

**DARLINGTON COUNTY,
SOUTH CAROLINA**

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

DARLINGTON COUNTY, SOUTH CAROLINA

PRINCIPAL COUNTY OFFICIALS

JUNE 30, 2020

County Council

Bobby Hudson – Chairman
J. Lewis Brown – Vice Chairman
Dannie Douglas, Jr. – Chaplain
Robert Kilgo, Jr.
Joyce Thomas
Albert Davis, III
Marvin Le Flowers
David Coker

County Administrator

Charles Stewart

DARLINGTON COUNTY, SOUTH CAROLINA

FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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DARLINGTON COUNTY, SOUTH CAROLINA

FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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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, 2020, 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, 2020, 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.

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 64 and 65), the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Fire Board Fund (on page 66), the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Emergency Services Fund (on page 67), the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Road Maintenance Fund (on page 68), the Schedules of County's Proportionate Share of the Net Pension Liability (on page 69), the Schedules of County Contributions (on pages 70 and 71), and the Schedules of Changes in the Total OPEB Liability and Related Ratios (on page 72) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Darlington County, South Carolina'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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96), and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96), and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2020, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 10, 2020

DARLINGTON COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

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, 2020.

Financial Highlights

- The assets and deferred outflows of resources of Darlington County exceeded its liabilities and deferred inflows of resources at June 30, 2020, by approximately \$54.9 million (net position).
- At June 30, 2020, the County's General Fund reported a total fund balance of \$35.28 million.
- At the end of the current fiscal year, the County's unassigned fund balance for the General Fund was \$25.5 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 expense 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. Agency funds are custodial in nature; the only required financial statements are the balance sheet and statement of fiduciary assets and liabilities. 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 Funds, 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 \$54,857,876 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	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 51,925,743	\$ 51,038,211	\$ 2,528,285	3,286,898	\$ 54,454,028	\$ 54,325,109
Capital assets	26,461,342	22,864,283	8,825,598	4,490,141	35,286,940	27,354,424
Total assets	<u>78,387,085</u>	<u>73,902,494</u>	<u>11,353,883</u>	<u>7,777,039</u>	<u>89,740,968</u>	<u>81,679,533</u>
Deferred outflows of resources	4,060,896	4,239,906	261,337	245,199	4,322,233	4,485,105
Long-term liabilities	3,591,179	2,363,551	659,209	893,634	4,250,388	3,257,185
Other liabilities	4,058,818	2,095,349	522,008	428,123	4,580,826	2,523,472
Total OPEB liability	852,182	734,528	-	-	852,182	734,528
Net Pension Liability	25,752,004	24,784,390	1,869,507	1,770,625	27,621,511	26,555,015
Total liabilities	<u>34,254,183</u>	<u>29,977,818</u>	<u>3,050,724</u>	<u>3,092,382</u>	<u>37,304,907</u>	<u>33,070,200</u>
Deferred inflows of resources	1,839,736	2,698,289	60,682	97,879	1,900,418	2,796,168
Net position:						
Net investment in capital assets	25,780,259	21,721,318	8,383,908	3,955,860	34,164,167	25,677,178
Restricted	16,165,579	15,612,427	-	-	16,165,579	15,612,427
Unrestricted	4,408,224	8,132,548	119,906	876,117	4,528,130	9,008,665
Total net position	<u>\$ 46,354,062</u>	<u>\$ 45,466,293</u>	<u>\$ 8,503,814</u>	<u>4,831,977</u>	<u>\$ 54,857,876</u>	<u>\$ 50,298,270</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Darlington County's Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 5,635,634	\$ 5,602,203	\$ 2,256,590	2,577,443	\$ 7,892,224	\$ 8,179,646
Operating grants and contributions	1,870,683	6,678,037	4,023,092	97,045	5,893,775	6,775,082
Capital grants and contributions	205,805	513,246	-	-	205,805	513,246
General revenues:						
Property taxes	24,192,209	24,931,623	543,908	498,634	24,736,117	25,430,257
Other taxes and licenses	431,626	403,997	-	-	431,626	403,997
Grants and contributions not restricted to specific programs	2,761,240	2,644,440	-	-	2,761,240	2,644,440
Unrestricted investment earnings	421,161	474,065	2,323	13	423,484	474,078
Miscellaneous	537,349	188,868	34,842	9,231	572,191	198,099
Total revenues	<u>36,055,707</u>	<u>41,436,479</u>	<u>6,860,755</u>	<u>3,182,366</u>	<u>42,916,462</u>	<u>44,618,845</u>
Program expenses						
General government	4,419,735	1,661,181	-	-	4,419,735	1,661,181
Public safety	16,728,323	13,817,259	-	-	16,728,323	13,817,259
Public works	4,524,986	3,579,482	-	-	4,524,986	3,579,482
Health and social services	5,691,854	5,467,337	-	-	5,691,854	5,467,337
Culture and recreation	2,443,923	2,354,155	-	-	2,443,923	2,354,155
Economic development and planning	288,740	370,776	-	-	288,740	370,776
Nondepartmental	870,235	1,460,229	-	-	870,235	1,460,229
Interest and fiscal charges	157,180	109,427	-	-	157,180	109,427
Environmental services	-	-	2,648,971	2,567,243	2,648,971	2,567,243
Airport	-	-	582,909	514,199	582,909	514,199
Total expenses	<u>35,124,976</u>	<u>28,819,846</u>	<u>3,231,880</u>	<u>3,081,442</u>	<u>38,356,856</u>	<u>31,901,288</u>
Excess before transfers	930,731	12,616,633	3,628,875	100,924	4,559,606	12,717,557
Transfers	<u>(42,962)</u>	<u>(290,435)</u>	<u>42,962</u>	<u>290,435</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>887,769</u>	<u>12,326,198</u>	<u>3,671,837</u>	<u>391,359</u>	<u>4,559,606</u>	<u>12,717,557</u>
Net position, beginning of year	45,466,293	33,140,095	4,831,977	4,440,618	50,298,270	37,580,713
Net position, end of year	<u>\$ 46,354,062</u>	<u>\$ 45,466,293</u>	<u>\$ 8,503,814</u>	<u>\$ 4,831,977</u>	<u>\$ 54,857,876</u>	<u>\$ 50,298,270</u>

The changes in net position between fiscal years 2019 and 2020 were affected by the following:

- Total revenue decreased \$1,702,383 or 3.82% due primarily to a decrease in property tax and charges for services revenues.
- Total expenses increased \$6,455,568 or 20.24% as a result of increased general government 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 \$6,151,485 for capital projects, public safety, and culture and recreation. The County also committed \$640,803 for the subsequent year's budget. The General Fund also reported assigned fund balances of \$1,500,000 for capital replacement and \$1,075,100 for economic development. This resulted in a remaining unassigned fund balance of \$25,530,292, for total fund balance was \$35,276,293.

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 103%, while total fund balance represents 142% of that same amount.

Fire Board

For the year ended June 30, 2020, Fire Board expenditures were approximately \$5,479,000, revenues were approximately \$3,078,000, and other financing sources in the form of bond proceeds were \$2,100,000, resulting in a decrease in fund balance of \$300,876 as of year-end.

Emergency Services

For the year ended June 30, 2020, Emergency Services expenditures were approximately \$4,509,000, revenues were approximately \$4,007,000, and other financing sources in the form of transfers between the County's funds were \$447,000, resulting in a decrease in fund balance of \$54,830 as of year-end.

Road Maintenance

At the end of the current fiscal year, Road Maintenance Fund expenditures were approximately \$1,452,000, revenues were approximately \$1,766,000, and other financing uses in the form of transfers between the County's funds were \$652,000, resulting in a decrease in fund balance of \$338,237 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, 2020 was \$8.5 million with \$3.1 million attributed to the Environmental Services Fund and \$5.4 million attributed to the Airport Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

The General Fund's adopted fiscal year 2020 budget totaled \$25,198,670. By the end of the year, General Fund actual revenues totaled \$24,661,321; \$537,349 less than the final budget attributed mainly to intergovernmental revenues. During the year, there were several budget amendments to both revenues and expenditures. Actual expenditures totaled \$24,773,893, thus creating a budget variance in total expenditures of \$535,868. 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, 2020, amounts to \$24,461,342 and \$8,825,598, 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	
	2020	2019	2020	2019	2020	2019
Land	\$ 4,630,956	\$ 4,585,956	\$ 1,787,862	1,787,862	\$ 6,418,818	\$ 6,373,818
Construction in progress	2,606,435	46,299	-	-	2,606,435	46,299
Buildings and improvements	6,764,530	6,173,429	93,059	59,314	6,857,589	6,232,743
Infrastructure	6,438,564	6,264,163	5,388,077	1,372,129	11,826,641	7,636,292
Furniture, fixtures and equipment	6,020,857	5,794,436	1,403,201	1,270,836	7,424,058	7,065,272
Total	\$ 26,461,342	\$ 22,864,283	\$ 8,672,199	4,490,141	\$ 35,133,541	\$ 27,354,424

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, 2020, is summarized below.

