

Fairfield County, South Carolina

Report on Financial Statements

For the fiscal year ended June 30, 2019

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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Fairfield County Council on Aging and Fairfield Behavioral Health Services, which represent 68 percent, 91 percent, and 76 percent, respectively, of the assets, net position/assets, and revenues of the County's aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the County, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Fairfield County Library Commission and Fairfield County Council on Aging were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2020 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 style with a large, stylized 'E' and 'D'.

Columbia, South Carolina
January 31, 2020

Fairfield County, South Carolina

Management's Discussion and Analysis

For the fiscal year ended June 30, 2019

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, 2019. Please read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which immediately follow this section.

Statistical Data

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

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

In addition to providing funding to develop the industrial parks, we must be about the business of administering a county government. This is an expensive undertaking. With 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, 2019

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, 2019 by \$38.6 million (net position).
- **Change in net position** - The County's net position increased over the course of this year's operations. Net position of the governmental activities increased by \$1.9 million.
- **General fund** - The principal operating fund of the County is the general fund. During fiscal year 2019, general fund revenues and other financing sources, which primarily consisted of property taxes and sales taxes were \$33.5 million. Expenditures and net transfers out of the general fund were \$33.0 million. This resulted in an increase in the fund balance for the year of \$507,000.
- **General fund budget** - The general fund actual revenues were greater than the final budgeted amounts by \$2.1 million due primarily to greater than expected collections of property taxes and investment income. General fund actual expenditures were less than the final budgeted amounts by \$1.2 million. This variance is primarily due to department directors making frugal decisions in regards to purchases and employee staffing.

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, 2019

Overview of the Financial Statements, Continued

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

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

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

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

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

Financial Analysis of the County as a Whole

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, total assets and deferred outflows exceeded total liabilities and deferred inflows by \$38.6 million as of June 30, 2019.

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, 2019

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)	2019	2018	Percentage Change
Current and other assets	\$ 35,111	\$ 37,023	(5.2)%
Capital assets, net	<u>62,556</u>	<u>58,555</u>	6.8%
Total assets	<u>97,667</u>	<u>95,578</u>	2.2%
Deferred outflows of resources	<u>8,830</u>	<u>6,250</u>	41.3%
Current liabilities	2,789	3,727	(25.2)%
Long-term liabilities	<u>63,981</u>	<u>59,569</u>	7.4%
Total liabilities	<u>66,770</u>	<u>63,296</u>	5.5%
Deferred inflows of resources	<u>1,158</u>	<u>1,852</u>	(37.5)%
Net position			
Net investment in capital assets	38,631	35,569	8.6%
Restricted	6,142	6,404	(4.1)%
Unrestricted	<u>(6,204)</u>	<u>(5,293)</u>	17.2%
Total net position	<u>\$ 38,569</u>	<u>\$ 36,680</u>	5.1%

Change in net position - The County's total revenues for the fiscal year ended June 30, 2019 were \$40.6 million. The total cost of all programs and services was \$38.7 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)	2019	2018	Percentage Change
Revenues			
Program revenues			
Charges for services	\$ 3,183	\$ 2,877	10.6%
Operating grants and contributions	1,809	1,516	19.3%
Capital grants and contributions	2,073	2,388	(13.2)%
General revenues			
Property taxes	28,476	26,628	6.9%
Accommodations taxes	192	187	2.7%
Sales taxes	1,810	1,809	0.1%
Investment income	1,018	135	654.1%
Intergovernmental	1,678	1,510	11.1%
Gain (loss) on sale of capital assets	8	59	(86.4)%
Other	<u>390</u>	<u>621</u>	(37.2)%
Total revenues	<u>40,637</u>	<u>37,730</u>	7.7%

Fairfield County, South Carolina

Management's Discussion and Analysis

For the fiscal year ended June 30, 2019

Financial Analysis of the County as a Whole, Continued

(Dollars in thousands)	<u>2019</u>	<u>2018</u>	<u>Percentage Change</u>
Expenses			
General government	13,495	12,105	11.5%
Public safety	8,068	7,802	3.4%
Public works and utilities	2,549	3,483	(26.8)%
Health and welfare	10,427	10,088	3.4%
Judicial	1,230	1,246	(1.3)%
Cultural and recreation	1,836	1,948	(5.7)%
Interest and fiscal charges	<u>1,144</u>	<u>1,154</u>	(0.9)%
Total expenses	<u>38,749</u>	<u>37,826</u>	2.4%
Change in net position	<u>\$ 1,888</u>	<u>\$ (96)</u>	2,066.7%

Compared to fiscal year 2018, the County's revenues and expenses changed due primarily to the following:

- **Property taxes** - During fiscal year 2019, property taxes increased by approximately \$1.8 million. The primary reason for the increase is related to increased assessed values of three properties associated with the nuclear plant.
- **Investment income** – Investment income increased approximately \$883,000 in fiscal year 2019. This increase is due to the County investing approximately \$10 million in US Government Agency Obligations.
- **General government expenses** – The increase in general government expenses is primarily due to a \$700,000 increase in OPEB expense.
- **Public works and utilities expenses** – The decrease in public works and utilities expenses is primarily due to a decrease in the number of major road and sidewalk repairs.

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)	<u>Total Expenses</u>	<u>Net Expense</u>
General government	\$ 13,495	\$ (10,537)
Public safety	8,068	(8,005)
Public works and utilities	2,549	(1,155)
Health and welfare	10,427	(8,467)
Judicial	1,230	(647)
Cultural and recreation	1,836	(1,729)
Interest and fiscal charges	<u>1,144</u>	<u>(1,144)</u>
Total expenses	<u>\$ 38,749</u>	<u>\$ (31,684)</u>

Fairfield County, South Carolina

Management's Discussion and Analysis

For the fiscal year ended June 30, 2019

Financial Analysis of the County as a Whole, Continued

The cost of all governmental activities this year was \$38.7 million. Expenses consist primarily of general government, public safety, and health and welfare totaling \$13.5 million, \$8.1 million and \$10.4 million, respectively. The net cost of governmental activities was \$31.7 million which was financed by general revenues and beginning net position. General revenues consist primarily of property taxes of \$28.5 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 \$32.0 million. Of this combined fund balance, \$10.0 million or 31.3% is unassigned and therefore available for spending at the County's discretion.

The general fund is the principal operating fund of the County. The increase in fund balance in the general fund for the fiscal year was \$507,000, which was mainly the result of revenues exceeding expenditures.

Capital Assets and Debt Administration

Capital Assets - As of June 30, 2019, the County had invested, net of related debt, \$38.6 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 \$3.2 million.

The schedule below presents capital asset balances, net of depreciation, for the fiscal year ended June 30, 2019.

Capital assets, not being depreciated	
Land	\$ 11,547,697
Construction in progress	<u>13,221,615</u>
	<u>24,769,312</u>
Capital assets, being depreciated	
Land improvements	24,636,474
Buildings and improvements	30,045,006
Leasehold improvements	1,658,079
Infrastructure	6,665,465
Machinery and equipment	23,237,219
Software	<u>498,001</u>
	86,740,244
Less accumulated depreciation	<u>(48,953,795)</u>
Total capital assets, being depreciated, net	<u>37,786,449</u>
Net capital assets	<u>\$ 62,555,761</u>

Debt Administration - At year end, the County had \$28,245,121 in general obligation and revenue bonds, net of unamortized bond discounts, of which \$1,096,062 is due within one year.

Fairfield County, South Carolina

Management's Discussion and Analysis

For the fiscal year ended June 30, 2019

Economic Factors and Budgetary Projections

Unlike a typical county, the County's revenue stream is relatively constant. This is due primarily to a licensed electrical generating facility located in our county, which accounts for approximately 43% of our property tax revenues. The facility received an extension to its operating license through 2042, which gives us a measure of comfort; however, we are very careful not to abuse this revenue source. Taking this revenue source into account and the other economic factors in our community, our budget philosophy is to be socially responsible within a very conservative fiscal approach. We expect this trend will 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, 2019

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 13,674,591
Amounts held in escrow	3,594,945
Taxes receivable, net	962,372
Accounts receivable, net	1,345,600
Investments	10,807,469
Due from other governments	3,369,202
Prepaid items	212,799
Land and building held for sale	1,144,000
Capital assets, not being depreciated	24,769,312
Capital assets, being depreciated net	37,786,449
Total assets	<u>97,666,739</u>
Deferred outflows of resources	
Deferred outflows related to total OPEB liability	3,358,598
Deferred outflows related to net pension liability	5,471,210
Total deferred outflows of resources	<u>8,829,808</u>
Liabilities	
Accounts payable	930,890
Retainage payable	363,154
Accrued liabilities	794,149
Due to taxpayers	3,244
Due to other agencies	202,298
Due to component unit	147,033
Accrued interest payable	348,069
Long-term liabilities	
Due within one year	1,178,943
Due in more than one year	27,826,411
Net pension liability	25,916,908
Total OPEB liability	9,059,055
Total liabilities	<u>66,770,154</u>
Deferred inflows of resources	
Deferred inflows related to net pension liability	1,157,844
Total deferred inflows of resources	<u>1,157,844</u>
Net Position	
Net investment in capital assets	38,630,963
Restricted for:	
General government programs	7,440
Public safety programs	81,662
Health and welfare programs	4,656,918
Judicial programs	162,812
Cultural and recreation programs	222,355
Debt service	1,010,371
Unrestricted	(6,203,972)
Total net position	<u>\$ 38,568,549</u>

See Notes to Basic Financial Statements

Fairfield County, South Carolina

Statement of Activities

For the fiscal year ended June 30, 2019

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	\$ 13,495,164	\$ 285,871	\$ 1,198,550	\$ 1,473,841	\$ (10,536,902)
Public safety	8,067,464	35,645	27,001	-	(8,004,818)
Public works and utilities	2,548,861	738,497	56,250	599,283	(1,154,831)
Health and welfare	10,427,324	1,560,476	400,064	-	(8,466,784)
Judicial	1,229,576	456,081	126,789	-	(646,706)
Cultural and recreation	1,835,725	106,577	-	-	(1,729,148)
Interest and fiscal charges	1,144,420	-	-	-	(1,144,420)
Total governmental activities	<u>38,748,534</u>	<u>3,183,147</u>	<u>1,808,654</u>	<u>2,073,124</u>	<u>(31,683,609)</u>
Total	<u>\$ 38,748,534</u>	<u>\$ 3,183,147</u>	<u>\$ 1,808,654</u>	<u>\$ 2,073,124</u>	
General revenues:					
Property taxes					28,475,796
Sales tax					1,809,880
Accommodations tax					192,294
Investment income					1,017,583
Intergovernmental					1,677,965
Gain on sale of capital assets					8,312
Other					389,913
Total general revenues					<u>33,571,743</u>
Change in net position					1,888,134
Net position, beginning of year					<u>36,680,415</u>
Net position, end of year					<u>\$ 38,568,549</u>

