

**DARLINGTON COUNTY,
SOUTH CAROLINA**

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

DARLINGTON COUNTY, SOUTH CAROLINA

PRINCIPAL COUNTY OFFICIALS

JUNE 30, 2021

County Council

Bobby Hudson – Chairman
Open Seat – Vice Chairman
Dannie Douglas, Jr. – Chaplain
Angie Godbold
Joyce Thomas
Albert Davis, III
Marvin Le Flowers
David Coker

County Administrator

Marion C. Stewart, III

DARLINGTON COUNTY, SOUTH CAROLINA

FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

	Page
Principal County Officials	i
Table of Contents	ii and iii

FINANCIAL SECTION

Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Position – Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19 and 20
Statement of Fiduciary Net Position – Fiduciary Funds	21
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	22
Notes to Financial Statements	23 - 64
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund	65 and 66
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Fire Board Fund	67
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Emergency Services Fund	68
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Road Maintenance Fund	69
Schedules of County's Proportionate Share of the Net Pension Liability	70
Schedules of County Contributions	71 and 72
Schedule of Changes in the Total OPEB Liability and Related Ratios	73

DARLINGTON COUNTY, SOUTH CAROLINA

FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

Page

Combining Nonmajor Fund

Financial Statements and Schedules:

Nonmajor Governmental Funds:

Combining Balance Sheet - Nonmajor Governmental Funds 74

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - Nonmajor Governmental Funds 75

Fiduciary Funds:

Combining Statement of Fiduciary Net Position – Custodial Funds 76

Combining Statement of Changes in Fiduciary Net Position – Custodial Funds 77

Supplementary Information Required by the State of South Carolina:

Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96)..... 78 and 79

COMPLIANCE SECTION

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements

Performed in Accordance with *Government Auditing Standards* 80 and 81

Schedule of Findings and Responses 82 and 83

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Darlington County Council
Darlington County, South Carolina
Darlington, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Darlington County, South Carolina** (the "County"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Darlington County, South Carolina'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 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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 opinion.

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13, Darlington County, South Carolina implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, as of July 1, 2020. This standard significantly changed the accounting for Darlington County, South Carolina's fiduciary activities. Our opinions are not modified with respect to the matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 10), the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund (on pages 65 and 66), the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Fire Board Fund (on page 67), the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Emergency Services Fund (on page 68), the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Road Maintenance Fund (on page 69), the Schedules of County's Proportionate Share of the Net Pension Liability (on page 70), the Schedules of County Contributions (on pages 71 and 72), and the Schedule of Changes in the Total OPEB Liability and Related Ratios (on page 73) 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 nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) is presented for purposes of additional analysis as required by the State of South Carolina and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) 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 nonmajor fund financial statements and schedules, and the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of the effectiveness of the County's internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Columbia, South Carolina
December 15, 2021

DARLINGTON COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

This section of Darlington County, South Carolina's (the "County") annual financial report presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2021.

Financial Highlights

- The assets and deferred outflows of resources of Darlington County exceeded its liabilities and deferred inflows of resources at June 30, 2021, by approximately \$57.2 million (net position).
- At June 30, 2021, the County's General Fund reported a total fund balance of \$36.77 million.
- At the end of the current fiscal year, the County's unassigned fund balance for the General Fund was \$27.6 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Darlington County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of Darlington County's finances, in a manner similar to a private-sector business. All governmental activities are consolidated to arrive at a total for the Primary Government. There are two government-wide statements, the Statement of Net Position and the Statement of Activities, which are described below.

The Statement of Net Position presents information on all of the County's assets and liabilities, 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. It is important to note that this statement consolidates the governmental funds' current financial resources (short-term) with capital assets and long-term liabilities.

The Statement of Activities presents information showing how the government'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 (e.g., uncollected taxes and earned but unused vacation leave). The governmental activities of the County include general government, public safety, public works, health and social services, culture and recreation, economic development and planning, and nondepartmental. The business-type activities of the County include environmental services and airport.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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. Darlington County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary 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 and outflows 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 a government'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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Darlington County maintains governmental funds to account for the following activities: General, Special Revenue, and Debt Service.

Information is presented separately in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Fire Board, Emergency Services, and Road Maintenance funds, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated column. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. Darlington County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund, Fire Board Fund, Emergency Services Fund, and Road Maintenance Fund within the required supplementary information section of these financial statements.

Proprietary funds. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County maintains two proprietary funds including the Environmental Services and Airport funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiduciary funds. Fiduciary Funds are used to account for resources held for the benefit of outside parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements.

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.

Required Supplementary Information and Other Information. The required supplementary information (RSI) includes the General Fund, Fire Board Fund, Emergency Services Fund, and Road Maintenance Fund Budgetary schedules and are presented immediately following the notes to the financial statements. The other information includes the combining statements referred to earlier in connection with non-major governmental funds and the new uniform schedule of fines, assessments, and surcharges are presented immediately following the RSI.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$57,228,621 at the close of the most recent fiscal year.

A large portion of the County's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; 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.

Darlington County's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 59,297,259	\$ 51,925,743	\$ 2,417,277	2,528,285	\$ 61,714,536	\$ 54,454,028
Capital assets	27,548,932	26,461,342	8,370,901	8,825,598	35,919,833	35,286,940
Total assets	86,846,191	78,387,085	10,788,178	11,353,883	97,634,369	89,740,968
Deferred outflows of resources	7,083,913	4,060,896	408,156	261,337	7,492,069	4,322,233
Long-term liabilities	1,919,622	3,591,179	414,770	659,209	2,334,392	4,250,388
Other liabilities	10,141,089	4,058,818	505,949	522,008	10,647,038	4,580,826
Total OPEB liability	1,445,088	852,182	-	-	1,445,088	852,182
Net pension liability	30,319,985	25,752,004	2,128,537	1,869,507	32,448,522	27,621,511
Total liabilities	43,825,784	34,254,183	3,049,256	3,050,724	46,875,040	37,304,907
Deferred inflows of resources	998,354	1,839,736	24,423	60,682	1,022,777	1,900,418
Net position:						
Net investment in capital assets	28,311,082	25,780,259	8,025,179	8,383,908	36,336,261	34,164,167
Restricted	15,629,218	16,165,579	-	-	15,629,218	16,165,579
Unrestricted	5,165,666	4,408,224	97,476	119,906	5,263,142	4,528,130
Total net position	\$ 49,105,966	\$ 46,354,062	\$ 8,122,655	8,503,814	\$ 57,228,621	\$ 54,857,876

MANAGEMENT'S DISCUSSION AND ANALYSIS

Darlington County's Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 5,611,143	\$ 5,635,634	\$ 2,149,377	2,256,590	\$ 7,760,520	\$ 7,892,224
Operating grants and contributions	2,141,637	1,870,683	401,184	4,023,092	2,542,821	5,893,775
Capital grants and contributions	504,745	205,805	-	-	504,745	205,805
General revenues:						
Property taxes	26,150,698	24,192,209	552,877	543,908	26,703,575	24,736,117
Other taxes and licenses	457,414	431,626	-	-	457,414	431,626
Grants and contributions not restricted to specific programs	2,795,447	2,761,240	-	-	2,795,447	2,761,240
Unrestricted investment earnings	65,689	421,161	595	2,323	66,284	423,484
Miscellaneous	509,039	537,349	20,618	34,842	529,657	572,191
Total revenues	<u>38,235,812</u>	<u>36,055,707</u>	<u>3,124,651</u>	<u>6,860,755</u>	<u>41,360,463</u>	<u>42,916,462</u>
Program expenses						
General government	3,959,028	4,419,735	-	-	3,959,028	4,419,735
Public safety	17,097,776	16,728,323	-	-	17,097,776	16,728,323
Public works	4,816,410	4,524,986	-	-	4,816,410	4,524,986
Health and social services	6,257,963	5,691,854	-	-	6,257,963	5,691,854
Culture and recreation	2,452,355	2,443,923	-	-	2,452,355	2,443,923
Economic development and planning	371,548	288,740	-	-	371,548	288,740
Nondepartmental	406,373	870,235	-	-	406,373	870,235
Interest and fiscal charges	72,967	157,180	-	-	72,967	157,180
Environmental services	-	-	2,812,534	2,648,971	2,812,534	2,648,971
Airport	-	-	742,764	582,909	742,764	582,909
Total expenses	<u>35,434,420</u>	<u>35,124,976</u>	<u>3,555,298</u>	<u>3,231,880</u>	<u>38,989,718</u>	<u>38,356,856</u>
Excess (deficiency) before transfers	2,801,392	930,731	(430,647)	3,628,875	2,370,745	4,559,606
Transfers	(49,488)	(42,962)	49,488	42,962	-	-
Increase (decrease) in net position	<u>2,751,904</u>	<u>887,769</u>	<u>(381,159)</u>	<u>3,671,837</u>	<u>2,370,745</u>	<u>4,559,606</u>
Net position, beginning of year	46,354,062	45,466,293	8,503,814	4,831,977	54,857,876	50,298,270
Net position, end of year	<u>\$ 49,105,966</u>	<u>\$ 46,354,062</u>	<u>\$ 8,122,655</u>	<u>\$ 8,503,814</u>	<u>\$ 57,228,621</u>	<u>\$ 54,857,876</u>

The changes in net position between fiscal years 2020 and 2021 were affected by the following:

- Total revenue decreased \$1,555,999 or 3.63% due primarily to a decrease in operating grants and investment revenues.
- Total expenses increased \$632,862 or 1.65% as a result of increased health and social service and public safety expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Government's Funds

Governmental funds. The focus of Darlington 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 a government's net resources available for spending at the end of the fiscal year.

General Fund

The General Fund is the chief operating fund of Darlington County. At the end of the current fiscal year, the County had restricted fund balance of \$5,731,768 for capital projects, public safety, and culture and recreation. The County also committed \$368,878 for the subsequent year's budget. The General Fund also reported assigned fund balances of \$1,527,600 for capital replacement and \$1,100,100 for economic development. This resulted in a remaining unassigned fund balance of \$27,596,021 for total fund balance of \$36,772,121.

As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents 118%, while total fund balance represents 157% of that same amount.

Fire Board

For the year ended June 30, 2021, Fire Board expenditures were approximately \$4,102,000 and revenues were approximately \$3,549,000, resulting in a decrease in fund balance of \$552,773 as of year-end.

Emergency Services

For the year ended June 30, 2021, Emergency Services expenditures were approximately \$5,151,000, revenues were approximately \$4,035,000, and other financing sources in the form of transfers between the County's funds were \$892,000, resulting in a decrease in fund balance of \$223,569 as of year-end.

Road Maintenance

At the end of the current fiscal year, Road Maintenance Fund expenditures were approximately \$1,406,000, revenues were approximately \$1,697,000, and other financing uses in the form of transfers between the County's funds were \$135,000, resulting in an increase in fund balance of \$155,366 as of year-end.

Proprietary funds. The County reports two enterprise-type proprietary funds. Those funds are the Environmental Services Fund and the Airport Fund. The total net position for both funds at June 30, 2021, was \$8.1 million with \$2.8 million attributed to the Environmental Services Fund and \$5.3 million attributed to the Airport Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

The General Fund's adopted fiscal year 2021 budget totaled \$25,083,670. By the end of the year, General Fund actual revenues totaled \$25,577,434; \$493,764 more than the final budget attributed mainly to property tax revenues. During the year, there were several budget amendments to both revenues and expenditures. Actual expenditures totaled \$23,477,451, thus creating a budget variance in total expenditures of \$1,044,348. This difference between the actual expenditures and the final budgeted expenditures was accomplished by actual expenditures being less than the final budget in certain functions as well as certain functions with expenditures in excess of the final budgeted amounts of the General Fund.

Capital Asset and Debt Administration

Capital assets. Darlington County's investment in capital assets for its governmental activities and business-type activities as of June 30, 2021, amounts to \$27,548,932 and \$8,370,901, respectively (net of accumulated depreciation). This investment in capital assets includes land, construction in process, buildings and improvements, furniture, fixtures and equipment, and infrastructure.

Darlington County's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 4,630,956	\$ 4,630,956	\$ 1,787,862	1,787,862	\$ 6,418,818	\$ 6,418,818
Construction in progress	1,212,367	2,606,435	-	153,399	1,212,367	2,759,834
Buildings and improvements	6,887,836	6,764,530	377,448	93,059	7,265,284	6,857,589
Infrastructure	6,395,179	6,438,564	5,067,314	5,388,077	11,462,493	11,826,641
Furniture, fixtures and equipment	8,422,594	6,020,857	1,138,277	1,403,201	9,560,871	7,424,058
Total	\$ 27,548,932	\$ 26,461,342	\$ 8,370,901	8,825,598	\$ 35,919,833	\$ 35,286,940

Additional information on the County's capital assets can be found in Note 5 of this report.

Long-term Liabilities. Darlington County's long-term liabilities for the year ended June 30, 2021, is summarized below.