	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
County GO bonds	\$ 2,809,000	\$ -	\$ -	\$ -
Revenue bonds	-	-	355,485	407,026
Capital lease obligations	1,888,056	2,324,944	86,205	127,255
Landfill post-closure care costs	-	-	431,990	575,987
Annual leave	842,228	570,594	43,415	29,132
Total OPEB Liability	852,182	734,528	-	-
Net pension liability - SCRS	15,915,559	15,003,508	1,869,507	1,770,625
Net pension liability - PORS	9,836,445	9,780,882	-	-
Total long-term liabilities	\$ 32,143,470	\$ 28,414,456	\$ 2,786,602	\$ 2,910,025

MANAGEMENT'S DISCUSSION AND ANALYSIS

At year-end, the County had \$34.9 million in long-term liabilities outstanding. This was an increase of 12% 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 2020 was at 9.1%, compared to 4.0% a year ago. This compares favorably with the State of South Carolina's unemployment rate of 8.7% and comparable to the national rate of 11.1%.
- Inflationary trends in the region compare favorably to national indices.

These indicators were taken into account when adopting the General Fund budget for 2021. Amounts available for appropriation in the General Fund budget are estimated at approximately \$24.07 million, an increase of 1.7% over the 2020 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, 2020**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 44,964,309	\$ 2,092,248	\$ 47,056,557
Investments	70,928	3,729	74,657
Receivables, net:			
Taxes	2,158,592	417,551	2,576,143
Accounts	3,023,265	20,131	3,043,396
Due from other governments	805,265	285,061	1,090,326
Inventory	51,595	32,963	84,558
Prepaid items	477,207	51,184	528,391
Internal balances	374,582	(374,582)	-
Capital assets:			
Nondepreciable	7,237,391	1,941,261	9,178,652
Depreciable, net	19,223,951	6,884,337	26,108,288
Total assets	<u>78,387,085</u>	<u>11,353,883</u>	<u>89,740,968</u>
DEFERRED OUTFLOWS OF RESOURCES			
Other postemployment benefits	65,187	-	65,187
Pension - South Carolina Retirement System	2,249,005	261,337	2,510,342
Pension - South Carolina Police Officers Retirement System	1,746,704	-	1,746,704
Total deferred outflows of resources	<u>4,060,896</u>	<u>261,337</u>	<u>4,322,233</u>
LIABILITIES			
Accounts payable	1,317,047	149,220	1,466,267
Accrued liabilities	793,666	114,902	908,568
Noncurrent liabilities:			
Due within one year	1,948,105	113,889	2,061,994
Due in more than one year	3,591,179	371,216	3,962,395
Landfill post-closure care costs due within one year	-	143,997	143,997
Landfill post-closure care costs due in more than one year	-	287,993	287,993
Total other postemployment benefits liability	852,182	-	852,182
Net pension liability:			
South Carolina Retirement System	15,915,559	1,869,507	17,785,066
South Carolina Police Officers Retirement System	9,836,445	-	9,836,445
Total liabilities	<u>34,254,183</u>	<u>3,050,724</u>	<u>37,304,907</u>
DEFERRED INFLOWS OF RESOURCES			
Other postemployment benefits	704,330	-	704,330
Pension - South Carolina Retirement System	437,882	60,682	498,564
Pension - South Carolina Police Officers Retirement System	697,524	-	697,524
Total deferred inflows of resources	<u>1,839,736</u>	<u>60,682</u>	<u>1,900,418</u>
NET POSITION			
Net investment in capital assets	25,780,259	8,383,908	34,164,167
Restricted for debt service	50,000	-	50,000
Restricted for capital projects	1,955,973	-	1,955,973
Restricted for other purposes	14,159,606	-	14,159,606
Unrestricted	4,408,224	119,906	4,528,130
Total net position	<u>\$ 46,354,062</u>	<u>\$ 8,503,814</u>	<u>\$ 54,857,876</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, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 4,419,735	\$ 485,388	\$ 25,604	\$ -	\$ (3,908,743)	\$ -	\$ (3,908,743)
Public safety	16,728,323	1,952,813	778,657	-	(13,996,853)	-	(13,996,853)
Public works	4,524,986	-	643,762	182,188	(3,699,036)	-	(3,699,036)
Health and social services	5,691,854	3,132,031	6,185	-	(2,553,638)	-	(2,553,638)
Culture and recreation	2,443,923	57,257	148,598	23,617	(2,214,451)	-	(2,214,451)
Economic development and planning	288,740	8,145	267,877	-	(12,718)	-	(12,718)
Nondepartmental	870,235	-	-	-	(870,235)	-	(870,235)
Interest on long-term debt	157,180	-	-	-	(157,180)	-	(157,180)
Total governmental activities	<u>35,124,976</u>	<u>5,635,634</u>	<u>1,870,683</u>	<u>205,805</u>	<u>(27,412,854)</u>	<u>-</u>	<u>(27,412,854)</u>
Business-type activities:							
Environmental services	2,648,971	2,050,865	117,908	-	-	(480,198)	(480,198)
Airport	582,909	205,725	3,905,184	-	-	3,528,000	3,528,000
Total business-type activities	<u>3,231,880</u>	<u>2,256,590</u>	<u>4,023,092</u>	<u>-</u>	<u>-</u>	<u>3,047,802</u>	<u>3,047,802</u>
Total primary government	<u>\$ 38,356,856</u>	<u>\$ 7,892,224</u>	<u>\$ 5,893,775</u>	<u>\$ 205,805</u>	<u>(27,412,854)</u>	<u>3,047,802</u>	<u>(24,365,052)</u>
General revenues:							
Property taxes and fees levied for:							
General purposes					19,669,302	-	19,669,302
Road maintenance					1,657,332	-	1,657,332
Emergency medical services					1,442,634	-	1,442,634
Debt service					796,137	-	796,137
Special revenue projects					626,804	-	626,804
Environmental services					-	543,908	543,908
Other taxes					431,626	-	431,626
Grants and contributions not restricted for a specific purpose					2,761,240	-	2,761,240
Unrestricted investment earnings					421,161	2,323	423,484
Miscellaneous					537,349	34,842	572,191
Transfers					(42,962)	42,962	-
Total general revenues and transfers					<u>28,300,623</u>	<u>624,035</u>	<u>28,924,658</u>
Change in net position					887,769	3,671,837	4,559,606
Net position, beginning of year					45,466,293	4,831,977	50,298,270
Net position, end of year					<u>\$ 46,354,062</u>	<u>\$ 8,503,814</u>	<u>\$ 54,857,876</u>

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

DARLINGTON COUNTY, SOUTH CAROLINA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2020