See Notes to Basic Financial Statements

Fairfield County, South Carolina

Balance Sheet - Governmental Funds

June 30, 2019

	General Fund	Fairfield Facilities Corporation	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 3,788,744	\$ 4,641,471	\$ 5,244,376	\$ 13,674,591
Amounts held in escrow	3,594,945	-	-	3,594,945
Taxes receivable, net	901,819	-	60,553	962,372
Accounts receivable, net	1,318,446	-	27,154	1,345,600
Investments	10,807,469	-	-	10,807,469
Due from other funds	2,340,625	-	650,000	2,990,625
Due from other governments	1,259,845	-	2,109,357	3,369,202
Prepaid items	-	169,240	43,559	212,799
Land and building held for sale	-	-	1,144,000	1,144,000
Total assets	<u>\$ 24,011,893</u>	<u>\$ 4,810,711</u>	<u>\$ 9,278,999</u>	<u>\$ 38,101,603</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 392,026	\$ -	\$ 538,864	\$ 930,890
Retainage payable	-	321,148	42,006	363,154
Accrued liabilities	756,579	-	37,570	794,149
Due to other funds	-	-	2,990,625	2,990,625
Due to taxpayers	3,244	-	-	3,244
Due to other agencies	2,298	-	200,000	202,298
Due to component unit	147,033	-	-	147,033
Total liabilities	<u>1,301,180</u>	<u>321,148</u>	<u>3,809,065</u>	<u>5,431,393</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	662,359	-	44,758	707,117
Total deferred inflows of resources	<u>662,359</u>	<u>-</u>	<u>44,758</u>	<u>707,117</u>
Fund balances				
Nonspendable				
Prepaid items	-	169,240	43,559	212,799
Restricted				
General government	-	-	7,440	7,440
Public safety	-	-	81,662	81,662
Health and welfare	3,594,945	-	1,061,973	4,656,918
Judicial	-	-	162,812	162,812
Cultural and recreation	-	-	222,355	222,355
Debt service	-	-	1,010,371	1,010,371
Capital outlay	-	4,320,323	-	4,320,323
Committed				
General government	3,480,000	-	-	3,480,000
Public works and utilities	-	-	1,023,322	1,023,322
Health and welfare	760,000	-	-	760,000
Cultural and recreation	-	-	50,022	50,022
Capital outlay	-	-	1,762,384	1,762,384
Assigned				
General government	4,200,000	-	-	4,200,000
Unassigned	10,013,409	-	(724)	10,012,685
Total fund balances	<u>22,048,354</u>	<u>4,489,563</u>	<u>5,425,176</u>	<u>31,963,093</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,011,893</u>	<u>\$ 4,810,711</u>	<u>\$ 9,278,999</u>	<u>\$ 38,101,603</u>

See Notes to Basic Financial Statements

Fairfield County, South Carolina
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2019

Total governmental fund balances \$ 31,963,093

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	\$ 111,509,556	
Accumulated depreciation	(48,953,795)	
		62,555,761

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.

707,117

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

Deferred outflows related to net pension liability	5,471,210	
Deferred inflows related to net pension liability	(1,157,844)	
Net pension liability	(25,916,908)	
Deferred outflows related to total OPEB liability	3,358,598	
Total OPEB liability	(9,059,055)	
Accrued compensated absences	(760,233)	
		(28,064,232)

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	(28,245,121)	
Accrued interest payable	(348,069)	
		(28,593,190)

Net position of governmental activities

\$ 38,568,549

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, 2019

	General Fund	Fairfield Facilities Corporation	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 26,539,482	\$ -	\$ 1,774,216	\$ 28,313,698
Sales tax	1,809,880	-	-	1,809,880
Intergovernmental	1,677,965	-	3,881,778	5,559,743
Licenses, permits, fines and fees	760,431	-	350,145	1,110,576
Charges for services	1,662,323	-	410,248	2,072,571
Investment income	919,657	96,997	929	1,017,583
Other	127,312	-	262,601	389,913
Total revenues	<u>33,497,050</u>	<u>96,997</u>	<u>6,679,917</u>	<u>40,273,964</u>
Expenditures				
General government	9,372,636	-	894,208	10,266,844
Public safety	7,372,528	-	169,725	7,542,253
Public works and utilities	1,463,085	-	894,415	2,357,500
Health and welfare	8,449,375	-	1,267,559	9,716,934
Judicial	1,093,826	-	79,133	1,172,959
Cultural and recreation	1,570,740	-	161,232	1,731,972
Capital outlay	660,491	1,493,678	5,108,524	7,262,693
Debt service				
Principal retirement	-	10,000	1,070,632	1,080,632
Interest and fiscal charges	-	895,095	225,934	1,121,029
Total expenditures	<u>29,982,681</u>	<u>2,398,773</u>	<u>9,871,362</u>	<u>42,252,816</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,514,369</u>	<u>(2,301,776)</u>	<u>(3,191,445)</u>	<u>(1,978,852)</u>
Other financing sources (uses)				
Proceeds from general obligation bonds	-	-	599,000	599,000
Proceeds from sale of capital assets	-	-	51,367	51,367
Transfers in	24,506	895,763	3,031,713	3,951,982
Transfers out	<u>(3,031,713)</u>	<u>-</u>	<u>(920,269)</u>	<u>(3,951,982)</u>
Total other financing sources (uses)	<u>(3,007,207)</u>	<u>895,763</u>	<u>2,761,811</u>	<u>650,367</u>
Net change in fund balances	507,162	(1,406,013)	(429,634)	(1,328,485)
Fund balances, beginning of year	21,541,192	5,895,576	5,854,810	33,291,578
Fund balances, end of year	<u>\$ 22,048,354</u>	<u>\$ 4,489,563</u>	<u>\$ 5,425,176</u>	<u>\$ 31,963,093</u>

See Notes to Basic Financial Statements

Fairfield County, South Carolina**Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the fiscal year ended June 30, 2019**

Total net change in fund balance - governmental funds \$ (1,328,485)

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	\$ 7,262,693	
Depreciation expense	<u>(3,218,993)</u>	
		4,043,700

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

Gain on sale of capital assets	8,312	
Proceeds from sale of capital assets	<u>(51,367)</u>	
		(43,055)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. 354,392

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	(861,895)	
Total OPEB liability	(834,678)	
Accrued compensated absences	<u>(10,215)</u>	
		(1,706,788)

A 1% contribution made by the State on employers' behalves directly to PEBA in fiscal year 2019 is not included on the Statement of Activities as the measurement date is a year in arrears. Revenues and expenditures of \$110,129 are excluded from the Statement of Activities. -

A 1% contribution made by the State on employers' behalves directly to PEBA in the prior fiscal year is not reported as revenue in the governmental funds but is included on the Statement of Activities as the measurement date for fiscal year 2019 is a year in arrears. 110,129

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

Bond proceeds	(599,000)	
Bond repayments	1,080,632	
Amortization of bond discounts	(23,322)	
Accrued interest payable	<u>(69)</u>	
		458,241
Change in net position of governmental activities		<u><u>\$ 1,888,134</u></u>

Fairfield County, South Carolina**Statement of Fiduciary Net Position****June 30, 2019**

Assets

Cash and cash equivalents	\$ 23,314,177
Taxes receivable, net	<u>1,280,265</u>
Total assets	<u><u>\$ 24,594,442</u></u>

Liabilities

Amounts held for others	\$ 973,395
Due to other governments	<u>23,621,047</u>
Total liabilities	<u><u>\$ 24,594,442</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
June 30, 2019

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 232,511
Accounts receivable	29,256
Investments	1,208
Prepaid items	16,927
Due from primary government	147,033
Capital assets, being depreciated net	627,279
Total assets	<u>1,054,214</u>
Deferred outflows of resources	
Deferred outflows related to total OPEB liability	136,007
Deferred outflows related to net pension liability	105,786
Total deferred outflows of resources	<u>241,793</u>
Liabilities	
Accrued liabilities	12,943
Long-term liabilities	
Accrued compensated absences - due within one year	7,198
Accrued compensated absences - due after one year	8,425
Net pension liability	627,568
Total OPEB liability	383,348
Total liabilities	<u>1,039,482</u>
Deferred inflows of resources	
Deferred inflows related to total pension liability	35,363
Total deferred inflows of resources	<u>35,363</u>
Net Position	
Investment in capital assets	627,279
Restricted for:	
Nonexpendable	171,657
Capital outlay	11,798
Assigned	16,518
Unrestricted	(606,090)
Total net position	<u>\$ 221,162</u>

See Notes to Basic Financial Statements

Fairfield County, South Carolina
Governmental Discretely Presented Component Unit
Fairfield County Library Commission
Statement of Activities
For the fiscal year ended June 30, 2019

	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	\$ 744,908	\$ 13,923	\$ 100,452	\$ (630,533)
General revenues:				
County appropriations				464,263
Investment income				4,502
Gifts and donations				3,925
Miscellaneous revenue				21,906
Total general revenues				494,596
Change in net position				(135,937)
Net position, beginning of year				357,099
Net position, end of year				\$ 221,162

See Notes to Basic Financial Statements

Fairfield County, South Carolina
Nongovernmental Discretely Presented Component Units
Statements of Financial Position
June 30, 2019

	Fairfield Behavioral Health Services	Fairfield County Council on Aging	Total
Assets			
Cash	\$ 91,237	\$ 419,547	\$ 510,784
Receivables	53,401	61,664	115,065
Certificates of deposit	156,147	-	156,147
Prepaid expenses	2,100	4,157	6,257
Property and equipment, net	1,733,629	273,477	2,007,106
Total assets	<u>\$ 2,036,514</u>	<u>\$ 758,845</u>	<u>\$ 2,795,359</u>
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued liabilities	\$ 24,846	\$ 12,233	\$ 37,079
Accrued compensated absences	31,376	3,687	35,063
Capital lease payable	-	1,712	1,712
Deferred Revenue	44,987	-	44,987
Notes payable	500,000	-	500,000
Total liabilities	<u>601,209</u>	<u>17,632</u>	<u>618,841</u>
Net assets			
Without donor restrictions	<u>1,435,305</u>	<u>741,213</u>	<u>2,176,518</u>
Total net assets	<u>1,435,305</u>	<u>741,213</u>	<u>2,176,518</u>
Total liabilities and net assets	<u>\$ 2,036,514</u>	<u>\$ 758,845</u>	<u>\$ 2,795,359</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, 2019

	Fairfield Behavioral Health Services	Fairfield County Council on Aging	Total
Changes in net assets without donor restrictions:			
Revenues and other support			
Local	\$ -	\$ 415,625	\$ 415,625
County appropriations	56,732	104,411	161,143
State contracts	-	61,988	61,988
Client fees	97,529	-	97,529
Minibottle	57,686	-	57,686
Investment income	2,886	336	3,222
Other	31,209	32,231	63,440
Net assets released from restrictions	1,079,229	24,000	1,103,229
Total revenues, gains and other support	<u>1,325,271</u>	<u>638,591</u>	<u>1,963,862</u>
Expenses			
Program services	640,888	450,746	1,091,634
Supporting services	297,918	174,638	472,556
Total expenses	<u>938,806</u>	<u>625,384</u>	<u>1,564,190</u>
Change in net assets without donor restrictions	<u>386,465</u>	<u>13,207</u>	<u>399,672</u>
Changes in net assets with donor restrictions:			
Federal	277,756	-	277,756
State	54,906	-	54,906
Grants	730,148	24,000	754,148
State contract	16,419	-	16,419
Net assets released from restrictions	(1,079,229)	(24,000)	(1,103,229)
Change in net assets with donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>386,465</u>	<u>13,207</u>	<u>399,672</u>
Net assets, beginning of year			
Without donor restrictions	1,048,840	728,006	1,776,846
	<u>1,048,840</u>	<u>728,006</u>	<u>1,776,846</u>
Net assets, end of year			
Without donor restrictions	1,435,305	741,213	2,176,518
	<u>\$ 1,435,305</u>	<u>\$ 741,213</u>	<u>\$ 2,176,518</u>

See Notes to Basic Financial Statements

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

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 2019. 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, 2019

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, 2019

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 legally restricted 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, 2019

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, 2019

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, 2019

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, 2019, 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	\$ 946,910	\$ 63,581	\$ 1,010,491
Accounts	<u>2,460,819</u>	<u>27,154</u>	<u>2,487,973</u>
Gross	3,407,729	90,735	3,498,464
Less:			
Allowance - taxes	45,091	3,028	48,119
Allowance - accounts	<u>1,142,373</u>	<u>-</u>	<u>1,142,373</u>
Net receivables	<u>\$ 2,220,265</u>	<u>\$ 87,707</u>	<u>\$ 2,307,972</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, 2019

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

Land and building held for sale - During fiscal year 2013, the County constructed a spec building at the W.B. Brown Industrial Park. The County had the building appraised after completion at a fair market value of \$1,144,000. In July 2016, the County evaluated the building for potential impairment and had the building reappraised. The reappraisal listed a fair value greater than the amount recorded; therefore, management does not believe the building is impaired at June 30, 2019. The building is currently listed on the market and available for sale.

