

**CALHOUN COUNTY, SOUTH CAROLINA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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**County Council  
of Calhoun County  
St. Matthews, South Carolina**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Calhoun 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 Calhoun 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 from 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 opinions.

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**Opinions**

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, the discretely presented component unit, 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 11), the Budgetary Comparison Schedule of the General Fund (on pages 66 and 67), the Schedule of the Proportionate Share of the Net Pension Liability (on page 68), the Schedule of Contributions (on pages 69 and 70), and the Schedule of Changes in the County's Total OPEB Liability and Related Ratios (on page 71) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and the legal debt margin schedule as 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.

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The combining and individual nonmajor fund financial statements, the legal debt margin schedule, and the Uniform Schedule of Court Fines, Assessments, and Surcharges (per ACT 96) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the legal debt margin schedule, and the Uniform Schedule of Court Fines, Assessments, and Surcharges (per ACT 96) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Columbia, South Carolina  
February 4, 2021

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## FOR THE YEAR ENDED JUNE 30, 2020

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Calhoun County (the "County") management's discussion and analysis offers readers of the County's financial statements a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and notes to the basic financial statements.

The government-wide financial statements include Calhoun County (known as the primary government) and its blended and discretely presented component units. Information included in this discussion and analysis focuses on the activities of the primary government.

### Financial Highlights:

- Calhoun County's assets exceeded its liabilities at June 30, 2020, by \$31,024,409 (net position). Of this amount, a deficit of \$9,012,793 is unrestricted.
- The County's total net position increased \$912,803 from the previous year with an increase of \$377,330 resulting from governmental activities and \$535,473 resulting from business-type activities.
- At June 30, 2020, the County's governmental fund balance sheet reported a combined ending fund balance of \$9,798,698, a decrease of \$193,712 from the previous fiscal year. Of this amount, \$4,863,306 remains in the General Fund of the County as unassigned.
- The General Fund reported a fund balance of \$5,244,406, a decrease from last fiscal year of \$1,027,194. The County had budgeted \$1,000,000 as carry over funds from its fund balance to cover the anticipated shortfall of revenue. The unassigned fund balance of \$4,863,306 equates to 37% of General Fund expenditures for the year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic 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 provided as part of the approach mandated by the Governmental Accounting Standards Board (GASB). The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

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



# MANAGEMENT'S DISCUSSION AND ANALYSIS

## FOR THE YEAR ENDED JUNE 30, 2020

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Both of the government-wide financial statements distinguish functions of Calhoun County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The County's governmental activities include general government, finance and taxation, public safety, physical environment, economic environment, human services, health and welfare, cultural/recreation, and court related and agencies.

The government-wide financial statements can be found on pages 12 and 13 of this report.

**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. Calhoun 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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Calhoun County maintains 16 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects Fund which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining schedules elsewhere in this report.

Calhoun County adopts an annual appropriation budget for its governmental funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budget.

The basic governmental funds financial statements can be found on pages 14 through 17 of this report.

*Proprietary funds:* Municipal Water District, Water/Wastewater Fund and County Golf Course Proprietary Funds are used to account for operations (a) that are financed and operated in a manner similar to private enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## FOR THE YEAR ENDED JUNE 30, 2020

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The proprietary fund financial statements can be found on pages 18 through 21.

*Fiduciary fund:* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

The basic fiduciary fund financial statement can be found on page 22 of this report.

**Notes to the basic financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23 through 65 of this report.

**Other information:** In addition to the basic financial statements and accompanying notes, the combining schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund schedules can be found on pages 72 through 76 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$31,024,409 at the close of the most recent fiscal year. The County's increase in net position for this fiscal year amounts to \$912,803.

The largest portion of the County's net position, \$35,038,847 reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that are 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.

An additional portion of the County's net position, \$4,998,355 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (deficit) is \$9,875,664.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## FOR THE YEAR ENDED JUNE 30, 2020

**Calhoun County's Net Position**  
**Figure 1**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 13,425,968	\$ 12,068,813	\$ 1,691,364	\$ 1,761,801	\$ 15,117,332	\$ 13,830,614
Capital assets	27,991,698	26,770,611	13,301,812	12,938,624	41,293,510	39,709,235
Total assets	<u>41,417,666</u>	<u>38,839,424</u>	<u>14,993,176</u>	<u>14,700,425</u>	<u>56,410,842</u>	<u>53,539,849</u>
OPEB	498,241	75,608	10,404	2,797	508,645	78,405
Pension	1,771,433	2,013,124	23,670	44,581	1,795,103	2,057,705
Total deferred outflow s of resources	<u>2,269,674</u>	<u>2,088,732</u>	<u>34,074</u>	<u>47,378</u>	<u>2,303,748</u>	<u>2,136,110</u>
Current liabilities	3,128,796	1,498,686	270,721	349,180	3,399,517	1,847,866
Long-term liabilities	19,385,160	18,483,510	4,332,367	4,498,122	23,717,527	22,981,632
Total liabilities	<u>22,513,956</u>	<u>19,982,196</u>	<u>4,603,088</u>	<u>4,847,302</u>	<u>27,117,044</u>	<u>24,829,498</u>
OPEB	159,896	184,145	3,339	6,811	163,235	190,956
Pension	403,935	529,592	5,967	14,307	409,902	543,899
Total deferred inflow s of resources	<u>563,831</u>	<u>713,737</u>	<u>9,306</u>	<u>21,118</u>	<u>573,137</u>	<u>734,855</u>
Net position:						
Net investment in capital assets	25,789,554	24,244,966	9,249,293	8,882,619	35,038,847	33,127,585
Restricted	4,695,663	2,424,266	302,692	279,055	4,998,355	2,703,321
Unrestricted	(9,875,664)	(6,437,009)	862,871	717,709	(9,012,793)	(5,719,300)
Total net position	<u>\$ 20,609,553</u>	<u>\$ 20,232,223</u>	<u>\$ 10,414,856</u>	<u>\$ 9,879,383</u>	<u>\$ 31,024,409</u>	<u>\$ 30,111,606</u>

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# MANAGEMENT'S DISCUSSION AND ANALYSIS

## FOR THE YEAR ENDED JUNE 30, 2020

The changes in net position displayed below shows the governmental activities and business-type activities during the fiscal year.

**Calhoun County's Changes in Net Position**  
Figure 2

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 2,397,796	\$ 2,573,111	\$ 1,293,086	\$ 1,318,969	\$ 3,690,882	\$ 3,892,080
Operating grants and contributions	1,399,527	980,184	-	-	1,399,527	980,184
Capital grants and contributions	3,289,567	1,125,013	-	-	3,289,567	1,125,013
General revenues:						
Property taxes	10,694,700	10,562,590	-	-	10,694,700	10,562,590
Other taxes	1,267,145	1,128,192	-	-	1,267,145	1,128,192
Interest income	59,088	47,440	858	783	59,946	48,223
Miscellaneous	308,007	384,071	-	-	308,007	384,071
Total revenues	19,415,830	16,800,601	1,293,944	1,319,752	20,709,774	18,120,353
<b>Program expenses</b>						
General government	6,446,080	5,814,415	-	-	6,446,080	5,814,415
Public safety	3,982,572	3,914,128	-	-	3,982,572	3,914,128
Public works	1,609,229	2,892,289	-	-	1,609,229	2,892,289
Culture and recreation	940,299	1,053,511	-	-	940,299	1,053,511
Judicial services	739,909	735,222	-	-	739,909	735,222
Health and welfare	2,637,238	2,330,179	-	-	2,637,238	2,330,179
Economic development	1,666,843	248,921	-	-	1,666,843	248,921
Interest and fiscal charges	72,434	116,088	-	-	72,434	116,088
Water system	-	-	1,153,717	1,217,265	1,153,717	1,217,265
Wastewater plant	-	-	238,340	229,043	238,340	229,043
County golf course	-	-	310,310	302,545	310,310	302,545
Total expenses	18,094,604	17,104,753	1,702,367	1,748,853	19,796,971	18,853,606
Excess (deficiency) before transfers	1,321,226	(304,152)	(408,423)	(429,101)	912,803	(733,253)
Transfers	(943,896)	(2,209,038)	943,896	2,209,038	-	-
Increase (decrease) in net position	377,330	(2,513,190)	535,473	1,779,937	912,803	(733,253)
Net position, beginning of year	20,232,223	22,745,413	9,879,383	8,099,446	30,111,606	30,844,859
Net position, end of year	\$ 20,609,553	\$ 20,232,223	\$ 10,414,856	\$ 9,879,383	\$ 31,024,409	\$ 30,111,606

**Governmental Activities:** Revenues for the County's governmental activities were \$19,415,830 for fiscal year 2020. Taxes constitute the largest source of County revenues, amounting to approximately \$11,961,845 for the fiscal year 2020. Real, personal property, and vehicle taxes of \$10,694,700 represent over 89.40% of total taxes and 55.08% of all revenue combined.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## FOR THE YEAR ENDED JUNE 30, 2020

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### Financial Analysis of Calhoun County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds:** The focus of the County 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.

As of June 30, 2020, the County governmental funds reported combined fund balances of \$9,798,698, a decrease of \$193,712 from the prior year.

