

Fairfield County, South Carolina

Report on Financial Statements

For the fiscal year ended June 30, 2021

Fairfield County, South Carolina

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Financial Section

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fairfield County, South Carolina (the "County") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Fairfield Behavioral Health Services and Fairfield County Council on Aging, which represent 66 percent, 97 percent, and 73 percent, respectively, of the assets, net position/net assets, and revenues of the County's aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the County, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Fairfield Behavioral Health Services and Fairfield County Council on Aging were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements, Schedule of Budget to Actual Costs - South Carolina Department of Transportation Contracts, Schedule of Court Fines, Surcharges and Assessment Activity - Victim's Assistance Fund, Computation of Legal Debt Margin, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Columbia, South Carolina
March 31, 2022

Fairfield County, South Carolina

Management's Discussion and Analysis

For the fiscal year ended June 30, 2021

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, 2021. 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 and have made this a priority. Therefore, County Council is concentrating many resources to develop several industrial parks where businesses may locate and provide employment to our citizens.

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

Fairfield County, South Carolina

Management's Discussion and Analysis

For the fiscal year ended June 30, 2021

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, 2021 by approximately \$32.3 million (net position).
- **Change in net position** - The County's net position decreased over the course of this year's operations. Net position of the governmental activities decreased by approximately \$1.2 million.
- **General fund** - The principal operating fund of the County is the general fund. During fiscal year 2021, general fund revenues and other financing sources, which primarily consisted of property taxes and sales taxes, were approximately \$34.0 million. Expenditures and net transfers out of the general fund were approximately \$36.1 million. This resulted in a decrease in the fund balance for the year of approximately \$2.1 million.
- **General fund budget** - The general fund actual revenues were less than the final budgeted amounts by approximately \$331,000 primarily due to less than expected collections of property taxes. General fund actual expenditures were less than the final budgeted amounts by approximately \$4.6 million. This variance is primarily due to department directors making informed decisions with regards to purchases and employee staffing turnover and freezing unfilled positions.

Overview of the Financial Statements

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

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

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

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

Fairfield County, South Carolina

Management's Discussion and Analysis

For the fiscal year ended June 30, 2021

Overview of the Financial Statements, Continued

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

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

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

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 to 56.

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 of resources exceeded total liabilities and deferred inflows of resources by approximately \$32.3 million as of June 30, 2021.

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

Fairfield County, South Carolina

Management's Discussion and Analysis

For the fiscal year ended June 30, 2021

Financial Analysis of the County as a Whole, Continued

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

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

(Dollars in thousands)	2021	2020	Percentage Change
Current and other assets	\$ 31,648	\$ 32,399	(2.3) %
Capital assets, net	66,783	63,403	5.3 %
Total assets	98,431	95,802	2.7 %
Deferred outflows of resources	11,164	8,940	24.9 %
Current liabilities	2,704	2,429	11.3 %
Long-term liabilities	74,323	67,797	9.6 %
Total liabilities	77,027	70,226	9.7 %
Deferred inflows of resources	248	948	(73.8) %
Net position			
Net investment in capital assets	43,068	40,017	7.6 %
Restricted	6,527	5,949	9.7 %
Unrestricted	(17,275)	(12,398)	39.3 %
Total net position	\$ 32,320	\$ 33,568	(3.7) %

Change in net position - The County's total revenues for the fiscal year ended June 30, 2021 were approximately \$42.7 million. The total cost of all programs and services was approximately \$44.0 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)	2021	2020	Percentage Change
Revenues			
Program revenues			
Charges for services	\$ 3,503	\$ 3,232	8.4 %
Operating grants and contributions	2,823	1,394	102.5 %
Capital grants and contributions	2,180	2,209	(1.3) %
General revenues			
Property taxes	27,088	26,897	0.7 %
Sales taxes	2,268	1,870	21.3 %
Accommodations taxes	196	175	12.0 %
Investment income	1,063	570	86.5 %
Intergovernmental	1,855	1,763	5.2 %
Gain on sale of capital assets	50	3	1,566.7 %
Other	1,720	986	74.4 %
Total revenues	42,746	39,099	9.3 %

Fairfield County, South Carolina

Management's Discussion and Analysis

For the fiscal year ended June 30, 2021

Financial Analysis of the County as a Whole, Continued

(Dollars in thousands)	2021	2020	Percentage Change
Expenses			
General government	16,178	17,155	(5.7) %
Public safety	9,267	8,632	7.4 %
Public works and utilities	2,843	3,003	(5.3) %
Health and welfare	11,320	10,958	3.3 %
Judicial	1,291	1,258	2.6 %
Cultural and recreation	2,016	2,000	0.8 %
Interest and fiscal charges	1,078	1,094	(1.5) %
Total expenses	43,993	44,100	(0.2) %
Change in net position	\$ (1,247)	\$ (5,001)	75.1 %

Compared to fiscal year 2021, the County's revenues and expenses changed due primarily to the following:

- **Property taxes** – During fiscal year 2021, property taxes increased by approximately \$192,000 compared to a \$1.6 million decrease during fiscal year 2020. Overall, General Fund revenues were approximately \$331,000 less than budgeted compared to approximately \$1.3 million less than budgeted during the prior fiscal year. Overall assessments remained steady during the current fiscal year, resulting in a much smaller change from fiscal year 2020 to fiscal year 2021 compared to fiscal year 2019 to fiscal year 2020. Although there was some improvement from the prior fiscal year, the County did not experience significant growth since assessments remained fairly constant and the millage rate has been the same since the fiscal year ended June 30, 2016.
- **General government expenses** – During fiscal year 2021, still with uncertainty related to the COVID-19 pandemic, the County continued to make strong efforts to decrease or hold expenses as constant as possible. As a result, general government expenses decreased by approximately \$977,000 compared to the prior fiscal year. The primary factors that made this possible were putting any capital projects or expenses on hold unless they were deemed to be crucial to operations and freezing vacant positions.

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

(Dollars in thousands)	Total Expenses	Net Expense
General government	\$ 16,177	\$ (13,465)
Public safety	9,267	(9,150)
Public works and utilities	2,843	(235)
Health and welfare	11,320	(8,802)
Judicial	1,291	(775)
Cultural and recreation	2,016	(1,980)
Interest and fiscal charges	1,078	(1,078)
Total expenses	\$ 43,992	\$ (35,485)

Fairfield County, South Carolina

Management's Discussion and Analysis

For the fiscal year ended June 30, 2021

Financial Analysis of the County as a Whole, Continued

The cost of all governmental activities this year was approximately \$44.0 million. Expenses consist primarily of general government, public safety, and health and welfare totaling approximately \$16.2 million, \$9.3 million and \$11.3 million, respectively. The net cost of governmental activities was approximately \$35.5 million which was financed by general revenues and beginning net position. General revenues consist primarily of property taxes of approximately \$27.1 million.

Financial Analysis of the County's Funds

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

The financial performance of the County as a whole is reflected in its governmental funds. As the County completed the year, its governmental funds reported a combined fund balance of approximately \$28.9 million. Of this combined fund balance, approximately \$3.6 million or 12.6% is unassigned and therefore available for spending at the County's discretion.

The general fund is the principal operating fund of the County. The decrease in fund balance in the general fund for the fiscal year was approximately \$2.1 million, which was mainly the result of expenditures exceeding revenues.

Capital Assets and Debt Administration

Capital assets - As of June 30, 2021, the County had invested, net of related debt, approximately \$43.1 million in capital assets, including land, land improvements, buildings and improvements, leasehold improvements, infrastructure, machinery and equipment and software. Total depreciation expense for the year was approximately \$3.5 million.

The schedule below presents capital asset balances, net of depreciation, for the fiscal year ended June 30, 2021.

Capital assets, not being depreciated	
Land	\$ 14,159,966
Construction in progress	<u>16,208,628</u>
	<u>30,368,594</u>
Capital assets, being depreciated	
Land improvements	25,865,062
Buildings and improvements	30,853,514
Leasehold improvements	1,658,079
Infrastructure	6,665,465
Machinery and equipment	25,857,785
Software	<u>498,001</u>
	<u>91,397,906</u>
Less accumulated depreciation	<u>(54,983,451)</u>
Total capital assets, being depreciated, net	<u>36,414,455</u>
Net capital assets	<u>\$ 66,783,049</u>

Fairfield County, South Carolina

Management's Discussion and Analysis

For the fiscal year ended June 30, 2021

Debt administration - At year-end, the County had approximately \$27.8 million in general obligation and revenue bonds, net of unamortized bond discounts, of which \$1.9 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 the County, which accounts for 47% of property tax revenues. The facility received an extension to its operating license through 2042. While this piece of the facility remains operational, construction has ceased on an addition to the facility, which has caused some hardship for the County and closed the potential for additional future revenues. The County has seen some industry growth during the fiscal year, with two major pieces being the opening of Sea Pro Boats and selling the speculative building. However, with consideration of its primary revenue source and the other economic factors in our community, 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 Comptroller, Fairfield County, 350 Columbia Road, Post Office Drawer 60, Winnsboro, South Carolina 29180.

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

Fairfield County, South Carolina
Statement of Net Position
As of June 30, 2021

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 23,986,719
Amounts held in escrow	3,249,554
Investments	-
Taxes receivable, net	726,963
Accounts receivable, net	2,002,108
Due from other governments	1,461,109
Prepaid items	221,740
Capital assets, not being depreciated	30,368,594
Capital assets, being depreciated net	36,414,455
Total assets	<u>98,431,242</u>
Deferred outflows of resources	
Deferred outflows related to total OPEB liability	4,886,070
Deferred outflows related to net pension liability	6,277,984
Total deferred outflows of resources	<u>11,164,054</u>
Liabilities	
Accounts payable	929,213
Retainage payable	328,081
Accrued payroll and related benefits	1,012,978
Due to taxpayers	99,825
Due to other agencies	4,848
Due to other governments	1,774
Accrued interest payable	327,251
Long-term liabilities	
Due within one year	1,996,285
Due in more than one year	26,600,084
Total OPEB liability	14,334,736
Net pension liability	31,391,555
Total liabilities	<u>77,026,630</u>
Deferred inflows of resources	
Deferred inflows related to total OPEB liability	58,643
Deferred inflows related to net pension liability	189,498
Total deferred inflows of resources	<u>248,141</u>
Net Position	
Net investment in capital assets	43,068,105
Restricted for:	
General government programs	23,462
Public safety programs	187,667
Health and welfare programs	4,455,309
Judicial programs	182,156
Cultural and recreation programs	259,244
Debt service	1,419,237
Unrestricted	<u>(17,274,655)</u>
Total net position	<u><u>\$ 32,320,525</u></u>

See Notes to Basic Financial Statements

Fairfield County, South Carolina
Statement of Activities
For the fiscal year ended June 30, 2021

Functions/Programs	Expenses	Program revenues			Net revenue (expense) and changes in net position
		Charges for sales and service	Operating grants and contributions	Capital grants and contributions	Governmental activities
Governmental activities					
General government	\$ 16,177,539	\$ 346,572	\$ 1,802,722	\$ 562,866	\$ (13,465,379)
Public safety	9,266,942	88,160	28,740	-	(9,150,042)
Public works and utilities	2,842,960	940,672	50,000	1,616,869	(235,419)
Health and welfare	11,320,343	1,711,124	806,929	-	(8,802,290)
Judicial	1,291,458	381,251	134,890	-	(775,317)
Cultural and recreation	2,016,086	35,721	-	-	(1,980,365)
Interest and fiscal charges	1,078,188	-	-	-	(1,078,188)
Total governmental activities	43,993,516	3,503,500	2,823,281	2,179,735	(35,487,000)
Total	<u>\$ 43,993,516</u>	<u>\$ 3,503,500</u>	<u>\$ 2,823,281</u>	<u>\$ 2,179,735</u>	
General revenues:					
Property taxes					27,088,570
Sales tax					2,267,622
Accommodations tax					196,141
Investment income					1,063,456
Intergovernmental					1,854,845
Gain on sale of capital assets					49,601
Other					1,719,762
Total general revenues					34,239,997
Change in net position					(1,247,003)
Net position, beginning of year					33,567,528
Net position, end of year					<u>\$ 32,320,525</u>

See Notes to Basic Financial Statements

Fairfield County, South Carolina
Balance Sheet - Governmental Funds
As of June 30, 2021