	Governmental Activities		Business-type Activities	
	2021	2020	2021	2020
County GO bonds	\$ 1,445,000	\$ 2,809,000	\$ -	\$ -
Revenue bonds	-	-	301,920	355,485
Capital lease obligations	1,444,322	1,888,056	43,802	86,205
Landfill post-closure care costs	-	-	287,994	431,990
Annual leave	861,586	842,228	36,044	43,415
Total OPEB Liability	1,445,088	852,182	-	-
Net pension liability - SCRS	18,481,292	15,915,559	2,128,537	1,869,507
Net pension liability - PORS	11,838,693	9,836,445	-	-
Total long-term liabilities	\$ 35,515,981	\$ 32,143,470	\$ 2,798,297	\$ 2,786,602

MANAGEMENT'S DISCUSSION AND ANALYSIS

At year-end, the County had \$38.3 million in long-term liabilities outstanding. This was an increase of 10% from the prior year. The state limits the amount of general obligation debt the County can issue to 8% of the assessed value of all taxable property within the County's legal limits. The County's outstanding debt is significantly below this limit as reflected in Note 6 of this report.

Additional information regarding the County's long-term debt can be found in Note 6 of this report.

Economic Factors and Next Year's Budgets

- Unemployment for June 2021 was at 5.1%, compared to 9.1% a year ago. This is comparable with both the State of South Carolina's unemployment rate of 4.5% to the national rate of 5.9%.
- Inflationary trends in the region compare favorably to national indices.

These indicators were taken into account when adopting the General Fund budget for 2022. Amounts available for appropriation in the General Fund budget are estimated at approximately \$24.68 million, an increase of 2.6% over the 2021 budgeted expenditures. If these estimates are realized, the County's budgetary general fund balance is expected to end relatively unchanged at the close of fiscal year 2021.

Requests for Information

This financial report is designed to provide a general overview of Darlington County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Darlington County, 1 Public Square, Darlington, South Carolina 29532, or visit the County website at www.darcosc.com.

DARLINGTON COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2021

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 53,229,678	\$ 1,969,339	\$ 55,199,017
Investments	86,208	3,507	89,715
Receivables, net:			
Taxes	1,699,231	293,027	1,992,258
Accounts	2,875,227	24,729	2,899,956
Due from other governments	802,744	65,088	867,832
Inventory	46,593	16,362	62,955
Prepaid items	557,578	45,225	602,803
Internal balances	-	-	-
Capital assets:			
Nondepreciable	5,843,323	1,787,862	7,631,185
Depreciable, net	21,705,609	6,583,039	28,288,648
Total assets	<u>86,846,191</u>	<u>10,788,178</u>	<u>97,634,369</u>
DEFERRED OUTFLOWS OF RESOURCES			
Other postemployment benefits	459,851	-	459,851
Pension - South Carolina Retirement System	3,703,271	408,156	4,111,427
Pension - South Carolina Police Officers Retirement System	2,920,791	-	2,920,791
Total deferred outflows of resources	<u>7,083,913</u>	<u>408,156</u>	<u>7,492,069</u>
LIABILITIES			
Accounts payable	945,337	142,576	1,087,913
Accrued liabilities	894,583	108,383	1,002,966
Unearned revenues	6,469,883	-	6,469,883
Noncurrent liabilities:			
Due within one year	1,831,286	110,993	1,942,279
Due in more than one year	1,919,622	270,773	2,190,395
Landfill post-closure care costs due within one year	-	143,997	143,997
Landfill post-closure care costs due in more than one year	-	143,997	143,997
Total other postemployment benefits liability	1,445,088	-	1,445,088
Net pension liability:			
South Carolina Retirement System	18,481,292	2,128,537	20,609,829
South Carolina Police Officers Retirement System	11,838,693	-	11,838,693
Total liabilities	<u>43,825,784</u>	<u>3,049,256</u>	<u>46,875,040</u>
DEFERRED INFLOWS OF RESOURCES			
Other postemployment benefits	569,159	-	569,159
Pension - South Carolina Retirement System	78,738	24,423	103,161
Pension - South Carolina Police Officers Retirement System	350,457	-	350,457
Total deferred inflows of resources	<u>998,354</u>	<u>24,423</u>	<u>1,022,777</u>
NET POSITION			
Net investment in capital assets	28,311,082	8,025,179	36,336,261
Restricted for debt service	223,185	-	223,185
Restricted for capital projects	1,591,473	-	1,591,473
Restricted for other purposes	13,814,560	-	13,814,560
Unrestricted	5,165,666	97,476	5,263,142
Total net position	<u>\$ 49,105,966</u>	<u>\$ 8,122,655</u>	<u>\$ 57,228,621</u>

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

DARLINGTON COUNTY, SOUTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,959,028	\$ 449,661	\$ 187,060	\$ -	\$ (3,322,307)	\$ -	\$ (3,322,307)
Public safety	17,097,776	2,177,569	754,004	-	(14,166,203)	-	(14,166,203)
Public works	4,816,410	-	694,621	504,745	(3,617,044)	-	(3,617,044)
Health and social services	6,257,963	2,927,800	-	-	(3,330,163)	-	(3,330,163)
Culture and recreation	2,452,355	43,538	189,566	-	(2,219,251)	-	(2,219,251)
Economic development and planning	371,548	12,575	316,386	-	(42,587)	-	(42,587)
Nondepartmental	406,373	-	-	-	(406,373)	-	(406,373)
Interest on long-term debt	72,967	-	-	-	(72,967)	-	(72,967)
Total governmental activities	35,434,420	5,611,143	2,141,637	504,745	(27,176,895)	-	(27,176,895)
Business-type activities:							
Environmental services	2,812,534	1,910,532	55,573	-	-	(846,429)	(846,429)
Airport	742,764	238,845	345,611	-	-	(158,308)	(158,308)
Total business-type activities	3,555,298	2,149,377	401,184	-	-	(1,004,737)	(1,004,737)
Total primary government	\$ 38,989,718	\$ 7,760,520	\$ 2,542,821	\$ 504,745	(27,176,895)	(1,004,737)	(28,181,632)
General revenues:							
Property taxes and fees levied for:							
General purposes					20,799,326	-	20,799,326
Road maintenance					1,535,737	-	1,535,737
Emergency medical services					1,464,380	-	1,464,380
Debt service					918,248	-	918,248
Special revenue projects					1,433,007	-	1,433,007
Environmental services					-	552,877	552,877
Other taxes					457,414	-	457,414
Grants and contributions not restricted for a specific purpose					2,795,447	-	2,795,447
Unrestricted investment earnings					65,689	595	66,284
Miscellaneous					509,039	20,618	529,657
Transfers					(49,488)	49,488	-
Total general revenues and transfers					29,928,799	623,578	30,552,377
Change in net position					2,751,904	(381,159)	2,370,745
Net position, beginning of year					46,354,062	8,503,814	54,857,876
Net position, end of year					\$ 49,105,966	\$ 8,122,655	\$ 57,228,621

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

DARLINGTON COUNTY, SOUTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General	Fire Board	Emergency Services	Road Maintenance	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 43,209,941	\$ 5,050,413	\$ 454,758	\$ 1,865,587	\$ 2,648,979	\$ 53,229,678
Investments	72,912	4,574	676	3,326	4,720	86,208
Receivables, net:						
Taxes	1,206,264	186,564	167,945	-	138,458	1,699,231
Accounts	-	-	2,483,142	372,378	19,707	2,875,227
Due from other governments	706,231	-	-	-	96,513	802,744
Due from other funds	34,162	-	-	-	-	34,162
Prepaid expenditures	401,161	-	55,922	54,109	46,386	557,578
Inventories	46,593	-	-	-	-	46,593
Total assets	<u>45,677,264</u>	<u>5,241,551</u>	<u>3,162,443</u>	<u>2,295,400</u>	<u>2,954,763</u>	<u>59,331,421</u>
LIABILITIES						
Accounts payable	735,189	46,793	89,153	28,088	46,114	945,337
Accrued liabilities	566,606	53,463	179,864	34,278	52,196	886,407
Unearned revenue	6,469,883	-	-	-	-	6,469,883
Due to other funds	-	-	-	-	34,162	34,162
Total liabilities	<u>7,771,678</u>	<u>100,256</u>	<u>269,017</u>	<u>62,366</u>	<u>132,472</u>	<u>8,335,789</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	1,133,465	176,101	155,811	-	128,439	1,593,816
Unavailable revenue - road maintenance fee	-	-	-	70,733	-	70,733
Unavailable revenue - emergency medical services	-	-	2,212,156	-	-	2,212,156
Total deferred inflows of resources	<u>1,133,465</u>	<u>176,101</u>	<u>2,367,967</u>	<u>70,733</u>	<u>128,439</u>	<u>3,876,705</u>
FUND BALANCES						
Nonspendable:						
Prepaid expenditures	401,161	-	55,922	54,109	46,386	557,578
Inventories	46,593	-	-	-	-	46,593
Restricted for:						
Public works	-	-	-	2,100,703	-	2,100,703
Health and social services	-	-	186,887	-	-	186,887
Public safety and judiciary	212,035	4,965,194	-	-	203,424	5,380,653
Culture and recreation	3,928,260	-	-	-	1,545,079	5,473,339
Tourism	-	-	-	-	672,978	672,978
Capital projects	1,591,473	-	-	-	-	1,591,473
Debt service	-	-	-	-	223,185	223,185
Committed:						
Subsequent year's budget	368,878	-	282,650	7,489	2,800	661,817
Assigned:						
Capital replacement reserve	1,527,600	-	-	-	-	1,527,600
Economic development	1,100,100	-	-	-	-	1,100,100
Unassigned	27,596,021	-	-	-	-	27,596,021
Total fund balances	<u>36,772,121</u>	<u>4,965,194</u>	<u>525,459</u>	<u>2,162,301</u>	<u>2,693,852</u>	<u>47,118,927</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 45,677,264</u>	<u>\$ 5,241,551</u>	<u>\$ 3,162,443</u>	<u>\$ 2,295,400</u>	<u>\$ 2,954,763</u>	<u>\$ 59,331,421</u>

DARLINGTON COUNTY, SOUTH CAROLINA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total fund balances for governmental funds:		\$	47,118,927
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			27,548,932
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.			3,876,705
Certain long-term liabilities are not due and payable in the current period and are therefore not reported in the funds. All liabilities, both current and long-term, are reported in the Statement of Net Position net of issuance premiums, discounts, and refunding deferral amounts.			
General obligation bonds	\$	(1,445,000)	
Capital lease obligations		(1,444,322)	
Compensated absences payable		(861,586)	
Total OPEB liability, net of related deferred outflows and deferred inflows of resources		(1,554,396)	
Net pension liability, net of related deferred outflows and deferred inflows of resources		<u>(24,125,118)</u>	
Total long-term liabilities			(29,430,422)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.			<u>(8,176)</u>
Net position of governmental activities		\$	<u><u>49,105,966</u></u>

DARLINGTON COUNTY, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	General	Fire Board	Emergency Services	Road Maintenance	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 17,499,136	\$ 3,546,298	\$ -	\$ -	\$ 2,484,867	\$ 23,530,301
Other taxes	457,414	-	-	-	-	457,414
Licenses, permits and fees	711,256	-	1,480,527	1,694,371	-	3,886,154
Intergovernmental	4,156,015	-	68,606	-	467,658	4,692,279
Charges for services	1,843,068	-	2,458,099	-	632,923	4,934,090
Fines and forfeitures	331,952	-	-	-	-	331,952
Contributions and donations	38,294	-	-	-	-	38,294
Interest revenue	61,465	626	54	2,797	747	65,689
Other revenues	478,834	2,269	27,811	-	125	509,039
Total revenues	<u>25,577,434</u>	<u>3,549,193</u>	<u>4,035,097</u>	<u>1,697,168</u>	<u>3,586,320</u>	<u>38,445,212</u>
EXPENDITURES						
Current:						
General government	3,668,228	-	-	-	-	3,668,228
Public safety and judiciary	12,835,751	1,884,419	-	-	607,245	15,327,415
Public works	2,588,070	-	-	1,406,446	-	3,994,516
Health and social services	796,546	-	4,976,082	-	-	5,772,628
Culture and recreation	682,576	-	-	-	1,504,836	2,187,412
Economic development and planning	310,919	-	-	-	58,284	369,203
Nondepartmental	406,373	-	-	-	-	406,373
Capital outlay	1,714,443	1,570,530	174,837	-	100,418	3,560,228
Debt service:						
Principal retirement	443,734	622,000	-	-	742,000	1,807,734
Interest and fiscal charges	30,811	25,017	-	-	24,840	80,668
Total expenditures	<u>23,477,451</u>	<u>4,101,966</u>	<u>5,150,919</u>	<u>1,406,446</u>	<u>3,037,623</u>	<u>37,174,405</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,099,983</u>	<u>(552,773)</u>	<u>(1,115,822)</u>	<u>290,722</u>	<u>548,697</u>	<u>1,270,807</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	310,910	-	978,498	-	-	1,289,408
Transfers out	(1,067,871)	-	(86,245)	(135,356)	(49,424)	(1,338,896)
Proceeds from sale of capital assets	152,806	-	-	-	-	152,806
Total other financing sources (uses), net	<u>(604,155)</u>	<u>-</u>	<u>892,253</u>	<u>(135,356)</u>	<u>(49,424)</u>	<u>103,318</u>
Net change in fund balances	<u>1,495,828</u>	<u>(552,773)</u>	<u>(223,569)</u>	<u>155,366</u>	<u>499,273</u>	<u>1,374,125</u>
Fund balances, beginning of year	<u>35,276,293</u>	<u>5,517,967</u>	<u>749,028</u>	<u>2,006,935</u>	<u>2,194,579</u>	<u>45,744,802</u>
Fund balances, end of year	<u>\$ 36,772,121</u>	<u>\$ 4,965,194</u>	<u>\$ 525,459</u>	<u>\$ 2,162,301</u>	<u>\$ 2,693,852</u>	<u>\$ 47,118,927</u>