	General	Fire Board	Emergency Services	Road Maintenance	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 35,100,063	\$ 5,736,883	\$ 241,418	\$ 1,714,551	\$ 2,171,394	\$ 44,964,309
Investments	57,557	6,165	291	3,054	3,861	70,928
Receivables, net:						
Taxes	1,498,622	263,455	190,367	-	206,148	2,158,592
Accounts	-	-	2,485,508	509,517	28,240	3,023,265
Due from other governments	734,141	-	-	-	71,124	805,265
Due from other funds	409,135	-	-	-	-	409,135
Prepaid expenditures	327,018	-	55,753	48,949	45,487	477,207
Inventories	51,595	-	-	-	-	51,595
Total assets	<u>38,178,131</u>	<u>6,006,503</u>	<u>2,973,337</u>	<u>2,276,071</u>	<u>2,526,254</u>	<u>51,960,296</u>
LIABILITIES						
Accounts payable	1,010,206	200,360	49,335	4,584	52,562	1,317,047
Accrued liabilities	512,059	39,794	135,961	35,185	54,790	777,789
Due to other funds	-	-	-	-	34,553	34,553
Total liabilities	<u>1,522,265</u>	<u>240,154</u>	<u>185,296</u>	<u>39,769</u>	<u>141,905</u>	<u>2,129,389</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	1,379,573	248,382	171,958	-	189,770	1,989,683
Unavailable revenue - road maintenance fee	-	-	-	229,367	-	229,367
Unavailable revenue - emergency medical services	-	-	1,867,055	-	-	1,867,055
Total deferred inflows of resources	<u>1,379,573</u>	<u>248,382</u>	<u>2,039,013</u>	<u>229,367</u>	<u>189,770</u>	<u>4,086,105</u>
FUND BALANCES						
Nonspendable:						
Prepaid expenditures	327,018	-	55,753	48,949	45,487	477,207
Inventories	51,595	-	-	-	-	51,595
Restricted for:						
Public works	-	-	-	1,957,986	-	1,957,986
Health and social services	-	-	666,480	-	-	666,480
Public safety and judiciary	150,568	5,517,967	-	-	10,269	5,678,804
Culture and recreation	4,044,944	-	-	-	1,347,092	5,392,036
Tourism	-	-	-	-	464,300	464,300
Capital projects	1,955,973	-	-	-	-	1,955,973
Debt service	-	-	-	-	50,000	50,000
Committed:						
Subsequent year's budget	640,803	-	26,795	-	277,431	945,029
Assigned:						
Capital replacement reserve	1,500,000	-	-	-	-	1,500,000
Economic development	1,075,100	-	-	-	-	1,075,100
Unassigned	25,530,292	-	-	-	-	25,530,292
Total fund balances	<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>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 38,178,131</u>	<u>\$ 6,006,503</u>	<u>\$ 2,973,337</u>	<u>\$ 2,276,071</u>	<u>\$ 2,526,254</u>	<u>\$ 51,960,296</u>

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

DARLINGTON COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total fund balances for governmental funds:		\$ 45,744,802
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.		26,461,342
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		4,086,105
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	\$ (2,809,000)	
Capital lease obligations	(1,888,056)	
Compensated absences payable	(842,228)	
Total OPEB liability, net of related deferred outflows and deferred inflows of resources	(1,491,325)	
Net pension liability, net of related deferred outflows and deferred inflows of resources	<u>(22,891,701)</u>	
Total long-term liabilities		<u>(29,922,310)</u>
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		<u>(15,877)</u>
Net position of governmental activities		<u>\$ 46,354,062</u>

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

DARLINGTON COUNTY, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Fire Board</u>	<u>Emergency Services</u>	<u>Road Maintenance</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 16,769,396	\$ 3,072,082	\$ -	\$ -	\$ 2,287,691	\$ 22,129,169
Other Taxes	431,626	-	-	-	-	431,626
Licenses, permits and fees	657,692	-	1,461,022	1,725,682	-	3,844,396
Intergovernmental	3,668,637	-	94,924	-	415,320	4,178,881
Charges for services	1,902,884	-	2,409,592	-	336,240	4,648,716
Fines and forfeitures	389,779	-	-	-	-	389,779
Contributions and donations	1,155	-	-	-	-	1,155
Interest revenue	348,779	6,105	198	40,720	25,359	421,161
Other revenues	491,373	-	41,716	-	4,260	537,349
Total revenues	<u>24,661,321</u>	<u>3,078,187</u>	<u>4,007,452</u>	<u>1,766,402</u>	<u>3,068,870</u>	<u>36,582,232</u>
EXPENDITURES						
Current:						
General government	3,458,197	-	-	-	-	3,458,197
Public safety and judiciary	12,934,640	1,753,570	-	-	578,071	15,266,281
Public works	2,312,483	-	-	1,452,293	-	3,764,776
Health and social services	802,040	-	4,459,847	-	-	5,261,887
Culture and recreation	722,729	-	-	-	1,454,363	2,177,092
Economic development and planning	224,411	-	-	-	65,000	289,411
Nondepartmental	870,235	-	-	-	-	870,235
Capital outlay	2,933,202	3,036,940	49,598	-	825,152	6,844,892
Debt service:						
Principal retirement	436,888	637,000	-	-	754,000	1,827,888
Interest and fiscal charges	79,068	51,553	-	-	10,682	141,303
Total expenditures	<u>24,773,893</u>	<u>5,479,063</u>	<u>4,509,445</u>	<u>1,452,293</u>	<u>3,687,268</u>	<u>39,901,962</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(112,572)</u>	<u>(2,400,876)</u>	<u>(501,993)</u>	<u>314,109</u>	<u>(618,398)</u>	<u>(3,319,730)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,413,412	-	533,408	-	-	1,946,820
Transfers out	(616,255)	-	(86,245)	(652,346)	(634,936)	(1,989,782)
Proceeds from sale of capital assets	45,275	-	-	-	-	45,275
Proceeds from issuance of bonds	2,100,000	2,100,000	-	-	-	4,200,000
Total other financing sources (uses), net	<u>2,942,432</u>	<u>2,100,000</u>	<u>447,163</u>	<u>(652,346)</u>	<u>(634,936)</u>	<u>4,202,313</u>
Net change in fund balances	<u>2,829,860</u>	<u>(300,876)</u>	<u>(54,830)</u>	<u>(338,237)</u>	<u>(1,253,334)</u>	<u>882,583</u>
Fund balances, beginning of year	<u>32,446,433</u>	<u>5,818,843</u>	<u>803,858</u>	<u>2,345,172</u>	<u>3,447,913</u>	<u>44,862,219</u>
Fund balances, end 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>

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, 2020

Net change in fund balances - total governmental funds \$ 882,583

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

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

Capital outlay	\$ 6,475,565	
Depreciation expense	<u>(2,806,242)</u>	3,669,323

The net effect of various miscellaneous transactions (i.e., sales and donations) is to decrease net position. (72,264)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (526,525)

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	\$ 1,827,888	
Issuance of general obligation bonds	<u>(4,200,000)</u>	(2,372,112)

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	\$ (271,634)	
Total OPEB liability	41,694	
Net pension liability	(447,419)	
Accrued interest on long-term debt	<u>(15,877)</u>	<u>(693,236)</u>

Change in net position of governmental activities \$ 887,769

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

DARLINGTON COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2020

	Environmental Services	Airport	Totals
ASSETS			
CURRENT ASSETS			
Cash	\$ 2,092,061	\$ 187	\$ 2,092,248
Investments	3,729	-	3,729
Receivables:			
Accounts, net of allowance	20,131	-	20,131
Taxes, net of allowance	417,551	-	417,551
Due from other governments	38,457	246,604	285,061
Inventories	-	32,963	32,963
Prepaid items	42,875	8,309	51,184
Total current assets	2,614,804	288,063	2,902,867
NONCURRENT ASSETS			
Capital assets:			
Nondepreciable	1,467,732	473,529	1,941,261
Depreciable, net of accumulated depreciation	1,403,024	5,481,313	6,884,337
Total noncurrent assets	2,870,756	5,954,842	8,825,598
Total assets	5,485,560	6,242,905	11,728,465
DEFERRED OUTFLOWS OF RESOURCES			
Pension	250,850	10,487	261,337
Total deferred outflows of resources	250,850	10,487	261,337
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	140,535	8,685	149,220
Accrued liabilities	62,645	52,257	114,902
Due to other funds	-	374,582	374,582
Compensated absences, current portion	15,425	2,497	17,922
Landfill post-closure care costs, current portion	143,997	-	143,997
Capital leases payable, current portion	42,403	-	42,403
Revenue bonds payable, current portion	-	53,564	53,564
Total current liabilities	405,005	491,585	896,590
NONCURRENT LIABILITIES			
Compensated absences, net of current portion	22,538	2,955	25,493
Landfill post-closure care costs due in more than one year	287,993	-	287,993
Capital leases payable, net of current portion	43,802	-	43,802
Revenue bonds payable, net of current portion	-	301,921	301,921
Net pension liability	1,798,023	71,484	1,869,507
Total noncurrent liabilities	2,152,356	376,360	2,528,716
Total liabilities	2,557,361	867,945	3,425,306
DEFERRED INFLOWS OF RESOURCES			
Pension	58,257	2,425	60,682
Total deferred inflows of resources	58,257	2,425	60,682
NET POSITION			
Net investment in capital assets	2,784,551	5,599,357	8,383,908
Unrestricted	336,241	(216,335)	119,906
Total net position	\$ 3,120,792	\$ 5,383,022	\$ 8,503,814