	General Fund	Fairfield Facilities Corporation	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 11,193,475	\$ 4,364,625	\$ 8,428,619	\$ 23,986,719
Amounts held in escrow	3,249,554	-	-	3,249,554
Taxes receivable, net	682,615	-	44,348	726,963
Accounts receivable, net	1,616,156	-	385,952	2,002,108
Due from other funds	375,329	-	-	375,329
Due from other governments	732,411	-	728,698	1,461,109
Prepaid items	18,856	150,573	52,311	221,740
Total assets	<u>\$ 17,868,396</u>	<u>\$ 4,515,198</u>	<u>\$ 9,639,928</u>	<u>\$ 32,023,522</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 518,662	\$ -	\$ 410,551	\$ 929,213
Retainage payable	-	321,148	6,933	328,081
Accrued liabilities	995,694	-	17,284	1,012,978
Due to other funds	-	-	375,329	375,329
Due to taxpayers	99,825	-	-	99,825
Due to other agencies	4,848	-	-	4,848
Due to other governments	1,774	-	-	1,774
Total liabilities	<u>1,620,803</u>	<u>321,148</u>	<u>810,097</u>	<u>2,752,048</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	<u>371,863</u>	<u>-</u>	<u>24,216</u>	<u>396,079</u>
Total deferred inflows of resources	<u>371,863</u>	<u>-</u>	<u>24,216</u>	<u>396,079</u>
Fund balances				
Nonspendable				
Prepaid items	18,856	150,573	52,311	221,740
Restricted				
General government	-	-	23,462	23,462
Public safety	-	-	187,667	187,667
Health and welfare	3,249,554	-	1,205,755	4,455,309
Judicial	-	-	182,156	182,156
Cultural and recreation	-	-	259,244	259,244
Debt service	-	-	1,419,237	1,419,237
Capital outlay	-	4,043,477	-	4,043,477
Committed				
Local option sales tax	490,957	-	-	490,957
General government	3,480,000	-	-	3,480,000
Health and welfare	760,000	-	-	760,000
Cultural and recreation	-	-	11,462	11,462
Public works and utilities	-	-	314,647	314,647
Capital outlay	-	-	5,180,067	5,180,067
Assigned				
General government	4,200,000	-	-	4,200,000
Unassigned	<u>3,676,363</u>	<u>-</u>	<u>(30,393)</u>	<u>3,645,970</u>
Total fund balances	<u>15,875,730</u>	<u>4,194,050</u>	<u>8,805,615</u>	<u>28,875,395</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,868,396</u>	<u>\$ 4,515,198</u>	<u>\$ 9,639,928</u>	<u>\$ 32,023,522</u>

See Notes to Basic Financial Statements

Fairfield County, South Carolina
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
As of June 30, 2021

Total governmental fund balances \$ 28,875,395

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

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

Historical cost of capital assets	\$ 121,766,500	
Accumulated depreciation	(54,983,451)	
		66,783,049

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.

396,079

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

Deferred outflows related to net pension liability	6,277,984	
Deferred inflows related to net pension liability	(189,498)	
Net pension liability	(31,391,555)	
Deferred outflows related to total OPEB liability	4,886,070	
Deferred inflows related to total OPEB liability	(58,643)	
Total OPEB liability	(14,334,736)	
Accrued compensated absences	(837,948)	
		(35,648,326)

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

Bonds payable, net of unamortized bond discounts	(27,758,421)	
Accrued interest payable	(327,251)	
		(28,085,672)

Net position of governmental activities	\$ 32,320,525
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See Notes to Basic Financial Statements

Fairfield County, South Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the fiscal year ended June 30, 2021

	General Fund	Fairfield Facilities Corporation	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 25,989,550	\$ -	\$ 1,539,404	\$ 27,528,954
Sales tax	2,301,178	-	162,585	2,463,763
Intergovernmental	1,854,845	-	5,003,016	6,857,861
Licenses, permits, fines and fees	636,902	-	330,803	967,705
Charges for services	2,511,767	-	24,028	2,535,795
Investment income	11,480	-	1,051,976	1,063,456
Other	667,144	1,021	1,051,597	1,719,762
Total revenues	33,972,866	1,021	9,163,409	43,137,296
Expenditures				
General government	10,338,073	-	1,249,299	11,587,372
Public safety	8,172,717	-	201,986	8,374,703
Public works and utilities	1,271,586	-	1,306,771	2,578,357
Health and welfare	9,479,811	-	793,284	10,273,095
Judicial	1,119,811	-	52,662	1,172,473
Cultural and recreation	1,677,055	-	201,182	1,878,237
Capital outlay	-	319,980	6,519,825	6,839,805
Debt service				
Principal retirements	-	10,000	1,129,960	1,139,960
Interest and fiscal charges	1,000	894,570	167,629	1,063,199
Total expenditures	32,060,053	1,224,550	11,622,598	44,907,201
Excess (deficiency) of revenues over (under) expenditures	1,912,813	(1,223,529)	(2,459,189)	(1,769,905)
Other financing sources (uses)				
Issuance of debt	-	-	1,127,000	1,127,000
Proceeds from sale of capital assets	-	-	49,601	49,601
Transfers in	97,109	895,238	4,916,914	5,909,261
Transfers out	(4,145,193)	-	(1,764,068)	(5,909,261)
Total other financing sources (uses)	(4,048,084)	895,238	4,329,447	1,176,601
Net change in fund balances	(2,135,271)	(328,291)	1,870,258	(593,304)
Fund balances, beginning of year	18,011,001	4,522,341	6,935,357	29,468,699
Fund balances, beginning of year	\$ 15,875,730	\$ 4,194,050	\$ 8,805,615	\$ 28,875,395

See Notes to Basic Financial Statements

Fairfield County, South Carolina
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the fiscal year ended June 30, 2021

Total net change in fund balance - governmental funds \$ (593,304)

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

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

Capital outlay	\$ 6,839,805	
Depreciation expense	(3,459,794)	
		3,380,011

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

Gain on sale of capital assets	49,601	
Proceeds from sale of capital assets	(49,601)	
		-

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. (440,384)

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

Net pension liability	(2,236,324)	
Total OPEB liability	(1,396,884)	
Accrued compensated absences	41,911	
		(3,591,297)

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

Issuance of debt	(1,127,000)	
Principal retirements	1,139,960	
Amortization of bond discounts	(23,322)	
Accrued interest payable	8,333	
		(2,029)

Change in net position of governmental activities \$ (1,247,003)

See Notes to Basic Financial Statements

Fairfield County, South Carolina
Statement of Fiduciary Net Position - Fiduciary Funds
As of June 30, 2021

Assets

Cash and cash equivalents	\$ 6,216,941
Investments	17,280,382
Taxes receivable, net	<u>968,309</u>
Total assets	<u>24,465,632</u>

Liabilities

Amounts held for others	1,418,961
Due to other taxing entities	<u>23,037,363</u>
Total liabilities	<u>24,456,324</u>

Net Position

Restricted for organizations and other governments	<u>9,308</u>
Total net position	<u><u>\$ 9,308</u></u>

See Notes to Basic Financial Statements

Fairfield County, South Carolina

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

For the fiscal year ended June 30, 2021

Additions

Current property taxes	\$ 28,544
Total additions	<u>28,544</u>

Deductions

Cash paid to others	<u>21,437</u>
Total deductions	<u>21,437</u>

Change in fiduciary net position	7,107
Fiduciary net position, beginning of year	<u>2,201</u>
Fiduciary net position, end of year	<u><u>\$ 9,308</u></u>

See Notes to Basic Financial Statements

Fairfield County, South Carolina
Governmental Discretely Presented Component Unit
Fairfield County Library Commission
Statement of Net Position
As of June 30, 2021

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 281,448
Investments	29,667
Prepaid items	16,789
Capital assets, being depreciated net	628,722
Total assets	956,626
Deferred outflows of resources	
Deferred outflows related to total OPEB liability	366,360
Deferred outflows related to net pension liability	219,809
Total deferred outflows of resources	586,169
Liabilities	
Accounts payable	2,790
Accrued liabilities	17,437
Long-term liabilities	
Accrued compensated absences - due within one year	4,021
Accrued compensated absences - due after one year	30,465
Total OPEB liability	676,258
Net pension liability	867,254
Total liabilities	1,598,225
Deferred inflows of resources	
Deferred inflows related to total OPEB liability	4,397
Deferred inflows related to net pension liability	3,279
Total deferred inflows of resources	7,676
Net Position	
Investment in capital assets	628,722
Restricted for:	
Nonexpendable	171,657
Capital outlay	15,175
Unrestricted	(878,660)
Total net position	\$ (63,106)

See Notes to Basic Financial Statements

Fairfield County, South Carolina
 Governmental Discretely Presented Component Unit
 Fairfield County Library Commission
 Statement of Activities
 For the fiscal year ended June 30, 2021

	Expenses	Program revenues		Net revenue (expense) and changes in net position
		Charges for sales and service	Operating grants and contributions	Governmental activities
Functions/Programs				
Governmental activities				
Library services	\$ 785,061	\$ 1,959	\$ 101,500	\$ (681,602)
General revenues:				
County appropriations				661,473
Investment income				529
Gifts and donations				55
Miscellaneous revenue				18,218
Total general revenues				680,275
Change in net position				(1,327)
Net position, beginning of year				(61,779)
Net position, end of year				\$ (63,106)

See Notes to Basic Financial Statements

Fairfield County, South Carolina
Nongovernmental Discretely Presented Component Units
Statements of Financial Position
As of June 30, 2021

	Fairfield Behavioral Health Services	Fairfield County Council on Aging	Total
Assets			
Cash and cash equivalents	\$ 88,456	\$ 624,427	\$ 712,883
Receivables	79,812	53,648	133,460
Certificates of deposit	161,741	-	161,741
Prepaid expenses	2,730	5,036	7,766
Property and equipment, net	1,564,944	385,719	1,950,663
Total assets	<u>\$ 1,897,683</u>	<u>\$ 1,068,830</u>	<u>\$ 2,966,513</u>
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued expenses	\$ 27,644	\$ 15,107	\$ 42,751
Accrued compensated absences	23,457	8,253	31,710
Notes payable	500,000	807	500,807
Total liabilities	<u>551,101</u>	<u>24,167</u>	<u>575,268</u>
Net assets			
Without donor restrictions	<u>1,346,582</u>	<u>1,044,663</u>	<u>2,391,245</u>
With donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>1,346,582</u>	<u>1,044,663</u>	<u>2,391,245</u>
Total liabilities and net assets	<u>\$ 1,897,683</u>	<u>\$ 1,068,830</u>	<u>\$ 2,966,513</u>

See Notes to Basic Financial Statements

Fairfield County, South Carolina
Nongovernmental Discretely Presented Component Units
Statements of Activities
For the fiscal year ended June 30, 2021

	Fairfield Behavioral Health Services	Fairfield County Council on Aging	Total
Changes in net assets without donor restrictions:			
Revenues, gains and other support			
Local	\$ -	\$ 494,245	\$ 494,245
County appropriations	62,944	243,968	306,912
State contracts	-	63,524	63,524
Client fees	89,456	-	89,456
Alcohol excise tax	59,028	-	59,028
Investment income	4,446	250	4,696
Other	268,370	27,176	295,546
Net assets released from restrictions	704,570	99,000	803,570
Total revenues, gains and other support	1,188,814	928,163	2,116,977
Expenses			
Program services	1,022,342	470,737	1,493,079
Supporting services	179,019	221,183	400,202
Total expenses	1,201,361	691,920	1,893,281
Change in net assets without donor restrictions	(12,547)	236,243	223,696
Changes in net assets with donor restrictions:			
Federal	405,704	-	405,704
State	114,339	-	114,339
Other	850	-	850
Grants	167,259	99,000	266,259
State contract	16,418	-	16,418
Net assets released from restrictions	(704,570)	(99,000)	(803,570)
Change in net assets with donor restrictions	-	-	-
Change in net assets	(12,547)	236,243	223,696
Net assets, beginning of year			
Without donor restrictions	1,359,129	808,420	2,167,549
Without donor restrictions	-	-	-
	1,359,129	808,420	2,167,549
Net assets, end of year			
Without donor restrictions	1,346,582	1,044,663	2,391,245
Without donor restrictions	-	-	-
	\$ 1,346,582	\$ 1,044,663	\$ 2,391,245

See Notes to Basic Financial Statements

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

Blended Component Unit - During fiscal year 2013, the County created the Fairfield Facilities Corporation (the "Corporation") to facilitate the issuance of debt for the County. The activities of the Corporation have been "blended" with the County and are presented as a major fund for fiscal year 2021. County Council appoints the officers and directors of the Corporation. The Corporation does not issue separate financial statements.