The General Fund is the chief operating fund of the County. At June 30, 2020, total fund balance in the General Fund was \$5,244,406 of which \$4,863,306 was unassigned, \$104 was nonspendable, \$206,256 was restricted, and \$174,740 was assigned. As a measure of the General Fund's liquidity, the total fund balance and unassigned fund balances compared to total fund expenditures shows percentages of 40.19% and 37.27%, respectively. The fund balance of the General Fund decreased by \$1,027,194 during the current fiscal year mainly due to a decrease in property tax collections.

The Capital Projects Fund is used to account for the capital expenditures and related projects of the County. At June 30, 2020, total fund balance in the Capital Projects Fund was \$1,480,287, a decrease of \$567,392 from the prior year.

The Grants Fund is used to account for the proceeds from various state, federal, and local grants and the related projects of the County. At June 30, 2020, total fund balance in the Grants Fund was \$1,707,206, an increase of \$1,615,308 from the prior year. For Fiscal Year 2020, the Grants Fund became a major reporting fund of the County. Last fiscal year, fund balance in said fund was reported as a nonmajor governmental fund.

Other governmental funds are used to account for specific revenues and expenditures. Total fund balances of all other governmental funds decreased by \$214,434 from the prior year to \$1,366,799.

**Proprietary funds:** The Municipal Water System had an increase in net position of \$556,230 from the prior year to \$6,430,336 as of June 30, 2020. The increase was primarily due to contributed assets in the amount of \$681,273.

The Wastewater Plant had a decrease in net position of \$127,140 from the prior year to \$3,553,931 as of June 30, 2020. The decrease was primarily due to operating expenses exceeding operating revenues by \$127,140 during the fiscal year.

The County Golf Course had an increase in net position of \$106,383 from the prior year to \$450,589 as of June 30, 2020.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## FOR THE YEAR ENDED JUNE 30, 2020

### General Fund Budgetary Highlights

Budget to actual schedule is provided for the General Fund on pages 66 and 67. For the year June 30, 2020, budgeted revenues exceeded actual revenues by \$1,348,938 while budgeted expenditures exceeded actual expenditures by \$472,580.

### Capital Asset and Debt Administration

**Capital assets:** Calhoun County's investment in capital assets for its governmental activities as of June 30, 2020 amounts to \$27,991,698 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, construction in progress, and infrastructure. Each year construction of roads, bridges, and drainage systems (infrastructure) incurred during the current fiscal year is added to the County's capital assets.

**Calhoun County's Capital Assets**  
*Net of Accumulated Depreciation*  
Figure 3

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,401,996	\$ 1,401,996	\$ 175,051	\$ 175,051	\$ 1,577,047	\$ 1,577,047
Construction in Progress	1,608,381	1,186,071	-	2,031,361	1,608,381	3,217,432
Museum Collection	3,127,547	3,127,547	-	-	3,127,547	3,127,547
Building and Improvements	11,635,281	10,749,878	158,295	148,328	11,793,576	10,898,206
Infrastructure	6,318,446	6,446,871	-	-	6,318,446	6,446,871
Land Improvements	472,617	496,272	-	-	472,617	496,272
Vehicles	2,430,456	2,582,291	33,301	-	2,463,757	2,582,291
Equipment, Furniture, and Fixtures	996,974	779,685	84,583	81,229	1,081,557	860,914
Water System	-	-	9,754,110	7,316,492	9,754,110	7,316,492
Wastewater System	-	-	3,096,472	3,186,163	3,096,472	3,186,163
<b>Total</b>	<b>\$ 27,991,698</b>	<b>\$ 26,770,611</b>	<b>\$ 13,301,812</b>	<b>\$ 12,938,624</b>	<b>\$ 41,293,510</b>	<b>\$ 39,709,235</b>

Additional information on the County's capital assets can be found in Note 6 on pages 38 through 40 of this report.

**Long-term debt:** At the end of the current fiscal year, Calhoun County had the following long-term obligations outstanding:

**Calhoun County's Long-term Obligations**  
Figure 4

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 1,858,052	\$ 2,086,706	\$ -	\$ -	\$ 1,858,052	\$ 2,086,706
Revenue Bonds	292,500	390,000	4,052,519	4,056,005	4,345,019	4,446,005
Capital Leases	51,592	75,939	-	-	51,592	75,939
Compensated Absences	379,830	361,426	7,940	4,703	387,770	366,129
Landfill Closure and Post-closure Costs	432,000	432,000	-	-	432,000	432,000
Net Pension Liability	12,548,781	11,995,838	192,092	321,209	12,740,873	12,317,047
Total Other Postemployment Liability	3,822,405	3,141,601	79,816	116,205	3,902,221	3,257,806
<b>Total</b>	<b>\$ 19,385,160</b>	<b>\$ 18,483,510</b>	<b>\$ 4,332,367</b>	<b>\$ 4,498,122</b>	<b>\$ 23,717,527</b>	<b>\$ 22,981,632</b>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## FOR THE YEAR ENDED JUNE 30, 2020

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Additional information on Calhoun County's long-term debt can be found in Note 7 on pages 41 through 61 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The State of South Carolina has made across the board cuts to all agencies and subdivisions of the State of South Carolina. The Local Government Fund has reduced the statutory formula over the past few years, but has increased its funding \$44,913 over last year's. Calhoun County's local government fund revenue allocation for fiscal year 2021 is \$662,971 opposed to \$631,040 for fiscal year 2020. Fiscal year 2020's actual revenue was \$619,028.

Calhoun County increased its wastewater and water rates effective October 2020, thus creating an anticipated net profit for both the wastewater department and the water department.

With the recent expansion of Zeus in the County as well as the enhancement of the County's Industrial Park on Highway 176/I-26, an increase in fee revenue is expected beginning fiscal year 2021.

Collections from the penny sales tax is expected to generate approximately \$1,000,000 per year for those capital items voted for on the 2018 Capital Penny Sales Tax Referendum.

Economic factors affecting the County's real estate market are expected to rise and have a positive impact on personal and business incomes. The County expects growth in population due to the creation of new jobs from industry expansions and new industry formulating within the County.

### **Requests for Information**

This financial report is designed to provide a general overview of Calhoun 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 information should be addressed to County Administrator, Calhoun County Courthouse Annex, 102 Courthouse Drive, Suite 108, St. Matthews, South Carolina 29135.

# CALHOUN COUNTY, SOUTH CAROLINA

## STATEMENT OF NET POSITION JUNE 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Sandy Run Fire District
<b>ASSETS</b>				
Cash and cash equivalents:				
Cash and cash equivalents - unrestricted	\$ 9,224,291	\$ 1,329,864	\$ 10,554,155	\$ 340,906
Restricted cash and cash equivalents	-	105,564	105,564	-
Investments:				
Investments - unrestricted	812,626	-	812,626	-
Restricted investments	-	197,128	197,128	-
Receivables:				
Taxes, net	552,449	-	552,449	2,898
Accounts, net	2,836,103	57,411	2,893,514	23,310
Internal balances	395	(395)	-	-
Inventories	104	1,792	1,896	-
Capital assets:				
Nondepreciable	6,137,924	175,051	6,312,975	575,000
Depreciable, net	21,853,774	13,126,761	34,980,535	140,511
Total assets	41,417,666	14,993,176	56,410,842	1,082,625
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Other postemployment benefits	498,241	10,404	508,645	-
Pension	1,771,433	23,670	1,795,103	-
Total deferred outflows of resources	2,269,674	34,074	2,303,748	-
<b>LIABILITIES</b>				
Accounts payable	1,901,402	145,556	2,046,958	1,374
Accrued liabilities	174,493	125,165	299,658	-
Unearned revenues	1,050,766	-	1,050,766	-
Due to other governments	2,135	-	2,135	7,084
Noncurrent liabilities:				
Due within one year	564,569	142,051	706,620	26,315
Due in more than one year	2,449,405	3,918,408	6,367,813	281,685
Total other postemployment benefits liability	3,822,405	79,816	3,902,221	-
Net pension liability	12,548,781	192,092	12,740,873	-
Total liabilities	22,513,956	4,603,088	27,117,044	316,458
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Other postemployment benefits	159,896	3,339	163,235	-
Pension - South Carolina Retirement System	403,935	5,967	409,902	-
Total deferred inflows of resources	563,831	9,306	573,137	-
<b>NET POSITION</b>				
Net investment in capital assets	25,789,554	9,249,293	35,038,847	407,511
Restricted for:				
Debt service	210,277	197,128	407,405	-
Capital projects	1,480,287	-	1,480,287	-
General government	77,134	-	77,134	-
Public safety	289,662	105,564	395,226	-
Culture and recreation	3,300	-	3,300	-
Health and welfare	719,276	-	719,276	-
Economic development	1,709,471	-	1,709,471	-
Local option sales tax reserve	206,256	-	206,256	-
Unrestricted	(9,875,664)	862,871	(9,012,793)	358,656
Total net position	\$ 20,609,553	\$ 10,414,856	\$ 31,024,409	\$ 766,167

