207</u>	<u>1,987</u>
FUND BALANCES (DEFICITS)								
Nonspendable								
Prepaid items	-	-	21,918	-	-	-	2,394	-
Restricted								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	4,451	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	187,775	(2,394)	-
Cultural and recreation	8,902	287,512	-	-	20,238	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>8,902</u>	<u>287,512</u>	<u>21,918</u>	<u>4,451</u>	<u>20,238</u>	<u>187,775</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,902</u>	<u>\$ 287,512</u>	<u>\$ 170,564</u>	<u>\$ 4,451</u>	<u>\$ 20,238</u>	<u>\$ 187,775</u>	<u>\$ 15,207</u>	<u>\$ 1,987</u>

	Airport	911 Tariff	County Donations	Workforce Investment Act	Justice Assistance Grant	EMS SCORH	Sheriff Drug Fund	Fairfield Forward
ASSETS								
Cash and cash equivalents	\$ -	\$ 830,197	\$ 147,317	\$ 508	\$ -	\$ 60,879	\$ 18,228	\$ 168,051
Accounts receivable, net	-	4,513	-	-	-	-	-	-
Due from other governments	72,074	98,599	-	77,768	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Total assets	<u>72,074</u>	<u>933,309</u>	<u>147,317</u>	<u>78,276</u>	<u>-</u>	<u>60,879</u>	<u>18,228</u>	<u>168,051</u>
LIABILITIES								
Accounts payable	5,433	104	1,009	32,107	-	-	-	12,762
Accrued liabilities	-	-	-	3,718	-	-	-	1,032
Due to other funds	43,238	-	-	42,451	-	-	-	-
Total liabilities	<u>48,671</u>	<u>104</u>	<u>1,009</u>	<u>78,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,794</u>
FUND BALANCES (DEFICITS)								
Nonspendable								
Prepaid items	-	-	-	-	-	-	-	-
Restricted								
General government	23,403	-	146,308	-	-	-	-	-
Public safety	-	-	-	-	-	60,879	18,228	-
Health and welfare	-	933,205	-	-	-	-	-	154,257
Judicial	-	-	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>23,403</u>	<u>933,205</u>	<u>146,308</u>	<u>-</u>	<u>-</u>	<u>60,879</u>	<u>18,228</u>	<u>154,257</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 72,074</u>	<u>\$ 933,309</u>	<u>\$ 147,317</u>	<u>\$ 78,276</u>	<u>\$ -</u>	<u>\$ 60,879</u>	<u>\$ 18,228</u>	<u>\$ 168,051</u>

FAIRFIELD COUNTY, SOUTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022**

	Forfeited Land Commission	Sheriff Child Support	Sheriff Judgments/ Executions	Sheriff Law Enforcement	Sex Offender	Medical Office Building	Element Access Road	PCASA SART
ASSETS								
Cash and cash equivalents	\$ 20,689	\$ 12,618	\$ 6,708	\$ 17,271	\$ 10,400	\$ 385,530	\$ 61,500	\$ -
Accounts receivable, net	-	-	-	-	-	-	-	30,895
Due from other governments	-	297	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Total assets	<u>20,689</u>	<u>12,915</u>	<u>6,708</u>	<u>17,271</u>	<u>10,400</u>	<u>385,530</u>	<u>61,500</u>	<u>30,895</u>
LIABILITIES								
Accounts payable	307	-	-	-	50	234	-	-
Accrued liabilities	382	3,476	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	30,895
Total liabilities	<u>689</u>	<u>3,476</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>234</u>	<u>-</u>	<u>30,895</u>
FUND BALANCES (DEFICITS)								
Nonspendable								
Prepaid items	-	-	-	-	-	-	-	-
Restricted								
General government	20,000	-	-	-	-	-	-	-
Public safety	-	9,439	6,708	17,271	10,350	-	-	-
Health and welfare	-	-	-	-	-	385,296	-	-
Judicial	-	-	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	61,500	-
Total fund balances (deficits)	<u>20,000</u>	<u>9,439</u>	<u>6,708</u>	<u>17,271</u>	<u>10,350</u>	<u>385,296</u>	<u>61,500</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,689</u>	<u>\$ 12,915</u>	<u>\$ 6,708</u>	<u>\$ 17,271</u>	<u>\$ 10,400</u>	<u>\$ 385,530</u>	<u>\$ 61,500</u>	<u>\$ 30,895</u>

	Accommodations Tax	Hospitality Tax	Escrow Rate Relief	Totals
ASSETS				
Cash and cash equivalents	\$ 17,385	\$ 261,602	\$ 1,750,507	\$ 4,279,763
Accounts receivable, net	-	-	-	35,408
Due from other governments	-	-	-	315,316
Prepaid items	-	-	-	119,685
Total assets	<u>17,385</u>	<u>261,602</u>	<u>1,750,507</u>	<u>4,750,172</u>
LIABILITIES				
Accounts payable	-	-	-	63,083
Accrued liabilities	-	-	-	12,149
Due to other funds	-	-	-	267,806
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>343,038</u>
FUND BALANCES (DEFICITS)				
Nonspendable				
Prepaid items	-	-	-	24,312
Restricted				
General government	17,385	261,602	1,750,507	2,219,205
Public safety	-	-	-	127,326
Health and welfare	-	-	-	1,472,758
Judicial	-	-	-	185,381
Cultural and recreation	-	-	-	316,652
Capital outlay	-	-	-	61,500
Total fund balances (deficits)	<u>17,385</u>	<u>261,602</u>	<u>1,750,507</u>	<u>4,407,134</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,385</u>	<u>\$ 261,602</u>	<u>\$ 1,750,507</u>	<u>\$ 4,750,172</u>