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

DARLINGTON COUNTY, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds	\$ 1,374,125
--	--------------

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

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

Capital outlay	\$ 4,201,562	
Depreciation expense	<u>(3,113,972)</u>	1,087,590

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(209,400)
--	-----------

The issuance of long-term debt 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. Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. Also, the refunding deferral amount, which is the difference in the amount that is sent to the paying agent to be escrowed for payment of refunded debt and the principal amount of debt refunded, is amortized as an adjustment of interest expense in the Statement of Activities. The effects of these items are as follows:

Repayment of the principal of long-term debt	1,807,734
--	-----------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The following amounts represent the net liability changes using the full accrual method of accounting:

Compensated absences	\$ (19,358)	
Total OPEB liability, net of related deferred outflows and inflows of resources	(63,071)	
Net pension liability, net of related deferred outflows and inflows of resources	(1,233,417)	
Accrued interest on long-term debt	<u>7,701</u>	<u>(1,308,145)</u>

Change in net position of governmental activities	<u>\$ 2,751,904</u>
---	---------------------

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

DARLINGTON COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2021

	Environmental Services	Airport	Totals
ASSETS			
CURRENT ASSETS			
Cash	\$ 1,847,044	\$ 122,295	\$ 1,969,339
Investments	3,287	220	3,507
Receivables:			
Accounts, net of allowance	24,729	-	24,729
Taxes, net of allowance	293,027	-	293,027
Due from other governments	25,896	39,192	65,088
Inventories	-	16,362	16,362
Prepaid items	39,265	5,960	45,225
Total current assets	2,233,248	184,029	2,417,277
NONCURRENT ASSETS			
Capital assets:			
Nondepreciable	1,314,333	473,529	1,787,862
Depreciable, net of accumulated depreciation	1,439,440	5,143,599	6,583,039
Total noncurrent assets	2,753,773	5,617,128	8,370,901
Total assets	4,987,021	5,801,157	10,788,178
DEFERRED OUTFLOWS OF RESOURCES			
Pension	391,585	16,571	408,156
Total deferred outflows of resources	391,585	16,571	408,156
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	81,310	61,266	142,576
Accrued liabilities	57,860	50,523	108,383
Compensated absences, current portion	10,368	1,078	11,446
Landfill post-closure care costs, current portion	143,997	-	143,997
Capital leases payable, current portion	43,802	-	43,802
Revenue bonds payable, current portion	-	55,745	55,745
Total current liabilities	337,337	168,612	505,949
NONCURRENT LIABILITIES			
Compensated absences, net of current portion	19,479	5,119	24,598
Landfill post-closure care costs due in more than one year	143,997	-	143,997
Revenue bonds payable, net of current portion	-	246,175	246,175
Net pension liability	2,046,319	82,218	2,128,537
Total noncurrent liabilities	2,209,795	333,512	2,543,307
Total liabilities	2,547,132	502,124	3,049,256
DEFERRED INFLOWS OF RESOURCES			
Pension	23,501	922	24,423
Total deferred inflows of resources	23,501	922	24,423
NET POSITION			
Net investment in capital assets	2,709,971	5,315,208	8,025,179
Unrestricted	98,002	(526)	97,476
Total net position	\$ 2,807,973	\$ 5,314,682	\$ 8,122,655

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

DARLINGTON COUNTY, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Environmental Services	Airport	Totals
OPERATING REVENUES			
Taxes	\$ 552,877	\$ -	\$ 552,877
Charges for services:			
Landfill user charges	1,910,532	-	1,910,532
Airport user charges	-	238,845	238,845
Other revenues	20,618	-	20,618
Total operating revenues	2,484,027	238,845	2,722,872
OPERATING EXPENSES			
Personnel services	1,275,943	60,603	1,336,546
Professional services	569,149	96,801	665,950
Supplies and materials	185,092	162,572	347,664
Other operating expenses	394,284	70,816	465,100
Depreciation	386,370	337,714	724,084
Total operating expenses	2,810,838	728,506	3,539,344
Operating loss	(326,811)	(489,661)	(816,472)
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	-	595	595
Interest expense	(1,696)	(14,258)	(15,954)
Intergovernmental revenues	55,573	345,611	401,184
Total nonoperating revenues, net	53,877	331,948	385,825
Loss before transfers	(272,934)	(157,713)	(430,647)
TRANSFERS			
Transfers in	-	89,373	89,373
Transfers out	(39,885)	-	(39,885)
Total transfers	(39,885)	89,373	49,488
Change in net position	(312,819)	(68,340)	(381,159)
Net position, beginning of year	3,120,792	5,383,022	8,503,814
Net position, end of year	\$ 2,807,973	\$ 5,314,682	\$ 8,122,655

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

DARLINGTON COUNTY, SOUTH CAROLINA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Environmental Services	Airport	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,603,953	\$ 238,845	\$ 2,842,798
Payments to suppliers	(1,275,331)	(255,511)	(1,530,842)
Payments to employees	(1,288,333)	(65,786)	(1,354,119)
Internal activity-payments to other funds	-	(374,582)	(374,582)
Net cash provided by (used in) operating activities	<u>40,289</u>	<u>(457,034)</u>	<u>(416,745)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(39,885)	-	(39,885)
Transfers in	-	89,373	89,373
Net cash provided by (used in) noncapital financing activities	<u>(39,885)</u>	<u>89,373</u>	<u>49,488</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(274,879)	-	(274,879)
Proceeds from intergovernmental grants	68,134	553,023	621,157
Proceeds from the sale of capital assets	5,492	-	5,492
Principal paid on capital leases	(42,403)	-	(42,403)
Principal paid on revenue bonds	-	(53,565)	(53,565)
Interest paid	(2,207)	(10,064)	(12,271)
Net cash provide by (used in) capital and related financing activities	<u>(245,863)</u>	<u>489,394</u>	<u>243,531</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments	-	(220)	(220)
Proceeds from the sale of investments	442	-	442
Interest received	-	595	595
Net cash provided by investing activities	<u>442</u>	<u>375</u>	<u>817</u>
Net change in cash and cash equivalents	(245,017)	122,108	(122,909)
Cash and cash equivalents:			
Beginning of year	2,092,061	187	2,092,248
End of year	<u>\$ 1,847,044</u>	<u>\$ 122,295</u>	<u>\$ 1,969,339</u>

(Continued)

DARLINGTON COUNTY, SOUTH CAROLINA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Environmental Services</u>	<u>Airport</u>	<u>Totals</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ (326,811)	\$ (489,661)	\$ (816,472)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	386,370	337,714	724,084
Changes in assets and liabilities:			
Decrease in accounts receivable	119,926	-	119,926
Decrease in prepaid items	3,610	2,349	5,959
Decrease in inventories	-	16,601	16,601
Increase in deferred outflows of resources	(140,735)	(6,084)	(146,819)
Increase (decrease) in accounts payable	(59,225)	52,581	(6,644)
Decrease in accrued liabilities	(4,274)	(5,928)	(10,202)
Decrease in due to other funds	-	(374,582)	(374,582)
Increase (decrease) in compensated absences	(8,116)	745	(7,371)
Decrease in accrued closure/post-closure costs	(143,996)	-	(143,996)
Increase in net pension liability	248,296	10,734	259,030
Decrease in deferred inflows of resources	(34,756)	(1,503)	(36,259)
Net cash provided by (used in) operating activities	<u>\$ 40,289</u>	<u>\$ (457,034)</u>	<u>\$ (416,745)</u>

DARLINGTON, SOUTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2021

	Custodial Funds
ASSETS	
Cash	\$ 78,838,888
Investments	115,157
Taxes receivable	4,062,955
Total assets	83,017,000
LIABILITIES	
Due to others	76,326,211
Uncollected taxes	4,062,955
Total liabilities	80,389,166
NET POSITION	
Restricted for individuals, organizations, and other governments	2,627,834
Total net position	\$ 2,627,834

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

DARLINGTON, SOUTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Custodial Funds
ADDITIONS	
Taxes	\$ 146,266,515
Funds from state and municipalities	47,729
Fine and fees	195,939
Criminal and civil bonds	2,440,886
Funds from state and participants	4,872
	<hr/>
Total additions	148,955,941
DEDUCTIONS	
Taxes and fees paid to other governments	146,295,737
Funds disbursed per court order	2,438,372
Other funds disbursed	4,872
	<hr/>
Total deductions	148,738,981
	<hr/>
Change in net position	216,960
Net position, beginning of year, as restated	2,410,874
	<hr/>
Net position, end of year	\$ 2,627,834
	<hr/> <hr/>

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

NOTES TO FINANCIAL STATEMENTS

DARLINGTON COUNTY, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Darlington County, South Carolina (the "County") operates under a council-administrator form of government and provides the following services as authorized by its charter: public safety (police and fire), road maintenance, health and social services, and general administrative services.

The primary government financial statements of Darlington 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 more significant of the government's accounting policies are described below.

Reporting Entity

Darlington County, South Carolina - the primary government - is a political subdivision of the State of South Carolina. An eight-member council elected from single-member districts governs the County. These financial statements present all the fund types of the County. Component units may be presented by two different methods. Blended component units, although legally separate entities, are, in substance, part of the County's operations. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the County. The County reports no component units.

Basis of Presentation

Government-wide Financial Statements

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities and fund financial statements which provide a more detailed level of financial information.

The Statement of Net Position and the Statement of Activities display information about the County as a primary government. These statements include the financial activities of the primary government, except for fiduciary funds and component units that are fiduciary in nature. For the most part, the effect of interfund activity has been removed from the statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Government-wide Financial Statements (Continued)

The Statement of Net Position presents the financial condition for the County at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the County. 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 for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues 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

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

The County reports the following major governmental funds:

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

The **Fire Board Fund** is used to account for property taxes levied and other revenues received for the County fire control service.

The **Emergency Services Fund** is used to account for the activities of the County's emergency medical services, emergency management and 911 central communications center.

The **Road Maintenance Fund** is used to account for fees levied on motor vehicles to provide funding for maintenance of County roads.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The County reports the following major proprietary funds:

The ***Environmental Services Fund*** is used to account for the activities of the County's landfill and the related environmental and recycling services.

The ***Airport Fund*** is used to account for the activities of the County's airport operations. It is also used to account for intergovernmental funds received from state and federal governments for grants that are restricted for airport improvements and capital projects.

Additionally, the County reports the following fund types:

The ***Special Revenue Funds*** are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditure for specified purposes. Resources restricted to expenditures for purposes normally financed from the general fund may be accounted for through the general fund provided that applicable legal requirements can be appropriately satisfied and use of special revenue funds is not required unless they are legally mandated.

The ***Debt Service Fund*** is used to account for and report financial resources that are restricted, committed or assigned for the payment of governmental activities long term debt principal and interest.

The ***Custodial Funds*** are used to account for monies held on behalf of school districts, special districts and other agencies that use the County as a depository or property taxes collected on behalf of other governments.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All assets and liabilities associated with the operation of the County are included on the Statement of Net Position.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Government-wide Financial Statements (Continued)

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.

Fund Financial Statements

All governmental funds are accounted for using a *flow of current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in net position presents increase (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Custodial funds are also accounted for on a flow of economic resources measurement focus.

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. Proprietary and 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 unearned revenue and in the presentation of expenses versus expenditures.

Revenue – 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 60 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, entitlement 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Revenue – Exchange and Non-exchange Transactions (Continued)

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.

Unavailable Revenue

Unavailable revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of year-end, but which were levied to finance fiscal year 2021 operations, have been recorded as unavailable revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unavailable revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unavailable revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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 and amortization, are not recognized in the governmental funds.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year-end are reported as commitments of fund balance and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. The assigned fund balance for the subsequent year's budget includes \$661,817 for outstanding encumbrances.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity

Cash and Investments

Cash includes demand deposits as well as cash equivalents and short-term investments with a maturity date within three months of the date acquired by the County.