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



**CALHOUN 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			Sandy Run Fire District
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 6,446,080	\$ 1,039,661	\$ -	\$ -	\$ (5,406,419)	\$ -	\$ (5,406,419)	\$ -
Public safety	3,982,572	286,363	527,526	-	(3,168,683)	-	(3,168,683)	-
Public works	1,609,229	56,499	-	3,264,567	1,711,837	-	1,711,837	-
Culture and recreation	940,299	21,144	149,295	25,000	(744,860)	-	(744,860)	-
Judicial services	739,909	219,378	-	-	(520,531)	-	(520,531)	-
Health and welfare	2,637,238	774,751	571,736	-	(1,290,751)	-	(1,290,751)	-
Economic development	1,666,843	-	150,970	-	(1,515,873)	-	(1,515,873)	-
Interest on long-term debt	72,434	-	-	-	(72,434)	-	(72,434)	-
Total governmental activities	<u>18,094,604</u>	<u>2,397,796</u>	<u>1,399,527</u>	<u>3,289,567</u>	<u>(11,007,714)</u>	<u>-</u>	<u>(11,007,714)</u>	<u>-</u>
<b>Business-type activities:</b>								
Water system	1,153,717	1,027,816	-	-	-	(125,901)	(125,901)	-
Wastewater plant	238,340	111,200	-	-	-	(127,140)	(127,140)	-
County golf course	310,310	154,070	-	-	-	(156,240)	(156,240)	-
Total business-type activities	<u>1,702,367</u>	<u>1,293,086</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(409,281)</u>	<u>(409,281)</u>	<u>-</u>
Total primary government	<u>\$ 19,796,971</u>	<u>\$ 3,690,882</u>	<u>\$ 1,399,527</u>	<u>\$ 3,289,567</u>	<u>(11,007,714)</u>	<u>(409,281)</u>	<u>(11,416,995)</u>	<u>-</u>
<b>Component unit:</b>								
Sandy Run Fire District	<u>\$ 157,233</u>	<u>\$ 475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(156,758)</u>
General revenues:								
Property taxes					10,694,700	-	10,694,700	150,168
Local option sales taxes					1,267,145	-	1,267,145	52,084
Unrestricted investment earnings					59,088	858	59,946	-
Miscellaneous					308,007	-	308,007	179
Transfers					(943,896)	943,896	-	-
Total general revenues and transfers					<u>11,385,044</u>	<u>944,754</u>	<u>12,329,798</u>	<u>202,431</u>
Change in net position					377,330	535,473	912,803	45,673
Net position, beginning of year					20,232,223	9,879,383	30,111,606	720,494
Net position, end of year					<u>\$ 20,609,553</u>	<u>\$ 10,414,856</u>	<u>\$ 31,024,409</u>	<u>\$ 766,167</u>

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

**CALHOUN COUNTY, SOUTH CAROLINA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	<b>General</b>	<b>Capital Projects Fund</b>	<b>Grants Fund</b>	<b>Capital Projects Sales Tax Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 5,038,227	\$ 1,710,410	\$ 182,269	\$ 801,747	\$ 1,491,638	\$ 9,224,291
Investments	812,626	-	-	-	-	812,626
Taxes receivable, net	497,126	10,934	-	-	44,389	552,449
Accounts receivable, net	1,964,115	-	485,935	748	385,305	2,836,103
Due from other funds	66,939	37,980	1,473,968	246,642	-	1,825,529
Inventories	104	-	-	-	-	104
Total assets	<u>\$ 8,379,137</u>	<u>\$ 1,759,324</u>	<u>\$ 2,142,172</u>	<u>\$ 1,049,137</u>	<u>\$ 1,921,332</u>	<u>\$ 15,251,102</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 906,812	\$ 268,427	\$ 416,793	\$ -	\$ 309,370	\$ 1,901,402
Due to other funds	1,615,874	-	16,544	-	192,716	1,825,134
Due to other governments	2,135	-	-	-	-	2,135
Accrued liabilities	150,012	-	-	-	10,322	160,334
Unearned revenue	-	-	1,629	1,049,137	-	1,050,766
Total liabilities	<u>2,674,833</u>	<u>268,427</u>	<u>434,966</u>	<u>1,049,137</u>	<u>512,408</u>	<u>4,939,771</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	459,898	10,610	-	-	42,125	512,633
Total deferred inflows of resources	<u>459,898</u>	<u>10,610</u>	<u>-</u>	<u>-</u>	<u>42,125</u>	<u>512,633</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Inventories	104	-	-	-	-	104
Restricted for:						
General government	-	-	32,286	-	44,848	77,134
Public safety	-	-	-	-	289,662	289,662
Culture and recreation	-	-	3,300	-	-	3,300
Health and welfare	-	-	11,641	-	707,635	719,276
Economic development	-	-	1,659,979	-	49,492	1,709,471
Local option sales tax reserve	206,256	-	-	-	-	206,256
Capital projects	-	1,480,287	-	-	-	1,480,287
Debt service	-	-	-	-	210,277	210,277
Assigned:						
Museum funds	95,772	-	-	-	-	95,772
EMS donations	501	-	-	-	-	501
EMS memorial	56	-	-	-	-	56
Animal control donations	18,955	-	-	-	-	18,955
Library donations	58,131	-	-	-	-	58,131
Sheriff donations	1,325	-	-	-	-	1,325
Other purposes	-	-	-	-	64,885	64,885
Unassigned	4,863,306	-	-	-	-	4,863,306
Total fund balances	<u>5,244,406</u>	<u>1,480,287</u>	<u>1,707,206</u>	<u>-</u>	<u>1,366,799</u>	<u>9,798,698</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,379,137</u>	<u>\$ 1,759,324</u>	<u>\$ 2,142,172</u>	<u>\$ 1,049,137</u>	<u>\$ 1,921,332</u>	<u>\$ 15,251,102</u>

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

**CALHOUN 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:	\$	9,798,698
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		27,991,698
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		512,633
Certain long-term liabilities are not due and payable in the current period and are therefore not reported in the funds. All liabilities, both current and long-term, are reported in the statement of net position net of issuance premiums, discounts, and refunding deferral amounts.		
General obligation bonds	\$ (1,858,052)	
Revenue bonds	(292,500)	
Capital lease obligations	(51,592)	
Other postemployment benefits, net of related deferred outflows/inflows of resources	(3,484,060)	
Post-closure care liabilities	(432,000)	
Compensated absences payable	(379,830)	
Net pension liability, net of related deferred outflows/inflows of resources	<u>(11,181,283)</u>	(17,679,317)
Total long-term liabilities		
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		<u>(14,159)</u>
Net position of governmental activities	\$	<u><u>20,609,553</u></u>

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

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

	General	Capital Projects Fund	Grants Fund	Capital Projects Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 8,773,080	\$ 1,282,612	\$ -	\$ -	\$ 720,914	\$ 10,776,606
Other taxes	873,548	-	-	-	393,597	1,267,145
Intergovernmental	1,067,153	-	3,430,622	-	1,141,928	5,639,703
Licenses, permits and fees	181,119	-	-	-	-	181,119
Fines and forfeitures	113,229	-	-	-	-	113,229
Charges for services	877,239	-	-	-	275,600	1,152,839
Other revenues	340,520	-	26,298	-	277	367,095
Total revenues	<u>12,225,888</u>	<u>1,282,612</u>	<u>3,456,920</u>	<u>-</u>	<u>2,532,316</u>	<u>19,497,736</u>
<b>EXPENDITURES</b>						
Current:						
General government	5,749,110	424,151	313	-	396,855	6,570,429
Public safety	2,379,971	-	-	-	1,375,435	3,755,406
Public works	1,133,986	241,621	-	-	-	1,375,607
Culture and recreation	997,715	116,038	-	-	-	1,113,753
Judicial services	725,760	-	-	-	-	725,760
Health and welfare	1,987,107	-	10,078	-	602,388	2,599,573
Economic development	74,597	-	1,731,321	-	240,643	2,046,561
Capital outlay	-	916,188	-	-	-	916,188
Debt service:						
Principal	-	24,347	-	-	326,154	350,501
Interest	-	2,986	-	-	72,111	75,097
Total expenditures	<u>13,048,246</u>	<u>1,725,331</u>	<u>1,741,712</u>	<u>-</u>	<u>3,013,586</u>	<u>19,528,875</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(822,358)</u>	<u>(442,719)</u>	<u>1,715,208</u>	<u>-</u>	<u>(481,270)</u>	<u>(31,139)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	50,000	99,900	-	-	281,836	431,736
Transfers out	(281,836)	(224,573)	(99,900)	-	(50,000)	(656,309)
Proceeds from disposal capital assets	27,000	-	-	-	35,000	62,000
Total other financing sources (uses)	<u>(204,836)</u>	<u>(124,673)</u>	<u>(99,900)</u>	<u>-</u>	<u>266,836</u>	<u>(162,573)</u>
Net change in fund balances	(1,027,194)	(567,392)	1,615,308	-	(214,434)	(193,712)
<b>Fund balances, beginning of year</b>	<u>6,271,600</u>	<u>2,047,679</u>	<u>91,898</u>	<u>-</u>	<u>1,581,233</u>	<u>9,992,410</u>
<b>Fund balances, end of year</b>	<u>\$ 5,244,406</u>	<u>\$ 1,480,287</u>	<u>\$ 1,707,206</u>	<u>\$ -</u>	<u>\$ 1,366,799</u>	<u>\$ 9,798,698</u>

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

**CALHOUN 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 \$ (193,712)

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	\$ 3,153,299	
Depreciation expense	<u>(1,167,657)</u>	1,985,642

The net effect of various miscellaneous transactions (i.e., sales and donations) is to decrease net position. (764,555)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (81,906)