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, 2020

	Environmental Services	Airport	Totals
OPERATING REVENUES			
Taxes	\$ 543,908	\$ -	\$ 543,908
Charges for services:			
Landfill user charges	2,050,865	-	2,050,865
Airport user charges	-	205,725	205,725
Other revenues	34,842	-	34,842
Total operating revenues	2,629,615	205,725	2,835,340
OPERATING EXPENSES			
Personnel services	1,260,953	56,579	1,317,532
Professional services	555,492	40,851	596,343
Supplies and materials	195,951	109,074	305,025
Other operating expenses	289,789	34,623	324,412
Depreciation	343,502	325,500	669,002
Total operating expenses	2,645,687	566,627	3,212,314
Operating loss	(16,072)	(360,902)	(376,974)
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	-	2,323	2,323
Interest expense	(3,284)	(16,282)	(19,566)
Intergovernmental revenues	117,908	3,905,184	4,023,092
Total nonoperating revenues, net	114,624	3,891,225	4,005,849
Income before transfers	98,552	3,530,323	3,628,875
TRANSFERS			
Transfers in	-	82,847	82,847
Transfers out	(39,885)	-	(39,885)
Total transfers	(39,885)	82,847	42,962
Change in net position	58,667	3,613,170	3,671,837
Net position, beginning of year	3,062,125	1,769,852	4,831,977
Net position, end of year	\$ 3,120,792	\$ 5,383,022	\$ 8,503,814

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, 2020**

	<u>Environmental Services</u>	<u>Airport</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,712,615	\$ 580,307	\$ 3,292,922
Payments to suppliers	(1,117,089)	(197,153)	(1,314,242)
Payments to employees	(1,208,903)	(54,040)	(1,262,943)
Net cash provided by operating activities	<u>386,623</u>	<u>329,114</u>	<u>715,737</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(39,885)	-	(39,885)
Transfers in	-	82,847	82,847
Net cash provided by (used in) noncapital financing activities	<u>(39,885)</u>	<u>82,847</u>	<u>42,962</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(659,249)	(4,345,210)	(5,004,459)
Intergovernmental revenues	79,451	3,658,580	3,738,031
Principal paid on capital leases	(41,050)	-	(41,050)
Principal paid on revenue bonds	-	(51,541)	(51,541)
Interest paid	(1,379)	(15,275)	(16,654)
Net cash used in capital and related financing activities	<u>(622,227)</u>	<u>(753,446)</u>	<u>(1,375,673)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of investments	2,121,186	306,933	2,428,119
Interest received	-	2,323	2,323
Net cash provided by investing activities	<u>2,121,186</u>	<u>309,256</u>	<u>2,430,442</u>
Net change in cash and cash equivalents	1,845,697	(32,229)	1,813,468
Cash and cash equivalents:			
Beginning of year	246,364	32,416	278,780
End of year	<u>\$ 2,092,061</u>	<u>\$ 187</u>	<u>\$ 2,092,248</u>

(Continued)

DARLINGTON COUNTY, SOUTH CAROLINA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Environmental Services</u>	<u>Airport</u>	<u>Totals</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (16,072)	\$ (360,902)	\$ (376,974)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	343,502	325,500	669,002
Changes in assets and liabilities:			
Decrease in accounts receivable	83,000	-	83,000
Increase in prepaid items	(13,676)	(1,728)	(15,404)
Increase in inventories	-	(13,155)	(13,155)
Increase in deferred outflows of resources	(15,271)	(867)	(16,138)
Increase in accounts payable	38,288	259	38,547
Increase (decrease) in accrued liabilities	40,988	(682)	40,306
Decrease in due to other funds	-	374,582	374,582
Increase in compensated absences	11,062	3,221	14,283
Decrease in accrued closure/post-closure costs	(143,997)	-	(143,997)
Increase in net pension liability	94,927	3,955	98,882
Decrease in deferred inflows of resources	(36,128)	(1,069)	(37,197)
Net cash provided by operating activities	<u>\$ 386,623</u>	<u>\$ 329,114</u>	<u>\$ 715,737</u>

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

DARLINGTON COUNTY, SOUTH CAROLINA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2020

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 76,199,317
Investments	130,217
Taxes receivable	5,907,775
Total assets	\$ 82,237,309
LIABILITIES	
Uncollected taxes	\$ 5,907,775
Due to others	76,329,534
Total liabilities	\$ 82,237,309

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, 2020

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 ***Agency 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 or capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Agency funds have no measurement focus, but rather are custodial in nature (assets equal liabilities).

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 field 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 2020 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 \$945,029 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 Receivable

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 costs 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, 2020, expenditures did not exceed appropriations in any fund.

NOTE 3. CASH AND INVESTMENTS

Total deposits and investments at June 30, 2020, are summarized below:

As reported in the *Statement of Net Position*:

Primary government	
Cash and cash equivalents	\$ 47,056,557
Investments	74,657

As reported in the *Statement of Fiduciary*

Assets and Liabilities:

Agency Fund - cash and cash equivalents	76,199,317
Agency Fund - investments	130,217
	<u>\$ 123,460,748</u>

Cash deposited with financial institutions	\$ 27,841,525
SC Local Government Investment Pool	95,414,349
Certificates of deposit	204,874
	<u>\$ 123,460,748</u>

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, 2020, the carrying amount of the County's deposits was \$27,841,525 and the bank balance was \$28,291,618. 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, 2020, the County has the following investments:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less than 1	1-5	Thereafter
Certificates of deposit	\$ 204,874	\$ 204,874	\$ -	\$ -
	\$ 204,874	\$ 204,874	\$ -	\$ -

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, 2020.

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, 2020, including the applicable allowances for uncollectible accounts, are as follows:

	General	Fire Board	Emergency Services	Road Maintenance
Taxes receivable	\$ 1,665,136	\$ 292,728	\$ 211,519	\$ -
Accounts receivable	-	-	17,521,979	1,884,362
Other receivables	-	-	268,579	-
Due from other governments	734,141	-	-	-
Less: allowance	(166,514)	(29,273)	(15,326,202)	(1,374,845)
Net receivables	<u>\$ 2,232,763</u>	<u>\$ 263,455</u>	<u>\$ 2,675,875</u>	<u>\$ 509,517</u>

	Environmental Services	Airport	Nonmajor Governmental	Total
Taxes receivable	\$ 463,945	\$ -	\$ 229,052	\$ 2,862,380
Accounts receivable	30,236	-	28,242	19,464,819
Other receivables	-	-	-	268,579
Due from other governments	38,457	246,604	71,124	1,090,326
Less: allowance	(56,499)	-	(22,906)	(16,976,239)
Net receivables	<u>\$ 476,139</u>	<u>\$ 246,604</u>	<u>\$ 305,512</u>	<u>\$ 6,709,865</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the County's governmental activities for the year ended June 30, 2020, was as follows:

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 2020</u>
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 4,585,956	\$ 45,000	\$ -	\$ -	\$ 4,630,956
Construction in progress	46,299	2,716,340	-	(156,204)	2,606,435
Total capital assets not being depreciated	<u>4,632,255</u>	<u>2,761,340</u>	<u>-</u>	<u>(156,204)</u>	<u>7,237,391</u>
Capital assets being depreciated:					
Buildings and improvements	23,440,940	1,304,150	-	-	24,745,090
Infrastructure	11,206,277	65,293	(57,088)	706,862	11,921,344
Equipment	23,140,179	2,344,782	(894,075)	(550,658)	24,040,228
Total capital assets being depreciated	<u>57,787,396</u>	<u>3,714,225</u>	<u>(951,163)</u>	<u>156,204</u>	<u>60,706,662</u>
Less accumulated depreciation for:					
Buildings and improvements	(17,267,511)	(713,049)	-	-	(17,980,560)
Infrastructure	(4,942,114)	(432,557)	57,088	(165,197)	(5,482,780)
Equipment	(17,345,743)	(1,660,636)	821,811	165,197	(18,019,371)
Total accumulated depreciation	<u>(39,555,368)</u>	<u>(2,806,242)</u>	<u>878,899</u>	<u>-</u>	<u>(41,482,711)</u>
Total capital assets being depreciated, net	<u>18,232,028</u>	<u>907,983</u>	<u>(72,264)</u>	<u>156,204</u>	<u>19,223,951</u>
Governmental activities capital assets, net	<u>\$ 22,864,283</u>	<u>\$ 3,669,323</u>	<u>\$ (72,264)</u>	<u>\$ -</u>	<u>\$ 26,461,342</u>