Investments with a readily determined fair value are stated at fair value which approximates cost. State statutes authorize the County to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its political subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposits collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Investment Pool. There is no regulatory oversight of the pool. The total fair value of the investment pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.

The County Treasurer combines cash and time deposits of some of the funds, but separate fund balance accounts are maintained for accounting purposes so that the equity of each fund is properly reflected in the overall cash. Interest earned on co-mingled cash is distributed to funds based on their average monthly fund balances for the fiscal year. The purpose of co-mingling funds is to obtain maximum return of interest through the investment of funds considered temporarily surplus. This practice does not apply to certain funds earmarked for specific purposes.

Receivables

All trade and property taxes receivable are shown net of an allowance for uncollectibles. Trade accounts receivable consist primarily of emergency medical services receivables, environmental services and emergency telephone user fees.

Intergovernmental Receivables

Amounts due from federal and state grants represent reimbursable costs, which have been incurred by the County but have not been reimbursed by the grantor agency. Costs under grant programs are recognized as expenditures in the period in which they are incurred by the County.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Inventories and Prepaid Assets

Inventories are valued at cost using the first-in/first-out (FIFO) method. The cost inventories are recorded as expenditures/expenses when consumed rather than when purchased or produced.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are accounted for using the consumption method.

Capital Assets

Capital assets, which include buildings and improvements, furniture, fixtures, equipment, and infrastructure assets (e.g., roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more 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 their 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 assets' lives are not capitalized.

Major outlays for capital assets and improvements 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 except land and site preparation are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the modified accelerated cost recovery method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	20 - 50
Buildings	15 - 40
Improvements	5 - 40
Furniture, fixtures, and equipment	3 - 15

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation (up to 30 days) and sick pay benefits (up to 90 days). No liability is reported for unpaid accumulated sick leave. Vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Deferred Inflows/Outflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The County has five (5) items that qualify for reporting in this category. These items relate to the County's Retirement Plan and OPEB Plan and are reported in the government-wide and proprietary Statements of Net Position. (1) Experience gains result from periodic studies by the Plans' actuaries, which adjust the net position liability and total OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of Plan members. These experience gains are recorded as deferred outflows of resources and are amortized into pension and OPEB expense over the expected remaining service lives of the Plan members. (2) The differences between projected investment return on pension investments and actual return on those investments are deferred and amortized against pension expense over a five-year period. (3) The changes in the County's proportionate share of the collective net pension liability and differences between actual employer contributions and proportionate share of the total plan employer contributions are specific to cost-sharing multiple employer defined benefit pension plans and represent the current period amortized portions of these deferred outflows. (4) Changes in actuarial assumptions adjust the net pension liability and the total OPEB liability and are amortized into pension and OPEB expense over the expected remaining service lives of Plan members. (5) Any contributions made by the County to the pension plan before year end but subsequent to the measurement date of the County's net pension liability are reported as deferred outflows of resources. Any contributions made by the County to the OPEB plan before year end but subsequent to the measurement date of the County's total OPEB liability are reported as deferred outflows of resources.

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of fund balance or net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Deferred Inflows/Outflows of Resources (Continued)

The County has six (6) types of items that qualify for reporting in this category, three of which arise only under a modified accrual basis of accounting. Accordingly, the items, *unavailable revenue*, are reported only in the Governmental Funds Balance Sheet. The governmental funds report unavailable revenues from (1) property taxes, (2) emergency medical services, and (3) road maintenance fees revenues and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The other items relate to the County's pension and OPEB plans and are reported in the government-wide and proprietary fund Statements of Net Position. Certain experience losses (discussed in the previous paragraph) are deferred and amortized against expense over a five-year period, resulting in recognition as deferred inflows of resources. Additionally, the changes in the County's proportionate share of the collective net pension liability and differences between actual employer contributions and proportionate share of the total plan employer contributions (discussed in the previous paragraph) are specific to cost-sharing multiple employer defined benefit pension plans and represent the current period amortized portions of these deferred inflows. Finally, changes in actuarial assumptions (discussed in the previous paragraph) adjust the total OPEB liability and are amortized against OPEB expense over the expected remaining service lives of Plan members.

Interfund Transactions

Transactions among County funds that would be treated as revenues and expenditures or expenses if they involved organizations external to County government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended are separately reported in the respective fund's operating statements.

Activities between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred. 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 other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Fund Equity

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable - This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) are legally or contractually required to be maintained intact. The County has classified inventories and prepaid items as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next current fiscal year.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources by being either a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Committed - This classification includes amounts that can only be used for specific purposes pursuant to constraints determined by a formal action of the government's highest level of decision making authority, the County Council, through passage of an ordinance. These amounts cannot be used for any other purpose unless the County Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned - This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. Through resolution, the County Council has authorized the County Administrator to assign fund balances to a specific purpose. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Equity (Continued)

Unassigned - This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balances of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

The County would typically use restricted fund balances first, followed by committed resources and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

It is the policy of the County to maintain adequate levels of fund balance to mitigate current and future risks and to ensure stable tax rates. The County intends to maintain a General Fund unassigned fund balance of at least thirty-five percent of General Fund operating expenditures. If the year-end unassigned fund balance exceeds the thirty-five percent threshold, the excess may be used to fund one-time capital purchases or expenditures with County Council approval. If the unassigned fund balance declines below thirty-five percent of General Fund operating expenditures, the County Council will pursue ways of increasing revenues or decreasing expenditures, or a combination of both until the thirty-five percent threshold is attained.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. 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, laws, or regulations of other governments.

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as needed, but the County Council reserves the right to selectively spend unrestricted resources first and to defer the use of the restricted funds.

Use of Estimates

The financial statements include estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenditures/expenses. Actual results could differ from these estimates.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

County Council adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, Emergency Services Fund, Library Board of Trustees Fund, Fire Board Fund, Emergency Telephone System Fund, Road Maintenance Fund, and the State Accommodations Tax Fund prior to the beginning of each fiscal year. The adopted budget specifies expenditure limits appropriated to each County department. Departmental expenditures may not exceed amounts appropriated without the approval of County Council and unexpended appropriations lapse at fiscal year-end with the exception of those that are in the County's Budget Ordinance. Budget amounts reflected in the accompanying financial statements represent the adopted budget and any revisions approved by County Council during the fiscal year. The County Administrator approves fund level transfers within operating departments and transfers between departments. County Council must approve any additional appropriations. The level of budgetary control is the fund level.

Excess of Expenditures over Appropriations

For the year ended June 30, 2021, expenditures exceeded appropriations as follows:

	Excess
Emergency Services Fund	\$ 4,641
Fire Board Fund	127,581

NOTE 3. CASH AND INVESTMENTS

Total deposits and investments at June 30, 2021, are summarized below:

As reported in the *Statement of Net Position*:

Primary government	
Cash and cash equivalents	\$ 55,199,017
Investments	89,715

As reported in the *Statement of Fiduciary*

Assets and Liabilities:

Custodial Fund - cash and cash equivalents	78,838,888
Custodial Fund - investments	115,157
	\$ 134,242,777

Cash deposited with financial institutions	\$ 33,201,803
SC State Investment Pool	100,836,102
Certificates of deposit	204,872
	\$ 134,242,777

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County's policy regarding cash custodial credit risk is to require the banks with which the County maintains deposits to collateralize or insure the County's funds. As of June 30, 2021, the carrying amount of the County's deposits was \$33,201,803 and the bank balance was \$33,464,187. All of the County's deposits at year-end were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust departments in the County's name.

As of June 30, 2021, the County has the following investments:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less than 1	1-5	Thereafter
Certificates of deposit	\$ 204,872	\$ 204,872	\$ -	\$ -
	<u>\$ 204,872</u>	<u>\$ 204,872</u>	<u>\$ -</u>	<u>\$ -</u>

Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation of inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The County did not hold investments outside of certificates of deposit at June 30, 2021.

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments. The investments classified as Level 2 of the fair value hierarchy are valued using an option-adjusted discounted cash flow model. The County has no investments classified in the fair value hierarchy.

The South Carolina Local Government Investment Pool (LGIP) is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the County does not disclose its investment in the LGIP within the fair value hierarchy.

Credit Risk

This is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. The County has no investment policy that would further limit its investment choices. The County is invested in certificates of deposit with varying maturity dates and the LGIP. The County's certificates of deposit are properly collateralized for those deposits that are in excess of federal depository insurance. The LGIP is not rated, but generally, investments in this pool are collateralized by debt securities in corporate obligations, state or political subdivision obligations of investment grade or higher quality and in federal agency securities.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

This is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk

This is the risk of loss attributable to the magnitude of the County's investment in a single issuer. The County places no limit on the amount the County may invest in any one issuer.

Custodial Credit Risk

This is the risk that, in the event of a failure of the counterparty, the County may not be able to recover the value of investments, or collateral securities that are in possession of an outside party. The County has no investment policy that would further limit its investment choices other than state law.

NOTE 4. RECEIVABLES AND PROPERTY TAXES

Property taxes are levied on the assessed value of real and personal property, excluding automobiles, as of December 31 of the calendar year preceding the fiscal year. The levy date for automobiles is the first day of the month in which the vehicle license expires and the tax is due by the end of the same month. Liens attach to the property at the time taxes are levied. Taxes are due without penalty, for real and personal property excluding automobiles, through January 15. After that time, penalties are added depending on the date paid as follows:

January 16 through February 1	3% of tax
February 2 through March 16	10% of tax
March 17 and thereafter	15% of tax

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES AND PROPERTY TAXES (CONTINUED)

Property tax revenues are recognized when due or past due and collectible within the current period or soon enough thereafter (defined as 60 days) to pay liabilities of the current period. The County bills and collects its own property taxes, and also collects taxes for the municipal fire districts, Florence – Darlington Technical College and the local school district. Collections of the County taxes and remittance of them to the districts are accounted for in the agency funds. Also, the County collects taxes for surrounding municipalities. Unavailable property tax revenue represents that portion of property taxes which is deemed not available to pay current expenditures.

Receivables as of June 30, 2021, including the applicable allowances for uncollectible accounts, are as follows:

	General	Fire Board	Emergency Services	Road Maintenance
Taxes receivable	\$ 1,340,293	\$ 207,293	\$ 186,606	\$ -
Accounts receivable	-	-	16,517,321	1,865,122
Due from other governments	706,231	-	-	-
Less: allowance	(134,029)	(20,729)	(14,052,840)	(1,492,744)
Net receivables	<u>\$ 1,912,495</u>	<u>\$ 186,564</u>	<u>\$ 2,651,087</u>	<u>\$ 372,378</u>
	Environmental Services	Airport	Nonmajor Governmental	Total
Taxes receivable	\$ 325,586	\$ -	\$ 153,842	\$ 2,213,620
Accounts receivable	34,411	-	19,707	18,436,561
Due from other governments	25,896	39,192	96,513	867,832
Less: allowance	(42,241)	-	(15,384)	(15,757,967)
Net receivables	<u>\$ 343,652</u>	<u>\$ 39,192</u>	<u>\$ 254,678</u>	<u>\$ 5,760,046</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the County's governmental activities for the year ended June 30, 2021, was as follows:

Governmental Activities	Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 4,630,956	\$ -	\$ -	\$ -	\$ 4,630,956
Construction in progress	2,606,435	1,338,388	-	(2,732,456)	1,212,367
Total capital assets not being depreciated	<u>7,237,391</u>	<u>1,338,388</u>	<u>-</u>	<u>(2,732,456)</u>	<u>5,843,323</u>
Capital assets being depreciated:					
Buildings and improvements	24,745,090	503,063	-	327,328	25,575,481
Infrastructure	11,921,344	-	-	462,047	12,383,391
Equipment	24,040,228	2,360,111	(1,845,216)	1,948,476	26,503,599
Total capital assets being depreciated	<u>60,706,662</u>	<u>2,863,174</u>	<u>(1,845,216)</u>	<u>2,737,851</u>	<u>64,462,471</u>
Less accumulated depreciation for:					
Buildings and improvements	(17,980,560)	(707,085)	-	-	(18,687,645)
Infrastructure	(5,482,780)	(505,432)	-	-	(5,988,212)
Equipment	(18,019,371)	(1,901,455)	1,845,216	(5,395)	(18,081,005)
Total accumulated depreciation	<u>(41,482,711)</u>	<u>(3,113,972)</u>	<u>1,845,216</u>	<u>(5,395)</u>	<u>(42,756,862)</u>
Total capital assets being depreciated, net	<u>19,223,951</u>	<u>(250,798)</u>	<u>-</u>	<u>2,732,456</u>	<u>21,705,609</u>
Capital assets, net	<u>\$ 26,461,342</u>	<u>\$ 1,087,590</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,548,932</u>

Depreciation expense was charged to functions as follows:

General government	\$ 167,579
Public works	803,143
Public safety	1,457,683
Health and social services	444,585
Culture and recreation	240,982
Total governmental activities depreciation expense	<u>\$ 3,113,972</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the County's business-type activities for the year ended June 30, 2021, was as follows:

Business-type Activities	Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 1,787,862	\$ -	\$ -	\$ -	\$ 1,787,862
Construction in progress	153,399	141,743	-	(295,142)	-
Total capital assets not being depreciated	<u>1,941,261</u>	<u>141,743</u>	<u>-</u>	<u>(295,142)</u>	<u>1,787,862</u>
Capital assets being depreciated:					
Infrastructure	6,473,258	-	-	-	6,473,258
Buildings and improvements	2,117,599	28,589	-	295,142	2,441,330
Equipment	4,194,380	104,547	(110,422)	(5,395)	4,183,110
Total capital assets being depreciated	<u>12,785,237</u>	<u>133,136</u>	<u>(110,422)</u>	<u>289,747</u>	<u>13,097,698</u>
Less accumulated depreciation for:					
Infrastructure	(1,085,181)	(320,763)	-	-	(1,405,944)
Buildings and improvements	(2,024,540)	(39,342)	-	-	(2,063,882)
Equipment	(2,791,179)	(363,979)	104,930	5,395	(3,044,833)
Total accumulated depreciation	<u>(5,900,900)</u>	<u>(724,084)</u>	<u>104,930</u>	<u>5,395</u>	<u>(6,514,659)</u>
Total capital assets being depreciated, net	<u>6,884,337</u>	<u>(590,948)</u>	<u>(5,492)</u>	<u>295,142</u>	<u>6,583,039</u>
Capital assets, net	<u>\$ 8,825,598</u>	<u>\$ (449,205)</u>	<u>\$ (5,492)</u>	<u>\$ -</u>	<u>\$ 8,370,901</u>

Depreciation expense was charged to programs of the business-type activities as follows:

Environmental services	\$ 386,370
Airport	<u>337,714</u>
Total business-type activities depreciation expense	<u>\$ 724,084</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the governmental activities of the County for the fiscal year ended June 30, 2021:

Governmental Activities	Balance			Balance June 30, 2021	Due Within One Year
	June 30, 2020	Additions	Reductions		
General obligation bonds	\$ 2,809,000	\$ -	\$ (1,364,000)	\$ 1,445,000	\$ 1,237,000
Capital lease obligations	1,888,056	-	(443,734)	1,444,322	450,688
Compensated absences	842,228	185,725	(166,367)	861,586	143,598
Total other postemployment benefit liability	852,182	622,848	(29,942)	1,445,088	-
Net pension liability - SCRS	15,915,559	4,140,115	(1,574,382)	18,481,292	-
Net pension liability - PORS	9,836,445	3,231,513	(1,229,265)	11,838,693	-
	<u>\$ 32,143,470</u>	<u>\$ 8,180,201</u>	<u>\$ (4,807,690)</u>	<u>\$ 35,515,981</u>	<u>\$ 1,831,286</u>

The General Fund has typically been used in prior years to liquidate the liability for compensated absences and the total other postemployment benefits liability for the governmental activities portions of these liabilities.

Business-type Activities	Balance			Balance June 30, 2021	Due Within One Year
	June 30, 2020	Additions	Reductions		
Revenue bonds	\$ 355,485	\$ -	\$ (53,565)	\$ 301,920	\$ 55,745
Capital lease obligations	86,205	-	(42,403)	43,802	43,802
Landfill post-closure care cost	431,990	-	(143,996)	287,994	143,997
Compensated absences	43,415	3,435	(10,806)	36,044	11,446
Net pension liability - SCRS	1,869,507	417,977	(158,947)	2,128,537	-
	<u>\$ 2,786,602</u>	<u>\$ 421,412</u>	<u>\$ (409,717)</u>	<u>\$ 2,798,297</u>	<u>\$ 254,990</u>

For the County's business-type activities, compensated absences are generally liquidated by the respective proprietary funds.

General Obligation Bonds

General Obligation Bonds payable due at June 30, 2021, are comprised of the following issues:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
2019A GO Bond	1.680%	3 years	2022	\$ 2,100,000	\$ 604,000
2019B GO Bond - Fire District	1.710%	4 years	2023	2,100,000	841,000
					<u>\$ 1,445,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds (Continued)

The County issues general obligation debt to provide funds for acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. During 2020, the County issued \$2,100,000 in Series 2019A general obligation bonds for the purpose of making improvements to County buildings. The bonds are due in annual installments of \$604,000 to \$754,000 through March 1, 2022. Interest is payable annually on March 1 at a rate of 1.68%. During 2020, the County issued \$2,100,000 in Series 2019B general obligation bonds for the purpose of making improvements to the County Fire Protection District. The bonds are due in annual installments of \$208,000 to \$637,000 through March 1, 2023. Interest is payable annually on March 1 at a rate of 1.71%.

Then annual requirements to amortize all general obligation bonds as of June 30, 2021, including interest payments are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2022	\$ 1,237,000	\$ 24,528	\$ 1,261,528
2023	208,000	3,557	211,557
Total	<u>\$ 1,445,000</u>	<u>\$ 28,085</u>	<u>\$ 1,473,085</u>

Debt service funds of \$1,145,843 are available to service the general obligation bonds.

The general obligation bonds are secured by a pledge of full faith, credit and taxing power of the County.

There are a number of limitations and restrictions contained in the various debt instruments. The County is in compliance with all significant limitations and restrictions including the legal debt limit imposed by Article X, Section 15 of the Constitution of the State of South Carolina, 1895, as amended. The County is allowed to incur general obligation (general purpose) bonded indebtedness in an amount not exceeding eight percent of the assessed value of all taxable property of the County. Based on the taxable assessed property valuation net of exemptions of \$245,886,132, the legal debt limit is \$19,670,891, and the legal debt margin is \$19,371,733 as of June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Revenue Bonds

The County also issues bonds where the County pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding as of June 30, 2021, are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
2015 Revenue Refunding Bond	4.000%	10 years	2025	\$ 550,000	\$ 301,920

During 1996, the County issued revenue bonds to finance the construction of an airport hangar with associated office space, parking ramp, jet fuel system, parking lot, and access road at the Darlington County Airport. During 2015, the County issued revenue refunding bonds for the purposes of refunding the 1996 bonds, purchasing certain equipment, and defraying the costs of the issuance of the 2015 bonds. The principal and interest on the bonds are payable from the gross revenues derived from the facilities and are irrevocably pledged for this purpose. The bonds do not constitute a general obligation of the County.

The annual requirements to amortize the revenue bonds as of June 30, 2021, including interest payments, are as follows:

Fiscal Year Ending June 30,	Revenue Bond		
	Principal	Interest	Total
2022	\$ 55,745	\$ 12,077	\$ 67,822
2023	57,975	9,847	67,822
2024	60,294	7,528	67,822
2025	62,692	5,130	67,822
2026	65,214	2,608	67,822
Total	<u>\$ 301,920</u>	<u>\$ 37,190</u>	<u>\$ 339,110</u>

Capital Lease Obligations

The County has entered into lease agreements as lessee for financing the acquisition of various equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Capital Lease Obligations (Continued)

The following is an analysis of equipment leased under capital leases as of June 30, 2021:

	Governmental Activities	Business-type Activities
Machinery and Equipment and Construction in Progress	\$ 2,992,006	\$ 566,710
Less: Accumulated Depreciation	(2,424,400)	(243,589)
	\$ 567,606	\$ 323,121

Depreciation expense for the year ended June 30, 2021, for assets under capital lease is \$549,148.

The following is a schedule of future minimum lease payments under capital leases and the present value of the net minimum lease payments at June 30, 2021:

Fiscal Year Ending June 30,	Governmental Activities	Business-type Activities	Total
2022	\$ 474,545	\$ 45,247	\$ 519,792
2023	258,993	-	258,993
2024	258,993	-	258,993
2025	258,993	-	258,993
2026	258,993	-	258,993
Total Minimum Lease Payments	1,510,517	45,247	1,555,764
Less: Amount Representing Interest	(66,195)	(1,445)	(67,640)
	\$ 1,444,322	\$ 43,802	\$ 1,488,124

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Landfill Closure/Post-Closure Care Costs

During 1993, the County's municipal solid waste (MSW) landfill was closed and no additional waste has been accepted. According to state and federal laws and regulations, the County must perform maintenance and monitoring functions at the site for a minimum of thirty (30) years. The County has estimated post-closure costs of approximately \$107,000 over the remaining two (2) year period. Additionally, a portion of the County's Class II C&D landfill was closed in 2009. The County must perform maintenance and monitoring functions at the site for a minimum of twenty (20) years according to South Carolina Department of Health and Environmental Control. The County has estimated post-closure costs of approximately \$163,000 over the remaining seven (7) year period. Post-closure care costs and the total estimated post-closure care liability of \$18,000 is reported net of the current portion in the County's Environmental Services Fund in the Statement of Net Position – Proprietary Funds as well as the Government-wide Statement of Net Position in the County's Business-type activities. For the year ended June 30, 2021, the County recognized post-closure care costs of approximately \$143,996.

The estimated costs of the landfill post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfills were acquired as of June 30, 2021. However, the actual cost of closure and post-closure may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS

Retirement Plan

Overview:

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. PEBA issues a Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the South Carolina Retirement System's Pension Trust Funds. The ACFR is publically 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 Description:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Plan Description (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 described below.

South Carolina Retirement System

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

South Carolina Police Officers Retirement System

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.

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. A brief summary of benefit terms for each system is presented on the following page.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Benefits (Continued):

South Carolina Retirement System

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.

South Carolina Police Officers Retirement System

A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty. The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Contributions:

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was schedule to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the Board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent. For the year ended June 30, 2021, the County contributed \$1,497,228 to the SCRS plan and \$1,032,043 to the PORS plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Contributions (Continued):

Required employee contribution rates for the year ended June 30, 2021, are as follows:

South Carolina Retirement System

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

South Carolina Police Officers Retirement System

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

Required employer contribution rates for the year ended June 30, 2021, are as follows:

South Carolina Retirement System

Employer class two	15.41% of earnable compensation
Employer class three	15.41% of earnable compensation
Employer incidental death benefit	0.15% of earnable compensation

South Carolina Police Officers Retirement System

Employer class two	17.84% of earnable compensation
Employer class three	17.84% of earnable compensation
Employer incidental death benefit	0.20% of earnable compensation
Employer accidental death program	0.20% of earnable compensation

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Net Pension Liability:

The June 30, 2020 (the measurement date) total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2019, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board, which utilized membership data as of July 1, 2019. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2020, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS. The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67, less that system's fiduciary net position. As of June 30, 2021 (measurement date of June 30, 2020), the net pension liability amounts for the County's proportionate share of the collective net pension liabilities associated with the SCRS and PORS plans are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	County's Proportionate Share of the Collective Net Pension Liability
SCRS	\$ 41,817,003	\$ 21,207,174	\$ 20,609,829	50.7%	0.080659%
PORS	\$ 28,725,117	\$ 16,886,424	\$ 11,838,693	58.8%	0.356994%

Actuarial Assumptions and Methods:

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019, for first use in the July 1, 2021 actuarial valuation.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued):

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2019, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumption, 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.

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table on the following page.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued):

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Global equity	51.0%		
Global public equity	35.0%	7.81%	2.73%
Private equity	9.0%	8.91%	0.80%
Equity options strategies	7.0%	5.09%	0.36%
Real assets	12.0%		
Real estate (private)	8.0%	5.55%	0.44%
Real estate (REITs)	1.0%	7.78%	0.08%
Infrastructure (private)	2.0%	4.88%	0.10%
Infrastructure (public)	1.0%	7.05%	0.07%
Opportunistic	8.0%		
Global Tactical Asset Allocation	7.0%	3.56%	0.25%
Other opportunistic strategies	1.0%	4.41%	0.04%
Credit	15.0%		
High yield bonds / bank loans	4.0%	4.21%	0.17%
Emerging markets debt	4.0%	3.44%	0.14%
Private debt	7.0%	5.79%	0.40%
Rate sensitive	14.0%		
Core fixed income	13.0%	1.60%	0.21%
Cash and short duration (net)	1.0%	0.56%	0.01%
	100.0%		
		Total expected real return	5.80%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	8.05%

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

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.

The following table presents the sensitivity of the net pension liability to changes in the discount rate.