FAIRFIELD COUNTY, SOUTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Tourism Promotion</u>	<u>Tourism Related</u>	<u>Transit System</u>	<u>Sheriff Seizure</u>	<u>Railroad Track Maintenance</u>	<u>Clerk of Court Incentive</u>	<u>Clerk of Court IV-D</u>	<u>Victim's Assistance</u>
Revenues:								
Sales tax	\$ 62,365	\$ 135,124	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	269,537	-	-	5,619	108,580	-
Licenses, permits, fines and fees	-	-	-	-	-	-	-	37,943
Charges for services	-	-	8,014	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Extraordinary revenue - settlement	-	-	-	-	-	-	-	-
Total revenues	<u>62,365</u>	<u>135,124</u>	<u>277,551</u>	<u>-</u>	<u>-</u>	<u>5,619</u>	<u>108,580</u>	<u>37,943</u>
Expenditures:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	60	-	-	-	114,397
Health and welfare	-	-	299,806	-	-	-	-	-
Judicial	-	-	-	-	-	-	53,867	-
Cultural and recreation	66,898	80,024	-	-	6,224	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>66,898</u>	<u>80,024</u>	<u>299,806</u>	<u>60</u>	<u>6,224</u>	<u>-</u>	<u>53,867</u>	<u>114,397</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,533)</u>	<u>55,100</u>	<u>(22,255)</u>	<u>(60)</u>	<u>(6,224)</u>	<u>5,619</u>	<u>54,713</u>	<u>(76,454)</u>
Other financing sources (uses)								
Transfers in	-	-	22,255	-	15,000	-	-	28,356
Transfers out	-	-	-	-	-	-	(54,713)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>22,255</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>(54,713)</u>	<u>28,356</u>
Net change in fund balances	<u>(4,533)</u>	<u>55,100</u>	<u>-</u>	<u>(60)</u>	<u>8,776</u>	<u>5,619</u>	<u>-</u>	<u>(48,098)</u>
Fund balances, beginning of year	<u>13,435</u>	<u>232,412</u>	<u>21,918</u>	<u>4,511</u>	<u>11,462</u>	<u>182,156</u>	<u>-</u>	<u>48,098</u>
Fund balances, end of year	<u>\$ 8,902</u>	<u>\$ 287,512</u>	<u>\$ 21,918</u>	<u>\$ 4,451</u>	<u>\$ 20,238</u>	<u>\$ 187,775</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>Airport</u>	<u>911 Tariff</u>	<u>County Donations</u>	<u>Workforce Investment Act</u>	<u>Justice Assistance Grant</u>	<u>EMS SCORH</u>	<u>Sheriff Drug Fund</u>	<u>Fairfield Forward</u>
Revenues:								
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	94,950	309,315	-	432,179	28,142	25,401	-	150,000
Licenses, permits, fines and fees	-	82,760	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Other	-	-	170,269	-	-	-	7,795	-
Extraordinary revenue - settlement	-	-	-	-	-	-	-	-
Total revenues	<u>94,950</u>	<u>392,075</u>	<u>170,269</u>	<u>432,179</u>	<u>28,142</u>	<u>25,401</u>	<u>7,795</u>	<u>150,000</u>
Expenditures:								
General government	45,000	-	-	435,041	-	-	-	-
Public safety	-	-	96,839	-	28,142	274	6,767	-
Health and welfare	-	497,327	-	-	-	-	-	114,371
Judicial	-	-	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-	-	-
Capital outlay	49,950	-	-	-	-	-	-	-
Total expenditures	<u>94,950</u>	<u>497,327</u>	<u>96,839</u>	<u>435,041</u>	<u>28,142</u>	<u>274</u>	<u>6,767</u>	<u>114,371</u>
Excess (deficiency) of revenues over (under) expenditures	-	(105,252)	73,430	(2,862)	-	25,127	1,028	35,629
Other financing sources (uses)								
Transfers in	-	-	-	2,862	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,862</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(105,252)	73,430	-	-	25,127	1,028	35,629
Fund balances, beginning of year	<u>23,403</u>	<u>1,038,457</u>	<u>72,878</u>	<u>-</u>	<u>-</u>	<u>35,752</u>	<u>17,200</u>	<u>118,628</u>
Fund balances, end of year	<u>\$ 23,403</u>	<u>\$ 933,205</u>	<u>\$ 146,308</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,879</u>	<u>\$ 18,228</u>	<u>\$ 154,257</u>