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.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

Note 1. Summary of Significant Accounting Policies, Continued

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

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.

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, 2019, 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.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

Note 1. Summary of Significant Accounting Policies, Continued

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

- Assigned Fund Balance comprises amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (a) County Council or (b) a body (for example: a Finance Committee) or official to which County Council has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned Fund Balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

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

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, 2019, 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, 2019:

Capital assets, net of accumulated depreciation	\$ 62,555,761
Less: Bonds payable, net of unamortized bond discounts	28,245,121
Less: Capital project payables and retainages	321,148
Add: Unspent bond proceeds	<u>4,641,471</u>
	<u>\$ 38,630,963</u>

E. Reclassifications

The presentation of certain items in the 2018 financial statements have been reclassified to be consistent with the 2019 presentation. Such reclassifications had no effect on change in net position, cash flows or net position.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

Note 1. Summary of Significant Accounting Policies, Continued

F. Subsequent Events

These financial statements have not been updated for subsequent events occurring after January 31, 2020, which is the date the financial statements were available to be issued.

Note 2. Stewardship, Compliance and Accountability

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

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

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

Note 3. Deposits and Investments

Custodial credit risk - Deposits:

Deposits include cash and cash equivalents on deposit in banks. At June 30, 2019, the carrying amount of the County's deposits was \$36,041,522 and the bank balance was \$36,714,913.

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, 2019, 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, 2019

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, 2019, the County held the following investments and maturities:

Investment Type	Fair Value	Investment Maturities		
		Three months or less	Three to twelve months	More than one year
US Government Agency Obligations	\$ 10,690,536	\$ 500,502	\$ 1,600,248	\$ 8,589,786
Money Market Fund	116,933	116,933	-	-
South Carolina Local Government Investment Pool (LGIP)	4,542,191	4,542,191	-	-
Total investments held in the County's name	<u>\$ 15,349,660</u>	<u>\$ 5,159,626</u>	<u>\$ 1,600,248</u>	<u>\$ 8,589,786</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, 2019:

	Fair Value Measurements			
	June 30, 2019	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Money market fund	\$ 116,933	\$ -	\$ 116,933	\$ -
US Government Agency Obligations	<u>10,690,536</u>	<u>-</u>	<u>10,690,536</u>	<u>-</u>
Total Investments by Fair Value Level	<u>\$ 10,807,469</u>	<u>\$ -</u>	<u>\$ 10,807,469</u>	<u>\$ -</u>
Investments by Net Asset Value (NAV):				
LGIP	<u>4,542,191</u>			
Total Investments Held in the County's Name	<u>\$ 15,349,660</u>			

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

Note 3. Deposits and Investments, Continued

Investments, continued:

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

The following reconciles deposits and investments to the financial statements:

Exhibit 3 - Cash and cash equivalents	\$ 13,674,591	Deposits	\$ 36,041,522
Exhibit 3 - Investments	10,807,469	Investments	10,807,469
Exhibit 3 - Amounts held in escrow	3,594,945	LGIP	<u>4,542,191</u>
Exhibit 7 - Cash and cash equivalents	<u>23,314,177</u>	Total	<u>\$ 51,391,182</u>
Total	<u>\$ 51,391,182</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, 2019, all of the County's investments were insured or collateralized.

Credit risk:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the County. The County has no investment policy that would further limit its investment choices other than State law. As of June 30, 2019, 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, 2019, the underlying security ratings of the County's investment in the money market fund was AAAm according to Standard & Poor's credit ratings.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

Note 3. Deposits and Investments, Continued

Concentration of credit risk:

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

Foreign currency risk:

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

Note 4. Interfund Assets and Liabilities

The balances of interfund receivables and payables at June 30, 2019 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 2,340,625
Nonmajor Governmental	Nonmajor Governmental	650,000

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, 2019 consisted of the following individual amounts:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 24,506
Fairfield Facilities Corporation	Nonmajor Governmental	895,763
Nonmajor Governmental	General Fund	<u>3,031,713</u>
		<u>\$ 3,951,982</u>

Note 5. Due From Other Governmental Units

Amounts due from other governments at June 30, 2019 in the governmental type funds consisted of the following:

	<u>State</u>	<u>Federal</u>	<u>Total</u>
General Fund	\$ 1,259,845	\$ -	\$ 1,259,845
Nonmajor Governmental	<u>1,838,224</u>	<u>271,133</u>	<u>2,109,357</u>
	<u>\$ 3,098,069</u>	<u>\$ 271,133</u>	<u>\$ 3,369,202</u>

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

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, 2019:

	<u>Balance, June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2019</u>
Capital assets, not being depreciated				
Land	\$ 11,358,858	\$ 188,839	\$ -	\$ 11,547,697
Construction in progress	<u>11,003,206</u>	<u>3,140,423</u>	<u>922,014</u>	<u>13,221,615</u>
Total capital assets, not being depreciated	<u>22,362,064</u>	<u>3,329,262</u>	<u>922,014</u>	<u>24,769,312</u>
Capital assets, being depreciated				
Land improvements	23,689,956	946,518	-	24,636,474
Buildings and improvements	28,529,570	1,575,736	60,300	30,045,006
Leasehold improvements	1,658,079	-	-	1,658,079
Infrastructure	6,724,974	-	59,509	6,665,465
Machinery and equipment	21,762,554	2,230,122	755,457	23,237,219
Software	<u>400,282</u>	<u>103,069</u>	<u>5,350</u>	<u>498,001</u>
Total capital assets, being depreciated	<u>82,765,415</u>	<u>4,855,445</u>	<u>880,616</u>	<u>86,740,244</u>
Accumulated depreciation	<u>(46,572,363)</u>	<u>(3,218,993)</u>	<u>837,561</u>	<u>(48,953,795)</u>
Total capital assets, being depreciated, net	<u>36,193,052</u>	<u>1,636,452</u>	<u>43,055</u>	<u>37,786,449</u>
Net capital assets	<u>\$ 58,555,116</u>	<u>\$ 4,965,714</u>	<u>\$ 965,069</u>	<u>\$ 62,555,761</u>

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

General government	\$ 2,336,463
Public safety	206,201
Public works and utilities	153,847
Health and welfare	450,409
Judicial	1,267
Cultural and recreation	<u>70,806</u>
	<u>\$ 3,218,993</u>

Note 7. HON Facility

The County has entered into a long-term lease agreement with the State for the use of its HON facility. The HON facility has square footage of approximately 186,000 and is located in Winnsboro, South Carolina. The lease agreement requires no annual lease payment from the County; however, the County must pay for all maintenance, utilities and insurance for the facility. The lease will expire during fiscal year 2020. 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, 2019.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

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, 2019:

	<u>Balance, June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2019</u>	<u>Due in less than one year</u>	<u>Due in more than one year</u>
Bonds payable:						
General obligation bonds	\$ 4,567,685	\$ 599,000	\$ 1,070,632	\$ 4,096,053	\$ 1,109,384	\$ 2,986,669
Revenue bonds	24,650,000	-	10,000	24,640,000	10,000	24,630,000
Unamortized bond discounts	(514,254)	-	(23,322)	(490,932)	(23,322)	(467,610)
Total direct borrowings	<u>\$ 28,703,431</u>	<u>\$ 599,000</u>	<u>\$ 1,057,310</u>	<u>\$ 28,245,121</u>	<u>\$ 1,096,062</u>	<u>\$ 27,149,059</u>
Accrued compensated Absences	<u>\$ 750,018</u>	<u>\$ 122,787</u>	<u>\$ 112,572</u>	<u>\$ 760,233</u>	<u>\$ 82,881</u>	<u>\$ 677,352</u>

General obligation bonds consisted of the following at June 30, 2019:

\$6,750,000 general obligation bonds due in annual installments of \$740,000 to \$955,000 through March 1, 2020; interest at 3.2% to 4.3%	\$ 955,000
\$769,178 general obligation bonds due in annual installments of \$36,250 to \$316,958 through March 1, 2021; interest at 2.95%	194,581
\$1,156,000 general obligation bonds due in annual installments of \$5,000 to \$878,239 through March 1, 2021; interest at 2.92%	143,304
\$306,000 general obligation bonds due in annual installments of \$36,250 to \$149,695 through March 1, 2022; interest at 2.18%	185,946
\$306,000 general obligation bonds due in annual installments of \$33,239 to \$106,830 through March 1, 2022; interest at 3.01%	205,935
\$306,000 general obligation bonds due in annual installments of \$27,714 to \$121,406 through March 1, 2023; interest at 3.54%	278,287
\$306,000 general obligation bonds due in annual installments of \$24,239 to \$123,457 through March 1, 2023; interest at 1.96%	306,000
\$614,000 general obligation bonds due in annual installments of \$125,694 to \$225,590 through March 1, 2024; interest at 3.60%	614,000
\$614,000 general obligation bonds due in annual installments of \$24,000 to \$225,590 through March 1, 2025; interest at 4.63%	614,000
\$599,000 general obligation bonds due in annual installments of \$20,815 to \$144,489 through March 1, 2025; interest at 3.31%	599,000
	<u>\$ 4,096,053</u>

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

Note 8. Long-Term Liabilities, Continued

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, 2019:

\$3,710,000 series 2013A revenue bonds due in annual installments of \$10,000 to \$875,000 through September 1, 2025; interest at 2.6% to 3.3%	\$ 3,660,000
\$20,980,000 series 2013B revenue bonds due in annual installments of \$500,000 to \$1,600,000 through September 1, 2042; interest at 2.2% to 4.0%	<u>20,980,000</u>
	<u>\$ 24,640,000</u>

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

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General Obligation Bonds			
2020	\$ 1,109,384	\$ 157,217	\$ 1,266,601
2021	1,043,506	101,879	1,145,385
2022	862,549	68,903	931,452
2023	605,659	40,069	645,728
2024	360,998	17,813	378,811
2025	<u>113,957</u>	<u>4,084</u>	<u>118,041</u>
	<u>\$ 4,096,053</u>	<u>\$ 389,965</u>	<u>\$ 4,486,018</u>

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Revenue Bonds			
2020	\$ 10,000	\$ 885,500	\$ 895,500
2021	10,000	885,238	895,238
2022	785,000	874,802	1,659,802
2023	805,000	854,299	1,659,299
2024	825,000	831,313	1,656,313
2025-2029	4,515,000	3,740,938	8,255,938
2030-2034	5,305,000	2,920,744	8,225,744
2035-2039	6,345,000	1,847,144	8,192,144
2040-2043	<u>6,040,000</u>	<u>495,200</u>	<u>6,535,200</u>
	<u>\$ 24,640,000</u>	<u>\$ 13,335,178</u>	<u>\$ 37,975,178</u>

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

Note 9. Pension Plans

Description of the Entity:

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012 and governed by an 11-member Board, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina (the "State"), including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems (the "Systems"); five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the RSIC and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, 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 comprehensive annual financial report of the State.