Sensitivity of the Net Position Liability to Changes in the Discount Rate			
	1% Decrease	Current	1% Increase
	(6.25%)	Discount Rate	(8.25%)
	(6.25%)	(7.25%)	(8.25%)
County's portion - SCRS	\$ 25,543,357	\$ 20,609,829	\$ 16,490,275
County's portion - PORS	\$ 15,672,436	\$ 11,838,693	\$ 8,760,443

Pension Expense:

For the year ended June 30, 2021, the County recognized its proportionate share of collective pension expense of \$2,306,031 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of \$19,483 for a total of \$2,325,514 for the SCRS plan. Additionally, for the year ended June 30, 2021, the County recognized its proportionate share of collective pension expense of \$1,705,330 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of (\$192,192) for a total of \$1,513,138 for the PORS plan. Total pension expense for both plans amounted to \$3,838,652 for the year ended June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS pension plans, respectively, from the following sources:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 237,810	\$ 77,935
Changes of assumptions	25,250	-
Net difference between projected and actual earnings on pension plan investments	1,516,026	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	835,113	25,226
Employer contributions subsequent to the measurement date	<u>1,497,228</u>	<u>-</u>
Total	<u>\$ 4,111,427</u>	<u>\$ 103,161</u>
PORS	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 251,597	\$ 52,111
Changes of assumptions	144,471	-
Net difference between projected and actual earnings on pension plan investments	1,212,255	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	280,425	298,346
Employer contributions subsequent to the measurement date	<u>1,032,043</u>	<u>-</u>
Total	<u>\$ 2,920,791</u>	<u>\$ 350,457</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):

County contributions subsequent to the measurement date of \$1,497,228 and \$1,032,043 for the SCRS plan and the PORS plan, respectively, are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	SCRS	PORS
2022	\$ 642,373	\$ 314,693
2023	797,406	418,677
2024	684,402	476,271
2025	386,857	328,650

Pension Plan Fiduciary Net Position:

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for SCRS and PORS. The ACFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Road, Columbia, SC 29223.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Other Post-employment Healthcare Benefits (OPEB)

Plan Description. In addition to providing pension benefits through the South Carolina Retirement System, the County, authorized by its County Council, provides certain healthcare benefits for employees who retire from service or who terminate with at least 20 years of service who meet one or more of the eligibility requirements, such as age, length of service, and hire date. Generally, those who retire must have at least 10 years of retirement service credit under the South Carolina Retirement System to qualify for benefits. Benefits are effective at date of retirement or when the employee is eligible for retirement benefits. The plan is a single-employer defined benefit plan.

Plan Membership. The Plan has 417 covered members for the year ended June 30, 2021; 76 members are retirees receiving benefits and 341 are active participants and dependents

Funding Policy and Contributions. The County currently pays for other post-employment benefits on a pay-as-you-go basis. For the year ended June 30, 2021, the County paid \$44,763 toward the cost of retiree health insurance for eligible retired employees. The County's obligation to contribute to the Plan was established and may be amended by the County Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the plan.

Total OPEB Liability. The County's total OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2020, with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial Assumptions. The total OPEB liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	2.45% as of June 30, 2020
Healthcare cost trend rate:	6.00% - 4.00%, Ultimate Trend after 15 years
Inflation rate:	2.25%
Salary increase:	3.50% - 9.50% for PORS eligible employees and 3.00% - 7.00% for SCRS eligible employees per annum
Participation rate:	50.00% of retirees eligible for the County subsidy and 20.00% of retirees not eligible for the County subsidy.

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% for male SCRS members, 111% for female SCRS members, 125% for male PORS members, and 111% for female PORS members.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Other Post-employment Healthcare Benefits (OPEB) (Continued)

Discount Rate. The discount rate used to measure the total OPEB liability was 2.45% as of June 30, 2020. This rate was determined using an index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher – which was 2.45% as determined by the Bond Buyer 20-Bond GO Index Rate as of June 30, 2020.

Changes in the Total OPEB Liability. The changes in the total OPEB liability of the County for the year ended June 30, 2021, were as follows:

	Total OPEB Liability
Balances beginning of year	\$ 852,182
Changes for the year:	
Service cost	151,224
Interest	28,571
Difference between actual and expected experience	333,878
Assumption changes	109,175
Benefit payments and implicit subsidy	(29,942)
Net changes	592,906
Balances end of year	\$ 1,445,088

The required schedule of changes in the County's total OPEB liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about the total OPEB liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County as of June 30, 2021 (June 30, 2020 measurement date), as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.45%) or 1-percentage-point higher (3.45%) than the current discount rate:

Darlington County Health Care Plan		
Sensitivity of the Total OPEB Liability to Changes in the Discount Rate		
	Current	
1% Decrease (1.45%)	Discount Rate (2.45%)	1% Increase (3.45%)
\$ 1,600,249	\$ 1,445,088	\$ 1,306,519

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Other Post-employment Healthcare Benefits (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the County as of June 30, 2021 (June 30, 2020 measurement date), as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.00% decreasing to 3.00%) or 1-percentage-point higher (7.00% decreasing to 5.00%) than the current healthcare cost trend rates:

<u>Darlington County Health Care Plan</u>		
<u>Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate</u>		
1% Decrease (5.00% decreasing to 3.00%)	Current Healthcare Cost Trend Rates (6.00% decreasing to 4.00%)	1% Increase (7.00% decreasing to 5.00%)
\$ 1,344,908	\$ 1,445,088	\$ 1,565,583

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2021, and the current sharing pattern of costs between employer and inactive employees.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2021, the County recognized OPEB expense as follows:

<u>Description</u>	
Service cost	\$ 151,224
Interest on the total OPEB liability	28,571
Recognition of outflow (inflow) of resources due to liabilities	57,273
Amortization of outflow (inflow) of resources due to liabilities	(129,234)
Total OPEB expense	\$ 107,834

NOTES TO FINANCIAL STATEMENTS

NOTE 7. EMPLOYEE BENEFITS (CONTINUED)

Other Post-employment Healthcare Benefits (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued). At June 30, 2021, the County reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 295,408	\$ 457,719
Changes of assumptions	119,680	111,440
Employer contributions subsequent to the measurement date	44,763	-
Total	\$ 459,851	\$ 569,159

County contributions subsequent to the measurement date of \$44,763 are deferred outflows of resources and will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ (71,961)
2023	(71,961)
2024	(71,961)
2025	(69,641)
2026	31,140
Thereafter	100,313

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND ASSETS AND LIABILITIES

Interfund receivable and payable balances as of June 30, 2021, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 34,162
		\$ 34,162

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances normally clear within one to two months.

Any transactions to transfer revenues from the fund budgeted to receive them to the fund budgeted to expend them are reported as transfers from and to other funds. Total transfers during the year ended June 30, 2021, consisted of the following individual amounts:

Transfer in Fund	Transfer Out Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 49,424
General Fund	Environmental Services Fund	39,885
General Fund	Emergency Services Fund	86,245
General Fund	Road Maintenance Fund	135,356
Emergency Services Fund	General Fund	978,498
Airport Fund	General Fund	89,373
		\$ 1,378,781

Transfers are used to (1) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. 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 natural disasters for which the County carries insurance through the State Budget and Control Board Office of Insurance Reserve Fund. The County pays premiums to the Fund for its general insurance coverage. The agreement for formation of the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through commercial companies for each insured event. Additionally, the County participates in a self-funded program to provide workers' compensation insurance through the South Carolina Association of Counties, which works in a similar way as the Insurance Reserve Fund. The County continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries insurance through the South Carolina Counties Property and Liability Trust. In addition, the County carries employee health and accident insurance through the South Carolina Office of Insurance Services. This South Carolina state health plan represents various South Carolina governmental entities joined together in a public entity risk pool. The County pays premiums to the Fund for its employee health and accident insurance. The agreement for formation of the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through commercial companies for each insured event.

The County continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 10. COMMITMENTS AND CONTINGENT LIABILITIES

The County participates in a number of federal and state assisted grant programs. These programs are subject to audits by grantors or their representatives. The audits of these programs for or including the year ended June 30, 2021, have not yet been conducted. Therefore, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

At June 30, 2021, the County had construction commitments related to various capital projects for approximately \$110,413.

NOTE 11. LITIGATION

The County is party to a number of lawsuits arising in the course of operations. It is the opinion of management, in consultation with legal counsel, that it cannot be determined whether resolution of the other pending cases will have a material adverse effect on the financial condition of the County.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. TAX ABATEMENTS

The County, acting through its County Council, negotiates property tax abatement agreements on an individual basis under several programs in accordance with the provisions of Chapter 44 of Title 12, Code of Laws of South Carolina 1976, as amended. Local governments may enter into tax abatement agreements in accordance with South Carolina state law as follows:

1. *Fee in lieu of tax for economic development properties* – any industry or business whereby the industry or business would pay fees in lieu of taxes with respect to certain properties which constitute “economic development properties” through which powers the industrial development of the State of South Carolina will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate or remain in the State and thus utilize and employ the manpower, products, and resources of the State and benefit the general public welfare of the County by providing services, employment, recreation, or other public benefits not otherwise provided locally. At the time of termination, the sponsor shall pay to the County an additional fee equal to the difference between the total amount of property taxes that would have been paid by the sponsor had the project been taxable, taking into account exemptions from property taxes that would have been available to the sponsor, and the amount of fee payments actually made to the sponsor. The agreement for formation of the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through commercial companies for each insured event sponsor had the project been taxable, taking into account exemptions from property taxes that would have been available to the sponsor, and the amount of fee payments actually made by the sponsor. Abatement agreements under the Economic Development Program equal a 100% reduction in property taxes during the exemption period as outlined in the agreement. A fee in lieu of tax (FILOT) is to be paid within the following parameters: the sponsor shall pay to the County an annual fee payment in connection with the economic development property which has been placed in service, in an amount not less than that the property taxes that would be due on the economic development property if it were taxable but using (1) an assessment ratio of not less than 6%; (2) a millage rate this is either fixed for the life of the fee or is allowed to increase or decrease every fifth year in step with the average cumulative actual millage rate applicable to the project based upon the preceding five-year period; or (3) a fair market value for the economic development property.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. TAX ABATEMENTS (CONTINUED)

2. *Special Source Revenue and Infrastructure Tax Credits* – In addition to the program defined in item one above, the County, in accordance with South Carolina state law, may issue special source and infrastructure tax credits to effectively reduce the assessed value of certain qualifying properties. Such credits are approved via the State of South Carolina Department of Revenue and the Oconee County Auditor provided that the project sponsor expands its operations to levels outlined in state law. Provisions for recapturing abated tax revenues are specific to each agreement.

For the year ended June 30, 2021, the County abated taxes totaling \$5,195,729 under the programs previously noted. The effective abatement for the General Government, School District, and all other municipalities, funds and districts is \$1,400,526, \$3,498,653, and \$296,550, respectively.

Commitments made by the County and other governments are negotiated individually for each agreement. Various commitments have been made by the County and the State of South Carolina as a part of the agreements; however, no commitments were made by either the County or other governments relative to the two individual agreements noted above.

NOTE 13. RESTATEMENTS

Change in Accounting Principle

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, the County is required to reevaluate the accounting treatment of fiduciary activities. The new standard requires the County to determine if funds are still considered fiduciary, and if so, if they are considered custodial funds under the new definitions of GASB Statement No. 84. Therefore, in conjunction with the implementation of GASB Statement No. 84, the following restatement was required to the beginning net position of the Fiduciary Activities to properly report the custodial funds as of July 1, 2020.

	Custodial Funds
Fiduciary net position, as previously reported	\$ -
Recognition of the beginning net position of the former Agency Funds now reported as Custodial Funds	2,410,874
Fiduciary net position, as restated	<u>\$ 2,410,874</u>

REQUIRED SUPPLEMENTARY INFORMATION

DARLINGTON COUNTY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 16,007,725	\$ 16,007,725	\$ 17,499,136	\$ 1,491,411
Other taxes	455,000	455,000	457,414	2,414
Licenses, permits and fees	386,800	386,800	711,256	324,456
Intergovernmental	4,436,300	4,436,300	4,156,015	(280,285)
Charges for services	1,482,064	1,482,064	1,843,068	361,004
Fines and forfeitures	261,000	261,000	331,952	70,952
Interest revenue	150,000	150,000	61,465	(88,535)
Contributions and donations	-	-	38,294	38,294
Other revenues	630,220	1,904,781	478,834	(1,425,947)
Total revenues	23,809,109	25,083,670	25,577,434	493,764
EXPENDITURES:				
Current:				
General government:				
County council	1,323,720	1,323,720	1,309,291	14,429
Auditor	422,534	422,534	392,292	30,242
Coroner	178,690	178,690	279,867	(101,177)
Veterans affairs	124,564	124,564	115,409	9,155
Legal	50,500	50,500	42,487	8,013
Registration/elections	323,927	323,927	410,765	(86,838)
Treasurer	397,518	397,518	389,885	7,633
Tax collector	267,587	267,587	289,469	(21,882)
Tax assessor	498,786	498,786	438,763	60,023
Total general government	3,587,826	3,587,826	3,668,228	(80,402)
Public safety and judiciary:				
Correctional center	3,947,584	4,107,779	3,742,400	365,379
Prison farm	855,330	855,330	999,793	(144,463)
Solicitor	140,000	140,000	140,000	-
Probate	415,098	415,098	424,318	(9,220)
Public defender	140,000	140,000	140,000	-
Clerk of court	1,041,197	1,059,197	935,090	124,107
Magistrate court	844,569	844,569	634,934	209,635
Sheriff	5,953,122	5,980,188	5,819,216	160,972
Total public safety and judiciary	13,336,900	13,542,161	12,835,751	706,410
Public works:				
Roads and bridges	-	-	7,125	(7,125)
Car wash	3,300	3,300	1,102	2,198
Building maintenance	820,205	829,705	784,132	45,573
Fleet operations/shop	1,067,000	1,067,000	1,114,015	(47,015)
Planning	341,918	349,418	307,894	41,524
Grants	1,260,000	1,260,000	373,802	886,198
Total public works	3,492,423	3,509,423	2,588,070	921,353