Depreciation expense was charged to functions as follows:

General government	\$ 145,978
Public works	1,273,927
Public safety	743,448
Health and social services	408,220
Economic development and planning	880
Culture and recreation	<u>233,789</u>
Total governmental activities depreciation expense	<u>\$ 2,806,242</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, 2020, was as follows:

	Balance June 30, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Business-type activities					
Capital assets not being depreciated:					
Land	\$ 1,787,862	\$ -	\$ -	\$ -	\$ 1,787,862
Construction in progress	-	153,399	-	-	153,399
Total capital assets not being depreciated	<u>1,787,862</u>	<u>153,399</u>	<u>-</u>	<u>-</u>	<u>1,941,261</u>
Capital assets being depreciated:					
Infrastructure	2,142,846	4,330,412	-	-	6,473,258
Buildings and improvements	2,069,952	47,647	-	-	2,117,599
Equipment	3,817,379	473,001	(96,000)	-	4,194,380
Total capital assets being depreciated	<u>8,030,177</u>	<u>4,851,060</u>	<u>(96,000)</u>	<u>-</u>	<u>12,785,237</u>
Less accumulated depreciation for:					
Infrastructure	(770,717)	(314,464)	-	-	(1,085,181)
Buildings and improvements	(2,010,638)	(13,902)	-	-	(2,024,540)
Equipment	(2,546,543)	(340,636)	96,000	-	(2,791,179)
Total accumulated depreciation	<u>(5,327,898)</u>	<u>(669,002)</u>	<u>96,000</u>	<u>-</u>	<u>(5,900,900)</u>
Total capital assets being depreciated, net	<u>2,702,279</u>	<u>4,182,058</u>	<u>-</u>	<u>-</u>	<u>6,884,337</u>
Capital assets, net	<u>\$ 4,490,141</u>	<u>\$ 4,335,457</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,825,598</u>

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

Environmental services	\$ 343,502
Airport	<u>325,500</u>
Total business-type activities depreciation expense	<u>\$ 669,002</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES

The following is a summary of long-term debt activity for the governmental activities of the County for the fiscal year ended June 30, 2020:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Governmental activities					
General obligation bonds	\$ -	\$ 4,200,000	\$ (1,391,000)	\$ 2,809,000	\$ 1,364,000
Capital lease obligations	2,324,944	-	(436,888)	1,888,056	443,734
Compensated absences	570,594	411,069	(139,435)	842,228	140,371
Total other postemployment benefit liability	734,528	151,490	(33,836)	852,182	-
Net pension liability - SCRS	15,003,508	2,410,118	(1,498,067)	15,915,559	-
Net pension liability - PORS	9,780,882	1,411,331	(1,355,768)	9,836,445	-
	\$ 28,414,456	\$ 8,584,008	\$ (4,854,994)	\$ 32,143,470	\$ 1,948,105

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.

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Business-type activities					
Revenue bonds	\$ 407,026	\$ -	\$ (51,541)	\$ 355,485	\$ 53,564
Capital lease obligations	127,255	-	(41,050)	86,205	42,403
Landfill post-closure care cost	575,987	-	(143,997)	431,990	143,997
Compensated absences	29,132	21,552	(7,269)	43,415	17,922
Net pension liability - SCRS	1,770,625	261,557	(162,675)	1,869,507	-
	\$ 2,910,025	\$ 283,109	\$ (406,532)	\$ 2,786,602	\$ 257,886

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, 2020 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	\$ 1,346,000
2019B GO Bond - Fire District	1.710%	4 years	2023	2,100,000	1,463,000
					\$ 2,809,000

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 Darlington 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%.

The annual requirements to amortize all general obligation bonds as of June 30, 2020, including interest payments are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2021	\$ 1,364,000	\$ 47,630	\$ 1,411,630
2022	1,237,000	24,528	1,261,528
2023	208,000	3,557	211,557
Total	<u>\$ 2,809,000</u>	<u>\$ 75,715</u>	<u>\$ 2,884,715</u>

Debt service funds of \$1,079,371 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 \$242,749,071, the legal debt limit is \$19,419,926, and the legal debt margin is \$17,690,296 as of June 30, 2020.

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, 2020, are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
2015 Revenue Refunding Bond	4.000%	10 years	2025	\$ 550,000	\$ 355,485

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, 2020, including interest payments, are as follows:

Fiscal Year Ending June 30,	Revenue Bond		
	Principal	Interest	Total
2021	\$ 53,564	\$ 14,258	\$ 67,822
2022	55,746	12,076	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>\$ 355,485</u>	<u>\$ 51,447</u>	<u>\$ 406,932</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 lease 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, 2020:

	Governmental Activities	Business-type Activities
Machinery and Equipment and Construction in Progress	\$ 2,992,006	\$ 566,710
Less: Accumulated Depreciation	(1,931,923)	(186,918)
	\$ 1,060,083	\$ 379,792

Depreciation expense for the year ended June 30, 2020, 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, 2020:

Fiscal Year Ending June 30,	Governmental Activities	Business-type Activities	Total
2021	\$ 474,545	\$ 45,247	\$ 519,792
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	1,985,062	90,494	2,075,556
Less: Amount Representing Interest	(97,006)	(4,289)	(101,295)
	\$ 1,888,056	\$ 86,205	\$ 1,974,261

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 \$129,000 over the remaining five (5) 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 \$176,000 over the remaining eleven (11) year period. Post-closure care costs and the total estimated post-closure care liability of \$127,000 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, 2020, the County recognized post-closure care costs of approximately \$143,997.

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, 2020. 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 Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement System's Pension Trust Funds. The CAFR 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 through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent. For the year ended June 30, 2020, the County contributed \$1,400,174 to the SCRS plan and \$983,670 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, 2020, 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, 2020, 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, 2019 (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, 2018, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board, which utilized membership data as of July 1, 2018. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2019, 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, 2020 (measurement date of June 30, 2019), 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	\$ 39,000,905	\$ 21,215,839	\$ 17,785,066	54.4%	0.077888%
PORS	\$ 26,365,225	\$ 16,528,780	\$ 9,836,445	62.7%	0.343219%

Actuarial Assumptions and Methods:

Actuarial valuations 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 during the valuation process 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. The last experience study was performed on data through June 30, 2015, and the next experience study is scheduled to be conducted after the June 30, 2020, annual valuation is complete.

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, 2018, 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 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 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):

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Global Equity	51.0%		
Global public equity	35.0%	7.29%	2.55%
Private equity	9.0%	7.67%	0.69%
Equity options strategies	7.0%	5.23%	0.37%
Real Assets	12.0%		
Real estate (Private)	8.0%	5.59%	0.45%
Real estate (REITs)	1.0%	8.16%	0.08%
Infrastructure (Private)	2.0%	5.03%	0.10%
Infrastructure (Public)	1.0%	6.12%	0.06%
Opportunities	8.0%		
GTAA	7.0%	3.09%	0.22%
Other opportunistic strategies	1.0%	3.82%	0.04%
Credit	15.0%		
High Yield Bonds/Bank Loans	4.0%	3.14%	0.13%
Emerging markets debt	4.0%	3.31%	0.13%
Private debt	7.0%	5.49%	0.38%
Alternatives	14.0%		
Core fixed income	13.0%	1.62%	0.21%
Cash and short duration (net)	1.0%	0.31%	0.00%
	100.0%		
		Total expected real return	5.41%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	7.66%

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	Discount Rate	1% Increase
	(6.25%)	(7.25%)		(8.25%)
County's portion - SCRS	\$ 22,405,452	\$ 17,785,066		\$ 13,929,072
County's portion - PORS	\$ 13,330,729	\$ 9,836,445		\$ 6,973,762

Pension Expense:

For the year ended June 30, 2020, the County recognized its proportionate share of collective pension expense of \$2,029,671 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 (\$165,886) for a total of \$1,863,785 for the SCRS plan. Additionally, for the year ended June 30, 2020, the County recognized its proportionate share of collective pension expense of \$1,461,270 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 (\$436,677) for a total of \$1,024,593 for the PORS plan. Total pension expense for both plans amounted to \$2,888,378 for the year ended June 30, 2020.