Plan descriptions:

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

The State Optional Retirement Program (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 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 four third party record keepers.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

Note 9. Pension Plans, Continued

Plan descriptions, continued:

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

Membership:

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

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

State ORP - As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State ORP. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party record keepers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with the ORP vendor 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; or to serve as 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, 2019

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:

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the board, are insufficient to maintain the amortization period set in statute, the board shall increase employer contribution rates as necessary.

Fairfield County, South Carolina**Notes to Basic Financial Statements****For the fiscal year ended June 30, 2019**

Note 9. Pension Plans, ContinuedContributions, continued:

After June 30, 2027, 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 eighty-five 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 eighty-five 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 eighty-five 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 eighty-five percent.

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS, respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty year amortization schedule.

Required employee contribution rates¹ are as follows:

	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2018</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 Two	9.75%	9.75%

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

Note 9. Pension Plans, Continued

Contributions, continued:

Required employer contribution rates¹ are as follows:

	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2018</u>
SCRS		
Employer Class Two	14.41%	13.41%
Employer Class Three	14.41%	13.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution ²	14.41%	13.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	16.84%	15.84%
Employer Class Three	16.84%	15.84%
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 \$1,269,829 and \$638,376 respectively, for the year ended June 30, 2019.

Net pension liability:

At June 30, 2019, the County reported a liability of \$18,364,892 and \$7,552,016 for its proportionate share of the SCRS and PORS net pension liability ("NPL"), respectively. The NPL was measured as of June 30, 2018, and the total pension liability ("TPL") used to calculate the NPL was determined by an actuarial valuation as July 1, 2017 and projected forward. The County's proportionate share of the NPL was based on a projection of the County's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the County's proportionate share of the SCRS and PORS plans were 0.08196% percent and 0.26652% percent, respectively.

Non-employer contributions:

Employer's proportionate shares were calculated on the basis of employer contributions remitted to the plan by employers and non-employer contributions appropriated in the State's budget. In an effort to offset a portion of the burden of the increased contribution requirement for employers, the General Assembly funded 1 percent of the SCRS and PORS contribution increases for fiscal year 2018 and 2019. The State budget appropriated these funds directly to PEBA and a credit was issued for each employer to use when submitting their quarterly remittances to PEBA. For the year ended June 30, 2018 measurement period, PEBA provided non-employer contributions to the County in the amount of \$110,129 which is shown as a reduction of NPL and other grant revenue in the government-wide financial statements for the year ended June 30, 2019.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

Note 9. Pension Plans, Continued

Pension expense:

For the year ended June 30, 2019, the County recognized pension expense for the SCRS and PORS plans of \$1,691,335 and \$1,079,116, respectively.

Deferred outflows of resources and deferred inflows of resources:

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SCRS</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 33,151	\$ 108,072
Changes of assumptions	728,617	-
Net difference between projected and actual earnings on pension plan investments	909,320	617,594
Changes in proportion and differences between employer contributions and proportionate share of contributions	448,575	115,621
Employer contributions subsequent to the measurement date	<u>1,269,829</u>	<u>-</u>
Total	<u>\$ 3,389,492</u>	<u>\$ 841,287</u>

	<u>PORS</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 232,690	\$ -
Changes of assumptions	497,941	-
Net difference between projected and actual earnings on pension plan investments	467,580	316,557
Changes in proportion and differences between employer contributions and proportionate share of contributions	245,131	-
Employer contributions subsequent to the measurement date	<u>638,376</u>	<u>-</u>
Total	<u>\$ 2,081,718</u>	<u>\$ 316,557</u>

The \$1,269,829 and \$638,376 reported as of June 30, 2019 as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date for the SCRS and PORS plans, respectively, will be recognized as a reduction of the net pension liabilities during the year ending June 30, 2020.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

Note 9. Pension Plans, Continued

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

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>
2020	\$ 792,324	\$ 557,047
2021	635,008	416,934
2022	(124,350)	130,956
2023	(24,606)	21,848
	<u>\$ 1,278,376</u>	<u>\$ 1,126,785</u>

Actuarial assumptions and methods:

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

The June 30, 2018, TPL, NPL, and sensitivity information shown in this report were determined by the Systems' consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on an actuarial valuation performed as of July 1, 2017. The TPL was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2018, 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, 2018 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%

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.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

Note 9. Pension Plans, Continued

Actuarial assumptions and methods, continued:

Assumptions used in the determination of the June 30, 2018, TPL are as follows:

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

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2018, 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	\$ 48,821,730,067	\$ 26,414,916,370	\$ 22,406,813,697	54.1%
PORS	7,403,972,673	4,570,430,247	2,833,542,426	61.7%

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

Long-term expected rate of return:

The long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

Note 9. Pension Plans, Continued

Long-term expected rate of return, continued:

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 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 7.28 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.03 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity:			
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options Strategies	5.0%	5.52%	0.28%
Real Assets:			
Real Estate (Private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
Opportunistic:			
GTAA/Risk Parity	8.0%	3.75%	0.30%
Hedge Funds (non-PA)	2.0%	3.45%	0.07%
Other Opportunistic Strategies	3.0%	3.75%	0.11%
Diversified Credit:			
Mixed Credit	6.0%	3.05%	0.18%
Emerging Markets Debts	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
Conservative Fixed Income:			
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration (Net)	2.0%	0.34%	0.01%
Total Expected Real Return	100.0%		5.03%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.28%

Discount rate:

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

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

Note 9. Pension Plans, Continued

Sensitivity analysis:

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	\$ 43,466,922	\$ 18,364,892	\$ 14,717,430
PORS	10,181,061	7,552,016	5,398,607

Additional financial and actuarial information:

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2018 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2018.

Note 10. Deferred Compensation/Salary Deferral Plan

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

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

Note 11. Other Post-Employment Benefits (OPEB)

Plan description:

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

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

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

Required monthly contributions:

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

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, 2019, the valuation date, there were 383 members covered by benefit terms, which consisted of 298 active members and 85 retirees and beneficiaries. The County employees consisted of 291 active members and 80 retirees and beneficiaries. The Commission employees consisted of 7 active members and 5 retirees and beneficiaries.

Total OPEB liability:

The County's portion of the total OPEB liability of \$9,059,055 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date. Changes in the County's OPEB liability for the year ended June 30, 2019 are as follows:

	<u>County</u>	<u>Commission</u>	<u>Total</u>
Total OPEB liability - beginning	\$ 4,865,779	\$ 213,541	\$ 5,079,320
<i>Changes for the year:</i>			
Service cost	580,054	23,489	603,543
Interest	147,881	5,988	153,869
Differences between expected and actual experience	3,366,121	136,312	3,502,433
Changes of assumptions or other inputs	517,685	20,964	538,649
Benefit payments	<u>(418,465)</u>	<u>(16,946)</u>	<u>(435,411)</u>
Net changes	<u>4,193,276</u>	<u>169,807</u>	<u>4,363,083</u>
Total OPEB liability - ending	<u>\$ 9,059,055</u>	<u>\$ 383,348</u>	<u>\$ 9,442,403</u>

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

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, 2019, 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	\$ 2,910,920	\$ -	\$ 117,878	\$ -
Changes in assumptions	<u>447,678</u>	<u>-</u>	<u>18,129</u>	<u>-</u>
Total	<u>\$ 3,358,598</u>	<u>\$ -</u>	<u>\$ 136,007</u>	<u>\$ -</u>

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

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

<u>Year ended June 30</u>	<u>County</u>	<u>Commission</u>	<u>Total</u>
2020	\$ 525,209	\$ 21,268	\$ 546,477
2021	525,209	21,268	546,477
2022	525,209	21,268	546,477
2023	525,209	21,268	546,477
2024	525,209	21,268	546,477
Thereafter	<u>732,553</u>	<u>29,667</u>	<u>762,220</u>
	<u>\$ 3,358,598</u>	<u>\$ 136,007</u>	<u>\$ 3,494,605</u>

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

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, 2019 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, 2019
Actuarial cost method:	Entry age normal
Inflation:	2.25 percent
Single discount rate:	3.13 percent as of June 30, 2019
Salary increases:	3.50 to 9.50 percent for PORS and 3.00 to 7.00 percent for SCRS, including inflation
Demographic assumptions:	Based on the experience study covering the five year period ending June 30, 2015 as conducted for the South Carolina Retirement System (SCRS).
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. The following multipliers are applied to the base tables: 100 percent for male SCRS members, 111 percent for female SCRS members, 125 percent for male PORS members, and 111 percent for female PORS members.
Healthcare cost trend rates:	For pre-65 benefits, initial rate of 6.20 percent declining to an ultimate rate of 4.15 percent after 14 years. Ultimate trend rate includes a 0.15 percent adjustment for the excise tax. For post-65 benefits, 2.25 percent per year.
Participation rates:	75% for members retiring prior to age 65 that are eligible for the County subsidy; 100% for members retiring on or after age 65 that are eligible for the County subsidy; 10% for members retiring prior to age 65 that are not eligible for the County subsidy; 0% for members retiring on or after age 65 that are not eligible for the County subsidy
Notes:	There were no benefit changes during the year. The discount rate changed from 2.98 percent as of June 30, 2018 to 3.13 percent as of June 30, 2019. Additionally, the participation rates, Medicare subsidy growth rate and health care trend rates were updated to better reflect the plan's anticipated experience.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

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

Discount rate:

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 3.13% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The discount rate was 2.98% as of the prior measurement date.

Sensitivity analysis:

The following table represents the County's total OPEB liability calculated using the discount rate of 3.13%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percent lower (2.13 percent) or one percent higher (4.13 percent) than the current rate.

Sensitivity of the total OPEB Liability to Changes in the Discount Rate			
	1.00% Decrease (2.13%)	Discount Rate (3.13%)	1.00% Increase (4.13%)
County	\$ 10,216,522	\$ 9,059,055	\$ 8,085,083
Commission	\$ 432,328	\$ 383,348	\$ 342,133
Total OPEB Liability	\$ 10,648,850	\$ 9,442,403	\$ 8,427,216

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	\$ 7,846,429	\$ 9,059,055	\$ 10,559,627
Commission	\$ 332,034	\$ 383,348	\$ 446,847
Total OPEB Liability	\$ 8,178,463	\$ 9,442,403	\$ 11,006,474

OPEB expense:

For the year fiscal ended June 30, 2019, the County recognized OPEB expense of \$1,253,143. The calculation of OPEB expense for the fiscal year ended June 30, 2019 is as follows:

	<u>County</u>	<u>Commission</u>	<u>Total</u>
Service cost	\$ 580,054	\$ 23,489	\$ 603,543
Interest	147,881	5,988	153,869
Recognition of current year outflow due to liabilities	525,208	21,269	546,477
	<u>\$ 1,253,143</u>	<u>\$ 50,746</u>	<u>\$ 1,303,889</u>

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

Note 12. Operating Leases

The County leases equipment and vehicles for various departments. Total costs for operating leases were approximately \$237,356 for the year ended June 30, 2019. Future minimum lease payments under operating leases are as follows:

For the fiscal year ending June 30:

2020	\$ 110,971
2021	92,003
2022	8,251
2023	6,429
2024	<u>3,215</u>
	<u>\$ 220,869</u>

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, 2019, the County abated property taxes totaling \$558,065 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, 2019, the County abated property taxes totaling \$217,559 under this program.