FAIRFIELD COUNTY, SOUTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Forfeited Land Commission</u>	<u>Sheriff Child Support</u>	<u>Sheriff Judgments/ Executions</u>	<u>Sheriff Law Enforcement</u>	<u>Sex Offender</u>	<u>Medical Office Building</u>	<u>Element Access Road</u>	<u>PCASA SART</u>
Revenues:								
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	297	-	-	-	-	-	-
Licenses, permits, fines and fees	-	-	-	-	2,700	-	-	-
Charges for services	-	-	-	-	-	-	-	30,895
Other	238,918	-	-	6,052	-	113,157	-	-
Extraordinary revenue - settlement	-	-	-	-	-	-	-	-
Total revenues	<u>238,918</u>	<u>297</u>	<u>-</u>	<u>6,052</u>	<u>2,700</u>	<u>113,157</u>	<u>-</u>	<u>30,895</u>
Expenditures:								
General government	39,810	-	-	-	-	-	-	-
Public safety	-	17,117	-	700	900	-	-	30,895
Health and welfare	-	-	-	-	-	11,159	-	-
Judicial	-	-	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>39,810</u>	<u>17,117</u>	<u>-</u>	<u>700</u>	<u>900</u>	<u>11,159</u>	<u>-</u>	<u>30,895</u>
Excess (deficiency) of revenues over (under) expenditures	<u>199,108</u>	<u>(16,820)</u>	<u>-</u>	<u>5,352</u>	<u>1,800</u>	<u>101,998</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)								
Transfers in	-	16,821	-	-	-	-	-	-
Transfers out	(179,108)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(179,108)</u>	<u>16,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	20,000	1	-	5,352	1,800	101,998	-	-
Fund balances, beginning of year	<u>-</u>	<u>9,438</u>	<u>6,708</u>	<u>11,919</u>	<u>8,550</u>	<u>283,298</u>	<u>61,500</u>	<u>-</u>
Fund balances, end of year	<u>\$ 20,000</u>	<u>\$ 9,439</u>	<u>\$ 6,708</u>	<u>\$ 17,271</u>	<u>\$ 10,350</u>	<u>\$ 385,296</u>	<u>\$ 61,500</u>	<u>\$ -</u>

	Accommodations Tax	Hospitality Tax	Escrow Rate Relief	Totals
Revenues:				
Sales tax	\$ 14,846	\$ 240,373	\$ -	\$ 452,708
Intergovernmental	-	-	-	1,424,020
Licenses, permits, fines and fees	-	-	-	123,403
Charges for services	-	-	-	38,909
Other	-	-	507	536,698
Extraordinary revenue - settlement	-	-	1,750,000	1,750,000
Total revenues	14,846	240,373	1,750,507	4,325,738
Expenditures:				
General government	-	-	-	519,851
Public safety	-	-	-	296,091
Health and welfare	-	-	-	922,663
Judicial	-	-	-	53,867
Cultural and recreation	-	-	-	153,146
Capital outlay	-	-	-	49,950
Total expenditures	-	-	-	1,995,568
Excess (deficiency) of revenues over (under) expenditures	14,846	240,373	1,750,507	2,330,170
Other financing sources (uses)				
Transfers in	2,539	21,229	-	109,062
Transfers out	-	-	-	(233,821)
Total other financing sources (uses)	2,539	21,229	-	(124,759)
Net change in fund balances	17,385	261,602	1,750,507	2,205,411
Fund balances, beginning of year	-	-	-	2,201,723
Fund balances, end of year	\$ 17,385	\$ 261,602	\$ 1,750,507	\$ 4,407,134

FAIRFIELD COUNTY, SOUTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2022**

	<u>Road Improvement Program</u>	<u>Phase II Commerce Center</u>	<u>Water and Sewer Program</u>	<u>Solid Waste & Recycling Capital Fund</u>	<u>Vehicle Replacement Program</u>	<u>Peach Road Site Fund</u>	<u>Megasite- IJR Grant</u>	<u>Totals</u>
ASSETS								
Cash and cash equivalents	\$ 554,952	\$ 22,214	\$ 90,698	\$ 314,647	\$ 314,428	\$ -	\$ -	\$ 1,550,079
Accounts receivable, net	-	11,182	-	-	10,039	56,756	-	77,977
Due from other governments	479,341	300,000	-	-	-	500,000	11,850	1,291,191
Total assets	<u>1,034,293</u>	<u>333,396</u>	<u>90,698</u>	<u>314,647</u>	<u>324,467</u>	<u>556,756</u>	<u>11,850</u>	<u>2,919,247</u>
LIABILITIES								
Accounts payable	120,939	58,893	-	-	-	126,620	11,850	568,302
Retainage payable	6,933	-	-	-	-	-	-	6,933
Due to other funds	441,944	-	90,698	-	-	275,314	-	807,956
Total liabilities	<u>569,816</u>	<u>58,893</u>	<u>90,698</u>	<u>-</u>	<u>-</u>	<u>401,934</u>	<u>11,850</u>	<u>1,383,191</u>
FUND BALANCES								
Committed:								
Public works and utilities	-	-	-	314,647	-	-	-	314,647
Capital outlay	464,477	274,503	-	-	324,467	154,822	-	1,221,409
Total fund balances	<u>464,477</u>	<u>274,503</u>	<u>-</u>	<u>314,647</u>	<u>324,467</u>	<u>154,822</u>	<u>-</u>	<u>1,536,056</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,034,293</u>	<u>\$ 333,396</u>	<u>\$ 90,698</u>	<u>\$ 314,647</u>	<u>\$ 324,467</u>	<u>\$ 556,756</u>	<u>\$ 11,850</u>	<u>\$ 2,919,247</u>