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	\$ <u>350,501</u>	350,501
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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:

Pension liability	\$ (668,977)	
Compensated absences	(18,404)	
Accrued interest on long-term debt	2,663	
Other postemployment benefits liability	<u>(233,922)</u>	<u>(918,640)</u>
	<u>\$ 377,330</u>	

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

**CALHOUN COUNTY, SOUTH CAROLINA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2020**

<b>ASSETS</b>	<b>Municipal Water System</b>	<b>Wastewater Plant</b>	<b>County Golf Course</b>	<b>Totals</b>
<b>CURRENT ASSETS</b>				
Cash	\$ 1,264,175	\$ 9,824	\$ 55,865	\$ 1,329,864
Accounts receivable	57,411	-	-	57,411
Due from other funds	-	27,734	-	27,734
Inventories	-	-	1,792	1,792
Restricted cash	105,564	-	-	105,564
Restricted investments	197,128	-	-	197,128
Total current assets	<u>1,624,278</u>	<u>37,558</u>	<u>57,657</u>	<u>1,719,493</u>
<b>NONCURRENT ASSETS</b>				
Capital assets:				
Nondepreciable	4,500	-	170,551	175,051
Depreciable, net of accumulated depreciation	9,359,305	3,528,723	238,733	13,126,761
Total noncurrent assets	<u>9,363,805</u>	<u>3,528,723</u>	<u>409,284</u>	<u>13,301,812</u>
Total assets	<u>10,988,083</u>	<u>3,566,281</u>	<u>466,941</u>	<u>15,021,305</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Other postemployment benefits	10,404	-	-	10,404
Pension	23,670	-	-	23,670
Total deferred outflows of resources	<u>34,074</u>	<u>-</u>	<u>-</u>	<u>34,074</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	100,398	32,350	12,808	145,556
Accrued liabilities	123,157	-	2,008	125,165
Compensated absences	3,400	-	570	3,970
Due to other funds	27,734	-	395	28,129
Revenue bonds payable	138,081	-	-	138,081
Total current liabilities	<u>392,770</u>	<u>32,350</u>	<u>15,781</u>	<u>440,901</u>
<b>NONCURRENT LIABILITIES</b>				
Compensated absences	3,399	-	571	3,970
Revenue bonds payable	3,914,438	-	-	3,914,438
Total other postemployment benefits liability	79,816	-	-	79,816
Net pension liability	192,092	-	-	192,092
Total noncurrent liabilities	<u>4,189,745</u>	<u>-</u>	<u>571</u>	<u>4,190,316</u>
Total liabilities	<u>4,582,515</u>	<u>32,350</u>	<u>16,352</u>	<u>4,631,217</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Other postemployment benefits	3,339	-	-	3,339
Pension	5,967	-	-	5,967
Total deferred inflows of resources	<u>9,306</u>	<u>-</u>	<u>-</u>	<u>9,306</u>
<b>NET POSITION</b>				
Net investment in capital assets	5,311,286	3,528,723	409,284	9,249,293
Restricted for debt service	197,128	-	-	197,128
Restricted for customers	105,564	-	-	105,564
Unrestricted	816,358	5,208	41,305	862,871
Total net position	<u>\$ 6,430,336</u>	<u>\$ 3,533,931</u>	<u>\$ 450,589</u>	<u>\$ 10,414,856</u>

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

**CALHOUN COUNTY, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Municipal Water System</u>	<u>Wastewater Plant</u>	<u>County Golf Course</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>				
Charges for services:				
Water/wastewater fees	\$ 1,004,166	\$ 111,200	\$ -	\$ 1,115,366
Tap fees	23,650	-	-	23,650
Golf course fees	-	-	154,070	154,070
Total operating revenues	<u>1,027,816</u>	<u>111,200</u>	<u>154,070</u>	<u>1,293,086</u>
<b>OPERATING EXPENSES</b>				
Salaries, wages and benefits	113,551	-	144,491	258,042
Professional/technical services	566,974	131,846	65,353	764,173
Contractual	11,550	372	73,547	85,469
Depreciation	263,355	106,122	26,919	396,396
Total operating expenses	<u>955,430</u>	<u>238,340</u>	<u>310,310</u>	<u>1,504,080</u>
Operating income (loss)	<u>72,386</u>	<u>(127,140)</u>	<u>(156,240)</u>	<u>(210,994)</u>
<b>NON-OPERATING INCOME (EXPENSE)</b>				
Interest income	858	-	-	858
Interest expense	(133,171)	-	-	(133,171)
Bond issuance costs	(65,116)	-	-	(65,116)
Total non-operating expenses, net	<u>(197,429)</u>	<u>-</u>	<u>-</u>	<u>(197,429)</u>
Loss before capital contributions and transfers	<u>(125,043)</u>	<u>(127,140)</u>	<u>(156,240)</u>	<u>(408,423)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>681,273</u>	<u>-</u>	<u>38,050</u>	<u>719,323</u>
<b>TRANSFERS</b>				
Transfers in	-	-	224,573	224,573
Total transfers	<u>-</u>	<u>-</u>	<u>224,573</u>	<u>224,573</u>
Change in net position	556,230	(127,140)	106,383	535,473
<b>Net position, beginning of year</b>	<u>5,874,106</u>	<u>3,661,071</u>	<u>344,206</u>	<u>9,879,383</u>
<b>Net position, end of year</b>	<u>\$ 6,430,336</u>	<u>\$ 3,533,931</u>	<u>\$ 450,589</u>	<u>\$ 10,414,856</u>

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

**CALHOUN COUNTY, SOUTH CAROLINA**

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

	<b>Municipal Water System</b>	<b>Wastewater Plant</b>	<b>County Golf Course</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 1,022,195	\$ 111,200	\$ 155,928	\$ 1,289,323
Payments to/receipts from other funds	13,088	(13,088)	-	-
Payments to suppliers	(615,375)	(99,868)	(212,527)	(927,770)
Payments to employees	(267,025)	-	(146,583)	(413,608)
Net cash provided by (used in) operating activities	<u>152,883</u>	<u>(1,756)</u>	<u>(203,182)</u>	<u>(52,055)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	-	224,573	224,573
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>224,573</u>	<u>224,573</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(36,661)	-	(3,600)	(40,261)
Proceeds from the issuance of revenue refunding bonds	1,474,405	-	-	1,474,405
Payments to refunding bond escrow	(1,407,332)	-	-	(1,407,332)
Principal paid on bonds payable	(70,559)	-	-	(70,559)
Interest paid	(190,372)	-	-	(190,372)
Net cash used in capital and related financing activities	<u>(230,519)</u>	<u>-</u>	<u>(3,600)</u>	<u>(234,119)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sale of investments	(19,568)	-	-	(19,568)
Interest received	858	-	-	858
Net cash used in investing activities	<u>(18,710)</u>	<u>-</u>	<u>-</u>	<u>(18,710)</u>
Net change in cash and cash equivalents	(96,346)	(1,756)	17,791	(80,311)
<b>Cash and cash equivalents:</b>				
<b>Beginning of year</b>	<u>1,466,085</u>	<u>11,580</u>	<u>38,074</u>	<u>1,515,739</u>
<b>End of year</b>	<u>\$ 1,369,739</u>	<u>\$ 9,824</u>	<u>\$ 55,865</u>	<u>\$ 1,435,428</u>

(Continued)



**CALHOUN COUNTY, SOUTH CAROLINA**

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

	<u>Municipal Water System</u>	<u>Wastewater Plant</u>	<u>County Golf Course</u>	<u>Totals</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 72,386	\$ (127,140)	\$ (156,240)	\$ (210,994)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	263,355	106,122	26,919	396,396
Changes in assets and liabilities:				
Decrease in accounts receivable	7,819	-	1,858	9,677
Increase in inventories	-	-	(378)	(378)
Increase in due from other funds	-	(13,088)	-	(13,088)
Decrease in deferred outflows of resources - pension	20,911	-	-	20,911
Increase in deferred outflows of resources - other postemployment benefits	(7,607)	-	-	(7,607)
Increase (decrease) in accounts payable	(36,851)	32,350	(73,249)	(77,750)
Increase (decrease) in accrued liabilities	5,220	-	(404)	4,816
Decrease in unearned revenue	(13,440)	-	-	(13,440)
Increase (decrease) in compensated absences	5,320	-	(2,083)	3,237
Increase in due to other funds	13,088	-	395	13,483
Decrease in net pension liability	(129,117)	-	-	(129,117)
Decrease in total other postemployment benefits liability	(36,389)	-	-	(36,389)
Decrease in deferred inflows of resources - pension	(8,340)	-	-	(8,340)
Decrease in deferred inflows of resources - other postemployment benefits	(3,472)	-	-	(3,472)
Net cash provided by (used in) operating activities	<u>\$ 152,883</u>	<u>\$ (1,756)</u>	<u>\$ (203,182)</u>	<u>\$ (52,055)</u>
<b>Noncash investing, capital, and financing activities</b>				
Transfer of capital assets from other funds	\$ 681,273	\$ -	\$ 38,050	\$ 719,323
Net noncash investing, capital, and financing activities	<u>\$ 681,273</u>	<u>\$ -</u>	<u>\$ 38,050</u>	<u>\$ 719,323</u>

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

**CALHOUN COUNTY, SOUTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2020**

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 8,807,279
Taxes receivable	753,197
Total assets	<u>\$ 9,560,476</u>
<b>LIABILITIES</b>	
Due to other taxing districts and agencies	\$ 9,560,476
Total liabilities	<u>\$ 9,560,476</u>

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

# CALHOUN COUNTY, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Nature of Operations**

Calhoun County (the "County") was chartered in 1908 and operates under a council-administrator form of government. For financial statement purposes, the County has divided its operations into the functions of the general government, public safety, public works, culture and recreation, judicial services, education, health and welfare and economic development.