Fairfield County, South Carolina

Notes to Basic Financial Statements

For the fiscal year ended June 30, 2019

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, 2019, the County incurred costs totaling approximately \$733,516 (net of user fees) under this agreement.

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, 2019, the total cost included in the financial statements of the County was approximately \$579,004.

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, 2019, the County has one outstanding construction contract of approximately \$321,148.

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

Fairfield County, South Carolina**Notes to Basic Financial Statements****For the fiscal year ended June 30, 2019**

Note 15. Commitments, Continued

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

2020	\$ 1,000,000
2021	1,000,000
2022	1,000,000
2023	1,000,000
2024	1,000,000
2025-2029	<u>4,250,000</u>
	<u>\$ 9,250,000</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 on the property has not yet begun and therefore an estimated completion date cannot be determined at this time.

Note 16. Economic Dependency

The County received a substantial portion of its property tax revenues from a single taxpayer, Dominion Energy. Of the County's total property tax revenues of \$28,475,796 for the year ended June 30, 2019, approximately \$12,330,000 was generated from Dominion Energy due to its operation of the VC Summer Nuclear Plant. This represents approximately 43% 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, 2019, amounts remitted (allocated) to the County totaled approximately \$1,800,000. 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, 2019, the County had provided property tax credits in excess of the amounts generated from the Local Option Sales Tax. Therefore, \$0 of the General Fund's fund balance is committed for future Local Option Sales Tax credits.

Fairfield County, South Carolina

Budgetary Comparison Schedule (GAAP Basis) - General Fund

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 25,228,467	\$ 25,228,467	\$ 26,539,482	\$ 1,311,015
Sales tax	2,177,235	2,177,235	1,809,880	(367,355)
Intergovernmental	1,532,300	1,532,300	1,677,965	145,665
Licenses, permits, fines and fees	725,500	725,500	760,431	34,931
Charges for services	1,536,594	1,536,594	1,662,323	125,729
Investment income	21,000	21,000	919,657	898,657
Other	132,000	132,000	127,312	(4,688)
Total revenues	31,353,096	31,353,096	33,497,050	2,143,954
Expenditures				
General government				
County council	328,777	328,777	275,596	53,181
County attorney	150,000	233,735	233,734	1
County administrator	418,520	424,212	424,205	7
Finance	590,700	617,600	617,347	253
Human resources	200,387	234,923	234,912	11
Purchasing	174,242	175,012	175,003	9
Data processing	739,311	777,536	777,501	35
General operating	3,539,804	3,082,576	2,706,827	375,749
Tax assessor	363,973	363,973	325,932	38,041
Tax collector	181,975	181,975	149,190	32,785
Building maintenance	978,390	978,550	978,001	549
Planning and building	572,171	572,171	526,918	45,253
Transit	241,062	264,342	264,064	278
Economic development	305,480	321,863	321,852	11
Auditor	131,621	131,621	127,872	3,749
Treasurer	185,735	192,495	192,042	453
Voter registration / Election Commission	293,429	293,429	225,920	67,509
Veterans Affairs	103,183	103,183	95,923	7,260
Delegation	18,334	18,716	18,696	20
Airport commission	135,284	135,284	131,553	3,731
Airport T-Hangers	-	-	6,360	(6,360)
Quickjobs	41,448	47,202	47,197	5
Soil and water conservation	33,052	33,052	32,923	129
Property Tax Refunds	-	55	54	1
Allocations to local organizations	486,053	483,027	483,014	13
Total general government	10,212,931	9,995,309	9,372,636	622,673
Public safety				
Sheriff	4,089,528	4,089,528	3,878,176	211,352
Detention center	2,076,885	2,076,885	1,929,339	147,546
Animal control	503,716	503,716	481,560	22,156
Coroner	181,931	194,403	194,374	29
Fire department	991,831	991,831	859,353	132,478
Allocations to local organizations	29,700	29,726	29,726	-
Total public safety	7,873,591	7,886,089	7,372,528	513,561

Fairfield County, South Carolina

Budgetary Comparison Schedule (GAAP Basis) - General Fund

For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures, Continued				
Public works and utilities				
Road maintenance division	1,496,266	1,496,266	1,463,085	33,181
Total public works and utilities	1,496,266	1,496,266	1,463,085	33,181
Health and welfare				
Fairfield County Department of Social Services	89,600	109,778	109,693	85
Emergency medical service	3,905,061	3,917,493	3,917,137	356
Emergency management	996,913	996,913	864,996	131,917
Solid waste	2,158,984	2,284,812	2,284,310	502
Allocations to local organizations	1,554,218	1,566,239	1,273,239	293,000
Total health and welfare	8,704,776	8,875,235	8,449,375	425,860
Judicial				
Probate Judge	162,746	163,471	163,117	354
Clerk of court	338,467	338,467	308,030	30,437
Family court	142,676	142,676	137,824	4,852
Magistrates	533,664	533,664	484,855	48,809
Total judicial	1,177,553	1,178,278	1,093,826	84,452
Cultural and recreation				
Recreation	1,021,358	1,021,358	963,979	57,379
Museum	109,522	109,879	109,777	102
Allocations to local organizations	531,485	578,068	496,984	81,084
Total cultural and recreation	1,662,365	1,709,305	1,570,740	138,565
Capital outlay	-	-	660,491	(660,491)
Total expenditures	31,127,482	31,140,482	29,982,681	1,157,801
Excess of revenues over expenditures	225,614	212,614	3,514,369	3,301,755
Other financing sources (uses)				
Transfers in	3,037,695	3,084,278	24,506	(3,059,772)
Transfers out	(3,263,309)	(3,296,892)	(3,031,713)	265,179
Total other financing sources (uses)	(225,614)	(212,614)	(3,007,207)	(2,794,593)
Net change in fund balance	\$ -	\$ -	507,162	\$ 507,162
Fund balance, beginning of year			21,541,192	
Fund balance, end of year			\$ 22,048,354	

Fairfield County, South Carolina

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

For the fiscal year ended June 30, 2019

	2019			2018		
	County	Commission	Total	County	Commission	Total
Service cost at end of year	\$ 580,054	\$ 23,489	\$ 603,543	\$ 291,555	\$ 12,795	\$ 304,350
Interest	147,881	5,988	153,869	140,805	6,179	146,984
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	3,366,121	136,312	3,502,433	-	-	-
Changes of assumptions or other inputs	517,685	20,964	538,649	-	-	-
Benefit payments	(418,465)	(16,946)	(435,411)	(198,182)	(8,696)	(206,878)
Other	-	-	-	-	-	-
Net change in total OPEB liability	4,193,276	169,807	4,363,083	234,178	10,278	244,456
Total OPEB liability - beginning	4,865,779	213,541	5,079,320	4,631,601	203,263	4,834,864
Total OPEB liability - ending	\$ 9,059,055	\$ 383,348	\$ 9,442,403	\$ 4,865,779	\$ 213,541	\$ 5,079,320
Proportion of total OPEB liability	95.9%	4.1%	100%	95.8%	4.2%	100%
Covered employee payroll	\$ 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	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 2010 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, 2019**

	SCRS					
	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability	0.08196%	0.08052%	0.07822%	0.07985%	0.08452%	0.08452%
County's proportionate share of the net pension liability	\$ 18,364,892	\$ 18,125,221	\$ 16,707,677	\$ 15,143,558	\$ 14,551,198	\$ 15,159,514
County's covered payroll during the measurement period	\$ 8,504,378	\$ 8,081,568	\$ 7,577,417	\$ 7,488,006	\$ 7,684,474	\$ 7,782,679
County's proportionate share of the net pension liability as a percentage of its covered payroll	215.95%	224.28%	220.49%	202.24%	189.36%	194.79%
Plan fiduciary net position as a percentage of the total pension liability	54.10%	53.34%	52.91%	56.99%	59.92%	56.39%
	PORS					
	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability	0.26652%	0.26008%	0.25074%	0.24995%	0.24785%	0.24785%
County's proportionate share of the net pension liability	\$ 7,552,016	\$ 7,125,105	\$ 6,360,033	\$ 5,447,673	\$ 4,744,985	\$ 5,137,945
County's covered payroll during the measurement period	\$ 3,677,792	\$ 3,496,245	\$ 3,197,119	\$ 3,096,543	\$ 2,952,824	\$ 2,894,221
County's proportionate share of the net pension liability as a percentage of its covered payroll	205.34%	203.79%	198.93%	175.93%	160.69%	177.52%
Plan fiduciary net position as a percentage of the total pension liability	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 2010 through 2013 is not readily available.

Fairfield County, South Carolina

Schedule of the County's Contributions Related to the Pension Liability

For the fiscal year ended June 30, 2019

	SCRS					
	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,269,829	\$ 1,075,930	\$ 934,229	\$ 838,062	\$ 816,051	\$ 813,352
Contributions made to the pension plan	1,269,829	1,075,930	934,229	838,062	816,051	813,352
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 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	13.72%	12.65%	11.56%	11.06%	10.90%	10.58%
	PORS					
	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 638,376	\$ 564,408	\$ 497,865	\$ 439,284	\$ 415,246	\$ 382,767
Contributions made to pension plan	638,376	564,408	497,865	439,284	415,246	382,767
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 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	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 2010 through 2013 is not readily available.

Fairfield County, South Carolina

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2019

	Nonmajor Debt Service	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 994,576	\$ 1,922,901	\$ 2,326,899	\$ 5,244,376
Taxes receivable, net	60,553	-	-	60,553
Accounts receivable, net	-	15,221	11,933	27,154
Due from other funds	-	-	650,000	650,000
Due from other governments	-	379,845	1,729,512	2,109,357
Prepaid items	-	724	42,835	43,559
Land and building held for sale	-	-	1,144,000	1,144,000
Total assets	<u>\$ 1,055,129</u>	<u>\$ 2,318,691</u>	<u>\$ 5,905,179</u>	<u>\$ 9,278,999</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 97,359	\$ 441,505	\$ 538,864
Retainage payable	-	-	42,006	42,006
Accrued liabilities	-	37,570	-	37,570
Due to other funds	-	483,483	2,507,142	2,990,625
Due to other agencies	-	-	200,000	200,000
Total liabilities	<u>-</u>	<u>618,412</u>	<u>3,190,653</u>	<u>3,809,065</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	44,758	-	-	44,758
Total deferred inflows of resources	<u>44,758</u>	<u>-</u>	<u>-</u>	<u>44,758</u>
Fund balances				
Nonspendable				
Prepaid items	-	724	42,835	43,559
Restricted				
General government	-	7,440	-	7,440
Public safety	-	81,662	-	81,662
Health and welfare	-	1,061,973	-	1,061,973
Judicial	-	162,812	-	162,812
Cultural and recreation	-	222,355	-	222,355
Debt service	1,010,371	-	-	1,010,371
Committed				
Public works and utilities	-	-	1,023,322	1,023,322
Cultural and recreation	-	50,022	-	50,022
Capital outlay	-	114,015	1,648,369	1,762,384
Unassigned	-	(724)	-	(724)
Total fund balances	<u>1,010,371</u>	<u>1,700,279</u>	<u>2,714,526</u>	<u>5,425,176</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,055,129</u>	<u>\$ 2,318,691</u>	<u>\$ 5,905,179</u>	<u>\$ 9,278,999</u>