FAIRFIELD COUNTY, SOUTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Road Improvement Program</u>	<u>Phase II Commerce Center</u>	<u>Water and Sewer Program</u>	<u>Solid Waste & Recycling Capital Fund</u>	<u>Vehicle Replacement Program</u>	<u>Peach Road Site Fund</u>	<u>Megasite- IJR Grant</u>	<u>Totals</u>
Revenues:								
Intergovernmental	\$ 761,424	\$ 300,000	\$ -	\$ -	\$ -	\$ 500,000	\$ 11,850	\$ 1,573,274
Licenses, permits, fines and fees	116,975	-	-	-	-	-	-	116,975
Other	-	22,842	-	-	77,188	59,562	-	159,592
Total revenues	<u>878,399</u>	<u>322,842</u>	<u>-</u>	<u>-</u>	<u>77,188</u>	<u>559,562</u>	<u>11,850</u>	<u>1,849,841</u>
Expenditures:								
Current:								
General government	-	-	-	-	29,560	-	-	386,743
Public works and utilities	1,115,285	1,215,714	90,698	204,335	-	-	-	2,626,032
Capital outlay	-	-	-	-	364,158	607,563	11,850	983,571
Total expenditures	<u>1,115,285</u>	<u>1,215,714</u>	<u>90,698</u>	<u>204,335</u>	<u>393,718</u>	<u>607,563</u>	<u>11,850</u>	<u>3,996,346</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(236,886)</u>	<u>(892,872)</u>	<u>(90,698)</u>	<u>(204,335)</u>	<u>(316,530)</u>	<u>(48,001)</u>	<u>-</u>	<u>(2,146,505)</u>
Other financing sources (uses)								
Transfers in	29,794	1,000,000	90,698	204,335	308,601	-	-	1,689,378
Transfers out	-	-	-	-	-	-	-	(751,915)
Sale of capital assets	-	-	-	-	-	61,070	-	61,070
Total other financing sources (uses)	<u>29,794</u>	<u>1,000,000</u>	<u>90,698</u>	<u>204,335</u>	<u>308,601</u>	<u>61,070</u>	<u>-</u>	<u>998,533</u>
Net change in fund balances	(207,092)	107,128	-	-	(7,929)	13,069	-	(1,147,972)
Fund balances, beginning of year	<u>671,569</u>	<u>167,375</u>	<u>-</u>	<u>314,647</u>	<u>332,396</u>	<u>141,753</u>	<u>-</u>	<u>2,684,028</u>
Fund balances, end of year	<u>\$ 464,477</u>	<u>\$ 274,503</u>	<u>\$ -</u>	<u>\$ 314,647</u>	<u>\$ 324,467</u>	<u>\$ 154,822</u>	<u>\$ -</u>	<u>\$ 1,536,056</u>

FAIRFIELD COUNTY, SOUTH CAROLINA

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2022**

	<u>School Operations</u>	<u>Municipal Tax</u>	<u>Clerk of Court</u>	<u>Tax Collector</u>	<u>Mag Traffic Court</u>	<u>Mag Judges</u>	<u>Det Inmate Commissary</u>	<u>Det Inmate</u>	<u>Sheriff Drug Seizure</u>	<u>Total</u>
ASSETS										
Cash and cash equivalents	\$ 13,331,521	\$ 27,798	\$ 355,150	\$ 242,087	\$ 53,965	\$ 4,778	\$ 111,151	\$ 148,382	\$ 121,298	\$ 14,396,130
Investments	7,966,173	-	-	-	-	-	-	-	-	7,966,173
Taxes receivable, net	905,185	-	-	-	-	-	-	-	-	905,185
Total assets	<u>22,202,879</u>	<u>27,798</u>	<u>355,150</u>	<u>242,087</u>	<u>53,965</u>	<u>4,778</u>	<u>111,151</u>	<u>148,382</u>	<u>121,298</u>	<u>23,267,488</u>
LIABILITIES										
Amounts held for others	-	-	355,150	251,016	53,965	4,778	111,151	148,382	121,298	1,045,740
Due to other taxing entities	22,202,879	-	-	756	-	-	-	-	-	22,203,635
Total liabilities	<u>22,202,879</u>	<u>-</u>	<u>355,150</u>	<u>251,772</u>	<u>53,965</u>	<u>4,778</u>	<u>111,151</u>	<u>148,382</u>	<u>121,298</u>	<u>23,249,375</u>
NET POSITION										
Restricted for individuals, organizations and other governments	-	27,798	-	(9,685)	-	-	-	-	-	18,113
Total net position	<u>\$ -</u>	<u>\$ 27,798</u>	<u>\$ -</u>	<u>\$ (9,685)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,113</u>