(Continued)

DARLINGTON COUNTY, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES: (CONTINUED)				
Current: (Continued)				
Health and social services:				
Health department	\$ 43,750	\$ 34,250	\$ 22,572	\$ 11,678
DSS	177,973	177,973	126,594	51,379
Codes enforcement	424,563	489,031	413,358	75,673
Animal shelter	180,703	180,703	179,594	1,109
Rubicon advisory committee	1,200	1,200	625	575
Clemson extension	11,240	11,240	10,063	1,177
Soil and water conservation	44,000	44,000	43,740	260
Total health and social services	<u>883,429</u>	<u>938,397</u>	<u>796,546</u>	<u>141,851</u>
Culture and recreation:				
Recreation	563,443	563,443	528,840	34,603
Historical commission	151,302	151,302	153,586	(2,284)
Tourism	-	-	150	(150)
Total culture and recreation	<u>714,745</u>	<u>714,745</u>	<u>682,576</u>	<u>32,169</u>
Economic development and planning	343,934	343,934	310,919	33,015
Nondepartmental	426,740	426,740	406,373	20,367
Capital outlay	3,860	1,251,192	1,714,443	(463,251)
Debt service:				
Principal retirement	176,570	176,570	443,734	(267,164)
Interest and fiscal charges	30,811	30,811	30,811	-
Total expenditures	<u>22,997,238</u>	<u>24,521,799</u>	<u>23,477,451</u>	<u>1,044,348</u>
Excess of revenues over expenditures	<u>811,871</u>	<u>561,871</u>	<u>2,099,983</u>	<u>1,538,112</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	231,000	481,000	310,910	(170,090)
Transfers out	(1,067,871)	(1,067,871)	(1,067,871)	-
Proceeds from sale of capital assets	25,000	25,000	152,806	127,806
Total other financing (uses), net	<u>(811,871)</u>	<u>(561,871)</u>	<u>(604,155)</u>	<u>(42,284)</u>
Net change in fund balances	-	-	1,495,828	1,495,828
Fund balances, beginning of year	<u>35,276,293</u>	<u>35,276,293</u>	<u>35,276,293</u>	<u>-</u>
Fund balances, end of year	<u>\$ 35,276,293</u>	<u>\$ 35,276,293</u>	<u>\$ 36,772,121</u>	<u>\$ 1,495,828</u>

DARLINGTON COUNTY, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FIRE BOARD FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 1,895,480	\$ 1,895,480	\$ 3,546,298	\$ 1,650,818
Interest revenue	-	-	626	626
Other revenues	-	1,482,313	2,269	(1,480,044)
Total revenues	<u>1,895,480</u>	<u>3,377,793</u>	<u>3,549,193</u>	<u>171,400</u>
EXPENDITURES:				
Current:				
Public Safety	1,922,142	1,922,142	1,884,419	37,723
Capital outlay	150,000	1,632,313	1,570,530	61,783
Debt service:				
Principal retirement	394,913	394,913	622,000	(227,087)
Interest and fiscal charges	25,017	25,017	25,017	-
Total expenditures	<u>2,492,072</u>	<u>3,974,385</u>	<u>4,101,966</u>	<u>(127,581)</u>
Deficiency of revenues under expenditures	<u>(596,592)</u>	<u>(596,592)</u>	<u>(552,773)</u>	<u>43,819</u>
OTHER FINANCING SOURCES				
Proceeds from issuance of bonds	596,592	596,592	-	(596,592)
Total other financing sources	<u>596,592</u>	<u>596,592</u>	<u>-</u>	<u>(596,592)</u>
Net change in fund balances	-	-	(552,773)	(552,773)
Fund balances, beginning of year as restated	<u>5,517,967</u>	<u>5,517,967</u>	<u>5,517,967</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,517,967</u>	<u>\$ 5,517,967</u>	<u>\$ 4,965,194</u>	<u>\$ (552,773)</u>

DARLINGTON COUNTY, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
EMERGENCY SERVICES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Licenses, permits and fees	\$ 1,370,000	\$ 1,370,000	\$ 1,480,527	\$ 110,527
Intergovernmental	85,813	85,813	68,606	(17,207)
Charges for services	2,570,000	2,570,000	2,458,099	(111,901)
Interest revenue	-	-	54	54
Other revenues	27,810	247,387	27,811	(219,576)
Total revenues	<u>4,053,623</u>	<u>4,273,200</u>	<u>4,035,097</u>	<u>(238,103)</u>
EXPENDITURES:				
Current:				
Health and social services:				
EMS	3,859,838	3,865,285	3,909,754	(44,469)
Emergency preparedness	192,566	213,914	161,533	52,381
Central communications	834,297	834,297	904,795	(70,498)
Total health and social services	<u>4,886,701</u>	<u>4,913,496</u>	<u>4,976,082</u>	<u>(62,586)</u>
Capital outlay	<u>40,000</u>	<u>232,782</u>	<u>174,837</u>	<u>57,945</u>
Total expenditures	<u>4,926,701</u>	<u>5,146,278</u>	<u>5,150,919</u>	<u>(4,641)</u>
Deficiency of revenues under expenditures	<u>(873,078)</u>	<u>(873,078)</u>	<u>(1,115,822)</u>	<u>(242,744)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	978,498	978,498	978,498	-
Transfers out	(105,420)	(105,420)	(86,245)	19,175
Total other financing sources, net	<u>873,078</u>	<u>873,078</u>	<u>892,253</u>	<u>19,175</u>
Net change in fund balances	-	-	(223,569)	(223,569)
Fund balances, beginning of year	<u>749,028</u>	<u>749,028</u>	<u>749,028</u>	<u>-</u>
Fund balances, end of year	<u>\$ 749,028</u>	<u>\$ 749,028</u>	<u>\$ 525,459</u>	<u>\$ (223,569)</u>

DARLINGTON COUNTY, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
ROAD MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Licenses, permits and fees	\$ 1,700,000	\$ 1,700,000	\$ 1,694,371	\$ (5,629)
Interest revenue	81,200	81,200	2,797	(78,403)
Other revenues	-	250,000	-	(250,000)
Total revenues	<u>1,781,200</u>	<u>2,031,200</u>	<u>1,697,168</u>	<u>(334,032)</u>
EXPENDITURES:				
Current:				
Public works	1,781,200	1,781,200	1,406,446	374,754
Total expenditures	<u>1,781,200</u>	<u>1,781,200</u>	<u>1,406,446</u>	<u>374,754</u>
Excess of revenues over expenditures	<u>-</u>	<u>250,000</u>	<u>290,722</u>	<u>40,722</u>
OTHER FINANCING USES				
Transfers out	-	(250,000)	(135,356)	114,644
Total other financing uses	<u>-</u>	<u>(250,000)</u>	<u>(135,356)</u>	<u>114,644</u>
Net change in fund balances	-	-	155,366	155,366
Fund balances, beginning of year	<u>2,006,935</u>	<u>2,006,935</u>	<u>2,006,935</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,006,935</u>	<u>\$ 2,006,935</u>	<u>\$ 2,162,301</u>	<u>\$ 155,366</u>

DARLINGTON COUNTY, SOUTH CAROLINA

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

South Carolina Retirement System

Plan Year Ended June 30,	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered payroll	County's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.080659%	\$ 20,609,829	\$ 8,998,542	229.0%	50.7%
2019	0.077888%	17,785,066	8,224,323	216.2%	54.4%
2018	0.074862%	16,774,133	7,761,049	216.1%	54.1%
2017	0.073955%	16,648,461	6,862,397	242.6%	53.3%
2016	0.081214%	17,347,192	6,950,516	249.6%	52.9%
2015	0.080252%	15,220,180	6,786,406	224.3%	57.0%
2014	0.089780%	15,457,141	6,674,982	231.6%	59.9%

South Carolina Police Officers Retirement System

Plan Year Ended June 30,	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered payroll	County's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.35699%	\$ 11,838,693	\$ 5,392,925	219.5%	58.8%
2019	0.34322%	9,836,445	4,969,178	197.9%	62.7%
2018	0.34518%	9,780,882	4,746,694	206.1%	61.7%
2017	0.36792%	10,079,420	4,320,167	233.3%	60.9%
2016	0.40726%	10,330,002	4,290,608	240.8%	60.4%
2015	0.39198%	8,543,081	4,133,525	206.7%	64.6%
2014	0.44375%	8,495,253	4,584,775	185.3%	67.5%

Notes to the schedule:

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

DARLINGTON COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF COUNTY CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30,

South Carolina Retirement System

County's Fiscal Year Ended June 30,	Actuarially required contribution	Contributions in relation to the actuarially required contribution	Contribution deficiency (excess)	County's covered payroll	Contributions as a percentage of covered payroll
2021	\$ 1,497,228	\$ 1,497,228	\$ -	\$ 9,622,283	15.56%
2020	1,400,174	1,400,174	-	8,998,542	15.56%
2019	1,197,461	1,197,461	-	8,224,323	14.56%
2018	1,052,398	1,052,398	-	7,761,049	13.56%
2017	862,581	862,581	-	6,862,397	12.57%
2016	869,816	869,816	-	6,950,516	12.51%
2015	820,185	820,185	-	6,786,406	12.09%

South Carolina Police Officers Retirement System

County's Fiscal Year Ended June 30,	Actuarially required contribution	Contributions in relation to the actuarially required contribution	Contribution deficiency (excess)	County's covered payroll	Contributions as a percentage of covered payroll
2021	\$ 1,032,043	\$ 1,032,043	\$ -	\$ 5,658,126	18.24%
2020	983,670	983,670	-	5,392,925	18.24%
2019	846,748	846,748	-	4,969,178	17.04%
2018	771,863	771,863	-	4,746,694	16.26%
2017	705,549	705,549	-	4,320,167	16.33%
2016	713,383	713,383	-	4,290,608	16.63%
2015	651,194	651,194	-	4,133,525	15.75%

DARLINGTON COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF COUNTY CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30,

Notes to the schedule:

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

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

System	SCRS	PORS
Calculation date	July 1, 2018	July 1, 2018
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	5-year Smoothed	5-year Smoothed
Amortization method	Level % of pay	Level % of pay
Amortization period	29 years maximum, closed	29 years maximum, closed
Investment return	7.25%	7.25%
Inflation	2.25%	2.25%
Salary increases	3.00% plus step-rate increases for members with less than 21 years of service	3.50% plus step-rate increases for members with less than 15 years of service
Mortality	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non-educators and 98% for educators.	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates multiplied by 125% and female rates are multiplied by 111%

DARLINGTON COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30,

Total OPEB liability	2021	2020	2019	2018
Service cost	\$ 151,224	\$ 89,747	\$ 99,651	\$ 125,791
Interest on the total OPEB liability	28,571	27,735	55,066	44,714
Difference between actual and expected experience	333,878	(7,378)	(772,200)	9,658
Assumption changes	109,175	34,008	(114,717)	(91,066)
Benefit payments	(29,942)	(26,458)	(60,507)	(60,507)
Net change in total OPEB liability	592,906	117,654	(792,707)	28,590
Total OPEB liability - beginning	852,182	734,528	1,527,235	1,498,645
Total OPEB liability - ending	\$ 1,445,088	\$ 852,182	\$ 734,528	\$ 1,527,235
Covered-employee payroll	\$ 13,338,897	\$ 12,117,424	\$ 11,735,971	\$ 11,924,627
Total OPEB liability as a percentage of covered-employee payroll	10.83%	7.03%	6.26%	12.81%

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

The County is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

The discount rate changed from 3.56% as of June 30, 2018, to 3.62% as of June 30, 2019.

The discount rate changed from 3.62% as of June 30, 2019, to 3.13% as of June 30, 2020.

The discount rate changed from 3.13% as of June 30, 2020, to 2.45% as of June 30, 2021.

The assumptions used in the preparation of the above schedule are disclosed in Note 7 to the financial statements.

**COMBINING STATEMENTS
AND SCHEDULES**

DARLINGTON COUNTY, SOUTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The **Library Board of Trustees Fund** is used to account for the property taxes levied and other revenues received for the County public library system and related expenditures.

The **Emergency Telephone System Fund** is used to account for revenues received from surcharges designated for E911 and state reimbursements used for E911 services.