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, 2020, 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	\$ 12,226	\$ 127,765
Changes of assumptions	358,395	-
Net difference between projected and actual earnings on pension plan investments	157,458	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	582,089	370,799
Employer contributions subsequent to the measurement date	<u>1,400,174</u>	<u>-</u>
Total	<u>\$ 2,510,342</u>	<u>\$ 498,564</u>
PORS	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 202,258	\$ 72,699
Changes of assumptions	390,065	-
Net difference between projected and actual earnings on pension plan investments	124,719	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	45,992	624,825
Employer contributions subsequent to the measurement date	<u>983,670</u>	<u>-</u>
Total	<u>\$ 1,746,704</u>	<u>\$ 697,524</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 \$1,400,174 and \$983,670 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	SCRS	PORS
2021	\$ 345,091	\$ 173,231
2022	26,400	(126,474)
2023	175,536	(19,317)
2024	64,577	38,070

Pension Plan Fiduciary Net Position:

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS and PORS. The CAFR 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 339 covered members for the year ended June 30, 2020; 69 members are retirees receiving benefits and 270 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, 2020, the County paid \$29,942 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, 2019, and was determined by an actuarial valuation as of July 1, 2018, 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, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	3.13% as of June 30, 2019
Healthcare cost trend rate:	6.40% - 4.15%, 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 3.13% as of June 30, 2019. 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 3.13% as determined by the Bond Buyer 20-Bond GO Index Rate as of June 30, 2019.

Changes in the Total OPEB Liability. The changes in the total OPEB liability of the County for the year ended June 30, 2020 were as follows:

	Total OPEB Liability
Balances beginning of year	\$ 734,528
Changes for the year:	
Service cost	89,747
Interest	27,735
Difference between actual and expected experience	(7,378)
Assumption changes	34,008
Benefit payments and implicit subsidy	(26,458)
Net changes	117,654
Balances end of year	\$ 852,182

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, 2020 (June 30, 2019 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 (2.13%) or 1-percentage-point higher (4.13%) than the current discount rate:

<u>Darlington County Health Care Plan</u>		
<u>Sensitivity of the Total OPEB Liability to Changes in the Discount Rate</u>		
	Current	
1% Decrease	Discount Rate	1% Increase
(2.13%)	(3.13%)	(4.13%)
\$ 924,701	\$ 852,182	\$ 783,710

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, 2020 (June 30, 2019 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 (5.40% decreasing to 3.15%) or 1-percentage-point higher (7.40% decreasing to 5.15%) 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 (5.40% decreasing to 3.15%)	Current Healthcare Cost Trend Rates (6.40% decreasing to 4.15%)	1% Increase (7.40% decreasing to 5.15%)
\$ 820,481	\$ 852,182	\$ 887,586

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, 2020, 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, 2020, the County recognized OPEB expense as follows:

<u>Description</u>	
Service cost	\$ 89,747
Interest on the total OPEB liability	27,735
Recognition of outflow (inflow) of resources due to liabilities	3,676
Amortization of outflow (inflow) of resources due to liabilities	(132,910)
Total OPEB expense	\$ (11,752)

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, 2020, 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	\$ 5,932	\$ 565,345
Changes of assumptions	29,313	138,985
Employer contributions subsequent to the measurement date	29,942	-
Total	<u>\$ 65,187</u>	<u>\$ 704,330</u>

County contributions subsequent to the measurement date of \$29,942 are deferred outflows of resources and will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. 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:	
2021	\$ (129,234)
2022	(129,234)
2023	(129,234)
2024	(129,234)
2025	(126,914)
Thereafter	(25,235)

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND ASSETS AND LIABILITIES

Interfund receivable and payable balances as of June 30, 2020, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Airport Fund	\$ 374,582
General Fund	Nonmajor Governmental Funds	34,553
		\$ 409,135

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, 2020, consisted of the following individual amounts:

Transfer in Fund	Transfer Out Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 634,936
General Fund	Environmental Services Fund	39,885
General Fund	Emergency Services Fund	86,245
General Fund	Road Maintenance Fund	652,346
Emergency Services Fund	General Fund	533,408
Airport Fund	General Fund	82,847
		\$ 2,029,667

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, 2020, 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, 2020, the County had construction commitments related to various capital projects for approximately \$368,800.

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, 2020, the County abated taxes totaling \$5,637,537 under the programs previously noted. The effective abatement for the General Government, School District, and all other municipalities, funds and districts is \$1,538,840, \$3,810,340, and \$288,357, 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.

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 15,313,697	\$ 15,313,697	\$ 16,769,396	\$ 1,455,699
Other Taxes	380,000	380,000	431,626	51,626
Licenses, permits and fees	392,200	392,200	657,692	265,492
Intergovernmental	4,721,300	4,721,300	3,668,637	(1,052,663)
Charges for services	1,573,500	1,643,064	1,902,884	259,820
Fines and forfeitures	365,000	365,000	389,779	24,779
Interest revenue	100,000	100,000	348,779	248,779
Contributions and donations	100,000	100,000	1,155	(98,845)
Other revenues	644,270	2,183,409	491,373	(1,692,036)
Total revenues	<u>23,589,967</u>	<u>25,198,670</u>	<u>24,661,321</u>	<u>(537,349)</u>
EXPENDITURES:				
Current:				
General government:				
County council	1,176,387	1,176,387	1,189,915	(13,528)
Auditor	327,716	327,716	433,636	(105,920)
Coroner	175,628	175,628	193,433	(17,805)
Veterans affairs	122,552	122,552	120,802	1,750
Legal	50,500	50,500	55,296	(4,796)
Registration/elections	354,144	354,144	322,468	31,676
Treasurer	457,102	461,727	385,663	76,064
Tax collector	300,646	300,646	243,507	57,139
Tax assessor	505,488	505,488	513,477	(7,989)
Total general government	<u>3,470,163</u>	<u>3,474,788</u>	<u>3,458,197</u>	<u>16,591</u>
Public safety and judiciary:				
Correctional center	3,849,347	4,110,291	3,652,445	457,846
Prison farm	785,729	800,318	868,825	(68,507)
Solicitor	140,000	140,000	140,000	-
Probate	408,830	409,409	429,319	(19,910)
Public defender	140,000	140,000	140,000	-
Clerk of court	999,833	1,051,279	1,023,492	27,787
Magistrate court	863,023	863,023	659,753	203,270
Sheriff	5,783,488	6,278,557	6,020,806	257,751
Total public safety and judiciary	<u>12,970,250</u>	<u>13,792,877</u>	<u>12,934,640</u>	<u>858,237</u>
Public works:				
Roads and bridges	-	-	5,925	(5,925)
Car wash	3,300	3,300	1,903	1,397
Building maintenance	784,265	784,265	802,571	(18,306)
Fleet operations/shop	1,009,571	1,016,014	867,379	148,635
Planning	331,277	381,277	317,812	63,465
Grants	1,610,000	1,619,979	316,893	1,303,086
Total public works	<u>3,738,413</u>	<u>3,804,835</u>	<u>2,312,483</u>	<u>1,492,352</u>