FAIRFIELD COUNTY, SOUTH CAROLINA

**COMBINING STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>School Operations</u>	<u>Municipal Tax</u>	<u>Clerk of Court</u>	<u>Tax Collector</u>	<u>Mag Traffic Court</u>	<u>Mag Judges</u>	<u>Det Inmate Commissary</u>	<u>Det Inmate</u>	<u>Sheriff Drug Seizure</u>	<u>Total</u>
ADDITIONS										
Current property taxes	\$ 44,573,885	\$ 37,516	\$ -	\$ 1,236,054	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,847,455
Other custodial receipts	41,569,403	-	-	-	-	-	-	-	-	41,569,403
Fines and fees	-	-	-	-	101,984	-	-	186,985	16,749	305,718
Criminal and civil bonds	-	-	17,759	-	-	4,084	-	-	-	21,843
Inmate funds collected	-	-	-	-	-	-	23,329	-	-	23,329
Total additions	<u>86,143,288</u>	<u>37,516</u>	<u>17,759</u>	<u>1,236,054</u>	<u>101,984</u>	<u>4,084</u>	<u>23,329</u>	<u>186,985</u>	<u>16,749</u>	<u>87,767,748</u>
DEDUCTIONS										
Other custodial disbursements	86,143,288	28,711	17,759	1,236,054	101,984	4,084	23,329	186,985	16,749	87,758,943
Total deductions	<u>86,143,288</u>	<u>28,711</u>	<u>17,759</u>	<u>1,236,054</u>	<u>101,984</u>	<u>4,084</u>	<u>23,329</u>	<u>186,985</u>	<u>16,749</u>	<u>87,758,943</u>
Change in fiduciary net position	-	8,805	-	-	-	-	-	-	-	8,805
Net position (deficit), beginning of year	<u>-</u>	<u>18,993</u>	<u>-</u>	<u>(9,685)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,308</u>
Net position (deficit), end of year	<u>\$ -</u>	<u>\$ 27,798</u>	<u>\$ -</u>	<u>\$ (9,685)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,113</u>

FAIRFIELD COUNTY, SOUTH CAROLINA

**SCHEDULE OF BUDGET TO ACTUAL COSTS -
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION CONTRACT
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>	<u>Budget</u>	<u>Variance with Budget</u>
PT-214711-69						
ADMINISTRATION						
Personnel	\$ 15,208	\$ 1,901	\$ 1,901	\$ 19,011	\$ 32,794	\$ 13,783
Fringe Benefits	5,012	626	626	6,264	17,791	11,527
Professional and Technical Services	602	75	75	752	900	148
Other Services	510	64	64	638	900	262
Materials and Supplies	1,265	158	158	1,581	1,800	219
Utilities	1,063	133	133	1,328	1,014	(314)
Dues and Subscriptions	-	-	-	-	269	269
In-State Travel	-	-	-	-	269	269
Out-of-State Travel	-	-	-	-	539	539
Advertising	172	22	22	215	976	761
Rental/Lease Equipment	252	32	32	315	1,228	913
Total Administration	<u>24,084</u>	<u>3,010</u>	<u>3,010</u>	<u>30,104</u>	<u>58,480</u>	<u>28,376</u>
PT-214711-69						
OPERATIONS						
Personnel	21,930	10,965	10,965	43,859	74,451	30,592
Fringe Benefits	3,758	1,879	1,879	7,516	24,670	17,154
Professional and Technical Services	428	214	214	855	2,250	1,395
Medical Services	126	63	63	251	912	661
Rental/Lease-Other	426	213	213	851	550	(301)
Cell Phone	631	316	316	1,262	375	(887)
Fuel and Lubricants	9,055	4,528	4,528	18,110	6,125	(11,985)
Motor Vehicle Supplies	722	361	361	1,443	1,575	132
Cleaning/Other Supplies	97	49	49	194	720	526
Casualty/Liability Insurance	-	-	-	-	375	375
Total Operations	<u>37,171</u>	<u>18,585</u>	<u>18,585</u>	<u>74,341</u>	<u>112,003</u>	<u>37,662</u>
PT-214711-69						
CAPITAL						
Personnel	754	94	94	942	6,055	5,113
Fringe Benefits	300	38	38	376	2,299	1,923
Tires and Tubes	-	-	-	-	2,700	2,700
Gates	-	-	-	-	37,800	37,800
Total Capital	<u>1,054</u>	<u>132</u>	<u>132</u>	<u>1,318</u>	<u>48,854</u>	<u>47,537</u>
Total contract PT-214711-69	<u>\$ 62,309</u>	<u>\$ 21,727</u>	<u>\$ 21,727</u>	<u>\$ 105,763</u>	<u>\$ 219,337</u>	<u>\$ 113,574</u>
RTAP- 22R047-01						
Administration						
Travel						
Registration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lodging	128	-	-	-	128	-
Meals	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Total administration	<u>128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128</u>	<u>-</u>
Total contract RTAP-22R047-01	<u>\$ 128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128</u>	<u>\$ -</u>
RTAP- 22R047-02						
Administration						
Travel						
Registration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lodging	107	-	-	-	107	-
Meals	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Total administration	<u>107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107</u>	<u>-</u>
Total contract RTAP-22R047-02	<u>\$ 107</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107</u>	<u>\$ -</u>
RTAP- 22R047-03						
Administration						
Travel						
Registration	\$ -	\$ -	\$ -	\$ -	\$ 350	\$ -
Lodging	215	-	-	-	215	-
Meals	-	-	-	-	96	-
Transportation	-	-	-	-	276	-
Total administration	<u>215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>937</u>	<u>-</u>
Total contract RTAP-22R047-03	<u>\$ 215</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 937</u>	<u>\$ -</u>