The primary government financial statements of Calhoun 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**

Calhoun County, South Carolina, is governed by a five-member County Council (the "Council") under the Council-Administrator form of government, pursuant to the South Carolina Home Rule Act. Members of the Council are elected from resident districts. The Council acts as the governing body of the County with power to pass ordinances and adopt resolutions. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

#### ***Discretely Presented Component Unit***

The **Sandy Run Fire District's (the "Fire District")** is a discretely presented component unit, which was established in 1981 and recreated by Calhoun County ordinance in October of 2013. The Fire District has a five member governing board appointed by the Council. The Fire District is fiscally dependent upon the government because the Council approves the Fire District's budgets and tax levy, and can significantly influence the decisions of the Fire District. The Fire District has a June 30 year-end. Separate financial statements are not issued for the Fire District.

#### ***Blended Component Units***

The **Calhoun County Library (the "Library")**, an entity legally separate from the County, is governed by a board appointed by the Council. For financial reporting purposes, the Library is reported as if it is part of the County's operations because all financial operations and decisions are subject to the authority of the Council.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Reporting Entity (Continued)

##### *Blended Component Units (Continued)*

The **Calhoun County Museum (the “Museum”)**, an entity legally separate from the County, is administered by a Historical Commission appointed by the Council. For financial reporting purposes, the Museum is reported as if it is part of the County's operations because the County has ultimate authority over the Museum.

The **Calhoun County Council on Aging (the “Council on Aging”)**, an entity legally separate from the County, is governed by a board appointed by the Council. For financial reporting purposes, the Council on Aging is reported as a special revenue fund of the County because all financial activities of the Council on Aging are overseen by the County.

The **Calhoun County Economic Development Corporation (the “Corporation”)**, an entity legally separate from the County, is governed by a board appointed by the Council. For financial reporting purposes, the Corporation is reported as a special revenue fund of the County because the County has significant influence over the fiscal operations of the Corporation.

#### **Basis of Presentation – Government-wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) reports 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. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

#### **Basis of Presentation – 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 emphasis of governmental and enterprise 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.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Presentation – Fund Financial Statements (Continued)

The **Capital Projects Fund** accounts for the transactions of the acquisition of capital assets and construction of major capital projects.

The **Capital Projects Sales Tax Fund** accounts for the proceeds from the 1% sales taxes imposed within the County by affirmative voter referendum.

The **Grants Fund** accounts for the proceeds of various federal and state grants.

In addition, the County reports the following nonmajor fund types:

The **Special Revenue Funds** account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects) such as grants, fire and other special purpose fees, and economic development.

The **Debt Service Funds** account for the accumulation of resources for, and payment of, long-term debt principal and interest other than those payable from Special Revenue Funds.

The **Enterprise Funds** are used to account for those operations that are financed and operated in a manner similar to private businesses or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The County reports the following major enterprise funds:

The **Municipal Water System Fund** accounts for user charges, fees and other resources and all costs associated with the operation of the water and sewer system.

The **Wastewater Plant Fund** accounts for activity related to the operation of the wastewater system of the County.

The **County Golf Course Fund** accounts for activity related to the operations of the Calhoun Hills Golf Complex.

Additionally, the County reports the following fund types:

The **Fiduciary Funds** are used to account for assets held by the government in a trustee capacity or as an agent on behalf of others. The agency funds are custodial in nature and do not involve the measurement of results of operations.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Presentation – Fund Financial Statements (Continued)

##### Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the 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 revenues 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are 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 County considers revenues to be available if they are collected within the first 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 only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and, therefore, have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### **Cash and Cash Equivalents and Deposits**

The "deposits" classification is used only in the notes, not on the face of the statement of net position. Deposits include cash on hand, pooled money market funds and certificates of deposit.

The County considers cash and cash equivalents for cash flow purposes to be currency on hand, demand deposits with banks, amounts included in pooled cash and investment accounts, and liquid investments with an original maturity of three months or less when purchased.

##### **Investments**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the South Carolina Local Government 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 and its component unit have a number of financial instruments, none of which are held for trading purposes. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Certificates of deposit are reported at cost or amortized cost which approximate fair value. For purposes of financial statement presentation, the County considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

##### **Receivables**

All trade and property taxes receivables are shown net of an allowance for uncollectible. 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.

##### **Capital Assets**

Capital assets, which include property, plant, and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, water and sewer distribution systems, and similar items) are reported in the applicable governmental activities or business-type activities in the government-wide financial statements. Capital assets other than infrastructure are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### Capital Assets (Continued)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

All reported capital assets except land and certain infrastructure assets are depreciated. Useful lives for infrastructure are estimated based on the County's historical records of necessary improvements and replacements. Depreciation is provided using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Building and improvements	15 - 50
Machinery and equipment	3 - 10
Water and wastewater system	40
Infrastructure	75
Vehicles	8

##### Deferred Outflows/Inflows 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, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports deferred outflows related to its net pension liability and total other postemployment benefits liability on the Statement of Net Position.

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position or fund balance that applies to future period(s) and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The County reports *unavailable revenues* from property taxes and intergovernmental revenue that arise under the modified accrual basis of accounting that qualify for reporting in this category and are reported on the Governmental Funds Balance Sheet. The Statement of Net Position reports deferred inflows related to its net pension liability and total other postemployment benefits liability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.



## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### **Interfund Receivables**

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the presentation of the government-wide financial statements.

##### **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 assets held for development, inventories, prepaid items, and long-term portions of receivables and advances 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 through 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.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### **Fund Equity (Continued)**

**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 Council, through passage of an ordinance. These amounts cannot be used for any other purpose unless the 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, this intent can be expressed by the Council or by an official or body to which the Council delegates authority. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

**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 the 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.

Proprietary fund equity is classified the same as the government-wide statements.

##### **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.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### **Program Revenues**

Amounts reported as program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

##### **Property Taxes**

Property taxes are levied by the County at varying rates per one hundred dollars (\$100) of assessed valuation of real estate and personal property owned as used in the County except exempt property as provided by the constitution and laws of the State of South Carolina and attach an enforceable lien when levied.

In Calhoun County, taxes are collected for county and school purposes as a single tax bill which must be paid in full by the individual taxpayer. Taxes are collected on calendar year basis. Real and personal taxes in the County are payable without penalty on or before January 15<sup>th</sup> of each year (except taxes on motor vehicles, which are payable on a monthly basis).

If taxes are not paid on or before January 15, a penalty of 3% is added thereon. If taxes are not paid on or before February 1, an additional penalty of 7% is added. If taxes are not paid on or before March 16, an additional 5% penalty thereon is added plus all costs incurred and the property goes into execution. In September, properties on which the taxes have not been paid are advertised for public sale in a local newspaper for three consecutive weeks. The first Monday in November, the property is sold. The County Tax Collector is responsible for the collection of delinquent taxes and empowered to sell so much of the defaulting tax payer's estate – real, personal or both – as may be sufficient to satisfy the taxes. As collections are made, the delinquent tax revenue is remitted to the County Treasurer.

Property taxes are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectable in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue at the fund level to the extent such amounts are available (collected within 60 days of the County's fiscal year end).

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### **Compensated Absences**

The County's policy permits employees to accumulate earned but unused vacation benefits and sick leave. The current portion is the amount estimated to be used in the following year. The non-current portion is the amount estimated to be used in subsequent years. Both the current and non-current compensated absences are accrued at the government-wide and proprietary fund financial statements.

##### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

##### **Interfund Transfers**

Certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in the governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Transfers between the funds included in the business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

### NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### **Budgets and Budgetary Accounting**

The County follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Each year, the County Administrator submits to the Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Three public readings are conducted by the Council and one public hearing to obtain taxpayer comments.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

#### Budgets and Budgetary Accounting (Continued)

3. Prior to June 30, the budget is legally enacted through passage of an ordinance.
4. The County Administrator is authorized to transfer budgeted amounts between departments within any fund. The transfer cannot exceed \$10,000 or 10% of said department's budget; however, any revisions that alter the total expenditures of any fund must be approved by the Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP) except for encumbrances. A budgetary comparison schedule is presented for the General Fund in the financial statements.
7. Budgeted amounts are as originally adopted, or as amended by the County Council as close to June 30 as possible.