Fairfield County, South Carolina

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

For the year ended June 30, 2019

	Nonmajor Debt Service	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 1,615,287	\$ 158,929	\$ -	\$ 1,774,216
Intergovernmental	-	1,808,654	2,073,124	3,881,778
Licenses, permits, fines and fees	-	234,650	115,495	350,145
Charges for services	-	410,248	-	410,248
Investment income	921	8	-	929
Other	-	164,196	98,405	262,601
Total revenues	<u>1,616,208</u>	<u>2,776,685</u>	<u>2,287,024</u>	<u>6,679,917</u>
Expenditures				
General government	-	753,651	140,557	894,208
Public safety	-	169,725	-	169,725
Public works and utilities	-	62,500	831,915	894,415
Health and welfare	-	1,267,559	-	1,267,559
Judicial	-	79,133	-	79,133
Cultural and recreation	-	161,232	-	161,232
Capital outlay	-	577,134	4,531,390	5,108,524
Debt service				
Principal retirement	1,070,632	-	-	1,070,632
Interest and fiscal charges	225,934	-	-	225,934
Total expenditures	<u>1,296,566</u>	<u>3,070,934</u>	<u>5,503,862</u>	<u>9,871,362</u>
Excess (deficiency) of revenues over (under) expenditures	<u>319,642</u>	<u>(294,249)</u>	<u>(3,216,838)</u>	<u>(3,191,445)</u>
Other financing sources (uses)				
Proceeds from general obligation bonds	599,000	-	-	599,000
Proceeds from sale of capital assets	-	4,601	46,766	51,367
Transfers in	-	493,911	2,537,802	3,031,713
Transfers out	(895,763)	(24,506)	-	(920,269)
Total other financing sources (uses)	<u>(296,763)</u>	<u>474,006</u>	<u>2,584,568</u>	<u>2,761,811</u>
Net change in fund balances	22,879	179,757	(632,270)	(429,634)
Fund balances, beginning of year	987,492	1,520,522	3,346,796	5,854,810
Fund balances, end of year	<u>\$ 1,010,371</u>	<u>\$ 1,700,279</u>	<u>\$ 2,714,526</u>	<u>\$ 5,425,176</u>

Fairfield County, South Carolina
Comparative Balance Sheets - General Fund
June 30, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	\$ 3,788,744	\$ 27,130
Amounts held in escrow	3,594,945	4,020,389
Taxes receivable, net	901,819	711,542
Accounts receivable, net	1,318,446	1,350,250
Investments	10,807,469	15,006,833
Due from other funds	2,340,625	2,308,306
Due from other governments	1,259,845	1,203,979
Prepaid items	-	39,451
Total assets	<u>\$ 24,011,893</u>	<u>\$ 24,667,880</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	\$ 392,026	\$ 424,549
Accrued liabilities	756,579	642,384
Due to other funds	-	1,500,000
Due to taxpayers	3,244	3,244
Due to other agencies	2,298	2,298
Due to component unit	147,033	215,705
Due to other governments	-	2,200
Total liabilities	<u>1,301,180</u>	<u>2,790,380</u>
Deferred inflows of resources		
Unavailable revenue - property taxes	662,359	336,308
Total deferred inflows of resources	<u>662,359</u>	<u>336,308</u>
Fund balances		
Nonspendable		
Prepaid items	-	39,451
Restricted		
Health and welfare	3,594,945	4,020,389
Committed		
General government	3,480,000	3,480,000
Health and welfare	760,000	760,000
Assigned		
General government	4,200,000	-
Unassigned	10,013,409	13,241,352
Total fund balances	<u>22,048,354</u>	<u>21,541,192</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,011,893</u>	<u>\$ 24,667,880</u>

Fairfield County, South Carolina

Comparative Statements of Revenues, Expenditures and Changes in Fund Balance - General Fund
For the years ended June 30, 2019 and 2018

	2019	2018
Revenues		
Taxes	\$ 26,539,482	\$ 24,952,680
Sales tax	1,809,880	1,808,993
Intergovernmental	1,677,965	1,509,634
Licenses, permits, fines and fees	760,431	703,458
Charges for services	1,662,323	1,454,897
Investment income	919,657	56,379
Other	127,312	287,737
Total revenues	<u>33,497,050</u>	<u>30,773,778</u>
Expenditures		
General government	9,372,636	8,655,441
Public safety	7,372,528	6,963,983
Public works and utilities	1,463,085	1,383,362
Health and welfare	8,449,375	8,315,058
Judicial	1,093,826	1,112,407
Cultural and recreation	1,570,740	1,698,468
Capital outlay	660,491	-
Total expenditures	<u>29,982,681</u>	<u>28,128,719</u>
Excess revenues over expenditures	<u>3,514,369</u>	<u>2,645,059</u>
Other financing sources (uses)		
Transfers in	24,506	42,974
Transfers out	(3,031,713)	(3,095,937)
Total other financing uses	<u>(3,007,207)</u>	<u>(3,052,963)</u>
Net change in fund balances	<u>507,162</u>	<u>(407,904)</u>
Fund balance, beginning of year	<u>21,541,192</u>	<u>21,949,096</u>
Fund balance, end of year	<u>\$ 22,048,354</u>	<u>\$ 21,541,192</u>

Fairfield County, South Carolina

Combining Balance Sheet - Nonmajor Special Revenue Funds

June 30, 2019

	Tourism Promotion	Tourism Related	Transit System	Sheriff Seizure	Railroad Track Maintenance	Clerk of Court Incentive
Assets						
Cash and cash equivalents	\$ 35,805	\$ 176,600	\$ 61,143	\$ 2,022	\$ 50,022	\$ 162,222
Accounts receivable, net	-	-	-	-	-	-
Due from other governments	-	-	53,918	-	-	590
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 35,805</u>	<u>\$ 176,600</u>	<u>\$ 115,061</u>	<u>\$ 2,022</u>	<u>\$ 50,022</u>	<u>\$ 162,812</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ 19,406	\$ -	\$ -	\$ -
Accrued liabilities	-	-	26,510	-	-	-
Due to other funds	-	-	47,226	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>93,142</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances						
Nonspendable - prepaid items	-	-	-	-	-	-
Restricted						
General government	-	-	-	-	-	-
Public safety	-	-	-	2,022	-	-
Health and welfare	-	-	21,919	-	-	-
Judicial	-	-	-	-	-	162,812
Cultural and recreation	35,805	176,600	-	-	-	-
Committed						
Cultural and recreation	-	-	-	-	50,022	-
Capital outlay	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance	<u>35,805</u>	<u>176,600</u>	<u>21,919</u>	<u>2,022</u>	<u>50,022</u>	<u>162,812</u>
Total liabilities and fund balances	<u>\$ 35,805</u>	<u>\$ 176,600</u>	<u>\$ 115,061</u>	<u>\$ 2,022</u>	<u>\$ 50,022</u>	<u>\$ 162,812</u>

Fairfield County, South Carolina

Combining Balance Sheet - Nonmajor Special Revenue Funds

June 30, 2019

	Clerk of Court IV-D	Victim's Assistance	Airport	911 Tariff	County Donations	Workforce Investment Act
Assets						
Cash and cash equivalents	\$ 22,820	\$ 2,195	\$ 218,302	\$ 977,238	\$ 32,632	\$ -
Accounts receivable, net	-	-	-	367	-	-
Due from other governments	7,672	-	35,461	72,921	-	154,036
Prepaid items	-	-	-	-	-	724
Total assets	\$ 30,492	\$ 2,195	\$ 253,763	\$ 1,050,526	\$ 32,632	\$ 154,760
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 19,158	\$ 89	\$ -	\$ 11,732	\$ 2,170	\$ 42,030
Accrued liabilities	1,231	2,106	-	-	-	6,760
Due to other funds	10,103	-	246,382	-	-	105,970
Total liabilities	30,492	2,195	246,382	11,732	2,170	154,760
Fund balances						
Nonspendable - prepaid items	-	-	-	-	-	724
Restricted						
General government	-	-	7,381	-	59	-
Public safety	-	-	-	-	19,193	-
Health and welfare	-	-	-	1,038,794	1,260	-
Judicial	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	9,950	-
Committed						
Cultural and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(724)
Total fund balance	-	-	7,381	1,038,794	30,462	-
Total liabilities and fund balances	\$ 30,492	\$ 2,195	\$ 253,763	\$ 1,050,526	\$ 32,632	\$ 154,760

Fairfield County, South Carolina

Combining Balance Sheet - Nonmajor Special Revenue Funds

June 30, 2019

	Justice Assistance Grant	Sheriff Drug Fund	Sheriff Child Support	Sheriff Judgments/ Executions	Sheriff Law Enforcement	Sex Offender
Assets						
Cash and cash equivalents	\$ 10,479	\$ 15,886	\$ 10,401	\$ 6,708	\$ 21,666	\$ 6,500
Accounts receivable, net	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 10,479</u>	<u>\$ 15,886</u>	<u>\$ 10,401</u>	<u>\$ 6,708</u>	<u>\$ 21,666</u>	<u>\$ 6,500</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	963	-	-	-
Due to other funds	10,479	-	-	-	-	-
Total liabilities	<u>10,479</u>	<u>-</u>	<u>963</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances						
Nonspendable - prepaid items	-	-	-	-	-	-
Restricted						
General government	-	-	-	-	-	-
Public safety	-	15,886	9,438	6,708	21,666	6,500
Health and welfare	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-
Committed						
Cultural and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance	<u>-</u>	<u>15,886</u>	<u>9,438</u>	<u>6,708</u>	<u>21,666</u>	<u>6,500</u>
Total liabilities and fund balances	<u>\$ 10,479</u>	<u>\$ 15,886</u>	<u>\$ 10,401</u>	<u>\$ 6,708</u>	<u>\$ 21,666</u>	<u>\$ 6,500</u>

Fairfield County, South Carolina

Combining Balance Sheet - Nonmajor Special Revenue Funds

June 30, 2019

	Medical Office Building	Element Access Road	Grant Subfunds	Total Nonmajor Special Revenue Funds
Assets				
Cash and cash equivalents	\$ 39,129	\$ 61,500	\$ 9,631	\$ 1,922,901
Accounts receivable, net	14,854	-	-	15,221
Due from other governments	-	-	48,997	379,845
Prepaid items	-	-	-	724
Total assets	<u>\$ 53,983</u>	<u>\$ 61,500</u>	<u>\$ 58,628</u>	<u>\$ 2,318,691</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 1,468	\$ -	\$ 1,306	\$ 97,359
Accrued liabilities	-	-	-	37,570
Due to other funds	-	-	57,073	483,483
Total liabilities	<u>1,468</u>	<u>-</u>	<u>58,379</u>	<u>618,412</u>
Fund balances				
Nonspendable - prepaid items	-	-	-	724
Restricted				
General government	-	-	-	7,440
Public safety	-	-	249	81,662
Health and welfare	-	-	-	1,061,973
Judicial	-	-	-	162,812
Cultural and recreation	-	-	-	222,355
Committed				
Cultural and recreation	-	-	-	50,022
Capital outlay	52,515	61,500	-	114,015
Unassigned	-	-	-	(724)
Total fund balance	<u>52,515</u>	<u>61,500</u>	<u>249</u>	<u>1,700,279</u>
Total liabilities and fund balances	<u>\$ 53,983</u>	<u>\$ 61,500</u>	<u>\$ 58,628</u>	<u>\$ 2,318,691</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, 2019