(Continued)

FAIRFIELD COUNTY, SOUTH CAROLINA

SCHEDULE OF BUDGET TO ACTUAL COSTS -
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION CONTRACT
FOR THE YEAR ENDED JUNE 30, 2022

	Federal	State	Local	Total	Budget	Variance with Budget
RTAP- 22R047-04						
Administration						
Travel						
Registration	\$ -	\$ -	\$ 350	\$ -	\$ 350	\$ -
Lodging	1,344	-	-	-	1,344	-
Meals	-	-	75	-	75	-
Transportation/Other	861	-	276	-	1,136	-
Total administration	<u>2,205</u>	<u>-</u>	<u>701</u>	<u>-</u>	<u>2,905</u>	<u>-</u>
Total contract RTAP-22R047-04	<u>\$ 2,205</u>	<u>\$ -</u>	<u>\$ 701</u>	<u>\$ -</u>	<u>\$ 2,905</u>	<u>\$ -</u>
RTAP- T22R047-01						
Administration						
Travel						
Registration	\$ 550	\$ -	\$ -	\$ -	\$ 550	\$ -
Lodging	660	-	-	-	660	-
Meals	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Total administration	<u>1,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>-</u>
Total contract RTAP-T22R047-01	<u>\$ 1,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,210</u>	<u>\$ -</u>
RTAP- T22R047-02						
Administration						
Travel						
Registration	\$ 295	\$ -	\$ -	\$ -	\$ 295	\$ -
Lodging	479	-	-	-	479	-
Meals	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Total administration	<u>774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>774</u>	<u>-</u>
Total contract RTAP-T22R047-02	<u>\$ 774</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 774</u>	<u>\$ -</u>
RTAP- T22R047-03						
Administration						
Travel						
Registration	\$ 1,080	\$ -	\$ -	\$ -	\$ 1,080	\$ -
Lodging	1,489	-	-	-	1,489	-
Meals	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Total administration	<u>2,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,569</u>	<u>-</u>
Total contract RTAP-T22R047-03	<u>\$ 2,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,569</u>	<u>\$ -</u>

FAIRFIELD COUNTY, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS, AND SURCHARGES (PER ACT 96)
FOR THE YEAR ENDED JUNE 30, 2022

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected	\$ 10,464	\$ 249,390		\$ 259,854
Court fines and assessments remitted to State Treasurer	1,835	203,457		205,292
Total Court Fines and Assessments retained	\$ 8,629	\$ 45,933	N/A	\$ 54,562
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	\$ 10,426	\$ 107,578		\$ 118,004
Assessments retained	5,924	5,481		11,405
Total Surcharges and Assessments retained for victim services	\$ 16,350	\$ 113,059	N/A	\$ 129,409

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	N/A	\$ 48,098	\$ 48,098
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer	N/A	982	982
Victim Service Assessments Retained by City/County Treasurer	N/A	25,555	25,555
Victim Service Surcharges Retained by City/County Treasurer	N/A	11,406	11,406
Interest Earned	N/A	-	-
Grant Funds Received			
Grant from:	N/A	-	-
General Funds Transferred to Victim Service Fund	N/A	28,356	28,356
Contribution Received from Victim Service Contracts:			
(1) Town of	N/A	-	-
(2) Town of	N/A	-	-
(3) City of	N/A	-	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	N/A	\$ 114,397	\$ 114,397

FAIRFIELD COUNTY, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS, AND SURCHARGES (PER ACT 96)
FOR THE YEAR ENDED JUNE 30, 2022

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	N/A	\$ 113,176	\$ 113,176
Operating Expenditures	N/A	1,221	1,221
Victim Service Contract(s):			
(1) Entity's Name:	N/A	-	-
(2) Entity's Name	N/A	-	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	N/A	-	-
(2) Rape Crisis Center:	N/A	-	-
(3) Other local direct crime victims service agency:	N/A	-	-
Transferred to General Fund	N/A	-	-
Total Expenditures from Victim Service Fund/Program (B)	N/A	114,397	114,397
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	N/A	-	-
Less: Prior Year Fund Deficit Repayment	N/A	-	-
Carryforward Funds – End of Year	N/A	\$ -	\$ -