For the year ended June 30, 2020, expenditures exceeded appropriations as follows:

Fund	Excess
General Fund	
General government:	
Human resources	\$ 2,846
Tax collector	982
Public works:	
Buildings and grounds	1,762
Judicial:	
Magistrate office	7,867
Culture and recreation:	
Library	14,699
Recreation	19,982
Museum	15,112
Health and welfare:	
Coroner	1,465
Department of social services	138

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 3. DEPOSITS AND INVESTMENTS

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

	Primary Government	Sandy Run Fire District Discretely Presented Component Unit
<i>As reported in the Statement of Net Position:</i>		
Cash and cash equivalents:		
Cash and cash equivalents not restricted	\$ 10,554,155	\$ 340,906
Cash and cash equivalents restricted	105,564	-
Investments:		
Investments not restricted	812,626	-
Investments restricted	197,128	-
Agency Fund - cash and cash equivalents	8,807,279	-
	<u>\$ 20,476,752</u>	<u>\$ 340,906</u>
Cash deposited with financial institutions	\$ 11,809,528	\$ 340,906
SC Local Government Investment Pool	7,657,470	-
Certificates of deposit	1,009,754	-
	<u>\$ 20,476,752</u>	<u>\$ 340,906</u>

As of June 30, 2020, the County has the following investments:

Investment Type	Fair Value	Investment Maturities (in years)	
		Less than 1	1-5
SC Local Government Investment Pool	\$ 7,657,470	\$ 7,657,470	\$ -
Certificates of deposit	1,009,754	668,101	341,653
	<u>\$ 8,667,224</u>	<u>\$ 8,325,571</u>	<u>\$ 341,653</u>

None of the investments above are subject to the fair value hierarchy as required by Governmental Accounting Standards Board Statement No. 72.

As of June 30, 2020, the Fire District has no investments.

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. In accordance with its investment policy, the County and the Fire District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than twelve months.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

#### Credit Risk

Credit risk is the risk that an issuer to an investment will not fulfill its obligations. In accordance with South Carolina state statutes, the County's and the Fire District's investment decisions are at the discretion of the elected County Treasurer, subject to the statutes that authorize the County and its component units to invest in the following:

1. Obligations of the United States and agencies thereof;
2. General obligations of the State of South Carolina or any of its political units;
3. Savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation;
4. Certificates of Deposit and repurchase agreements collateralized by securities of the type described in 1) and 2) above, held by a third-party as escrow agent or custodian, of a fair value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest; and
5. No-load open and closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company, savings and loan association, or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit.

In addition, South Carolina state statutes authorize the County to invest in the South Carolina Local Government Investment Pool (LGIP). The LGIP is an investment mechanism authorized by the Legislature and signed into law on May 13, 1983, to provide local governments an opportunity to acquire maximum returns on investments by pooling available funds with funds from other political subdivisions and is not registered with the SEC. The LGIP is permitted under South Carolina 1976 Code of Laws Section 6-6-10, Section 12-45-220 and Section 11-1-60 to purchase obligations of the United States government treasuries, United States government agencies, repurchase agreements fully collateralized by United States government treasuries or agencies, corporate securities and commercial paper that bear an investment grade rating of at least two nationally recognized rating services. 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.

#### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the County's and the Fire District's investment in a single issuer. The County and the Fire District places no limit on the amount that may be invested in any one issuer. See the following page for additional information regarding the County's and the Fire District's deposits.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

#### Custodial Credit Risk – Deposits

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the County's and the Fire District's deposits may not be returned to them. Both the County's and the Fire District's deposits are subject to South Carolina state statutes for custodial credit risk. The statutes provide that banks accepting deposits of funds from local government units must furnish an indemnity bond or pledge as collateral obligations of the United States, South Carolina, political subdivisions of South Carolina. Driven by the aforementioned statute, the County's and the Fire District's informal policy requires deposits to be secured by collateral valued at fair or par whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. Deposited funds may be invested in demand or time deposits, continuously and fully secured with direct obligations of or obligations guaranteed by the United States of America having a fair value not less than the amount of such monies. Custodial credit risk for deposits is not formally addressed by bond indentures. Indentures require that restricted deposits be maintained by the trustee bank, as custodian, specified in the indenture.

As of June 30, 2020, the County's bank balance of \$13,608,614 was covered by federal depository insurance or by collateral held in the pledging financial institutions' trust departments in the County's name. All the Fire District's deposits of \$340,906 were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust departments in the Fire District's name.

#### Custodial Credit Risk – Investments

In the case of investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County and the Fire District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Both the County and the Fire District do not have a formal investment policy regarding custodial credit risk.

### NOTE 4. RECEIVABLES

Receivables as of June 30, 2020, for the County's major funds, nonmajor funds in the aggregate and component unit, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects	Grants Fund	Nonmajor Governmental
Taxes receivable	\$ 621,408	\$ 13,667	\$ -	\$ 55,486
Accounts receivable	2,481,829	-	485,935	385,305
Less: Allowance	(641,996)	(2,733)	-	(11,097)
Net receivables	<u>\$ 2,461,241</u>	<u>\$ 10,934</u>	<u>\$ 485,935</u>	<u>\$ 429,694</u>



## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 4. RECEIVABLES (CONTINUED)

	Capital Projects Sales Tax Fund	Municipal Water System	Sandy Run Fire District Discretely Presented Component Unit
Taxes receivable	\$ -	\$ -	\$ 3,623
Accounts receivable	748	57,411	23,310
Less: Allowance	-	-	(725)
Net receivables	<u>\$ 748</u>	<u>\$ 57,411</u>	<u>\$ 26,208</u>

### NOTE 5. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund payables for the year ended June 30, 2020, consisted of the following:

Receivable Fund	Payable Fund	Amount
Capital Projects Sales Tax	General Fund	\$ 246,642
General Fund	County Golf Course	395
Capital Projects Fund	Nonmajor Governmental Funds	37,980
Grants Fund	Nonmajor Governmental Funds	104,736
Grants Fund	General Fund	1,369,232
General Fund	Grants Fund	16,544
Wastewater Plant Fund	Municipal Water Fund	27,734
General Fund	Nonmajor Governmental Funds	50,000
		<u>\$ 1,853,263</u>

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

Interfund transfers for the year ended June 30, 2020, consisted of the following:

Transfer in Fund	Transfer Out Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 50,000
Capital Projects Fund	Grants Fund	99,900
Nonmajor Governmental Funds	General Fund	281,836
County Golf Course Fund	Capital Projects Fund	224,573
		<u>\$ 656,309</u>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 5. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED)

Transfers are used: 1) to move revenues from the fund with collection authorization to the fund with expenditure authorization, and 2) to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs. The County also reports transfers of capital assets between the business-type activities and the governmental activities only on the Statement of Activities. Accordingly, transfers from the governmental activities to the business-type activities (Municipal Water Fund (\$681,273) and to the County Golf Course Fund (\$38,050)) represent transfers of capital assets during the year ended June 30, 2020.

### NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

<b>Governmental activities</b>	Balance June 30, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Capital assets not being depreciated					
Land	\$ 1,401,996	\$ -	\$ -	\$ -	\$ 1,401,996
Construction in progress	1,186,071	2,269,026	-	(1,846,716)	1,608,381
Museum collection	3,127,547	-	-	-	3,127,547
Total capital assets not being depreciated	<u>5,715,614</u>	<u>2,269,026</u>	<u>-</u>	<u>(1,846,716)</u>	<u>6,137,924</u>
Capital assets being depreciated					
Buildings and improvements	14,844,493	191,370	-	1,154,393	16,190,256
Infrastructure	9,072,020	-	-	-	9,072,020
Land improvements	747,400	-	-	-	747,400
Vehicles	5,710,084	193,950	(347,836)	-	5,556,198
Equipment, furniture and fixtures	4,846,314	498,953	-	(27,000)	5,318,267
Total capital assets being depreciated	<u>35,220,311</u>	<u>884,273</u>	<u>(347,836)</u>	<u>1,127,393</u>	<u>36,884,141</u>
Less accumulated depreciation					
Buildings and improvements	(4,094,615)	(460,360)	-	-	(4,554,975)
Infrastructure	(2,625,149)	(128,425)	-	-	(2,753,574)
Land improvements	(251,128)	(23,655)	-	-	(274,783)
Vehicles	(3,127,793)	(300,553)	302,604	-	(3,125,742)
Equipment, furniture and fixtures	(4,066,629)	(254,664)	-	-	(4,321,293)
Total accumulated depreciation	<u>(14,165,314)</u>	<u>(1,167,657)</u>	<u>302,604</u>	<u>-</u>	<u>(15,030,367)</u>
Total capital assets being depreciated, net	<u>21,054,997</u>	<u>(283,384)</u>	<u>(45,232)</u>	<u>1,127,393</u>	<u>21,853,774</u>
Governmental activities capital assets, net	<u>\$ 26,770,611</u>	<u>\$ 1,985,642</u>	<u>\$ (45,232)</u>	<u>\$ (719,323)</u>	<u>\$ 27,991,698</u>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the primary government as follows:

General Government	\$ 317,326
Public Safety	488,860
Public Works	239,037
Culture and Recreation	31,511
Judicial Services	22,221
Health and Welfare	54,203
Economic Development	14,499
	<u>\$ 1,167,657</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,167,657</u>