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

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

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 1. Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

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

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

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

B. Basis of Presentation

The statements of the County are presented as follows:

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

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

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

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

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 1. Summary of Significant Accounting Policies, Continued

C. Measurement Focus and Basis of Accounting

Fund Accounting

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

The government reports the following major governmental funds:

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

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

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

Additionally, the government reports the following nonmajor fund types:

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

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

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

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

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

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

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

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 1. Summary of Significant Accounting Policies, Continued

C. Measurement Focus and Basis of Accounting, Continued

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

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

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

Expenses / Expenditures

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

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

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 1. Summary of Significant Accounting Policies, Continued

C. Measurement Focus and Basis of Accounting, Continued

Interfund Activity

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

Use of Estimates

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

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

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

State statutes authorize the County to invest in:

1. Obligations of the United States and agencies thereof;
2. General obligations of the State of South Carolina or any of its political units;
3. Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
4. Repurchase agreements when collateralized by securities as set forth in this section;
5. No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of the County, if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (1) and (4) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

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

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 1. Summary of Significant Accounting Policies, Continued

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

At June 30, 2021, receivables for the County's individual major funds and other nonmajor governmental funds in the aggregate including the applicable allowance for uncollectible accounts, are as follows:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Taxes	\$ 682,615	\$ 44,348	\$ 726,963
Accounts	<u>2,640,750</u>	<u>385,952</u>	<u>3,026,702</u>
Gross	3,323,365	430,300	3,753,665
Less:			
Allowance - taxes	-	-	-
Allowance - accounts	<u>(1,024,594)</u>	<u>-</u>	<u>(1,024,594)</u>
Net receivables	<u>\$ 2,298,771</u>	<u>\$ 430,300</u>	<u>\$ 2,729,071</u>

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

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

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

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

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

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

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 1. Summary of Significant Accounting Policies, Continued

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

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

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

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

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

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

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

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

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 1. Summary of Significant Accounting Policies, Continued

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

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

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

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

Fund balances - Governmental funds report fund balances in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2021, fund balances for governmental funds are made up of the following categories:

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

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 1. Summary of Significant Accounting Policies, Continued

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

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

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

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

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

As of June 30, 2021, County Council had not established an unassigned fund balance target.

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

Reported amounts for net investment in capital assets are as follows at June 30, 2021:

Capital assets, net of accumulated depreciation	\$ 66,783,049
Less: Bonds payable, net of unamortized bond discounts	(27,758,421)
Less: Capital project payables and retainages	(321,148)
Plus: Unspent bond proceeds	<u>4,364,625</u>
	<u>\$ 43,068,105</u>

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 1. Summary of Significant Accounting Policies, Continued

E. Reclassifications

During June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for financial statement periods beginning after June 15, 2021. Management is currently evaluating the potential effects of this accounting standard on the County's financial statements.

During June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for financial statement periods beginning after December 15, 2020. Management is currently evaluating the potential effects of this accounting standard on the County's financial statements.

F. Reclassifications

The presentation of certain items in the 2020 financial statements have been reclassified to be consistent with the 2021 presentation. Such reclassifications had no effect on change in net position, cash flows or net position.

G. Subsequent Events

These financial statements have not been updated for subsequent events occurring after March 31, 2022 which is the date the financial statements were available to be issued.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 2. Stewardship, Compliance and Accountability

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

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

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

Note 3. Deposits and Investments

Custodial credit risk - deposits:

Deposits include cash and cash equivalents on deposit in banks. At June 30, 2021, the carrying amount of the County's deposits was \$30,269,799 and the bank balance was \$31,565,063.

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, 2021, all of the County's bank balance was insured or collateralized.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

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, 2021, the County held the following investments and maturities:

Investment Type	Investment Maturities			
	Fair Value	Three months or less	Three to twelve months	More than one year
US Government Agency Obligations	\$ 17,138,281	\$ 500,450	\$ 3,685,005	\$ 12,952,826
Money Market Fund	142,101	142,101	-	-
South Carolina Local Government Investment Pool (LGIP)	3,183,415	3,183,415	-	-
Total investments held in the County's name	<u>\$ 20,463,797</u>	<u>\$ 3,825,966</u>	<u>\$ 3,685,005</u>	<u>\$ 12,952,826</u>

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

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

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

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

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

The following table presents the County's fair value hierarchy for those assets measured at fair value as of June 30, 2021:

	Fair Value Measurements			
	June 30, 2021	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Money market fund	\$ 142,101	\$ -	\$ 142,101	\$ -
US Government Agency Obligations	<u>17,138,281</u>	<u>-</u>	<u>17,138,281</u>	<u>-</u>
Total Investments by Fair Value Level	<u>17,280,382</u>	<u>\$ -</u>	<u>\$ 17,280,382</u>	<u>\$ -</u>
Investments by Net Asset Value (NAV):				
LGIP	<u>3,183,415</u>			
Total Investments Held in the County's Name	<u>\$ 20,463,797</u>			

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 3. Deposits and Investments, Continued

Investments, continued:

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

Investment held for sale:

During the year ended June 30, 2021, the County sold its spec building which was previously reported as an investment held for sale with a fair market value of \$1,144,000. The County received \$2,195,915 for the spec building and recognized a gain of \$1,051,915. In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, this gain is reported as investment income in the Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances.

The following reconciles deposits and investments to the financial statements:

Exhibit 1 - Cash and cash equivalents	\$ 23,986,719	Deposits	\$ 30,269,799
Exhibit 1 - Amounts held in escrow	3,249,554	Investments	17,280,382
Exhibit 7 - Cash and cash equivalents	6,216,941	LGIP	<u>3,183,415</u>
Exhibit 7 - Investments	<u>17,280,382</u>	Total	<u>\$ 50,733,596</u>
Total	<u>\$ 50,733,596</u>		

Interest rate risk:

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

Custodial credit risk:

Custodial credit risk for investments is the risk that in the event of a failure of the counterparty to a transaction, the County will not be able to recover the value of investments or collateral securities that are in possession of an outside party. The County's policy with respect to custodial credit risk is that all of the County's investments must be insured or collateralized. At June 30, 2021, all of the County's investments were insured or collateralized.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 3. Deposits and Investments, Continued

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, 2021, 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, 2021, the underlying security ratings of the County's investment in the money market fund was AAAM according to Standard & Poor's credit ratings.

Concentration of credit risk:

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

Foreign currency risk:

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

Note 4. Interfund Assets and Liabilities

The balances of interfund receivables and payables at June 30, 2021 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 375,329

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, 2021 consisted of the following individual amounts:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 97,109
Fairfield Facilities Corporation	Nonmajor Governmental Funds	895,238
Nonmajor Governmental Funds	General Fund	4,145,193
Nonmajor Governmental Funds	Nonmajor Governmental Funds	771,721
		<u>\$ 5,909,261</u>

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 5. Due From Other Governmental Units

Amounts due from other governments at June 30, 2021 in the governmental type funds consisted of the following:

	<u>State</u>	<u>Federal</u>	<u>Total</u>
General Fund	\$ 724,445	\$ 7,966	\$ 732,411
Nonmajor Governmental	<u>347,948</u>	<u>380,750</u>	<u>728,698</u>
	<u>\$ 1,072,393</u>	<u>\$ 388,716</u>	<u>\$ 1,461,109</u>

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, 2021:

	<u>Balance, June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2021</u>
Capital assets, not being depreciated				
Land	\$ 11,926,023	\$ 2,233,943	\$ -	\$ 14,159,966
Construction in progress	<u>14,121,080</u>	<u>2,809,183</u>	<u>(721,635)</u>	<u>16,208,628</u>
Total capital assets, not being depreciated	<u>26,047,103</u>	<u>5,043,126</u>	<u>(721,635)</u>	<u>30,368,594</u>
Capital assets, being depreciated				
Land improvements	25,106,820	758,242	-	25,865,062
Buildings and improvements	30,611,948	241,566	-	30,853,514
Leasehold improvements	1,658,079	-	-	1,658,079
Infrastructure	6,665,465	-	-	6,665,465
Machinery and equipment	25,177,832	1,518,506	(838,553)	25,857,785
Software	<u>498,001</u>	<u>-</u>	<u>-</u>	<u>498,001</u>
Total capital assets, being depreciated	<u>89,718,145</u>	<u>2,518,314</u>	<u>(838,553)</u>	<u>91,397,906</u>
Accumulated depreciation	<u>(52,362,210)</u>	<u>(3,459,794)</u>	<u>838,553</u>	<u>(54,983,451)</u>
Total capital assets, being depreciated, net	<u>37,355,935</u>	<u>(941,480)</u>	<u>-</u>	<u>36,414,455</u>
Net capital assets	<u>\$ 63,403,038</u>	<u>\$ 4,101,646</u>	<u>\$ (721,635)</u>	<u>\$ 66,783,049</u>

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

General government	\$ 2,681,867
Public safety	91,573
Public works and utilities	177,087
Health and welfare	443,914
Judicial	762
Cultural and recreation	<u>64,591</u>
	<u>\$ 3,459,794</u>

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

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, 2021.

Note 8. Long-Term Liabilities

The following is a summary of the changes in general long-term liabilities for the fiscal year ended June 30, 2021:

	<u>Balance, June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2021</u>	<u>Due in less than one year</u>	<u>Due in more than one year</u>
Bonds payable:						
General obligation bonds	\$ 3,585,669	\$ 1,127,000	\$ 1,129,960	\$ 3,582,709	\$ 1,136,570	\$ 2,446,137
Revenue bonds	24,630,000	-	10,000	24,620,000	785,000	23,835,000
Unamortized bond discounts	(467,610)	-	(23,322)	(444,288)	(23,322)	(420,966)
Total	<u>\$ 27,748,059</u>	<u>\$ 1,127,000</u>	<u>\$ 1,116,638</u>	<u>\$ 27,758,421</u>	<u>\$ 1,898,248</u>	<u>\$ 25,860,171</u>
Accrued compensated Absences	<u>\$ 879,859</u>	<u>\$ 95,856</u>	<u>\$ 137,767</u>	<u>\$ 837,948</u>	<u>\$ 98,037</u>	<u>\$ 739,911</u>

The County's outstanding notes from revenue bonds of \$24,620,000 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, 2021:

\$306,000 of Series 2015A general obligation bonds due in annual installments of \$36,250 to \$149,695 through March 1, 2022; interest at 2.18%	\$ 36,250
\$306,000 of Series 2015B general obligation bonds due in annual installments of \$33,239 to \$106,830 through March 1, 2022; interest at 3.01%	99,104
\$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%	152,657
\$306,000 of Series 2016B general obligation bonds due in annual installments of \$24,239 to \$123,457 through March 1, 2023; interest at 1.96%	212,060
\$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%	483,452

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 8. Long-Term Liabilities, Continued

\$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%	485,306
\$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%	474,332
\$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%	512,546
\$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%	
	<u>1,127,000</u>
	<u>\$ 3,582,707</u>

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

Revenue bonds consisted of the following at June 30, 2021:

\$3,710,000 of Series 2013A revenue bonds due in annual installments of \$10,000 to \$875,000 through September 1, 2025; interest at 2.625% to 3.35%	\$ 3,640,000
\$20,980,000 of Series 2013B revenue bonds due in annual installments of \$500,000 to \$1,600,000 through September 1, 2042; interest at 2.25% to 4.00%	
	<u>20,980,000</u>
	<u>\$ 24,620,000</u>

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

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General Obligation Bonds			
2022	\$ 1,136,570	\$ 95,433	\$ 1,232,003
2023	972,900	60,930	1,033,830
2024	732,956	32,280	765,236
2025	491,476	12,067	503,543
2026	<u>248,805</u>	<u>1,393</u>	<u>250,198</u>
	<u>\$ 3,582,707</u>	<u>\$ 202,103</u>	<u>\$ 3,784,810</u>

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 8. Long-Term Liabilities, Continued

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Revenue Bonds			
2022	\$ 785,000	\$ 874,802	\$ 1,659,802
2023	805,000	854,300	1,659,300
2024	825,000	831,313	1,656,313
2025	850,000	804,925	1,654,925
2026	875,000	776,669	1,651,669
2027-2031	4,805,000	3,438,931	8,243,931
2032-2036	5,690,000	2,524,381	8,214,381
2037-2041	6,845,000	1,332,319	8,177,319
2042-2043	<u>3,140,000</u>	<u>126,800</u>	<u>3,266,800</u>
	<u>\$ 24,620,000</u>	<u>\$ 11,564,440</u>	<u>\$ 36,184,440</u>

Note 9. Pension Plans

Description of the entity:

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various retirement systems and retirement programs of the State of South Carolina, including the State Optional Retirement Program and the 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.

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.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 9. Pension Plans, Continued

Plan descriptions, continued:

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

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

Membership:

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

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

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

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

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 9. 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.

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.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 9. Pension Plans, Continued

Contributions, continued:

The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

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

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

Required employee contribution rates¹ are as follows:

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
State ORP		
Employee	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Fairfield County, South Carolina**Notes to Basic Financial Statements****For the fiscal year ended June 30, 2021**

Note 9. Pension Plans, ContinuedContributions, continued:

Required employer contribution rates¹ are as follows:

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>
SCRS		
Employer Class Two	15.41%	15.41%
Employer Class Three	15.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution ²	15.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	17.84%	17.84%
Employer Class Three	17.84%	17.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

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

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

Contributions to the SCRS and PORS pension plans from the County were \$1,461,982 and \$744,611 respectively, for the year ended June 30, 2021.