COMPLIANCE SECTION

FAIRFIELD COUNTY, SOUTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-through Grantor Program Title	Federal Assistance Listing Number	Federal Grantor's/ Pass-through Grantor's Number	Federal Expenditures	Passed through to Subrecipients
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Passed through S.C. Department of Transportation				
Section 5311 Formula Grant	20.509	PT-2047CA-09	\$ 177,767	\$ -
Section 5311 Formula Grant	20.509	PT-214711-69	62,309	-
Rural Transit Assistance Program	20.509	T22R047-01	7,208	-
			<u>247,284</u>	<u>-</u>
Passed through S.C. Department of Commerce/Division of Aeronautics				
COVID-19 Airport Coronavirus Response Grant	20.106	3-45-0058-021-2021	13,000	-
COVID-19 Airport Rescue Grant ARPA	20.106	3-45-0058-023-2022	32,000	-
Airport Drainage Improvement Program	20.106	3-45-0058-019-2020	48,926	-
Airport Drainage Improvement Program	20.106	3-45-0058-024-2022	1,025	-
			<u>94,951</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>342,235</u>	<u>-</u>
<u>U.S. DEPARTMENT OF THE TREASURY</u>				
Direct Assistance				
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,455,830	-
TOTAL U.S. DEPARTMENT OF THE TREASURY			<u>1,455,830</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Passed through S.C. Department of Commerce				
Community Development Block Grant	14.228	4-RP-20-004	50,000	-
			<u>50,000</u>	<u>-</u>
<u>CDBG ENTITLEMENT GRANTS CLUSTER</u>				
Passed through S.C. Department of Commerce				
COVID-19 Coronavirus Aid, Relief and Economic Security Act (CARES Act)	14.218	CV1-005	329,291	-
COVID -19 Coronavirus Aid, Relief and Economic Security Act (CARES Act)	14.218	CV1-004	98,929	-
Total CDBG Entitlement Grants Cluster			<u>428,220</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>478,220</u>	<u>-</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Passed through SC Law Enforcement Division				
Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1650	28,142	-
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>28,142</u>	<u>-</u>
<u>U.S. DEPARTMENT OF LABOR</u>				
<u>WORKFORCE INNOVATION AND OPPORTUNITY ACT CLUSTER</u>				
Passed through S.C. Employment Security Commission				
Workforce Innovation and Opportunity Act Program	17.258	21A294F1	163,036	-
Workforce Innovation and Opportunity Act Program	17.278	21D294F1	48,852	-
Workforce Innovation and Opportunity Act Program	17.259	21Y294F1	213,518	-
Workforce Innovation and Opportunity Act Program	17.259	20YRESF1	6,770	-
Total Workforce Innovation and Opportunity Act Cluster			<u>432,176</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>432,176</u>	<u>-</u>

(Continued)

FAIRFIELD COUNTY, SOUTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Grantor's/ Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Passed through to Subrecipients</u>
<u>DEPARTMENT OF HOMELAND SECURITY</u>				
Passed through S.C. Adjutant General's Office				
Emergency Management Performance Grant	97.042	20EMPG-S01	\$ 6,690	\$ -
Emergency Management Performance Grant	97.042	21EMPG-ARPA01	11,834	-
Emergency Management Performance Grant	97.042	21EMPG	55,470	-
TOTAL DEPARTMENT OF HOMELAND SECURITY			<u>73,994</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed through S.C. Department of Social Services				
Child Support Enforcement Services Program	93.563	C17020C	48,655	-
			<u>48,655</u>	<u>-</u>
Passed through S.C. Department of Health and Environmental Control				
Injury Prevention and Control Research	93.136	EM-2-212	7,800	-
			<u>7,800</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>56,455</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE EXPENDED			<u>\$ 2,867,052</u>	<u>\$ -</u>

FAIRFIELD COUNTY, SOUTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Fairfield County (the "County") under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - Expenditures reported on the Schedule are reported on the modified accrual basis of accounting.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. SUBRECIPIENTS

The County did not have subrecipients during the fiscal year ended June 30, 2022.

NOTE 5. DISASTER GRANTS - PUBLIC ASSISTANCE PRESIDENTIAL DECLARED DISASTER

Stafford Act funds are reported when the funds are approved by the Department of Homeland Security (DHS)/FEMA. Accordingly, \$73,994 included in the Schedule were costs incurred in a previous fiscal year.



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

**To the County Council
of Fairfield County
Winnsboro, South Carolina**

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 23, 2023. Our report includes a reference to the change in accounting principle resulting from the implementation of GASB Statement No. 87, *Leases*. Our report includes a reference to other auditors who audited the financial statements of the Fairfield Behavioral Health Services and the Fairfield Council on Aging 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 Council on Aging, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Fairfield Council on Aging that are reported on separately.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we considered to be a material weakness.

Report on Compliance and Other Matters


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

Fairfield County, South Carolina's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Columbia, South Carolina
June 23, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

**To the County Council
of Fairfield County
Winnsboro, South Carolina**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **Fairfield County, South Carolina's** (the "County") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of County's major federal programs for the year ended June 30, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Columbia, South Carolina
June 23, 2023

FAIRFIELD COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:
 Material weaknesses identified? Yes No

Significant deficiencies identified not considered to be material weaknesses? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:
 Material weaknesses identified? Yes No

Significant deficiencies identified not considered to be material weaknesses? Yes No

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? Yes No

Identification of major programs:

AL Number

Name of Federal Program or Cluster

21.027

U.S. Department of the Treasury
 COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

FAIRFIELD COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II
FINANCIAL STATEMENT FINDINGS

2022-001. Financial Closeout and Reporting

Criteria: Internal control is a process designed to provide reasonable assurance about the achievement of an entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control is a process of safeguarding assets against unauthorized acquisition, use, or disposition, and includes controls related to financial reporting and operational objectives.