(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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES: (CONTINUED)				
Current: (Continued)				
Health and social services:				
Health department	\$ 43,750	\$ 43,750	\$ 36,950	\$ 6,800
DSS	177,703	177,703	157,604	20,099
Codes enforcement	425,206	425,206	382,787	42,419
Animal shelter	173,862	173,862	169,469	4,393
Rubicon advisory committee	1,200	1,200	250	950
Clemson extension	11,240	11,240	11,240	-
Soil and water conservation	44,000	44,000	43,740	260
Total health and social services	<u>876,961</u>	<u>876,961</u>	<u>802,040</u>	<u>74,921</u>
Culture and recreation:				
Recreation	568,383	568,383	564,999	3,384
Historical commission	143,122	143,122	157,730	(14,608)
Total culture and recreation	<u>711,505</u>	<u>711,505</u>	<u>722,729</u>	<u>(11,224)</u>
Economic development and planning	337,200	337,200	224,411	112,789
Nondepartmental	543,983	551,945	870,235	(318,290)
Capital outlay	53,860	1,049,699	2,933,202	(1,883,503)
Debt service:				
Principal retirement	295,344	630,883	436,888	193,995
Interest and fiscal charges	51,033	79,068	79,068	-
Total expenditures	<u>23,048,712</u>	<u>25,309,761</u>	<u>24,773,893</u>	<u>535,868</u>
Excess (deficiency) of revenues over (under) expenditures	<u>541,255</u>	<u>(111,091)</u>	<u>(112,572)</u>	<u>(1,481)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	652,346	1,413,412	761,066
Transfers out	(616,255)	(616,255)	(616,255)	-
Proceeds from sale of capital assets	75,000	75,000	45,275	(29,725)
Proceeds from issuance of bonds	-	-	2,100,000	2,100,000
Total other financing sources (uses), net	<u>(541,255)</u>	<u>111,091</u>	<u>2,942,432</u>	<u>2,831,341</u>
Net change in fund balances	-	-	2,829,860	2,829,860
Fund balances, beginning of year	<u>32,446,433</u>	<u>32,446,433</u>	<u>32,446,433</u>	<u>-</u>
Fund balances, end of year	<u>\$ 32,446,433</u>	<u>\$ 32,446,433</u>	<u>\$ 35,276,293</u>	<u>\$ 2,829,860</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 1,875,480	\$ 1,875,480	\$ 3,072,082	\$ 1,196,602
Interest revenue	-	-	6,105	6,105
Other revenues	-	3,695,415	-	(3,695,415)
Total revenues	<u>1,875,480</u>	<u>5,570,895</u>	<u>3,078,187</u>	<u>(2,492,708)</u>
EXPENDITURES:				
Current:				
Public Safety	1,798,920	1,798,920	1,753,570	45,350
Capital outlay	150,000	3,845,415	3,036,940	808,475
Debt service:				
Principal retirement	368,377	368,377	637,000	(268,623)
Interest and fiscal charges	51,553	51,553	51,553	-
Total expenditures	<u>2,368,850</u>	<u>6,064,265</u>	<u>5,479,063</u>	<u>585,202</u>
Deficiency of revenues under expenditures	<u>(493,370)</u>	<u>(493,370)</u>	<u>(2,400,876)</u>	<u>(1,907,506)</u>
OTHER FINANCING SOURCES				
Proceeds from issuance of bonds	493,370	493,370	2,100,000	1,606,630
Total other financing sources	<u>493,370</u>	<u>493,370</u>	<u>2,100,000</u>	<u>1,606,630</u>
Net change in fund balances	-	-	(300,876)	(300,876)
Fund balances, beginning of year	<u>5,818,843</u>	<u>5,818,843</u>	<u>5,818,843</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,818,843</u>	<u>\$ 5,818,843</u>	<u>\$ 5,517,967</u>	<u>\$ (300,876)</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, 2020**

	<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	\$ 1,461,022	\$ 91,022
Intergovernmental	85,813	85,813	94,924	9,111
Charges for services	2,570,000	2,570,000	2,409,592	(160,408)
Interest revenue	-	-	198	198
Other revenues	27,810	1,219,184	41,716	(1,177,468)
Total revenues	<u>4,053,623</u>	<u>5,244,997</u>	<u>4,007,452</u>	<u>(1,237,545)</u>
EXPENDITURES:				
Current:				
Health and social services:				
EMS	3,422,508	3,422,508	3,354,703	67,805
Emergency preparedness	183,621	214,729	178,009	36,720
Central communications	835,482	835,482	927,135	(91,653)
Total health and social services	<u>4,441,611</u>	<u>4,472,719</u>	<u>4,459,847</u>	<u>12,872</u>
Capital outlay	<u>40,000</u>	<u>1,200,266</u>	<u>49,598</u>	<u>1,150,668</u>
Total expenditures	<u>4,481,611</u>	<u>5,672,985</u>	<u>4,509,445</u>	<u>1,163,540</u>
Deficiency of revenues under expenditures	<u>(427,988)</u>	<u>(427,988)</u>	<u>(501,993)</u>	<u>(74,005)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	533,408	533,408	533,408	-
Transfers out	(105,420)	(105,420)	(86,245)	19,175
Total other financing sources, net	<u>427,988</u>	<u>427,988</u>	<u>447,163</u>	<u>19,175</u>
Net change in fund balances	-	-	(54,830)	(54,830)
Fund balances, beginning of year	<u>803,858</u>	<u>803,858</u>	<u>803,858</u>	<u>-</u>
Fund balances, end of year	<u>\$ 803,858</u>	<u>\$ 803,858</u>	<u>\$ 749,028</u>	<u>\$ (54,830)</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Licenses, permits and fees	\$ 1,675,000	\$ 1,675,000	\$ 1,725,682	\$ 50,682
Interest revenue	55,000	55,000	40,720	(14,280)
Other revenues	-	674,103	-	(674,103)
Total revenues	<u>1,730,000</u>	<u>2,404,103</u>	<u>1,766,402</u>	<u>(637,701)</u>
EXPENDITURES:				
Current:				
Public works	<u>1,730,000</u>	<u>1,751,757</u>	<u>1,452,293</u>	<u>299,464</u>
Total expenditures	<u>1,730,000</u>	<u>1,751,757</u>	<u>1,452,293</u>	<u>299,464</u>
Excess of revenues over expenditures	<u>-</u>	<u>652,346</u>	<u>314,109</u>	<u>(338,237)</u>
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>(652,346)</u>	<u>(652,346)</u>	<u>-</u>
Total other financing uses	<u>-</u>	<u>(652,346)</u>	<u>(652,346)</u>	<u>-</u>
Net change in fund balances	-	-	(338,237)	(338,237)
Fund balances, beginning of year	<u>2,345,172</u>	<u>2,345,172</u>	<u>2,345,172</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,345,172</u>	<u>\$ 2,345,172</u>	<u>\$ 2,006,935</u>	<u>\$ (338,237)</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
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
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
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
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

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, 2017	July 1, 2017
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	30 years maximum, closed	30 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	2020	2019	2018
Service cost	\$ 89,747	\$ 99,651	\$ 125,791
Interest on the total OPEB liability	27,735	55,066	44,714
Difference between actual and expected experience	(7,378)	(772,200)	9,658
Assumption changes	34,008	(114,717)	(91,066)
Benefit payments	(26,458)	(60,507)	(60,507)
Net change in total OPEB liability	117,654	(792,707)	28,590
Total OPEB liability - beginning	734,528	1,527,235	1,498,645
Total OPEB liability - ending	\$ 852,182	\$ 734,528	\$ 1,527,235
Covered-employee payroll	\$ 12,117,424	\$ 11,735,971	\$ 11,924,627
Total OPEB liability as a percentage of covered-employee payroll	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 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, 2020**

	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	\$ 1,399,494	\$ 309,016	\$ -	\$ 9,262	\$ 409,447	\$ 44,175	\$ 2,171,394
Investments	2,497	546	-	-	738	80	3,861
Taxes receivable, net	133,853	-	-	-	-	72,295	206,148
Accounts receivable, net	-	10,696	-	-	17,544	-	28,240
Due from other governments	-	-	71,124	-	-	-	71,124
Prepaid expenditures	30,587	14,900	-	-	-	-	45,487
Total assets	<u>1,566,431</u>	<u>335,158</u>	<u>71,124</u>	<u>9,262</u>	<u>427,729</u>	<u>116,550</u>	<u>2,526,254</u>
LIABILITIES							
Accounts payable	24,469	28,093	-	-	-	-	52,562
Accrued liabilities	41,063	13,727	-	-	-	-	54,790
Due to other funds	-	-	34,553	-	-	-	34,553
Total liabilities	<u>65,532</u>	<u>41,820</u>	<u>34,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,905</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	123,220	-	-	-	-	66,550	189,770
Total deferred inflows of resources	<u>123,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,550</u>	<u>189,770</u>
FUND BALANCES							
Nonspendable:							
Prepaid expenditures	30,587	14,900	-	-	-	-	45,487
Restricted for:							
Public safety and judiciary	-	1,007	-	9,262	-	-	10,269
Culture and recreation	1,347,092	-	-	-	-	-	1,347,092
Tourism	-	-	36,571	-	427,729	-	464,300
Debt service	-	-	-	-	-	50,000	50,000
Committed:							
Subsequent year's budget	-	277,431	-	-	-	-	277,431
Total fund balances	<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>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,566,431</u>	<u>\$ 335,158</u>	<u>\$ 71,124</u>	<u>\$ 9,262</u>	<u>\$ 427,729</u>	<u>\$ 116,550</u>	<u>\$ 2,526,254</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, 2020