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 and 2021 for credit towards employer contributions for most employers participating in SCRS. For the year ended June 30, 2020 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, 2021 which are presented on the economic resources measurement focus and accrual basis of accounting.

Pension expense:

For the year ended June 30, 2021, the County recognized pension expense for the SCRS and PORS plans of \$2,942,816 and \$1,443,797, respectively.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 9. Pension Plans, Continued

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, 2019, 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, 2019. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2020, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2020 for SCRS and PORS.

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

¹ Includes inflation at 2.25%

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 9. Pension Plans, Continued

Actuarial assumptions and methods, continued:

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

Assumptions used in the determination of the June 30, 2020 total pension liability are as follows:

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

Net pension liability:

The 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, 2020 for SCRS and PORS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 51,844,187,763	\$ 26,292,418,682	\$ 25,551,769,081	50.7%
PORS	8,046,386,629	4,730,174,642	3,316,211,987	58.8%

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.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 9. Pension Plans, Continued

Net pension liability, continued:

At June 30, 2021, the County reported a liability of \$22,288,401 and \$9,103,154 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.

At June 30, 2021, the County's proportionate share of the SCRS and PORS plans were 0.08723 percent and 0.27451% percent, respectively.

Deferred outflows of resources and deferred inflows of resources:

At June 30, 2021, 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
Differences between expected and actual experience	\$ 257,179	\$ 84,282
Changes of assumptions	27,307	-
Net difference between projected and actual earnings on pension plan investments	1,639,498	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	690,394	65,146
Employer contributions subsequent to the measurement date	<u>1,461,982</u>	<u>-</u>
Total	<u>\$ 4,076,360</u>	<u>\$ 149,428</u>

	PORS	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 193,461	\$ 40,070
Changes of assumptions	111,088	-
Net difference between projected and actual earnings on pension plan investments	932,142	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	220,322	-
Employer contributions subsequent to the measurement date	<u>744,611</u>	<u>-</u>
Total	<u>\$ 2,201,624</u>	<u>\$ 40,070</u>

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 9. Pension Plans, Continued

Deferred outflows of resources and deferred inflows of resources, continued:

The \$1,461,982 and \$744,611 reported as of June 30, 2021 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, 2022.

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

<u>Year Ended June 30:</u>	<u>SCRS</u>	<u>PORS</u>
2022	\$ 689,398	\$ 469,328
2023	800,349	358,381
2024	556,838	341,630
2025	418,365	247,604
	<u>\$ 2,464,950</u>	<u>\$ 1,416,943</u>

Discount rate:

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the 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 2020 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 9. Pension Plans, Continued

Long-term expected rate of return, continued:

Allocation/Exposure	Policy target	Expected arithmetic real rate of return	Long-term expected portfolio real rate of return
Global Equity:	51.0%		
Global Public Equity	35.0%	7.81%	2.73%
Private Equity	9.0%	8.91%	0.80%
Equity Options Strategies	7.0%	5.09%	0.36%
Real Assets:	12.0%		
Real Estate (Private)	8.0%	5.55%	0.44%
Real Estate (REITs)	1.0%	7.78%	0.08%
Infrastructure (Private)	2.0%	4.88%	0.10%
Infrastructure (Public)	1.0%	7.05%	0.07%
Opportunistic:	8.0%		
Global Tactical Asset Allocation	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
Credit:	15.0%		
High Yield Bonds/Bank Loans	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt	7.0%	5.79%	0.40%
Rate Sensitive:	14.0%		
Core Fixed Income	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
Total expected return	100.0%		5.80%
Inflation for actuarial purposes			2.25%
			8.05%

Sensitivity analysis:

The following table presents the collective net pension liability of the County calculated using the discount rate of 7.25 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 (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

<u>Sensitivity of the Net Pension Liability to Changes in the Discount Rate</u>			
System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	\$ 27,623,740	\$ 22,288,401	\$ 17,833,328
PORS	12,051,043	9,103,154	6,736,188

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 9. Pension Plans, Continued

Additional financial and actuarial information:

Information contained in this Note was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2020 and the accounting valuation report as of June 30, 2020. 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 10. 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 11. Other Post-Employment Benefits (OPEB)

Plan description:

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

Required monthly contributions:

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

Funding policy:

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

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

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

Dependent coverage:

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

Employees covered by benefit terms:

As of June 30, 2021, the valuation date, there were 374 members covered by benefit terms, which consisted of 281 active members and 93 retirees and beneficiaries. The County employees consisted of 274 active members and 88 retirees and beneficiaries. The Commission employees consisted of 7 active members and 5 retirees and beneficiaries.

Total OPEB liability:

The County's portion of the total OPEB liability of \$14,334,736 was measured as of June 30, 2021 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, 2021 are as follows:

	<u>County</u>	<u>Commission</u>	<u>Total</u>
Total OPEB liability - beginning	\$ 11,470,073	\$ 461,464	\$ 11,931,537
Changes for the year:			
Service cost	480,485	36,027	516,512
Interest	272,651	20,444	293,095
Changes of benefit terms	-	-	-
Differences between expected and actual experience	1,185,001	88,852	1,273,853
Changes of assumptions or other inputs	1,348,342	101,099	1,449,441
Benefit payments	(421,816)	(31,628)	(453,444)
Net changes	2,864,663	214,794	3,079,457
Total OPEB liability - ending	<u>\$ 14,334,736</u>	<u>\$ 676,258</u>	<u>\$ 15,010,994</u>

OPEB expense:

For the year fiscal ended June 30, 2021, the County recognized OPEB expense of \$1,685,621. The calculation of OPEB expense for the fiscal year ended June 30, 2021 is as follows:

	<u>County</u>	<u>Commission</u>	<u>Total</u>
Service cost	\$ 480,485	\$ 36,027	\$ 516,512
Interest	272,651	20,444	293,095
Current-period benefit changes	-	-	-
Recognition of current year outflows (inflows) due to liabilities	348,427	26,125	374,552
Amortization of prior year outflows (inflows) due to liabilities	584,058	43,793	627,851
	<u>\$ 1,685,621</u>	<u>\$ 126,389</u>	<u>\$ 1,812,010</u>

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

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

Deferred inflows of resources and deferred outflows of resources:

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

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>County</u>		<u>Commission</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Difference between expected and actual experience	\$ 2,958,360	\$ 58,643	\$ 221,820	\$ 4,397
Changes in assumptions	<u>1,927,710</u>	<u>-</u>	<u>144,540</u>	<u>-</u>
Total	<u>\$ 4,886,070</u>	<u>\$ 58,643</u>	<u>\$ 366,360</u>	<u>\$ 4,397</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:

<u>Year ended June 30</u>	<u>County</u>	<u>Commission</u>	<u>Total</u>
2022	\$ 932,485	\$ 69,918	\$ 1,002,403
2023	932,485	69,918	1,002,403
2024	932,485	69,918	1,002,403
2025	932,485	69,918	1,002,403
2026	624,820	46,849	671,669
Thereafter	<u>472,667</u>	<u>35,442</u>	<u>508,109</u>
	<u>\$ 4,827,427</u>	<u>\$ 361,963</u>	<u>\$ 5,189,390</u>

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

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

Actuarial assumptions and methods:

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

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date:	June 30, 2021
Actuarial cost method:	Individual entry age normal
Inflation:	2.25 percent
Discount rate:	1.92 percent as of June 30, 2021
Salary increases:	3.50 to 10.50 percent for PORS and 3.00 to 9.50 percent 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 with multipliers based on plan experience. Fully generational mortality projections using 80% of the ultimate rates of Scale MP (as published in 2019) to account for future mortality improvements.
Healthcare cost trend rates:	The County's maximum direct subsidy of \$700 per month is expected to remain level. Healthcare premium trend starts at an initial rate of 6.00 percent and declines to an ultimate rate of 4.00 percent 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.
Notes:	The discount rate changed from 2.45 percent as of June 30, 2020 to 1.92 percent as of June 30, 2021. Additionally, the healthcare trend and participation rates were reset to better reflect the plan's anticipated experience and the demographic assumptions were updated to reflect the 2020 SCRS experience study.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

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

Discount rate:

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 1.92 percent (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The discount rate was 2.45 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 (0.92 percent) or one percent higher (2.92 percent) than the current rate.

Sensitivity of the total OPEB Liability to Changes in the Discount Rate			
	1.00% Decrease (0.92%)	Discount Rate (1.92%)	1.00% Increase (2.92%)
County	\$ 15,351,668	\$ 14,334,736	\$ 13,441,462
Commission	\$ 752,508	\$ 676,258	\$ 609,280
Total OPEB Liability	\$ 16,104,176	\$ 15,010,994	\$ 14,050,742

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			
	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
County	\$ 14,443,836	\$ 14,334,736	\$ 14,132,676
Commission	\$ 684,438	\$ 676,258	\$ 661,107
Total OPEB Liability	\$ 15,128,274	\$ 15,010,994	\$ 14,793,783

Note 12. Operating Leases

The County leases equipment and vehicles for various departments. Total costs for operating leases were \$192,386 for the year ended June 30, 2021. Future minimum lease payments under operating leases are as follows for the fiscal year ending June 30:

2022	\$ 8,489
2023	6,667
2024	3,333
	<u>\$ 18,449</u>

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 13. Tax Abatements

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

For the fiscal year ended June 30, 2021, the County abated property taxes totaling \$103,759 under this program.

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

For the fiscal year ended June 30, 2021, the County abated property taxes totaling \$221,196 under this program.

Note 14. Risk Management

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

Note 15. Commitments

The County is obligated under a transfer station service agreement with a provider of rural trash collection services. This contract is for ten years with five-year renewal options and requires payments based on a per ton fee for solid waste delivered for disposal. During the year ended June 30, 2021, the County incurred costs totaling \$742,977 (net of user fees) under this agreement.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

Note 15. Commitments, Continued

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

The County is obligated under certain maintenance agreements for continued service to office machinery, data processing equipment and software. Each contract is evaluated annually and a decision is made to either continue the service or let the maintenance agreement lapse. For the year ended June 30, 2021, the total cost included in the financial statements of the County was \$629,480.

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

As of June 30, 2021, the County has one outstanding construction contract in the amount \$321,148.

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

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

2022	\$ 1,000,000
2023	1,000,000
2024	1,000,000
2025	1,000,000
2026	1,000,000
2027-2029	<u>2,250,000</u>
	<u>\$ 7,250,000</u>

The County has an agreement with MZI Holdings, LLC (MZI) to redevelop the historic Mount Zion Institute into a governmental administration complex. In connection therewith, the County has agreed to lease the property after the construction completion for a period of seven years. The rent is \$600,000 per year for a total of \$4,200,000 over the seven-year period. This amount is included in assigned fund balance. Construction is estimated to be completed during June 2022.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2021

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 County's total property tax revenues of \$27,088,570 for the year ended June 30, 2021, \$12,652,074 was generated from Dominion Energy due to its operation of the VC Summer Nuclear Plant. This represents 47% of total property tax revenues for the County. Consequently, the funding of County operations is heavily dependent on property tax revenues collected from Dominion Energy.

Note 17. Local Option Sales Tax

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

For the year ended June 30, 2021, 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, 2021, approximately \$491,000 of the General Fund's fund balance is committed for future Local Option Sales Tax credits.

Note 18. Uncertainties

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

Note 19. Subsequent Events

On July 6, 2021, the County and Dominion Energy South Carolina, Inc. (Dominion Energy) executed a settlement agreement whereby the County would receive approximately \$99.5 million from Dominion Energy in the form of cash or stock, or a combination thereof, on or before August 16, 2021, for injuries, losses and damages based on allegations relating to the July 12, 2010 fee-in-lieu of taxes agreement concerning the proposed construction of the V.C. Summer Nuclear Plant located in Fairfield County and Dominion Energy's subsequent abandonment of the Project.