	Tourism Promotion	Tourism Related	Transit System	Sheriff Seizure	Railroad Track Maintenance	Clerk of Court Incentive
Revenues						
Taxes	\$ 50,188	\$ 108,741	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	194,072	-	-	23,150
Licenses, permits, fines and fees	-	-	-	-	-	-
Charges for services	-	-	410,248	-	-	-
Investment income	-	-	-	8	-	-
Other	-	-	2,208	-	-	-
Total revenues	50,188	108,741	606,528	8	-	23,150
Expenditures						
General government	-	-	-	-	-	-
Public safety	-	-	-	155	-	-
Public works and utilities	-	-	-	-	-	-
Health and welfare	-	-	933,582	-	-	-
Judicial	-	-	-	-	-	-
Cultural and recreation	51,812	77,504	-	-	537	-
Capital outlay	-	-	69,194	-	-	-
Total expenditures	51,812	77,504	1,002,776	155	537	-
Excess (deficiency) of revenues over (under) expenditures	(1,624)	31,237	(396,248)	(147)	(537)	23,150
Other financing sources (uses)						
Proceeds from sale of capital assets	-	-	4,601	-	-	-
Transfers in	-	-	391,647	-	15,000	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	396,248	-	15,000	-
Net change in fund balance	(1,624)	31,237	-	(147)	14,463	23,150
Fund balances, beginning of year	37,429	145,363	21,919	2,169	35,559	139,662
Fund balances, end of year	\$ 35,805	\$ 176,600	\$ 21,919	\$ 2,022	\$ 50,022	\$ 162,812

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, 2019

	Clerk of Court IV-D	Victim Assistance	Airport	911 Tariff	County Donations	Workforce Investment Act
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	103,639	-	521,840	134,855	-	635,851
Licenses, permits, fines and fees	-	30,995	-	202,005	-	-
Charges for services	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other	-	-	-	-	71,347	-
Total revenues	103,639	30,995	521,840	336,860	71,347	635,851
Expenditures						
General government	-	-	79,500	-	-	639,524
Public safety	-	80,346	-	-	37,145	-
Public works and utilities	-	-	-	-	-	-
Health and welfare	-	-	-	247,846	-	-
Judicial	79,133	-	-	-	-	-
Cultural and recreation	-	-	-	-	31,379	-
Capital outlay	-	-	469,805	-	-	-
Total expenditures	79,133	80,346	549,305	247,846	68,524	639,524
Excess (deficiency) of revenues over (under) expenditures	24,506	(49,351)	(27,465)	89,014	2,823	(3,673)
Other financing sources (uses)						
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	-	49,351	-	-	-	3,673
Transfers out	(24,506)	-	-	-	-	-
Total other financing sources (uses)	(24,506)	49,351	-	-	-	3,673
Net change in fund balance	-	-	(27,465)	89,014	2,823	-
Fund balances, beginning of year	-	-	34,846	949,780	27,639	-
Fund balances, end of year	\$ -	\$ -	\$ 7,381	\$ 1,038,794	\$ 30,462	\$ -

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, 2019

	Justice Assistance Grant	Sheriff Drug Fund	Sheriff Child Support	Sheriff Judgments/ Executions	Sheriff Law Enforcement	Sex Offender
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	21,841	-	-	-	-	-
Licenses, permits, fines and fees	-	-	-	-	-	1,650
Charges for services	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other	-	1,636	-	-	4,654	-
Total revenues	21,841	1,636	-	-	4,654	1,650
Expenditures						
General government	-	-	-	-	-	-
Public safety	10,590	5,733	27,324	-	4,009	50
Public works and utilities	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-
Capital outlay	11,251	-	-	-	-	-
Total expenditures	21,841	5,733	27,324	-	4,009	50
Excess (deficiency) of revenues over (under) expenditures	-	(4,097)	(27,324)	-	645	1,600
Other financing sources (uses)						
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	27,324	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	27,324	-	-	-
Net change in fund balance	-	(4,097)	-	-	645	1,600
Fund balances, beginning of year	-	19,983	9,438	6,708	21,021	4,900
Fund balances, end of year	\$ -	\$ 15,886	\$ 9,438	\$ 6,708	\$ 21,666	\$ 6,500

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, 2019

	Medical Office Building	Element Access Road	Grant Subfunds	Total Nonmajor Special Revenue Funds
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 158,929
Intergovernmental	-	-	117,156	1,808,654
Licenses, permits, fines and fees	-	-	-	234,650
Charges for services	-	-	-	410,248
Investment income	-	-	-	8
Other	84,351	-	-	164,196
Total revenues	84,351	-	117,156	2,776,685
Expenditures				
General government	-	-	34,627	753,651
Public safety	-	-	4,373	169,725
Public works and utilities	-	-	-	62,500
Health and welfare	25,845	-	60,286	1,267,559
Judicial	-	-	-	79,133
Cultural and recreation	-	-	-	161,232
Capital outlay	5,991	-	20,893	577,134
Total expenditures	31,836	-	120,179	3,070,934
Excess (deficiency) of revenues over (under) expenditures	52,515	-	(3,023)	(294,249)
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	-	4,601
Transfers in	-	-	666	493,911
Transfers out	-	-	-	(24,506)
Total other financing sources (uses)	-	-	666	474,006
Net change in fund balance	52,515	-	(2,357)	179,757
Fund balances, beginning of year	-	61,500	2,606	1,520,522
Fund balances, end of year	\$ 52,515	\$ 61,500	\$ 249	\$ 1,700,279

Fairfield County, South Carolina

Combining Balance Sheet - Nonmajor Capital Project Funds

June 30, 2019

	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	WB Industrial Park Fund	Total Nonmajor Capital Project Funds
Assets									
Cash and cash equivalents	\$ 636,234	\$ 457,937	\$ 167,375	\$ 912,487	\$ 110,835	\$ -	\$ 10,449	\$ 31,582	\$ 2,326,899
Accounts receivable, net	-	-	-	-	-	-	11,933	-	11,933
Due from other funds	450,000	-	-	-	-	-	200,000	-	650,000
Due from other governments	-	436,965	-	-	-	1,292,547	-	-	1,729,512
Prepaid items	42,835	-	-	-	-	-	-	-	42,835
Land and building held for sale	-	-	-	-	-	-	-	1,144,000	1,144,000
Total assets	\$ 1,129,069	\$ 894,902	\$ 167,375	\$ 912,487	\$ 110,835	\$ 1,292,547	\$ 222,382	\$ 1,175,582	\$ 5,905,179
Liabilities and Fund Balances									
Liabilities									
Accounts payable	\$ 104,415	\$ 27,938	\$ -	\$ -	\$ -	\$ 291,529	\$ 17,083	\$ 540	\$ 441,505
Retainage payable	18,438	23,568	-	-	-	-	-	-	42,006
Due to other funds	-	631,307	-	-	-	932,087	-	943,748	2,507,142
Due to other agencies	-	-	-	-	-	-	-	200,000	200,000
Total liabilities	122,853	682,813	-	-	-	1,223,616	17,083	1,144,288	3,190,653
Fund balances									
Nonspendable									
Prepaid items	42,835	-	-	-	-	-	-	-	42,835
Committed									
Public works and utilities	-	-	-	912,487	110,835	-	-	-	1,023,322
Capital outlay	963,381	212,089	167,375	-	-	68,931	205,299	31,294	1,648,369
Total fund balances	1,006,216	212,089	167,375	912,487	110,835	68,931	205,299	31,294	2,714,526
Total liabilities and fund balances	\$ 1,129,069	\$ 894,902	\$ 167,375	\$ 912,487	\$ 110,835	\$ 1,292,547	\$ 222,382	\$ 1,175,582	\$ 5,905,179

Fairfield County, South Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds
For the year ended June 30, 2019

	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	WB Industrial Park Fund	Total Nonmajor Capital Project Funds
Revenues									
Intergovernmental	\$ 32,500	\$ 599,283	\$ -	\$ -	\$ -	\$ 1,441,341	\$ -	\$ -	\$ 2,073,124
Licenses, permits, fines and fees	-	115,495	-	-	-	-	-	-	115,495
Other	54,791	-	-	-	-	-	43,614	-	98,405
Total revenues	<u>87,291</u>	<u>714,778</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,441,341</u>	<u>43,614</u>	<u>-</u>	<u>2,287,024</u>
Expenditures									
General government	7,920	-	-	-	58,817	-	65,781	8,039	140,557
Public works and utilities	-	831,915	-	-	-	-	-	-	831,915
Capital outlay	<u>1,510,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>335,323</u>	<u>1,441,341</u>	<u>1,244,002</u>	<u>-</u>	<u>4,531,390</u>
Total expenditures	<u>1,518,644</u>	<u>831,915</u>	<u>-</u>	<u>-</u>	<u>394,140</u>	<u>1,441,341</u>	<u>1,309,783</u>	<u>8,039</u>	<u>5,503,862</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,431,353)</u>	<u>(117,137)</u>	<u>-</u>	<u>-</u>	<u>(394,140)</u>	<u>-</u>	<u>(1,266,169)</u>	<u>(8,039)</u>	<u>(3,216,838)</u>
Other financing sources (uses)									
Proceeds from sale of capital assets	-	-	-	-	-	-	46,766	-	46,766
Transfers in	<u>1,310,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280,500</u>	<u>-</u>	<u>936,200</u>	<u>10,900</u>	<u>2,537,802</u>
Total other financing sources (uses)	<u>1,310,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280,500</u>	<u>-</u>	<u>982,966</u>	<u>10,900</u>	<u>2,584,568</u>
Net change in fund balances	(121,151)	(117,137)	-	-	(113,640)	-	(283,203)	2,861	(632,270)
Fund balances, beginning of year	<u>1,127,367</u>	<u>329,226</u>	<u>167,375</u>	<u>912,487</u>	<u>224,475</u>	<u>68,931</u>	<u>488,502</u>	<u>28,433</u>	<u>3,346,796</u>
Fund balances, end of year	<u>\$ 1,006,216</u>	<u>\$ 212,089</u>	<u>\$ 167,375</u>	<u>\$ 912,487</u>	<u>\$ 110,835</u>	<u>\$ 68,931</u>	<u>\$ 205,299</u>	<u>\$ 31,294</u>	<u>\$ 2,714,526</u>

Fairfield County, South Carolina

Schedule of Budget to Actual Costs - South Carolina Department of Transportation Contracts