	Balance June 30, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
<b>Business-type activities</b>					
Capital assets not being depreciated					
Land	\$ 175,051	\$ -	\$ -	\$ -	\$ 175,051
Construction in progress	2,031,361	-	-	(2,031,361)	-
Total capital assets not being depreciated	2,206,412	-	-	(2,031,361)	175,051
Capital assets being depreciated					
Water system	10,793,216	-	-	2,712,634	13,505,850
Wastewater system	3,462,621	-	-	-	3,462,621
Equipment, furnitures and fixtures	128,717	-	-	27,000	155,717
Buildings and improvements	152,507	3,600	-	11,050	167,157
Vehicles	60,917	36,661	-	-	97,578
Total capital assets being depreciated	14,597,978	40,261	-	2,750,684	17,388,923
Less accumulated depreciation					
Water system	(3,476,724)	(275,016)	-	-	(3,751,740)
Wastewater system	(276,458)	(89,691)	-	-	(366,149)
Equipment, furnitures and fixtures	(47,488)	(23,646)	-	-	(71,134)
Buildings and improvements	(4,179)	(4,683)	-	-	(8,862)
Vehicles	(60,917)	(3,360)	-	-	(64,277)
Total accumulated depreciation	(3,865,766)	(396,396)	-	-	(4,262,162)
Total capital assets being depreciated, net	10,732,212	(356,135)	-	2,750,684	13,126,761
Business-type activities capital assets, net	\$ 12,938,624	\$ (356,135)	\$ -	\$ 719,323	\$ 13,301,812

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

Municipal Water Fund	\$ 263,355
Wastewater Plant Fund	106,122
County Golf Course Fund	26,919
	<u>\$ 396,396</u>
Total Business-type Activities Depreciation Expense	<u>\$ 396,396</u>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

#### Discretely Presented Component Unit

The Sandy Run Fire District capital asset activity for the year ended June 30, 2020, is as follows:

<b>Discretely Presented Component Unit</b>	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 575,000	\$ -	\$ 575,000
Total capital assets not being depreciated	<u>-</u>	<u>575,000</u>	<u>-</u>	<u>575,000</u>
Capital assets being depreciated				
Buildings and improvements	76,089	-	-	76,089
Equipment, furniture and fixtures	273,763	15,319	-	289,082
Vehicles	627,256	-	-	627,256
Total capital assets being depreciated	<u>977,108</u>	<u>15,319</u>	<u>-</u>	<u>992,427</u>
Less accumulated depreciation				
Buildings and improvements	(25,567)	(3,687)	-	(29,254)
Equipment, furniture and fixtures	(195,538)	(17,668)	-	(213,206)
Vehicles	(604,434)	(5,022)	-	(609,456)
Total accumulated depreciation	<u>(825,539)</u>	<u>(26,377)</u>	<u>-</u>	<u>(851,916)</u>
Total capital assets being depreciated, net	<u>151,569</u>	<u>(11,058)</u>	<u>-</u>	<u>140,511</u>
Component unit capital assets, net	<u>\$ 151,569</u>	<u>\$ 563,942</u>	<u>\$ -</u>	<u>\$ 715,511</u>

Depreciation expense incurred by the Fire District for the fiscal year ended June 30, 2020, was \$26,377.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM OBLIGATIONS

#### Primary Government

Long-term obligations for the year ended June 30, 2020, is as follows:

<b>Governmental activities</b>	Balance			Balance June 30, 2020	Due Within One Year
	June 30, 2019	Additions	Reductions		
Compensated absences	\$ 361,426	\$ 222,817	\$ (204,413)	\$ 379,830	\$ 189,915
General obligation bonds	2,086,706	-	(228,654)	1,858,052	235,693
Revenue bonds	390,000	-	(97,500)	292,500	97,500
Capital leases	75,939	-	(24,347)	51,592	25,301
Landfill closure and post-closure costs	432,000	23,005	(23,005)	432,000	16,160
Net pension liability	11,995,838	552,943	-	12,548,781	-
Total other postemployment benefit liability	3,141,601	680,804	-	3,822,405	-
	<u>\$ 18,483,510</u>	<u>\$ 1,479,569</u>	<u>\$ (577,919)</u>	<u>\$ 19,385,160</u>	<u>\$ 564,569</u>

<b>Business-type activities</b>	Balance			Balance June 30, 2020	Due Within One Year
	June 30, 2019	Additions	Reductions		
Compensated absences	\$ 4,703	\$ 10,504	\$ (7,267)	\$ 7,940	\$ 3,970
Revenue bonds	4,056,005	1,474,405	(1,477,891)	4,052,519	138,081
Net pension liability	321,209	-	(129,117)	192,092	-
Total other postemployment benefit liability	116,205	(26,367)	(10,022)	79,816	-
	<u>\$ 4,498,122</u>	<u>\$ 1,458,542</u>	<u>\$ (1,624,297)</u>	<u>\$ 4,332,367</u>	<u>\$ 142,051</u>

#### Bonds Payable – Governmental Activities

There are a number of limitations and restrictions contained in the various bond indentures. Management believes the County is in compliance with all significant limitations and restrictions.

The South Carolina constitution permits the County to incur general obligation (general purpose) bonded indebtedness not to exceed 8% of the assessed value of taxable property in the County. At June 30, 2020, the County was in compliance with this requirement.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

#### Primary Government (Continued)

#### Bonds Payable – Governmental Activities (Continued)

The following is a summary of each long-term bond obligation of the governmental activities of the County at June 30, 2020:

General Obligation Bonds	Amount
\$1,000,000 General Obligation Bond, Series 2016, with interest of 2.11%, annual principal and interest payments beginning in 2017, matures in 2026, for the purpose of obtaining funds to defray the costs of fire trucks and equipment.	\$ 624,052
\$1,500,000 General Obligation Bond, Series 2018, with interest of 3.36%, annual principal and interest payments beginning in 2019, matures in 2028, for the purpose of obtaining funds to defray the costs of renovations to the County Courthouse.	1,234,000
	\$ 1,858,052
Revenue Bond	Amount
\$390,000 Accomodations Fee Revenue Bond, Series 2018, with interest of 3.04%, annual principal and interest payments beginning in 2020, matures in 2023, for the reimbursement of the costs of acquiring the County Golf Course.	\$ 292,500

The annual requirements to amortize the bonds are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2021	\$ 235,693	\$ 54,625	\$ 290,318
2022	242,775	47,949	290,724
2023	248,902	41,052	289,954
2024	256,073	33,975	290,048
2025	263,290	26,684	289,974
2026 – 2028	611,319	36,379	647,698
	\$ 1,858,052	\$ 240,664	\$ 2,098,716

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)**

**Primary Government (Continued)**

**Bonds Payable – Governmental Activities (Continued)**

<u>Year Ending June 30,</u>	<u>Revenue Bond</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 97,500	\$ 8,892	\$ 106,392
2022	97,500	5,928	103,428
2023	97,500	2,964	100,464
	<u>\$ 292,500</u>	<u>\$ 17,784</u>	<u>\$ 310,284</u>

**Equipment under Capital Leases – Governmental Activities**

<u>Capital Lease Payable</u>	<u>Amount</u>
<p>\$164,486 lease agreement to finance the purchase of radio quipment at an interest rate of \$3.85% with annual payments of \$27,323 maturing in 2022.</p>	<u>\$ 51,592</u>

The County has entered into the above lease agreement for leasing radio equipment. The cost of these assets is \$164,486 with accumulated depreciation of \$82,243 for a net value of \$82,243. Depreciation expense was \$16,448 for the current year. The lease on the equipment is payable from the County's capital projects fund.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

#### Primary Government (Continued)

#### Equipment under Capital Leases – Governmental Activities (Continued)

The remaining lease payments as of June 30, 2020, are as follows:

Year Ending June 30,		
2021	\$	27,323
2022		27,323
Total minimum lease payment		54,646
Less amount representing interest		(3,054)
Present value of net minimum lease payment	\$	51,592

The interest paid on the capital lease obligation for the year ended June 30, 2020, was \$2,986.

#### Bonds Payable – Business-Type Activities

The following is a summary of each long-term bond obligation of the business-type activities of the County at June 30, 2020:

Revenue Bonds	Amount
\$265,000 FHA Revenue Bond due in monthly installments of \$1,302 through December 15, 2033, with interest at 5.125%	\$ 149,519
\$1,474,405 USDA Water and Sewer System Refunding Revenue Bond payable over 15 years, interest at 2.19%, beginning in 2021 with annual payments of \$116,346 through April 1, 2035.	1,474,405
\$2,713,000 Water and Sewer System Revenue Bond payable over 40 years, interest at 2.75%, beginning in 2013 with monthly payments of \$9,333 through August 1, 2053.	2,428,595
	\$ 4,052,519



## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

#### Primary Government (Continued)

#### Bonds Payable – Business-type Activities (continued)

The annual requirements to amortize the bonds are as follows:

Year Ending June 30,	Revenue Bonds		
	Principal	Interest	Total
2021	\$ 138,081	\$ 105,885	\$ 243,966
2022	141,536	102,429	243,965
2023	145,178	98,787	243,965
2024	149,082	95,044	244,126
2025	152,773	91,193	243,966
2026 – 2030	825,628	394,350	1,219,978
2031 – 2035	909,854	282,769	1,192,623
2036 – 2040	365,425	194,549	559,974
2041 – 2045	419,224	140,750	559,974
2046 – 2050	480,942	79,032	559,974
2051 – 2054	324,796	20,523	345,319
	<u>\$ 4,052,519</u>	<u>\$ 1,605,311</u>	<u>\$ 5,657,830</u>

#### Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill sites when each site stops accepting waste and to perform certain maintenance and monitoring functions at the sites for twenty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The \$432,000 reported as an accrual for landfill closure and post-closure care costs at June 30, 2020, includes the cumulative amount reported less amounts paid to date for the open site based on the following information.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

#### Primary Government (Continued)

#### Landfill Closure and Post-Closure Care Costs (Continued)

	Estimated Remaining Landfill Life	Percentage Balance of Capacity Used	Closure and Post-Closure Costs
<b>MSWLF - Class II</b>	1 years	99%	\$ 8,000
<b>C&amp;D - Class III</b>	-	100%	424,000
<b>Total Reported Liability</b>			\$ 432,000

These amounts are based on what it would cost to perform all closure and post-closure care in fiscal year 2020. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The Council has not accumulated or segregated funds to meet this liability.