Fairfield County, South Carolina
Budgetary Comparison Schedule (GAAP Basis) - General Fund
For the fiscal year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 28,056,939	\$ 28,056,939	\$ 25,989,550	\$ (2,067,389)
Sales tax	1,200,000	1,200,000	2,301,178	1,101,178
Intergovernmental	1,834,300	1,834,300	1,854,845	20,545
Licenses, permits, fines and fees	715,000	715,000	636,902	(78,098)
Charges for services	2,139,828	2,139,828	2,511,767	371,939
Investment income	245,000	245,000	11,480	(233,520)
Other	113,000	113,000	667,144	554,144
Total revenues	34,304,067	34,304,067	33,972,866	(331,201)
Expenditures				
General government				
County council	335,164	335,164	261,279	73,885
County attorney	250,000	289,319	289,319	-
County administrator	465,174	500,615	497,898	2,717
Finance	654,771	654,771	557,189	97,582
Human resources	317,693	317,693	283,938	33,755
Purchasing	186,443	186,443	136,639	49,804
Data processing	976,672	976,672	774,106	202,566
General operating	4,519,763	4,256,835	3,522,284	734,551
Tax assessor	438,568	438,568	340,733	97,835
Tax collector	202,358	202,358	162,574	39,784
Building maintenance	1,062,291	1,062,291	977,594	84,697
Community development	745,301	745,301	580,092	165,209
Vehicle maintenance	399,973	399,973	289,536	110,437
Economic development	372,034	372,034	277,972	94,062
Auditor	181,023	181,023	145,856	35,167
Treasurer	222,921	222,921	204,426	18,495
Voter registration / election commission	351,886	351,886	261,592	90,294
Veterans Affairs	123,766	123,766	77,558	46,208
Delegation	19,000	19,693	19,690	3
Airport commission	138,382	138,382	112,748	25,634
Airport T-Hangers	-	-	6,940	(6,940)
Quickjobs	51,323	51,323	34,085	17,238
Soil and water conservation	36,268	36,268	35,540	728
Property tax refunds	-	189	189	-
Allocations to local organizations	467,548	467,548	488,296	(20,748)
Total general government	12,518,322	12,331,036	10,338,073	1,992,963
Public safety				
Sheriff's office	4,770,241	4,770,241	4,253,673	516,568
Detention center	2,210,417	2,210,417	2,014,298	196,119
Animal control	619,159	619,159	563,073	56,086
Coroner	253,274	287,600	287,586	14
Fire department	1,090,676	1,090,676	1,023,230	67,446
Allocations to local organizations	30,960	30,960	30,857	103
Total public safety	8,974,727	9,009,053	8,172,717	836,336

Fairfield County, South Carolina
Budgetary Comparison Schedule (GAAP Basis) - General Fund
For the fiscal year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures, Continued				
Public works and utilities				
Road maintenance division	1,750,482	1,750,482	1,271,586	478,896
Total public works and utilities	1,750,482	1,750,482	1,271,586	478,896
Health and welfare				
Fairfield County Department of Social Services	106,900	106,900	87,156	19,744
Emergency medical service	4,283,302	4,283,302	3,864,933	418,369
Emergency management	1,075,267	1,075,267	852,950	222,317
Transit	887,606	887,606	666,139	221,467
Solid waste	2,409,317	2,562,277	2,562,264	13
Allocations to local organizations	1,446,118	1,446,118	1,446,369	(251)
Total health and welfare	10,208,510	10,361,470	9,479,811	881,659
Judicial				
Probate Judge	206,264	206,264	191,672	14,592
Clerk of court	362,714	362,714	300,263	62,451
Family court	157,391	157,391	113,792	43,599
Magistrates	568,723	568,723	514,084	54,639
Total judicial	1,295,092	1,295,092	1,119,811	175,281
Cultural and recreation				
Recreation	1,117,816	1,117,816	877,044	240,772
Museum	119,233	119,233	112,360	6,873
Allocations to local organizations	609,183	661,473	687,651	(26,178)
Total cultural and recreation	1,846,232	1,898,522	1,677,055	221,467
Debt service				
Interest and fiscal charges	-	-	1,000	(1,000)
Total debt service	-	-	1,000	(1,000)
Total expenditures	36,593,365	36,645,655	32,060,053	4,585,602
Excess (deficiency) of revenues over (under) expenditures	(2,289,298)	(2,341,588)	1,912,813	4,254,401
Other financing sources (uses)				
Transfers in	5,320,805	5,373,095	97,109	(5,275,986)
Transfers out	(3,031,507)	(3,031,507)	(4,145,193)	(1,113,686)
Total other financing sources (uses)	2,289,298	2,341,588	(4,048,084)	(6,389,672)
Net change in fund balance	\$ -	\$ -	(2,135,271)	\$ (2,135,271)
Fund balance, beginning of year			18,011,001	
Fund balance, end of year			\$ 15,875,730	

Fairfield County, South Carolina

Schedule of Changes in the County's Total OPEB Liability and Related Ratio:

For the fiscal year ended June 30, 2021

	2021			2020			2019			2018		
	County	Commission	Total	County	Commission	Total	County	Commission	Total	County	Commission	Total
Service cost at end of year	\$ 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	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 of benefit terms	-	-	-	1,436,462	46,541	1,483,003	-	-	-	-	-	-
Difference between expected and actual experience	1,185,001	88,852	1,273,853	(83,700)	(2,712)	(86,412)	3,366,121	136,312	3,502,433	-	-	-
Changes of assumptions or other inputs	1,348,342	101,099	1,449,441	666,562	21,596	688,158	517,685	20,964	538,649	-	-	-
Benefit payments	(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 the total OPEB liability	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	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	\$ 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	95.5%	4.5%	100%	96.1%	3.9%	100%	95.9%	4.1%	100%	95.8%	4.2%	100%
Covered employee payroll	\$ 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	106.51%	175.23%	108.42%	84.18%	136.67%	85.45%	70.41%	152.65%	71.98%	45.41%	75.94%	46.19%

Note: This schedule is presented to illustrate the requirement to show information for ten (10) years. However, information for fiscal years 2012 through 2017 is not readily available

Fairfield County
Schedule of the County's Proportionate Share of the Net Pension Liability
For the fiscal year ended June 30, 2021

	SCRS							
	2021	2020	2019	2018	2017	2016	2015	2014
Fairfield County's proportion of the net pension liability	0.08723%	0.08762%	0.08196%	0.08052%	0.07822%	0.07985%	0.08452%	0.08452%
Fairfield County's proportionate share of the net pension liability	<u>\$ 22,288,401</u>	<u>\$ 20,006,364</u>	<u>\$ 18,364,892</u>	<u>\$ 18,125,221</u>	<u>\$ 16,707,677</u>	<u>\$ 15,143,558</u>	<u>\$ 14,551,198</u>	<u>\$ 15,159,514</u>
Fairfield County's covered payroll during the measurement period	<u>\$ 9,730,186</u>	<u>\$ 9,252,010</u>	<u>\$ 8,504,378</u>	<u>\$ 8,081,568</u>	<u>\$ 7,577,417</u>	<u>\$ 7,488,006</u>	<u>\$ 7,684,474</u>	<u>\$ 7,782,679</u>
Fairfield County's proportionate share of the net pension liability as a percentage of its covered payroll	229.06%	216.24%	215.95%	224.28%	220.49%	202.24%	189.36%	194.79%
Plan fiduciary net position as a percentage of the total pension liability	50.70%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%	56.39%
	PORS							
	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability	0.27451%	0.26843%	0.26652%	0.26008%	0.25074%	0.24995%	0.24785%	0.24785%
County's proportionate share of the net pension liability	<u>\$ 9,103,154</u>	<u>\$ 7,693,138</u>	<u>\$ 7,552,016</u>	<u>\$ 7,125,105</u>	<u>\$ 6,360,033</u>	<u>\$ 5,447,673</u>	<u>\$ 4,744,985</u>	<u>\$ 5,137,945</u>
County's covered payroll during the measurement period	<u>\$ 4,147,026</u>	<u>\$ 3,893,516</u>	<u>\$ 3,677,792</u>	<u>\$ 3,496,245</u>	<u>\$ 3,197,119</u>	<u>\$ 3,096,543</u>	<u>\$ 2,952,824</u>	<u>\$ 2,894,221</u>
County's proportionate share of the net pension liability as a percentage of its covered payroll	219.51%	197.59%	205.34%	203.79%	198.93%	175.93%	160.69%	177.52%
Plan fiduciary net position as a percentage of the total pension liability	58.80%	62.69%	61.73%	60.94%	60.44%	64.57%	67.50%	62.98%

Note: This schedule is presented to illustrate the requirement to show information for ten (10) years. However, information for fiscal years 2012 and 2013 is not readily available.

Fairfield County, South Carolina
Schedule of the County's Contributions Related to the Net Pension Liability
For the fiscal year ended June 30, 2021

	SCRS							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,461,982	\$ 1,603,349	\$ 1,269,829	\$ 1,075,930	\$ 934,229	\$ 838,062	\$ 816,051	\$ 813,352
Contributions made to the pension plan	1,461,982	1,603,349	1,269,829	1,075,930	934,229	838,062	816,051	813,352
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 9,892,374	\$ 9,730,186	\$ 9,252,010	\$ 8,504,378	\$ 8,081,568	\$ 7,577,417	\$ 7,488,006	\$ 7,684,474
Contributions as a portion of covered payroll	14.78%	16.48%	13.72%	12.65%	11.56%	11.06%	10.90%	10.58%

	PORS							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 744,611	\$ 723,552	\$ 638,376	\$ 564,408	\$ 497,865	\$ 439,284	\$ 415,246	\$ 382,767
Contributions made to pension plan	744,611	723,552	638,376	564,408	497,865	439,284	415,246	382,767
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 4,262,482	\$ 4,147,026	\$ 3,893,516	\$ 3,677,792	\$ 3,496,245	\$ 3,197,119	\$ 3,096,543	\$ 2,952,824
Contributions as a portion of covered payroll	17.47%	17.45%	16.40%	15.35%	14.24%	13.74%	13.41%	12.96%

Note: This schedule is presented to illustrate the requirement to show information for ten (10) years. However, information for fiscal years 2012 and 2013 is not readily available.

Fairfield County, South Carolina
Combining Balance Sheet - Nonmajor Governmental Funds
As of June 30, 2021

	Nonmajor Debt Service Funds	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,399,105	\$ 2,195,303	\$ 4,834,211	\$ 8,428,619
Taxes receivable, net	44,348	-	-	44,348
Accounts receivable, net	-	7,150	378,802	385,952
Due from other governments	-	423,481	305,217	728,698
Prepaid items	-	52,311	-	52,311
Total assets	<u>\$ 1,443,453</u>	<u>\$ 2,678,245</u>	<u>\$ 5,518,230</u>	<u>\$ 9,639,928</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 222,139	\$ 188,412	\$ 410,551
Retainage payable	-	-	6,933	6,933
Accrued liabilities	-	17,284	-	17,284
Due to other funds	-	202,360	172,969	375,329
Total liabilities	<u>-</u>	<u>441,783</u>	<u>368,314</u>	<u>810,097</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	24,216	-	-	24,216
Total deferred inflows of resources	<u>24,216</u>	<u>-</u>	<u>-</u>	<u>24,216</u>
Fund balances				
Nonspendable				
Prepaid items	-	52,311	-	52,311
Restricted				
General government	-	23,462	-	23,462
Public safety	-	187,667	-	187,667
Health and welfare	-	1,205,755	-	1,205,755
Judicial	-	182,156	-	182,156
Cultural and recreation	-	259,244	-	259,244
Debt service	1,419,237	-	-	1,419,237
Committed				
Cultural and recreation	-	11,462	-	11,462
Public works and utilities	-	-	314,647	314,647
Capital outlay	-	344,798	4,835,269	5,180,067
Unassigned	-	(30,393)	-	(30,393)
Total fund balances	<u>1,419,237</u>	<u>2,236,462</u>	<u>5,149,916</u>	<u>8,805,615</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,443,453</u>	<u>\$ 2,678,245</u>	<u>\$ 5,518,230</u>	<u>\$ 9,639,928</u>

Fairfield County, South Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
For the fiscal year ended June 30, 2021

	Nonmajor Debt Service	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Revenues				
Property taxes	\$ 1,539,404	\$ -	\$ -	\$ 1,539,404
Sales tax	-	162,585	-	162,585
Intergovernmental	-	2,823,281	2,179,735	5,003,016
Licenses, permits, fines and fees	-	209,963	120,840	330,803
Charges for services	-	24,028	-	24,028
Investment income	61	-	1,051,915	1,051,976
Other	-	339,131	712,466	1,051,597
Total revenues	1,539,465	3,558,988	4,064,956	9,163,409
Expenditures				
General government	-	810,323	438,976	1,249,299
Public safety	-	201,986	-	201,986
Public works and utilities	-	50,000	1,256,771	1,306,771
Health and welfare	-	793,284	-	793,284
Judicial	-	52,662	-	52,662
Cultural and recreation	-	201,182	-	201,182
Capital outlay	-	606,052	5,913,773	6,519,825
Debt service				
Principal retirements	1,129,960	-	-	1,129,960
Interest and fiscal charges	167,629	-	-	167,629
Total expenditures	1,297,589	2,715,489	7,609,520	11,622,598
Excess (deficiency) of revenues over (under) expenditures	241,876	843,499	(3,544,564)	(2,459,189)
Other financing sources (uses)				
Issuance of debt	1,127,000	-	-	1,127,000
Proceeds from sale of capital assets	-	-	49,601	49,601
Transfers in	-	134,702	4,782,212	4,916,914
Transfers out	(895,238)	(693,830)	(175,000)	(1,764,068)
Total other financing sources (uses)	231,762	(559,128)	4,656,813	4,329,447
Net change in fund balances	473,638	284,371	1,112,249	1,870,258
Fund balances, beginning of year,	945,599	1,952,091	4,037,667	6,935,357
Fund balances, end of year	\$ 1,419,237	\$ 2,236,462	\$ 5,149,916	\$ 8,805,615