For the fiscal year ended June 30, 2019

	Federal	State	Local	Total	Budget	Variance with Budget
PT-94711-43						
Administration						
Personnel	\$ 10,020	\$ -	\$ 2,505	\$ 12,525	\$ 13,116	\$ 591
Fringe benefits	3,436	-	859	4,295	4,380	85
Advertising fees	54	-	13	67	395	328
Cell phones	169	-	42	211	300	89
Clothing supplies	15	-	4	19	50	31
Office supplies	51	-	13	64	65	1
Utilities	809	-	202	1,011	1,200	189
In-state travel	26	-	7	33	40	7
Rental/Lease Equipment	132	-	33	165	200	35
Total administration	14,712	-	3,678	18,390	19,746	1,356
Operations						
Personnel	27,914	13,957	13,957	55,828	63,020	7,192
Fringe benefits	8,617	4,308	4,308	17,233	19,452	2,219
Cell phones	530	265	265	1,060	1,422	362
Rental/lease-other	445	222	222	889	1,018	129
Gasoline/diesel	3,147	1,574	1,574	6,295	7,106	811
Rental/lease-vehicles	1,190	595	595	2,380	2,689	309
Casualty/liability insurance	638	319	319	1,276	1,541	265
Travel	65	32	32	129	200	71
Medical services	54	27	27	108	125	17
Uniforms/clothing	17	9	9	35	40	5
Total operations	42,617	21,308	21,308	85,233	96,613	11,380
Capital						
Preventive maintenance	20,537	3,474	1,692	25,703	47,434	21,731
Total capital	20,537	3,474	1,692	25,703	47,434	21,731
Total contract - PT-94711-43	\$ 77,866	\$ 24,782	\$ 26,678	\$ 129,326	\$ 163,793	\$ 34,467
PT-84739-28						
Capital						
Climate storage facility	\$ 23,236	\$ 5,809	\$ -	\$ 29,045	\$ 29,500	\$ 455
Total capital	23,236	5,809	-	29,045	29,500	455
Total contract - PT-84739-28	\$ 23,236	\$ 5,809	\$ -	\$ 29,045	\$ 29,500	\$ 455
PT-947SP-03						
Capital						
IT needs assessment	\$ 5,495	\$ 1,374	\$ -	\$ 6,869	\$ 20,544	\$ 13,675
Scheduling/dispatching	43,330	10,833	-	54,163	60,000	5,837
Total capital	48,825	12,207	-	61,032	80,544	19,512
Total contract - PT-947SP-03	\$ 48,825	\$ 12,207	\$ -	\$ 61,032	\$ 80,544	\$ 19,512
RTAP-T19R047-01						
Administration						
Travel						
Registration	\$ 930	\$ -	\$ 19	\$ 949	\$ 949	\$ -
Lodging	417	-	238	655	655	-
Meals	-	-	222	222	222	-
Total administration	1,347	-	479	1,826	1,826	-
Total contract - RTAP-19R047-01	\$ 1,347	\$ -	\$ 479	\$ 1,826	\$ 1,826	\$ -

Fairfield County, South Carolina

Schedule of Court Fines, Surcharges and Assessment Activity - Victim's Assistance Fund

For the fiscal year ended June 30, 2019

Court fines

Collected	\$	23,023
Retained by County		1,039
	\$	<u>21,984</u>

Court assessments

Collected		159,839
Retained by County		16,431
	\$	<u>143,408</u>

Court surcharges

Collected	\$	94,727
Retained by County		13,525
	\$	<u>81,202</u>

Victim's assistance

Court assessments	\$	17,470
Court surcharges		13,525
Transfers		49,351
Allocated to Victim's Assistance		80,346
Victim's Assistance expenditures		80,346
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

June 30, 2019

Assessed value (1)		<u>\$ 173,466,175</u>
Debt limit - 8% of assessed value (2)		\$ 13,877,294
Amount of debt applicable to debt limit (3):		
Total general obligation bonds	\$ 4,096,053	
Less: Debt service funds available	<u>1,010,371</u>	
Total debt applicable to debt limit		<u>3,085,682</u>
Legal debt margin		<u>\$ 10,791,612</u>

NOTES:

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

Single Audit Section

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

Fairfield County Council
Fairfield County, South Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fairfield County, South Carolina (the "County") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 31, 2020. Our report includes a reference to other auditors who audited the financial statements of the Fairfield County Council on Aging and Fairfield Behavioral Health Services, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Fairfield County Library Commission and Fairfield County Council on Aging were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify deficiencies in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* as items 2019-001 and 2019-002, which we consider to be significant deficiencies.

Compliance and Other Matters

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

The County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs*. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Columbia, South Carolina
January 31, 2020

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

Fairfield County Council
Fairfield County, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Fairfield County's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2019. 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, 2019.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Columbia, South Carolina
January 31, 2020

Fairfield County, South Carolina
Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2019

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>U.S. Department of Labor</u>			
Passed through South Carolina Department of Employment Workforce			
Workforce Investment Act - Adult Program	17.258	18A294F1	\$ 276,892
Workforce Investment Act - Dislocated Workers	17.278	18D294F1	62,141
Workforce Investment Act - Youth	17.259	18Y294F1	296,818
Total Workforce Investment Act - Cluster			<u>635,851</u>
Other Programs			
<u>U.S. Department of Agriculture</u>			
Direct assistance			
Rural Development, Forestry and Communities	10.672		16,938
Total U.S. Department of Agriculture			<u>16,938</u>
<u>U.S. Housing and Community Development</u>			
Passed through South Carolina Department of Commerce			
Community Development Bolck Grant Program - Rural Planning Grant	14.228	4-RP-17-004	50,000
Total U.S. Housing and Community Development			<u>50,000</u>
<u>U.S. Department of Justice</u>			
Passed through South Carolina Law Enforcement Division			
Edward Byrne Memorial Justice Assistance Grant	16.738	2017-DJ-BX-0967	10,590
Edward Byrne Memorial Justice Assistance Grant	16.738	2018-DJ-BX-0269	11,251
Total U.S. Department of Justice			<u>21,841</u>
<u>U.S. Department of Transportation</u>			
Passed through the South Carolina Department of Transportation, Office of Public Transit			
Formula Grants for Rural Areas			
Section 5311 - Formula Grant	20.509	PT-94711-43	77,867
Section 5311 - Formula Grant	20.509	PT-84739-28	23,236
Section 5311 - Formula Grant	20.509	SC-2018-009	1,347
Bus and Bus Facilities			
Section 5339 - Formula Grant	20.526	PT-947SP-03	48,825
			<u>151,275</u>
Passed through the South Carolina Department of Commerce/Division of Aeronautics			
Airport Improvement Program			
Airport Runway and Taxiway Lighting and Signage Improvement Construction	20.106	3-45-0058-016-2017	422,825
Update Airport Master Plan Study	20.106	3-45-0058-017-2018	71,550
			<u>494,375</u>
Total U.S. Department of Transportation			<u>645,650</u>
<u>U.S. Department of Homeland Security</u>			
Passed through South Carolina Adjutant General's Office			
Emergency Management Performance Grant	97.042	18EMPG01	52,403
<u>U.S. Department of Health And Human Services</u>			
Passed through South Carolina Department of Social Services			
Child Support Enforcement Title IV-D Incentives	93.563	C17020C	79,133
Total U.S. Department of Health and Human Services			<u>79,133</u>
Total federal assistance expended (accrual basis of accounting)			<u>\$ 1,501,816</u>

The accompanying notes are an integral part of this schedule

Fairfield County, South Carolina***Schedule of Expenditures of Federal Awards******For the fiscal year ended June 30, 2019***

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, 2019. 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.

Fairfield County, South Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2019

I. Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

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

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

Fairfield County, South Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2019

II. Financial Statement Findings:

Finding 2019-001 Procurement

Criteria or Specific Requirement:

Per the Fairfield County Procurement Manual, adopted July 14, 2017, amended September 24, 2018, unbudgeted purchases in excess of \$25,000 must be approved by County Council.

Condition/Context:

During our review of County Council minutes, it was brought to our attention that there were potential issues regarding procurement transactions during the year. From the population of disbursements made during fiscal year 2019, we randomly selected 30 disbursements and tested each disbursement for compliance with the Procurement Manual. For those disbursements, we noted no instances of noncompliance with the Procurement Manual. Additionally, from the population of 61 capital asset additions during fiscal year 2019, we randomly selected 7 additions and tested each for compliance with the Procurement Manual. We noted one purchase totaling \$35,353 for a vehicle that was not budgeted and was not approved by County Council.

Cause:

The County's Office of Procurement issued a purchase order without obtaining the proper level of approvals as outlined in the Procurement Manual.

Effect:

The County purchased a vehicle that was not approved by County Council.

Recommendation:

We recommend that the County strictly follows its Procurement Manual and ensures that all required approvals be obtained and all due diligence relating to competitive purchasing requirements be completed prior to a purchase order being initiated. We recommend that this responsibility fall on the Director of Procurement and that this be clearly documented. We also recommend that County Administration thoroughly review the existing Procurement Manual and address inconsistencies and vague circumstances in order to clearly define the policy.

Management Response and Corrective

Action Plan:

The Procurement Manual will be reviewed and updated as necessary. Also, the current processes and levels of responsibility will be reviewed to determine what changes are needed to better streamline the procurement process.

Fairfield County, South Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2019

Finding 2019-002 **Pay Changes and Additional Pay**

Criteria or Specific Requirement:

Pay changes and additional pay should be requested and approved by person(s) with suitable authority. Supporting documentation, including the reason for the pay change or additional pay, should be consistently prepared, provided to the approver, and maintained in the employee's personnel file.

Condition/Context:

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

- A. There was no supporting documentation or approval for 2 of the 4 additional pays.
- B. We noted that there was inconsistencies in the required information on the "Wage Change Notice" forms being used. Out of the 22 forms (20 pay rate changes and 2 additional pay) that we examined, we noted 7 different forms being used which had different required approval fields ranging from 3 separate approvers to only 1 approver.
- C. We noted several employee signatures that appeared inconsistent across our selections.
- D. We noted that the "Wage Change Notice" forms were not completed with all of the pertinent information. For 12 out of the 22 forms we examined, we noted supporting documentation lacked detail explaining the reason for change. We noted that 3 out of the 22 "Wage Change Notice" forms did not include the information for the prior pay rate which shows the approver the amount of the increase.
- E. We noted that 2 out of the 22 "Wage Change Notice" forms were only approved by one person.

Cause:

The County does not have a documented formal process for approvals of pay changes and additional pay. In addition, standardized forms detailing out the required information and approvals are not consistently used.

Effect:

Inappropriate pay changes and additional pay could be processed.

Recommendation:

We recommend that the County prepare a formal policy detailing the process and requirements for pay changes and additional pay. The policy should include, at a minimum, the requirement that no pay changes/additional pay will be processed without proper approval and documentation, the information required to be included on the form, and those that have the authority for approval. We also recommend that the County use one standardized form. This form should require at least three levels of approvals, the prior pay rate for comparison, and a detailed description as to the reason for the change. We recommend that these procedures be implemented immediately.

Fairfield County, South Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2019

Finding 2019-002 Pay Changes and Additional Pay, Continued

Management
Response and
Corrective

Action Plan: Effective July 2019, the Human Resource Director reports to the County Administrator. The wage change forms have been changed to require consistent approvals. For Director Positions, the County Administrator, Human Resources, and Finance signatures are required on the wage change form. For all other adjustments, signatures from the Human Resource Director and the Finance Director are required. Justification for pay changes are explained in detail.

III. Federal Award Findings and Questioned Costs

None reported



Fairfield County Council

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JASON TAYLOR
County Administrator

LAURA JOHNSON
Interim Deputy Administrator

Fairfield County

Summary Schedule of Prior Audit Findings for the year ended June 30, 2019

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 2018-001: Timely Review of Bank Reconciliations

Condition: The Treasurer's Office and the Family Court did not perform timely preparation and review of the reconciliations of certain bank accounts held by the County, including the County's operating account.

Current Action Taken/Current Status: The Treasurer's Office and Family Court continue to implement and clarify policies and procedures to expedite the receiving and reviewing of bank reconciliations. Any discrepancies or variances will be investigated in a timely manner to facilitate the reconciliation process. After reviewing the reconciliations, the proper Treasurer's Office and Family Court personnel will approve the reconciliation to verify completeness and accuracy. Any reconciliations required to be re-done as a result of adjustments and/or corrections made by the respective departments to the general ledger will be noted.