	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	\$ 1,484,821	\$ -	\$ -	\$ -	\$ -	\$ 802,870	\$ 2,287,691
Intergovernmental	147,443	-	71,627	-	196,250	-	415,320
Charges for services	15,159	307,697	-	13,384	-	-	336,240
Interest revenue	-	17,175	-	15	-	8,169	25,359
Other revenues	4,260	-	-	-	-	-	4,260
Total revenues	<u>1,651,683</u>	<u>324,872</u>	<u>71,627</u>	<u>13,399</u>	<u>196,250</u>	<u>811,039</u>	<u>3,068,870</u>
Expenditures:							
Current:							
Public safety	-	570,153	-	7,918	-	-	578,071
Culture and recreation	1,454,363	-	-	-	-	-	1,454,363
Economic development and planning	-	-	65,000	-	-	-	65,000
Capital outlay	-	825,152	-	-	-	-	825,152
Debt service:							
Principal retirement	-	-	-	-	-	754,000	754,000
Interest and fiscal charges	-	-	-	-	-	10,682	10,682
Total expenditures	<u>1,454,363</u>	<u>1,395,305</u>	<u>65,000</u>	<u>7,918</u>	<u>-</u>	<u>764,682</u>	<u>3,687,268</u>
Excess (deficiency) of revenues over (under) expenditures	<u>197,320</u>	<u>(1,070,433)</u>	<u>6,627</u>	<u>5,481</u>	<u>196,250</u>	<u>46,357</u>	<u>(618,398)</u>
Other financing uses							
Transfers out	-	-	(26,711)	-	(283,509)	(324,716)	(634,936)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(26,711)</u>	<u>-</u>	<u>(283,509)</u>	<u>(324,716)</u>	<u>(634,936)</u>
Net change in fund balances	197,320	(1,070,433)	(20,084)	5,481	(87,259)	(278,359)	(1,253,334)
Fund balances, beginning of year	<u>1,180,359</u>	<u>1,363,771</u>	<u>56,655</u>	<u>3,781</u>	<u>514,988</u>	<u>328,359</u>	<u>3,447,913</u>
Fund balances, end 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>

DARLINGTON COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2020

	Treasurer's Office	Delinquent Tax Collector	Magistrates	Clerk of Court
ASSETS				
Cash and cash equivalents	\$ 73,425,313	\$ 1,309,075	\$ 28,184	\$ 813,630
Investments	130,217	-	-	-
Taxes receivable	5,907,775	-	-	-
Total assets	<u>\$ 79,463,305</u>	<u>\$ 1,309,075</u>	<u>\$ 28,184</u>	<u>\$ 813,630</u>
LIABILITIES				
Uncollected property taxes	\$ 5,907,775	\$ -	\$ -	\$ -
Due to others	73,555,530	1,309,075	28,184	813,630
Total liabilities	<u>\$ 79,463,305</u>	<u>\$ 1,309,075</u>	<u>\$ 28,184</u>	<u>\$ 813,630</u>

(Continued)

Historical Commission	Sheriff's Office	Fireman's Insurance and Inspection	Totals
\$ 210	\$ 402,475	\$ 220,430	\$ 76,199,317
-	-	-	130,217
-	-	-	5,907,775
<u>\$ 210</u>	<u>\$ 402,475</u>	<u>\$ 220,430</u>	<u>\$ 82,237,309</u>
\$ -	\$ -	\$ -	\$ 5,907,775
210	402,475	220,430	76,329,534
<u>\$ 210</u>	<u>\$ 402,475</u>	<u>\$ 220,430</u>	<u>\$ 82,237,309</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, 2020

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	\$ 409,285	\$ 965,826	N/A	\$ 1,375,111
Court fines and assessments remitted to State Treasurer	322,333	501,000	N/A	823,333
Total Court Fines and Assessments retained	\$ 86,952	\$ 464,826	N/A	\$ 551,778
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	\$ 9,376	\$ 34,959	N/A	\$ 44,335
Assessments retained	23,457	9,269	N/A	32,726
Total Surcharges and Assessments retained for victim services	\$ 32,833	\$ 44,228	N/A	\$ 77,061

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	\$ 46,371	\$ 46,371
<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	32,726	32,726
Victim Service Surcharges Retained by City/County Treasurer	N/A	44,335	44,335
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	2,401	2,401
(2) Town of Lamar	N/A	-	-
(3) City of	N/A	-	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	N/A	\$ 125,833	\$ 125,833

DARLINGTON COUNTY, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2020

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	N/A	\$ 85,724	\$ 85,724
Operating Expenditures	N/A	7,896	7,896
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	\$ 93,620	\$ 93,620
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	N/A	\$ 32,213	\$ 32,213
Less: Prior Year Fund Deficit Repayment	N/A	-	-
Carryforward Funds – End of Year	N/A	\$ 32,213	\$ 32,213

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, 2020, 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 10, 2020.

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.

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".

Columbia, South Carolina
December 10, 2020



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited **Darlington County, South Carolina's** (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the County's major federal programs for the year ended June 30, 2020. The County's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Columbia, South Carolina
December 10, 2020

DARLINGTON COUNTY, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Federal Expenditures	Passed through to Subrecipients
<u>U.S. Department of Justice</u>				
(Passed through the SC Department of Public Safety)				
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0622	\$ 60,576	\$ -
Total U.S. Department of Justice			<u>60,576</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
Airport Improvement Program	20.106	3-45-0021-016-2017	9,530	-
Airport Improvement Program	20.106	3-45-0021-017-2019	3,876,480	-
Airport Improvement Program	20.106	3-45-0021-000-2021	17,257	-
Total U.S. Department of Transportation			<u>3,903,267</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
(Passed through the SC Emergency Management Division)				
Public Assistance - Disaster Grants	97.036	FEMA-4241-DR-SC	182,264	-
			<u>182,264</u>	<u>-</u>
(Passed through the SC Emergency Management Division)				
Emergency Management Performance Grants	97.042	18EMPG01	61,069	-
Emergency Management Performance Grants	97.042	18EMPG01	908	-
Emergency Management Performance Grants	97.042	19EMPG01	8,500	-
			<u>70,477</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>252,741</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>				
(Passed through the SC Department of Social Services)				
Child Support Enforcement - Unit Cost	93.563	G1401SC1401	284,625	-
Child Support Enforcement - Incentive	93.563	G1401SC1401	30,380	-
Total U.S. Department of Health and Human Services			<u>315,005</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 4,531,589</u>	<u>\$ -</u>

DARLINGTON COUNTY, SOUTH CAROLINA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE I. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Darlington County, South Carolina (the "County"), and is presented on the modified accrual basis of accounting for governmental fund types and the accrual basis of accounting for the proprietary fund types. The County reporting entity is defined in Note 1 to the County's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE II. DE MINIMIS INDIRECT COST RATE

The County chose not to use the ten percent de Minimis cost rate for the year ended June 30, 2020.

NOTE III. NONCASH ASSISTANCE AND LOANS

There were no federal awards expended in the form of noncash assistance during the fiscal year. There were also no loans or loan guarantees outstanding at year-end.

DARLINGTON COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

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

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

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal Control over major programs:
Material weaknesses identified? ___ Yes X No

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

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

Any audit findings disclosed that are required to be reported in
accordance with the Uniform Guidance? ___ Yes X No

Identification of major programs:

CFDA Number
20.106

Name of Federal Program or Cluster
U.S. Department of Transportation –
Airport Improvement Program

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

Auditee qualified as low-risk auditee? ___ Yes X No

DARLINGTON COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV
SCHEDULE OF PRIOR YEAR FINDINGS

None reported.