Fairfield County, South Carolina
Comparative Balance Sheets - General Fund
As of June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 11,193,475	\$ 2,233,063
Amounts held in escrow	3,249,554	3,301,792
Investments	-	14,225,375
Taxes receivable, net	682,615	1,139,166
Accounts receivable, net	1,616,156	1,441,221
Due from other funds	375,329	2,558,022
Due from other governments	732,411	1,312,915
Prepaid items	18,856	684
Total assets	<u>\$ 17,868,396</u>	<u>\$ 26,212,238</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	\$ 518,662	\$ 391,504
Accrued liabilities	995,694	919,567
Due to other funds	-	6,099,410
Due to taxpayers	99,825	3,244
Due to other agencies	4,848	2,298
Due to other governments	1,774	-
Total liabilities	<u>1,620,803</u>	<u>7,416,023</u>
Deferred inflows of resources		
Unavailable revenue - property taxes	<u>371,863</u>	<u>785,214</u>
Total deferred inflows of resources	<u>371,863</u>	<u>785,214</u>
Fund balances		
Nonspendable		
Prepaid items	18,856	684
Restricted		
Health and welfare	3,249,554	3,301,792
Committed		
Local option sales tax	490,957	117,132
General government	3,480,000	3,480,000
Health and welfare	760,000	760,000
Assigned		
General government	4,200,000	4,200,000
Unassigned	3,676,363	6,151,393
Total fund balances	<u>15,875,730</u>	<u>18,011,001</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,868,396</u>	<u>\$ 26,212,238</u>

Fairfield County, South Carolina

Comparative Statements of Revenues, Expenditures and Changes in Fund Balance - General Fund
For the years ended June 30, 2021 and 2020

	2021	2020
Revenues		
Property taxes	\$ 25,989,550	\$ 25,274,321
Sales tax	2,301,178	1,869,604
Intergovernmental	1,854,845	1,763,072
Licenses, permits, fines and fees	636,902	705,206
Charges for services	2,511,767	1,908,499
Investment income	11,480	508,980
Other	667,144	389,025
Total revenues	33,972,866	32,418,707
Expenditures		
General government	10,338,073	10,240,554
Public safety	8,172,717	7,764,082
Public works and utilities	1,271,586	1,323,262
Health and welfare	9,479,811	9,191,261
Judicial	1,119,811	1,093,230
Cultural and recreation	1,677,055	1,729,269
Capital outlay	-	357,245
Debt service		
Interest and fiscal charges	1,000	-
Total expenditures	32,060,053	31,698,903
Excess revenues over expenditures	1,912,813	719,804
Other financing sources (uses)		
Transfers in	97,109	36,591
Transfers out	(4,145,193)	(4,793,748)
Total other financing sources (uses)	(4,048,084)	(4,757,157)
Net change in fund balances	(2,135,271)	(4,037,353)
Fund balance, beginning of year	18,011,001	22,048,354
Fund balance, end of year	<u>\$ 15,875,730</u>	<u>\$ 18,011,001</u>

Fairfield County, South Carolina
Combining Balance Sheet - Nonmajor Special Revenue Funds
As of June 30, 2021

	Tourism Promotion	Tourism Related	Transit System	Sheriff Seizure	Railroad Track Maintenance	Clerk of Court Incentive	Clerk of Court IV-D	Victim's Assistance
Assets								
Cash and cash equivalents	\$ 13,435	\$ 232,412	\$ 2	\$ 4,511	\$ 11,462	\$ 181,560	\$ -	\$ 50,944
Accounts receivable, net	-	-	-	-	-	-	-	-
Due from other governments	-	-	120,156	-	-	596	16,296	-
Prepaid items	-	-	52,311	-	-	-	-	-
Total assets	<u>\$ 13,435</u>	<u>\$ 232,412</u>	<u>\$ 172,469</u>	<u>\$ 4,511</u>	<u>\$ 11,462</u>	<u>\$ 182,156</u>	<u>\$ 16,296</u>	<u>\$ 50,944</u>
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ -	\$ 149,651	\$ -	\$ -	\$ -	\$ 182	\$ 174
Accrued liabilities	-	-	-	-	-	-	1,974	2,672
Due to other funds	-	-	900	-	-	-	14,140	-
Total liabilities	<u>-</u>	<u>-</u>	<u>150,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,296</u>	<u>2,846</u>
Fund balances								
Nonspendable								
Prepaid items	-	-	52,311	-	-	-	-	-
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	4,511	-	-	-	48,098
Health and welfare	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	182,156	-	-
Cultural and recreation	13,435	232,412	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	11,462	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Unassigned	-	-	(30,393)	-	-	-	-	-
Total fund balance	<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>
Total liabilities and fund balances	<u>\$ 13,435</u>	<u>\$ 232,412</u>	<u>\$ 172,469</u>	<u>\$ 4,511</u>	<u>\$ 11,462</u>	<u>\$ 182,156</u>	<u>\$ 16,296</u>	<u>\$ 50,944</u>

Fairfield County, South Carolina
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2021

	Airport	911 Tariff	County Donations	Railroad Restoration (ISTEA)	Workforce Investment Act	Justice Assistance Grant	Planning Grant	EMS SCORH
Assets								
Cash and cash equivalents	\$ -	\$ 1,003,803	\$ 83,779	\$ -	\$ 11,347	\$ -	\$ -	\$ 35,752
Accounts receivable, net	-	905	-	-	-	-	-	-
Due from other governments	55,980	33,749	-	-	120,760	10,014	-	-
Prepaid items	-	-	-	-	-	-	-	-
Total assets	<u>\$ 55,980</u>	<u>\$ 1,038,457</u>	<u>\$ 83,779</u>	<u>\$ -</u>	<u>\$ 132,107</u>	<u>\$ 10,014</u>	<u>\$ -</u>	<u>\$ 35,752</u>
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 2,975	\$ -	\$ 10,901	\$ -	\$ 41,015	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	9,709	-	-	-
Due to other funds	29,602	-	-	-	81,383	10,014	-	-
Total liabilities	<u>32,577</u>	<u>-</u>	<u>10,901</u>	<u>-</u>	<u>132,107</u>	<u>10,014</u>	<u>-</u>	<u>-</u>
Fund balances								
Nonspendable								
Prepaid items	-	-	-	-	-	-	-	-
General government	23,403	-	59	-	-	-	-	-
Public safety	-	-	10,752	-	-	-	-	35,752
Health and welfare	-	1,038,457	48,670	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
Cultural and recreation	-	-	13,397	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balance	<u>23,403</u>	<u>1,038,457</u>	<u>72,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,752</u>
Total liabilities and fund balances	<u>\$ 55,980</u>	<u>\$ 1,038,457</u>	<u>\$ 83,779</u>	<u>\$ -</u>	<u>\$ 132,107</u>	<u>\$ 10,014</u>	<u>\$ -</u>	<u>\$ 35,752</u>

Fairfield County, South Carolina
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2021

	Sheriff Drug Fund	Fairfield Forward	VC Summer	Forfeited Land Commission	Sheriff Child Support	Sheriff Judgments/ Executions	Sheriff Law Enforcement
Assets							
Cash and cash equivalents	\$ 17,200	\$ 132,460	\$ -	\$ -	\$ 9,704	\$ 6,708	\$ 11,919
Accounts receivable, net	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Total assets	<u>\$ 17,200</u>	<u>\$ 132,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,704</u>	<u>\$ 6,708</u>	<u>\$ 11,919</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ 11,169	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	2,663	-	-	266	-	-
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>13,832</u>	<u>-</u>	<u>-</u>	<u>266</u>	<u>-</u>	<u>-</u>
Fund balances							
Nonspendable							
Prepaid items	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	-
Public safety	17,200	-	-	-	9,438	6,708	11,919
Health and welfare	-	118,628	-	-	-	-	-
Judicial	-	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balance	<u>17,200</u>	<u>118,628</u>	<u>-</u>	<u>-</u>	<u>9,438</u>	<u>6,708</u>	<u>11,919</u>
Total liabilities and fund balances	<u>\$ 17,200</u>	<u>\$ 132,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,704</u>	<u>\$ 6,708</u>	<u>\$ 11,919</u>

Fairfield County, South Carolina
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2021

	Sex Offender	Cares Act	Medical Office Building	Element Access Road	Grant Subfunds	PCASA SART	South Carolina Forestry Fire	Total Nonmajor Special Revenue Funds
Assets								
Cash and cash equivalents	\$ 8,550	\$ -	\$ 283,520	\$ 61,500	\$ 34,735	\$ -	\$ -	\$ 2,195,303
Accounts receivable, net	-	-	-	-	-	6,245	-	7,150
Due from other governments	-	-	-	-	65,930	-	-	423,481
Prepaid items	-	-	-	-	-	-	-	52,311
Total assets	<u>\$ 8,550</u>	<u>\$ -</u>	<u>\$ 283,520</u>	<u>\$ 61,500</u>	<u>\$ 100,665</u>	<u>\$ 6,245</u>	<u>\$ -</u>	<u>\$ 2,678,245</u>
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ -	\$ 222	\$ -	\$ 5,850	\$ -	\$ -	\$ 222,139
Accrued liabilities	-	-	-	-	-	-	-	17,284
Due to other funds	-	-	-	-	60,076	6,245	-	202,360
Total liabilities	<u>-</u>	<u>-</u>	<u>222</u>	<u>-</u>	<u>65,926</u>	<u>6,245</u>	<u>-</u>	<u>441,783</u>
Fund balances								
Nonspendable								
Prepaid items	-	-	-	-	-	-	-	52,311
General government	-	-	-	-	-	-	-	23,462
Public safety	8,550	-	-	-	34,739	-	-	187,667
Health and welfare	-	-	-	-	-	-	-	1,205,755
Judicial	-	-	-	-	-	-	-	182,156
Cultural and recreation	-	-	-	-	-	-	-	259,244
Cultural and recreation	-	-	-	-	-	-	-	11,462
Capital outlay	-	-	283,298	61,500	-	-	-	344,798
Unassigned	-	-	-	-	-	-	-	(30,393)
Total fund balance	<u>8,550</u>	<u>-</u>	<u>283,298</u>	<u>61,500</u>	<u>34,739</u>	<u>-</u>	<u>-</u>	<u>2,236,462</u>
Total liabilities and fund balances	<u>\$ 8,550</u>	<u>\$ -</u>	<u>\$ 283,520</u>	<u>\$ 61,500</u>	<u>\$ 100,665</u>	<u>\$ 6,245</u>	<u>\$ -</u>	<u>\$ 2,678,245</u>

Fairfield County, South Carolina
Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
For the fiscal year ended June 30, 2021

	Tourism Promotion	Tourism Related	Transit System	Sheriff Seizure	Railroad Track Maintenance	Clerk of Court Incentive	Clerk of Court IV-D
Revenues							
Sales tax	\$ 51,343	\$ 111,242	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	288,001	-	-	7,527	127,363
Licenses, permits, fines and fees	-	-	-	-	-	-	-
Charges for services	-	-	11,954	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	51,343	111,242	299,955	-	-	7,527	127,363
Expenditures							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	60	-	-	-
Public works and utilities	-	-	-	-	-	-	-
Health and welfare	-	-	205,823	-	-	-	-
Judicial	-	-	-	-	-	3,721	48,941
Cultural and recreation	66,897	72,418	-	-	61,387	-	-
Capital outlay	-	-	94,134	-	-	-	-
Total expenditures	66,897	72,418	299,957	60	61,387	3,721	48,941
Excess (deficiency) of revenues over (under) expenditures	(15,554)	38,824	(2)	(60)	(61,387)	3,806	78,422
Other financing sources (uses)							
Transfers in	-	-	3	-	15,000	-	-
Transfers out	-	-	-	-	-	-	(78,422)
Total other financing sources (uses)	-	-	3	-	15,000	-	(78,422)
Net change in fund balance	(15,554)	38,824	1	(60)	(46,387)	3,806	-
Fund balances, beginning of year	28,989	193,588	21,917	4,571	57,849	178,350	-
Fund balances, end of year	\$ 13,435	\$ 232,412	\$ 21,918	\$ 4,511	\$ 11,462	\$ 182,156	\$ -

Fairfield County, South Carolina
Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
For the fiscal year ended June 30, 2021