The **State Accommodations Tax Fund** is used to account for accommodations tax monies received from the State. The first \$25,000 and 5% is transferred to the General Fund. The remainder is restricted for tourism.

The **Hospitality Tax Fund** accounts for the revenues collected as a percentage of sales for restaurants in the County used for improvement of tourism related services and facilities.

The **Woodrow Lewis Court Library Fund** is used to account for revenues generated through special filing charges in the County court system which are used to acquire and maintain library materials.

DEBT SERVICE FUND

The **Debt Service Fund** is used to account for the property taxes levied and other resources used for the payment of the County's principal and interest on various debt obligations.

DARLINGTON COUNTY, SOUTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Special Revenue Funds					Debt Service Fund	Totals
	Library Board of Trustees	Emergency Telephone System	State Accommodations Tax	Woodrow Lewis Court Library	Hospitality Tax	Debt Service	
ASSETS							
Cash and cash equivalents	\$ 1,620,914	\$ 196,319	\$ -	\$ 14,704	\$ 597,769	\$ 219,273	\$ 2,648,979
Investments	2,902	343	-	3	1,077	395	4,720
Taxes receivable, net	89,851	-	-	-	-	48,607	138,458
Accounts receivable, net	-	7,926	-	-	11,781	-	19,707
Due from other governments	-	-	96,513	-	-	-	96,513
Prepaid expenditures	31,343	15,043	-	-	-	-	46,386
Total assets	<u>1,745,010</u>	<u>219,631</u>	<u>96,513</u>	<u>14,707</u>	<u>610,627</u>	<u>268,275</u>	<u>2,954,763</u>
LIABILITIES							
Accounts payable	39,791	6,323	-	-	-	-	46,114
Accrued liabilities	42,648	9,548	-	-	-	-	52,196
Due to other funds	-	-	34,162	-	-	-	34,162
Total liabilities	<u>82,439</u>	<u>15,871</u>	<u>34,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,472</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	83,349	-	-	-	-	45,090	128,439
Total deferred inflows of resources	<u>83,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,090</u>	<u>128,439</u>
FUND BALANCES							
Nonspendable:							
Prepaid expenditures	31,343	15,043	-	-	-	-	46,386
Restricted for:							
Public safety and judiciary	-	188,717	-	14,707	-	-	203,424
Culture and recreation	1,545,079	-	-	-	-	-	1,545,079
Tourism	-	-	62,351	-	610,627	-	672,978
Debt service	-	-	-	-	-	223,185	223,185
Committed:							
Subsequent year's budget	2,800	-	-	-	-	-	2,800
Total fund balances	<u>1,579,222</u>	<u>203,760</u>	<u>62,351</u>	<u>14,707</u>	<u>610,627</u>	<u>223,185</u>	<u>2,693,852</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,745,010</u>	<u>\$ 219,631</u>	<u>\$ 96,513</u>	<u>\$ 14,707</u>	<u>\$ 610,627</u>	<u>\$ 268,275</u>	<u>\$ 2,954,763</u>

DARLINGTON COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Special Revenue Funds					Debt Service Fund	Totals
	Library Board of Trustees	Emergency Telephone System	State Accommodations Tax	Woodrow Lewis Court Library	Hospitality Tax	Debt Service	
Revenues:							
Taxes	\$ 1,545,159	\$ -	\$ -	\$ -	\$ -	\$ 939,708	\$ 2,484,867
Intergovernmental	151,272	-	98,488	-	217,898	-	467,658
Charges for services	9,948	610,357	-	12,618	-	-	632,923
Interest revenue	-	422	-	8	-	317	747
Other revenues	-	125	-	-	-	-	125
Total revenues	<u>1,706,379</u>	<u>610,904</u>	<u>98,488</u>	<u>12,626</u>	<u>217,898</u>	<u>940,025</u>	<u>3,586,320</u>
Expenditures:							
Current:							
Public safety	-	600,064	-	7,181	-	-	607,245
Culture and recreation	1,504,836	-	-	-	-	-	1,504,836
Economic development and planning	-	-	58,284	-	-	-	58,284
Capital outlay	-	100,418	-	-	-	-	100,418
Debt service:							
Principal retirement	-	-	-	-	-	742,000	742,000
Interest and fiscal charges	-	-	-	-	-	24,840	24,840
Total expenditures	<u>1,504,836</u>	<u>700,482</u>	<u>58,284</u>	<u>7,181</u>	<u>-</u>	<u>766,840</u>	<u>3,037,623</u>
Excess (deficiency) of revenues over (under) expenditures	<u>201,543</u>	<u>(89,578)</u>	<u>40,204</u>	<u>5,445</u>	<u>217,898</u>	<u>173,185</u>	<u>548,697</u>
Other financing uses							
Transfers out	-	-	(14,424)	-	(35,000)	-	(49,424)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(14,424)</u>	<u>-</u>	<u>(35,000)</u>	<u>-</u>	<u>(49,424)</u>
Net change in fund balances	<u>201,543</u>	<u>(89,578)</u>	<u>25,780</u>	<u>5,445</u>	<u>182,898</u>	<u>173,185</u>	<u>499,273</u>
Fund balances, beginning of year	<u>1,377,679</u>	<u>293,338</u>	<u>36,571</u>	<u>9,262</u>	<u>427,729</u>	<u>50,000</u>	<u>2,194,579</u>
Fund balances, end of year	<u>\$ 1,579,222</u>	<u>\$ 203,760</u>	<u>\$ 62,351</u>	<u>\$ 14,707</u>	<u>\$ 610,627</u>	<u>\$ 223,185</u>	<u>\$ 2,693,852</u>

DARLINGTON COUNTY, SOUTH CAROLINA

FIDUCIARY FUNDS

CUSTODIAL FUNDS

The **Treasurers Fund** receives funds on behalf of the County as well as taxes that have been levied by the County and other taxing authorities.

The **Clerk of Court Fund** receives funds per a court order. Most orders will refer to the power of eminent domain and S.C. Code Section 28-2-0 which allows the funds to be held in an interest bearing account. The Clerk of Court also collects certain fines

The **Magistrate Court Fund** is used to account for fines and fees of the County Magistrates. The funds are forwarded to the State Treasurer or County Treasurer for disbursement.

The **Sheriff Fund** accounts for Drug Fund monies and forfeitures.

The **Delinquent Tax Collector Fund** is used to account for monies collected at the annual tax sales. The funds are held for a prescribed time as the original property owners can redeem the property.

The **Historical Commission Fund** holds funds used for specific purposes of the historical committee.

The **Fireman's 1% Fund** accounts for the funds forwarded by South Carolina State Firefighter's Association. The funds are disbursed among the County fire districts to cover benefits and expenses regulated by the State One Percent Fund.

DARLINGTON COUNTY, SOUTH CAROLINA

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2021**

ASSETS	Treasurer's Office	Delinquent Tax Collector	Magistrates	Clerk of Court	Historical Commission	Sheriff's Office	Fireman's Insurance and Inspection	Total
Cash and cash equivalents	\$ 75,582,757	\$ 1,579,865	\$ 98,057	\$ 812,888	\$ -	\$ 530,376	\$ 234,945	\$ 78,838,888
Investments	115,157	-	-	-	-	-	-	115,157
Taxes receivable	4,062,955	-	-	-	-	-	-	4,062,955
Total assets	79,760,869	1,579,865	98,057	812,888	-	530,376	234,945	83,017,000
LIABILITIES								
Due to others	75,697,914	508,868	55,392	63,037	-	1,000	-	76,326,211
Uncollected taxes	4,062,955	-	-	-	-	-	-	4,062,955
Total liabilities	79,760,869	508,868	55,392	63,037	-	1,000	-	80,389,166
NET POSITION								
Restricted for individuals, organizations and other governments	\$ -	\$ 1,070,997	\$ 42,665	\$ 749,851	\$ -	\$ 529,376	\$ 234,945	\$ 2,627,834
Total net position	\$ -	\$ 1,070,997	\$ 42,665	\$ 749,851	\$ -	\$ 529,376	\$ 234,945	\$ 2,627,834

DARLINGTON COUNTY, SOUTH CAROLINA

**COMBINING STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2021**

	<u>Treasurer's Office</u>	<u>Delinquent Tax Collector</u>	<u>Magistrates</u>	<u>Clerk of Court</u>	<u>Historical Commission</u>	<u>Sheriff's Office</u>	<u>Fireman's Insurance and Inspection</u>	<u>Total</u>
ADDITIONS								
Taxes	\$ 143,863,936	\$ 2,402,579	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,266,515
Funds from state and municipalities	-	-	-	-	-	-	47,729	47,729
Fines and fees	-	-	-	-	-	195,939	-	195,939
Criminal and civil bonds	-	-	880,215	1,560,671	-	-	-	2,440,886
Funds from state and participants	-	-	-	-	4,872	-	-	4,872
Total additions	<u>143,863,936</u>	<u>2,402,579</u>	<u>880,215</u>	<u>1,560,671</u>	<u>4,872</u>	<u>195,939</u>	<u>47,729</u>	<u>148,955,941</u>
DEDUCTIONS								
Taxes and fees paid to other governments	143,863,936	2,329,549	-	-	-	69,038	33,214	146,295,737
Funds disbursed per court order	-	-	823,881	1,614,491	-	-	-	2,438,372
Other funds disbursed	-	-	-	-	4,872	-	-	4,872
Total deductions	<u>143,863,936</u>	<u>2,329,549</u>	<u>823,881</u>	<u>1,614,491</u>	<u>4,872</u>	<u>69,038</u>	<u>33,214</u>	<u>148,738,981</u>
Change in fiduciary net position	-	73,030	56,334	(53,820)	-	126,901	14,515	216,960
Net position, beginning of year, restated	<u>-</u>	<u>997,967</u>	<u>(13,669)</u>	<u>803,671</u>	<u>-</u>	<u>402,475</u>	<u>220,430</u>	<u>2,410,874</u>
Net position, end of year	<u>\$ -</u>	<u>\$ 1,070,997</u>	<u>\$ 42,665</u>	<u>\$ 749,851</u>	<u>\$ -</u>	<u>\$ 529,376</u>	<u>\$ 234,945</u>	<u>\$ 2,627,834</u>

**SUPPLEMENTARY INFORMATION REQUIRED
BY THE STATE OF SOUTH CAROLINA**

DARLINGTON COUNTY, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2021

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected	\$ 581,664	\$ 842,676	N/A	\$ 1,424,340
Court fines and assessments remitted to State Treasurer	276,485	440,263	N/A	716,748
Total Court Fines and Assessments retained	\$ 305,179	\$ 402,413	N/A	\$ 707,592
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	\$ 38,070	\$ 6,817	N/A	\$ 44,887
Assessments retained	2,573	31,463	N/A	34,036
Total Surcharges and Assessments retained for victim services	\$ 40,643	\$ 38,280	N/A	\$ 78,923

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	N/A	\$ 32,213	\$ 32,213
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer	N/A	-	-
Victim Service Assessments Retained by City/County Treasurer	N/A	34,036	34,036
Victim Service Surcharges Retained by City/County Treasurer	N/A	44,887	44,887
Interest Earned	N/A	-	-
Grant Funds Received			
Grant from:	N/A	-	-
General Funds Transferred to Victim Service Fund	N/A	-	-
Contribution Received from Victim Service Contracts:			
(1) Town of Society Hill	N/A	1,545	1,545
(2) Town of Lamar	N/A	-	-
(3) City of	N/A	-	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	N/A	\$ 112,681	\$ 112,681

DARLINGTON COUNTY, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2021

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	N/A	\$ 83,145	\$ 83,145
Operating Expenditures	N/A	6,020	6,020
Victim Service Contract(s):			
(1) Entity's Name:	N/A	-	-
(2) Entity's Name	N/A	-	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	N/A	-	-
(2) Rape Crisis Center:	N/A	-	-
(3) Other local direct crime victims service agency:	N/A	-	-
Transferred to General Fund	N/A	-	-
Total Expenditures from Victim Service Fund/Program (B)	N/A	\$ 89,165	\$ 89,165
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	N/A	\$ 23,516	\$ 23,516
Less: Prior Year Fund Deficit Repayment	N/A	-	-
Carryforward Funds – End of Year	N/A	\$ 23,516	\$ 23,516

COMPLIANCE SECTION



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

**Darlington County Council
Darlington County, South Carolina
Darlington, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Darlington County, South Carolina** (the "County"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Darlington County, South Carolina's basic financial statements and have issued our report thereon dated December 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting (internal control) as a basis for designing 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 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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



Columbia, South Carolina
December 15, 2021

DARLINGTON COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	____ Yes <u> X </u> No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes <u> X </u> No
Noncompliance material to financial statements noted?	____ Yes <u> X </u> No

Federal Awards

There was not an audit of major federal award programs as of June 30, 2021, due to the total amount expended being less than \$750,000.

DARLINGTON COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

SECTION IV
SCHEDULE OF PRIOR YEAR FINDINGS

None reported.