Generally accepted accounting principles require assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenditures/expenses to be recognized in the accounting period in which they become earned, measurable (and available for modified accrual funds). Further, a fundamental principle in accounting and financial reporting is the notion of timely recognition and recording of financial and non-financial transactions and activities.

Condition: Certain accounting, reporting and reconciling procedures were not properly performed and reviewed during the fiscal year which required a significant effort to close the County's 2022 fiscal year. Significant adjustments were determined and required to be recorded in the year that followed June 30, 2022. Such adjustments amounted to approximately \$95.8 million across twenty-five (25) County funds. We noted deficiencies in completeness, accuracy, and cut off. Specifically, we noted a lack of accurate financial and non-financial information needed:

- to properly maintain general ledgers, subsidiary ledgers, reconciliations; and,
- to close-out and report activities, events and transactions on a periodic basis.

Context: We addressed this matter with County management, who worked diligently to determine the propriety of all respective details and reconciliations as of and for the year ended June 30, 2022.

Effect: The ultimate effect of the above condition includes a significantly delayed conclusion to the 2022 year financial reporting process as well as the potential for errors and irregularities to occur and not be detected and corrected in a timely manner.

Cause: Certain internal controls and procedures were not in place or adhered to relating to the financial closeout and reporting process. The County did not properly account for certain activities or prepare and review all reconciliations typically required as a part of the financial close and reporting process.

FAIRFIELD COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II (CONTINUED)
FINANCIAL STATEMENT FINDINGS

2022-001. Financial Closeout and Reporting (Continued)

Recommendation: We recommend the County adhere to existing internal controls and processes to ensure accurate and timely financial reporting. Further, we recommend the County review such existing internal control policies and procedures in an effort to identify and evaluate strengths and weaknesses relative to its accounting and financial reporting function and take the necessary measures to address the concerns noted above with a goal of providing timely recording, reconciling, and reporting of all County operations and financial and non-financial activities.

We further recommend the County consider reinvesting in its accounting personnel by providing better technical education and training via participation in continuing education governmental accounting and financial reporting programs which are constantly available in the general geographic area of the County. Once certain levels of technical proficiency are observed by finance and accounting staff, we further encourage the County to better cross-train the accounting personnel in an effort to make the accounting function a stronger and more capable accounting and finance department.

Views of Management and Planned Corrective Action: We concur with the finding. There were numerous changes and challenges within the finance department of the County that attributed to the delay in the year-end closeout. We will continue to review and improve internal control policies and procedures in an effort to eliminate errors and identify deficiencies from both operational and financial perspectives.

SECTION III
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV
SCHEDULE OF PRIOR YEAR FINDINGS

2021-001 – Timely Financial Reporting

Criteria: Per Section 4-9-150 of the South Carolina Code of Laws, local governments are required to have their audited financial statements approved and submitted to the South Carolina Comptroller General's Office by no later than January 1st of each year following the close of the books for the previous fiscal year.

Condition: The County did not complete its annual financial closing process for the year ended June 30, 2021, until after January 1, 2022.

Status: Unresolved.



Fairfield County Administration

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Laura Johnson
Interim County Administrator

Synthia Williams
Deputy County Administrator

Fairfield County

Summary Schedule of Prior Audit Findings for the year ended June 30, 2022

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

Item 2021-001: Timely Financial Reporting

Condition: The County did not complete its annual financial closing process for the year ended June 30, 2021 until after January 1, 2022.

Current Action Taken/Current Status:

In the fiscal year June 30, 2021 action plan, it was stated that the County would seek reinstatement and funding for a staff accountant or fiscal analyst. Additional accounting staff members were hired, but not until January 2023. We will continue to review and improve internal control policies and procedures and provide staff with the training and tools necessary to perform their jobs in a timely and efficient manner.

Corrective Action Plan

Fairfield County, South Carolina (the "County") respectfully submits the following corrective action plan for the fiscal year ended June 30, 2022. The finding from the June 23, 2023 Schedule of Findings and Questioned Costs are discussed below. The finding is numbered consistently with the number assigned in the Schedule of Findings and Questioned Costs.

2022-001: Financial Closeout and Reporting

Finding: The County did not complete its annual financial closing process for the fiscal year ended June 30, 2022, until after January 1, 2023.

Corrective Action Plan: There were numerous changes and challenges within the finance department of the County that attributed to the delay in the year-end closeout. We will continue to review and improve internal control policies and procedures in an effort to eliminate errors and identify deficiencies from both operational and financial perspectives. The leadership in this department is crucial to the successful operation of the finance department. A strong leader will ensure additional internal and external training opportunities are provided to all accounting staff and that internal control processes are accurate and timely.

Contact Person(s): Beverly Mozie, Interim Finance Director
Laura Johnson, Interim County Administrator

Anticipated Completion Date: September 30, 2023