	Victim Assistance	Airport	911 Tariff	County Donations	Railroad Restoration (ISTEA)	Workforce Investment Act	Justice Assistance Grant	Planning Grant
Revenues								
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	430,110	128,918	-	-	469,398	19,451	50,000
Licenses, permits, fines and fees	70,536	-	136,877	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Other	-	-	-	127,242	-	-	-	-
Total revenues	70,536	430,110	265,795	127,242	-	469,398	19,451	50,000
Expenditures								
General government	-	30,145	-	-	-	481,555	-	-
Public safety	67,995	-	-	81,928	-	-	10,139	-
Public works and utilities	-	-	-	-	-	-	-	50,000
Health and welfare	-	-	375,485	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
Cultural and recreation	-	-	-	480	-	-	-	-
Capital outlay	-	413,823	-	-	-	-	9,312	-
Total expenditures	67,995	443,968	375,485	82,408	-	481,555	19,451	50,000
Excess (deficiency) of revenues over (under) expenditures	2,541	(13,858)	(109,690)	44,834	-	(12,157)	-	-
Other financing sources (uses)								
Transfers in	45,557	13,858	-	-	-	12,157	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	45,557	13,858	-	-	-	12,157	-	-
Net change in fund balance	48,098	-	(109,690)	44,834	-	-	-	-
Fund balances, beginning of year	-	23,403	1,148,147	28,044	-	-	-	-
Fund balances, end of year	\$ 48,098	\$ 23,403	\$ 1,038,457	\$ 72,878	\$ -	\$ -	\$ -	\$ -

Fairfield County, South Carolina
Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
For the fiscal year ended June 30, 2021

	EMS SCORH	Sheriff Drug Fund	Fairfield Forward	VC Summer	Forfeited Land Commission	Sheriff Child Support	Sheriff Judgments/ Executions	Sheriff Law Enforcement
Revenues								
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	39,052	-	201,116	-	-	-	-	-
Licenses, permits, fines and fees	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Other	-	5,775	-	-	11,353	-	-	8,792
Total revenues	39,052	5,775	201,116	-	11,353	-	-	8,792
Expenditures								
General government	-	-	-	-	11,353	-	-	-
Public safety	-	5,475	-	-	-	-	-	13,973
Public works and utilities	-	-	-	-	-	-	-	-
Health and welfare	3,300	-	82,488	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	3,300	5,475	82,488	-	11,353	-	-	13,973
Excess (deficiency) of revenues over (under) expenditures	35,752	300	118,628	-	-	-	-	(5,181)
Other financing sources (uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(11,748)	-	-	-
Total other financing sources (uses)	-	-	-	-	(11,748)	-	-	-
Net change in fund balance	35,752	300	118,628	-	(11,748)	-	-	(5,181)
Fund balances, beginning of year	-	16,900	-	-	11,748	9,438	6,708	17,100
Fund balances, end of year	\$ 35,752	\$ 17,200	\$ 118,628	\$ -	\$ -	\$ 9,438	\$ 6,708	\$ 11,919

Fairfield County, South Carolina
Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
For the year ended June 30, 2021

	Sex Offender	Cares Act	Medical Office Building	Element Access Road	Grant Subfunds	PCASA SART	South Carolina Forestry Fire	Total Nonmajor Special Revenue Funds
Revenues								
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 162,585
Intergovernmental	-	866,047	-	-	194,477	-	1,821	2,823,281
Licenses, permits, fines and fees	2,550	-	-	-	-	-	-	209,963
Charges for services	-	-	-	-	-	12,074	-	24,028
Other	-	-	185,969	-	-	-	-	339,131
Total revenues	2,550	866,047	185,969	-	194,477	12,074	1,821	3,558,988
Expenditures								
General government	-	262,387	-	-	24,883	-	-	810,323
Public safety	1,700	-	-	-	5,000	12,074	3,642	201,986
Public works and utilities	-	-	-	-	-	-	-	50,000
Health and welfare	-	-	25,870	-	100,318	-	-	793,284
Judicial	-	-	-	-	-	-	-	52,662
Cultural and recreation	-	-	-	-	-	-	-	201,182
Capital outlay	-	-	8,080	-	80,703	-	-	606,052
Total expenditures	1,700	262,387	33,950	-	210,904	12,074	3,642	2,715,489
Excess (deficiency) of revenues over (under) expenditures	850	603,660	152,019	-	(16,427)	-	(1,821)	843,499
Other financing sources (uses)								
Transfers in	-	-	-	-	46,306	-	1,821	134,702
Transfers out	-	(603,660)	-	-	-	-	-	(693,830)
Total other financing sources (uses)	-	(603,660)	-	-	46,306	-	1,821	(559,128)
Net change in fund balance	850	-	152,019	-	29,879	-	-	284,371
Fund balances, beginning of year	7,700	-	131,279	61,500	4,860	-	-	1,952,091
Fund balances, end of year	\$ 8,550	\$ -	\$ 283,298	\$ 61,500	\$ 34,739	\$ -	\$ -	\$ 2,236,462

Fairfield County, South Carolina
Combining Balance Sheet - Nonmajor Capital Project Funds
As of June 30, 2021

	Capital Improvement Projects	Road Improvement Program	Phase II Commerce Center	Water and Sewer Program	Solid Waste & Recycling Capital Fund	Economic Development Fund	Vehicle Replacement Program	Peach Road Industrial Park Fund	WB Industrial Park Fund	Peach Road Site Fund	Total Nonmajor Capital Project Funds
Assets											
Cash and cash equivalents	\$ 2,409,653	\$ 601,468	\$ 97,327	\$ 18,330	\$ 314,647	\$ -	\$ 332,396	\$ 4,551	\$ 1,055,839	\$ -	\$ 4,834,211
Accounts receivable, net	2,800	43,324	102,158	-	-	-	-	-	-	230,520	378,802
Due from other governments	-	63,520	-	-	-	237,697	-	-	-	4,000	305,217
Total assets	<u>\$ 2,412,453</u>	<u>\$ 708,312</u>	<u>\$ 199,485</u>	<u>\$ 18,330</u>	<u>\$ 314,647</u>	<u>\$ 237,697</u>	<u>\$ 332,396</u>	<u>\$ 4,551</u>	<u>\$ 1,055,839</u>	<u>\$ 234,520</u>	<u>\$ 5,518,230</u>
Liabilities and Fund Balances											
Liabilities											
Accounts payable	\$ 15,496	\$ 29,810	\$ 32,110	\$ 18,330	\$ -	\$ 44,050	\$ -	\$ -	\$ 4,102	\$ 44,514	\$ 188,412
Retainage payable	-	6,933	-	-	-	-	-	-	-	-	6,933
Due to other funds	-	-	-	-	-	124,716	-	-	-	48,253	172,969
Total liabilities	<u>15,496</u>	<u>36,743</u>	<u>32,110</u>	<u>18,330</u>	<u>-</u>	<u>168,766</u>	<u>-</u>	<u>-</u>	<u>4,102</u>	<u>92,767</u>	<u>368,314</u>
Fund balances											
Committed											
Public works and utilities	-	-	-	-	314,647	-	-	-	-	-	314,647
Capital outlay	2,396,957	671,569	167,375	-	-	68,931	332,396	4,551	1,051,737	141,753	4,835,269
Total fund balances	<u>2,396,957</u>	<u>671,569</u>	<u>167,375</u>	<u>-</u>	<u>314,647</u>	<u>68,931</u>	<u>332,396</u>	<u>4,551</u>	<u>1,051,737</u>	<u>141,753</u>	<u>5,149,916</u>
Total liabilities and fund balances	<u>\$ 2,412,453</u>	<u>\$ 708,312</u>	<u>\$ 199,485</u>	<u>\$ 18,330</u>	<u>\$ 314,647</u>	<u>\$ 237,697</u>	<u>\$ 332,396</u>	<u>\$ 4,551</u>	<u>\$ 1,055,839</u>	<u>\$ 234,520</u>	<u>\$ 5,518,230</u>

Fairfield County, South Carolina

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

For the fiscal year ended June 30, 2021

	Capital Improvement Projects	Road Improvement Program	Phase II Commerce Center	Water and Sewer Program	Solid Waste & Recycling Capital Fund	Economic Development Fund	Vehicle Replacement Program	Peach Road Industrial Park Fund	WB Industrial Park Fund	Peach Road Site Fund	Total Nonmajor Capital Project Funds
Revenues											
Intergovernmental	\$ 103,097	\$ 1,312,869	\$ -	\$ -	\$ -	\$ 459,769	\$ -	\$ -	\$ -	\$ 304,000	\$ 2,179,735
Licenses, permits, fines and fees	-	120,840	-	-	-	-	-	-	-	-	120,840
Investment income	-	-	-	-	-	-	-	1,051,915	-	-	1,051,915
Other	22,427	43,324	102,158	151	-	-	40,484	5,029	-	498,893	712,466
Total revenues	125,524	1,477,033	102,158	151	-	459,769	40,484	5,029	1,051,915	802,893	4,064,956
Expenditures											
General government	376,981	-	-	-	-	-	19,044	5,038	37,913	-	438,976
Public works and utilities	-	1,256,771	-	-	-	-	-	-	-	-	1,256,771
Capital outlay	1,503,229	-	102,158	2,160,332	40,630	459,769	991,075	(4,560)	-	661,140	5,913,773
Total expenditures	1,880,210	1,256,771	102,158	2,160,332	40,630	459,769	1,010,119	478	37,913	661,140	7,609,520
Excess (deficiency) of revenues over (under) expenditures	(1,754,686)	220,262	-	(2,160,181)	(40,630)	-	(969,635)	4,551	1,014,002	141,753	(3,544,564)
Other financing sources (uses)											
Proceeds from sale of capital assets	20,711	-	-	-	28,890	-	-	-	-	-	49,601
Transfers in	2,216,371	-	-	1,380,488	215,718	-	969,635	-	-	-	4,782,212
Transfers out	(175,000)	-	-	-	-	-	-	-	-	-	(175,000)
Total other financing sources (uses)	2,062,082	-	-	1,380,488	244,608	-	969,635	-	-	-	4,656,813
Net change in fund balances	307,396	220,262	-	(779,693)	203,978	-	-	4,551	1,014,002	141,753	1,112,249
Fund balances, beginning of year	2,089,561	451,307	167,375	779,693	110,669	68,931	332,396	-	37,735	-	4,037,667
Fund balances, end of year	\$ 2,396,957	\$ 671,569	\$ 167,375	\$ -	\$ 314,647	\$ 68,931	\$ 332,396	\$ 4,551	\$ 1,051,737	\$ 141,753	\$ 5,149,916

Fairfield County, South Carolina

Schedule of Budget to Actual Costs - South Carolina Department of Transportation Contract:

For the year ended June 30, 2021

	Federal	State	Local	Total	Budget	Variance with Budget
<u>PT-204711-08</u>						
<u>Capital</u>						
Motor vehicle equipment	\$ 15,482	\$ 3,870	\$ -	\$ 19,352	\$ 19,352	\$ -
Total capital	15,482	3,870	-	19,352	19,352	-
Total contract - PT-204711-08	<u>\$ 15,482</u>	<u>\$ 3,870</u>	<u>\$ -</u>	<u>\$ 19,352</u>	<u>\$ 19,352</u>	<u>\$ -</u>
<u>PT-947SP-03</u>						
<u>Capital</u>						
IT needs assessment/scheduling/dispatching	\$ 11,553	\$ 2,888	\$ -	\$ 14,441	\$ 19,512	\$ 5,071
Total capital	11,553	2,888	-	14,441	19,512	5,071
Total contract - PT-947SP-03	<u>\$ 11,553</u>	<u>\$ 2,888</u>	<u>\$ -</u>	<u>\$ 14,441</u>	<u>\$ 19,512</u>	<u>\$ 5,071</u>
<u>RTAP-TR20R047-01</u>						
<u>Administration</u>						
Travel						
Registration	\$ 700	\$ -	\$ -	\$ 700	\$ 700	\$ -
Lodging	805	-	-	805	805	-
Total administration	1,505	-	-	1,505	1,505	-
Total contract - RTAP-TR20R047-01	<u>\$ 1,505</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,505</u>	<u>\$ 1,505</u>	<u>\$ -</u>
<u>PT-2047CA-09</u>						
<u>Administration</u>						
Personnel	\$ 29,584	\$ -	\$ -	\$ 29,584	\$ 44,000	\$ 14,416
Fringe benefits	9,527	-	-	9,527	21,317	11,790
Contract maintenance services	5,466	-	-	5,466	3,000	(2,466)
Other services	861	-	-	861	1,000	139
Material and supplies	6,133	-	-	6,133	2,000	(4,133)
Utilities	1,867	-	-	1,867	8,000	6,133
Dues and subscriptions	122	-	-	122	1,000	878
Advertising and promotion media	-	-	-	-	1,000	1,000
Lease and rentals	542	-	-	542	2,500	1,958
Total administration	<u>54,102</u>	<u>-</u>	<u>-</u>	<u>54,102</u>	<u>83,817</u>	<u>29,715</u>

Fairfield County, South Carolina

Schedule of Budget to Actual Costs - South Carolina Department of Transportation Contract:

For the year ended June 30, 2021

	Federal	State	Local	Total	Budget	Variance with Budget
<u>PT-2047CA-09, continued</u>						
<u>Operations</u>						
Personnel	61,942	-	-	61,942	26,395	(35,547)
Fringe benefits	5,519	-	-	5,519	9,000	3,481
Contract maintenance services	8,166	-	-	8,166	17,000	8,834
Other services	3,958	-	-	3,958	7,500	3,542
Gasoline/diesel	17,815	-	-	17,815	10,000	(7,815)
Other materials and supplies	3,509	-	-	3,509	7,500	3,991
COVID-19 supplies	10,464	-	-	10,464	2,500	(7,964)
Total operations	111,373	-	-	111,373	79,895	(31,478)
<u>Capital</u>						
Salaries and wages	867	-	-	867	5,000	4,133
Fringe benefits	369	-	-	369	2,500	2,131
Glass replace/other contractual	17,932	-	-	17,932	15,000	(2,932)
Tires and tubes	1,165	-	-	1,165	3,000	1,835
ADP hardware	85,492	-	-	85,492	80,000	(5,492)
ADP software	596	-	-	596	20,003	19,407
Total capital	106,421	-	-	106,421	125,503	19,082
Total contract - PT-2047CA-09	\$ 271,896	\$ -	\$ -	\$ 271,896	\$ 289,215	\$ 17,319
<u>PT-947SP-03</u>						
<u>Capital</u>						
Information technology, scheduling and dispatching	\$ 3,917	\$ 979	\$ -	\$ 4,896	\$ 80,532	\$ 75,636
Total capital	3,917	979	-	4,896	80,532	75,636
Total contract - PT-2047CA-09	\$ 3,917	\$ 979	\$ -	\$ 4,896	\$ 80,532	\$ 75,636

Fairfield County, South Carolina

*Schedule of Court Fines, Surcharges and Assessment Activity - Victim's Assistance Fund**For the year ended June 30, 2021***Court fines**

Collected	\$ 14,889
Retained by the County	363
	<u>\$ 14,526</u>

Court assessments

Collected	\$ 130,261
Retained by the County	14,441
	<u>\$ 115,820</u>

Court surcharges

Collected	\$ 69,339
Retained by the County	7,634
	<u>\$ 61,705</u>

Victim's assistance

Court assessments	\$ 14,804
Court surcharges	7,634
Transfers	45,557
	<u>67,995</u>
Allocated to Victim's Assistance	67,995
Victim's Assistance expenditures	<u>67,995</u>
Deficiency of revenues under expenditures	-

Fund balance, beginning of year**Fund balance, end of year**

-
<u>\$ -</u>

Fairfield County, South Carolina
Computation of Legal Debt Margin
As of June 30, 2021

Assessed value (1)		\$ 157,158,175
Debt limit - 8% of assessed value (2)		\$ 12,572,654
Amount of debt applicable to debt limit (3):		
Total general obligation bonds	\$ 3,582,707	
Less: Debt service funds available	<u>1,422,065</u>	
Total debt applicable to debt limit		<u>2,160,642</u>
Legal debt margin		<u>\$ 10,412,012</u>

NOTES:

- (1) The assessed valuation shown is the assessed value at December 31, 2020 for 2021 property tax
- (2) The legal debt limit is controlled by Article X, Section 14 of the Constitution of the State of South

The legal debt limit governed by Article X of the Constitution of the State of South Carolina provides that each county, township, school district, municipality or subdivision may issue bonded

(3) indebtedness up to eight percent of the assessed value of all corporation or political division property therein. The debt limit of eight percent can be exceeded only after a referendum of the voters is affected.

Compliance Section

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With *Government Auditing Standards***

Fairfield County Council
Fairfield County, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 31, 2022. Our report includes a reference to other auditors who audited the financial statements of Fairfield Behavioral Health Services and the Fairfield County 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 County Council on Aging were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* as Item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying *Schedule of Findings and Questioned Costs* as Item 2021-001.

Fairfield County, South Carolina's Response to Findings

The County's response to the finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Columbia, South Carolina
March 31, 2022

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

Fairfield County Council
Fairfield County, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Fairfield County, South Carolina's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2021. The County's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Columbia, South Carolina
March 31, 2022

Fairfield County, South Carolina
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2021

Federal Grant/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Federal Grantor's/ Pass-Through Grantor's Number	Federal Expenditures
Workforce Innovation and Opportunity Act Cluster:			
U.S. Department of Labor			
Passed through South Carolina Department of Employment Workforce			
Workforce Innovation and Opportunity Act - Adult Program	17.258	20A294F1	\$ 174,279
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	20D294F1	31,463
Workforce Innovation and Opportunity Act- Youth	17.259	20Y294F1	203,528
Workforce Innovation and Opportunity Act - Rapid Response	17.278	19COVIDF1	8,465
Workforce Innovation and Opportunity Act - Rapid Response	17.278	19RR294F1	33,843
Workforce Innovation and Opportunity Act - Youth Restoration	17.278	20YRESF1	17,820
Total Passed through South Carolina Department of Employment and Workforce			469,398
Total Workforce Innovation and Opportunity Act Cluster			469,398
Total U.S. Department of Labor			469,398
Other Programs:			
U.S. Department of Housing and Urban Development			
Passed through South Carolina Department of Commerce			
Community Development Block Grant Program - Rural Planning Grant	14.228	4-RP-19-004	50,000
Community Development Block Grant Program - Zion Hill/Fortune Springs			
Park Neighborhood Revitalization	14.228	4-NR-19-001	8,810
Total Passed through South Carolina Department of Commerce			58,810
Total U.S. Department of Housing and Urban Development			58,810
U.S. Department of Justice			
Passed through South Carolina Law Enforcement Division			
Edward Byrne Memorial Justice Assistance Grant	16.738	2020-DJ-BX-0671	10,015
Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1650	9,436
Total Passed through South Carolina Law Enforcement Division			19,451
Total U.S. Department of Justice			19,451
U.S. Department of Transportation			
Passed through the South Carolina Department of Commerce/Division of Aeronautics			
Runway and Taxiway Lighting and Signage Improvements Construction Project	20.106	3-45-0058-016-2017	11,672
Airport Improvement Program - Rejuvenate and Remark Airfield Pavements			
Runway, Taxiway and Apron	20.106	3-45-0058-018-2019	226,105
Airport Drainage Improvement Program - Improve Airfield Drainage			
Replace 800 Linear Feet of Pipe	20.106	3-45-0058-019-2020	179,772
Total Passed through South Carolina Department of Commerce Division of Aeronautics			417,549
Passed through South Carolina Department of Transportation			
Office of Public Transit			
Formula Grants for Rural Areas			
Section 5311 - Formula Grant	20.509	PT-2047CA-09	281,646
Section 5311 - Formula Grant	20.509	SC-2018-009	1,505
Total Passed through South Carolina Department of Transportation Office of Public Transit			283,151
Total U.S. Department of Transportation			700,700
U.S. Department of Treasury			
Passed through South Carolina Office of Inspector General			
Coronavirus Aid, Relief and Economic Security Act (CARES)			
Coronavirus Relief Fund (CRF)	21.019	SLT0222	866,048
Total Passed through the South Carolina Office of Inspector General			866,048
Total U.S. Department of Treasury			866,048

The accompanying notes are an integral part of this schedule

Fairfield County, South Carolina
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2021

U.S. Department of Health And Human Services			
Passed through South Carolina Department of Social Services			
Child Support Enforcement Title IV-D Incentives	93.563	C17020C	<u>52,662</u>
Total Passed through South Carolina Department of Social Services			<u>52,662</u>
Total U.S. Department of Health and Human Services			<u>52,662</u>
U.S. Department of Homeland Security			
Passed through South Carolina Adjutant General's Office			
Emergency Management Performance Grant	97.042	20EMPG	<u>72,519</u>
Total Passed through to South Carolina Adjutant General's Office			<u>72,519</u>
Total U.S. Department of Homeland Security			<u>72,519</u>
Total Other Programs			<u>1,770,190</u>
Total Federal Assistance Expended (Accrual Basis of Accounting)			<u>\$ 2,239,588</u>

The accompanying notes are an integral part of this schedule

Fairfield County, South Carolina

Notes to Schedule of Expenditures of Federal Awards *For the fiscal year ended June 30, 2021*

Note A. Basis of Presentation

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant award activity of Fairfield County, South Carolina (the "County") under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position or cash flows of the County.

Note B. Summary of Significant Accounting Policies

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

Note C. Indirect Cost Rate

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

Note D. Federal Pass-Through Funds

The County is also the subrecipient of federal funds that have been subjected to testing and reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as "pass-through" are considered direct.

Note E. Contingencies

Grant monies received and disbursed by the County are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the County does not believe that such disallowance, if any, would have a material effect on its financial position. As of June 30, 2021, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

Note F. Non-Cash Assistance

The County did not receive any federal non-cash assistance during the fiscal year ended June 30, 2021.

Note G. Subrecipients

The County did not provide federal funds to subrecipients during the fiscal year ended June 30, 2021.

Note H. Loans and Loan Guarantees

The County did not have any loans or loan guarantee programs required to be reported on the Schedule during the fiscal year ended June 30, 2021.

Fairfield County, South Carolina
Schedule of Findings and Questioned Costs
For the fiscal year ended June 30, 2021

I. Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.106	Airport Improvement Program
21.019	Coronavirus Relief Fund

- | | |
|---|-----------|
| (e.) Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| (f.) Auditee qualified as low risk auditee? | No |

Fairfield County, South Carolina
Schedule of Findings and Questioned Costs
For the fiscal year ended June 30, 2021

II. Financial Statement Findings

Finding 2021-001 Timely Financial Reporting

Criteria or Specific
Requirement:

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.

Cause:

Subsidiary records were not reviewed and reconciled to the general ledger on a timely basis throughout the year ended June 30, 2021.

Effect:

There is a greater risk of errors and irregularities occurring when accounts are not reconciled for an extended period of time. Delaying the reconciliation of certain accounts until year-end results in an entire year's worth of activity having to be analyzed and adjusted which can potentially cause delays in the County's annual financial closing process. In addition, County Council is not provided timely accurate financial information from which to make decisions that impact the County's taxpayers. Per Section 4-9-150 of the South Carolina Code of Laws, if the audited financial statements are not filed timely, or within the time extended for filing them, funds distributed by the South Carolina Comptroller General's Office to the County must be withheld pending receipt of the audited financial statements.

Recommendation:

We recommend that all general ledger control accounts be reconciled to subsidiary ledgers or other detailed schedules on a monthly basis. A benefit of monthly reconciliations is that errors do not accumulate and can be identified and attributed to a particular period, which makes it easier to perform future reconciliations.

Views of Responsible
Officials:

Management concurs with this finding. The County will seek reinstatement and funding for a staff accountant or fiscal analyst position within the Finance Department that was frozen during the fiscal year 2022 budget. This additional resource will help the Finance Department develop monthly financial closing processes which will enable it to complete its annual financial closing process in a timely manner.

III. Federal Award Findings and Questioned Costs

None reported



Fairfield County Council

P.O. Drawer 60
Winnsboro, S.C. 29180
(803) 635-1415
Fax: (803) 635-5969

Malik Whitaker
County Administrator

Synithia Williams
Deputy County Administrator

Fairfield County

Summary Schedule of Prior Audit Findings for the year ended June 30, 2021

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

Item 2020-001: Wire Transfers

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

Current Action Taken/Current Status:

An internal form was developed by the Treasurer's Office and Finance Department to include the details related to the wire: wiring instructions, purpose and amount. In addition, the form includes signatures for the Sender and Reviewer. And, approval from who requested the wire, Finance or Administration, and the general ledger coding which would follow the same protocol as approving an accounts payable invoice.

Item 2020-002: Cash and Investments Management

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

Current Action Taken/Current Status: Individual fiduciary funds in the County's general ledger were already being used to track and keep deposits held on behalf of others separate. Additionally, separate bank accounts have now been opened for the Fairfield County School District.



Fairfield County Council

P.O. Drawer 60
Winnsboro, S.C. 29180
(803) 815-4000
Fax: (803) 635-5969

MALIK WHITAKER
County Administrator

SYNITHIA WILLIAMS
Deputy County Administrator

Corrective Action Plan

Fairfield County, South Carolina (the "County") respectfully submits the following corrective action plan for the fiscal year ended June 30, 2021. The finding from the March 31, 2022 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.

2021-001: Timely Financial Reporting

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

Corrective Action Plan: The County will seek reinstatement and funding for a staff accountant or fiscal analyst position within the Finance Department that was frozen during the fiscal year 2022 budget. This additional resource will help the Finance Department develop monthly financial closing processes which will enable it to complete its annual financial closing process in a timely manner.

Contact Person(s): Anne Bass, Finance Director
Malik Whitaker, Administrator

Anticipated Completion Date: September 30, 2022