#### Discretely Presented Component Unit

Long-term obligations for the Fire District for the year ended June 30, 2020, is as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
<b>Component Unit</b> Capital Leases	\$ 23,619	\$ 575,000	\$ (290,619)	\$ 308,000	\$ 26,315
	\$ 23,619	\$ 575,000	\$ (290,619)	\$ 308,000	\$ 26,315

The Fire District has entered into the above lease agreement for the purchase of a fire truck. The cost of this asset is \$575,000 with accumulated depreciation of \$0 for a net book value of \$575,000. There was no depreciation expense for the current year as the fire truck has been paid for but had not been delivered for use by the Fire District as of June 30, 2020. The lease has an implicit interest rate of 3.35% and annual payments ranging from \$267,000 to \$36,941. Principal and interest payments are due in annual installments on October 28 through 2029.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

#### Discretely Presented Component Unit (Continued)

The remaining lease payments as of June 30, 2020, are as follows:

<u>Year Ending June 30,</u>	
2021	\$ 36,941
2022	36,941
2023	36,941
2024	36,941
2025	36,941
2026 - 2030	<u>184,705</u>
Total minimum lease payment	<u>369,410</u>
Less amount representing interest	<u>(61,410)</u>
Present value of net minimum lease payment	<u>\$ 308,000</u>

#### Other Postemployment Benefits

##### Plan Description

In addition to providing pension benefits through the South Carolina Retirement System, the County, authorized by its Council, participates in a single employer plan to provide certain healthcare benefits for employees who retire from service or who terminate with at least 18 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 also retire 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.

##### Plan Membership

The Plan has 76 covered members for the year ended June 30, 2020; 23 members are retirees receiving benefits and 53 are active participants and dependents.

##### Funding Policy and Contributions

The County currently pays for other postemployment benefits on a pay-as-you-go basis. For the year ended June 30, 2020, the County paid \$44,361 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 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.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

#### Other Postemployment Benefits (Continued)

##### Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019.

##### Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	2.21% as of June 30, 2020
Healthcare cost trend rate:	6.50% - 4.15%
Inflation rate:	2.50%
Salary increase:	2.50% per year

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.

##### Discount Rate

The discount rate used to measure the total OPEB liability was 2.21% as of June 30, 2020. This rate was determined using an index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher – which was 2.21% as determined by the Bond Buyer 20-Bond GO Index Rate as of June 30, 2020.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

#### Other Postemployment Benefits (Continued)

##### 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:

	<b>Total OPEB Liability</b>
<b>Balances beginning of year</b>	\$ 3,257,806
<b>Changes for the year:</b>	
Service cost	69,790
Interest	113,254
Assumption changes	505,732
Benefit payments and implicit subsidy	(44,361)
<b>Net changes</b>	<b>644,415</b>
<b>Balances end of year</b>	<b>\$ 3,902,221</b>

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, 2020 measurement date), as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

<b>Sensitivity of the Total OPEB Liability to Changes in the Discount Rate</b>		
	<b>Current Discount Rate</b>	
<b>1% Decrease (1.21%)</b>	<b>(2.21%)</b>	<b>1% Increase (3.21%)</b>
\$ 4,371,587	3,902,221	\$ 3,501,516

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

#### Other Postemployment Benefits (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, 2020 measurement date), as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.50% decreasing to 3.15%) or 1-percentage-point higher (7.50% decreasing to 5.15%) than the current healthcare cost trend rates:

##### Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

<b>1% Decrease (5.50% decreasing to 3.15%)</b>	<b>Current Healthcare Cost Trend Rates (6.50% decreasing to 4.15%)</b>	<b>1% Increase (7.50% decreasing to 5.15%)</b>
\$ 3,794,183	\$ 3,902,221	\$ 4,029,339

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

For the year ended June 30, 2020 the County recognized OPEB expense as follows:

<b>Description</b>		
Service cost	\$	69,790
Interest on the total OPEB liability		113,254
Recognition of outflow (inflow) of resources due to liabilities		47,771
Total OPEB expense	\$	230,815

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

#### Other Postemployment Benefits (Continued)

##### Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the County reported deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 163,235
Changes of assumptions	508,645	-
Total	\$ 508,645	\$ 163,235

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

#### Other Postemployment Benefits Plan

Year ended June 30:		
2021	\$	47,771
2022		47,771
2023		47,771
2024		47,771
2025		47,771
Thereafter		106,555

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

#### Pension 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](http://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 County contributes to the SCRS, a cost-sharing multiple-employer defined benefit pension plan that was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts and political subdivisions. In addition to the SCRS pension plan, the County also contributes to the PORS, a cost-sharing multiple-employer defined benefit pension plan that was established effective 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 allowances and other benefits for police officers and firemen of the state and its political subdivisions.



## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

#### Pension Plan (Continued)

##### 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 THE FINANCIAL STATEMENTS

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### NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

#### Pension 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 8 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 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

##### Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

#### Pension Plan (Continued)

##### Contributions (Continued)

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 \$750,451 and \$284,805 to the SCRS and PORS plans, respectively.

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

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

#### Pension Plan (Continued)

##### Contributions (Continued)

Required employer contribution rates for the year ended June 30, 2020, are as follows:

##### South Carolina Retirement System

Employee Class Two	15.41% of earnable compensation
Employee Class Three	15.41% of earnable compensation
Employer incidental death benefit	0.15% of earnable compensation

##### South Carolina Police Officers Retirement System

Employee Class Two	17.84% of earnable compensation
Employee 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

##### 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	Employer's 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	\$ 21,426,262	\$ 11,655,564	\$ 9,770,698	54.4%	0.042790%
PORS	\$ 7,961,135	\$ 4,990,960	\$ 2,970,175	62.7%	0.103637%

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

#### Pension Plan (Continued)

##### 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.

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2018, valuations for SCRS and PORS.

	<u>SCRS</u>	<u>PORS</u>
Actuarial cost method	Entry Age Normal	Entry Age Normal
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 (the 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.

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Males multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Males 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.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

#### Pension Plan (Continued)

##### Actuarial Assumptions and Methods (Continued)

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 below.

<b>Allocation / Exposure</b>	<b>Policy Target</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Long-term Expected Portfolio Real Rate of Return</b>
<b>Global Equity</b>	<b>51.0%</b>		
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%
<b>Real Assets</b>	<b>12.0%</b>		
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%
<b>Opportunistic</b>	<b>8.0%</b>		
Global Tactical Asset Allocation	7.0%	3.09%	0.22%
Other opportunistic strategies	1.0%	3.82%	0.04%
<b>Credit</b>	<b>15.0%</b>		
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%
<b>Rate Sensitive</b>	<b>14.0%</b>		
Core Fixed Income	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	0.00%
	<u>100.0%</u>		
		Total expected real return	5.41%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	<u><u>7.66%</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

#### Pension Plan (Continued)

##### Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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 State Code of Laws. Based on those assumptions, the County's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the sensitivity of the net pension liability to changes in the discount rate for the County and its component units in the aggregate.

<b>Sensitivity of the Net Position Liability to Changes in the Discount Rate</b>				
	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>		<b>1% Increase (8.25%)</b>
SCRS	\$ 12,309,024	\$ 9,770,698		\$ 7,652,303
PORS	\$ 4,025,304	\$ 2,970,175		\$ 2,105,775

##### Pension Expense

For the year ended June 30, 2020 (June 30, 2019 measurement date), the County recognized its proportionate share of collective pension expense of \$1,115,053 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 \$29,818 for a total of \$1,144,871 for the SCRS plan. Additionally, for the year ended June 30, 2020 (June 30, 2019 measurement date), the County recognized its proportionate share of collective pension expense of \$441,241 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 \$1,578 for a total of \$442,819 for the PORS plan.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

#### Pension 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 pensions plans, respectively, from the following sources:

<b>SCRS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 6,717	\$ 70,190
Changes of assumptions	196,893	-
Net difference between projected and actual earnings on pension plan investments	86,504	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	185,607	225,009
Employer contributions subsequent to the measurement date	<u>750,451</u>	<u>-</u>
Total	<u>\$ 1,226,172</u>	<u>\$ 295,199</u>
<b>PORS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 61,073	\$ 21,952
Changes of assumptions	117,783	-
Net difference between projected and actual earnings on pension plan investments	37,660	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	67,610	92,751
Employer contributions subsequent to the measurement date	<u>284,805</u>	<u>-</u>
Total	<u>\$ 568,931</u>	<u>\$ 114,703</u>



## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

#### Pension Plan (Continued)

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

County contributions subsequent to the measurement date of \$750,241 and \$284,805, for the SCRS plan and the PORS plan, respectively will be recognized as a reduction of the net pension liability in the year ending 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:	<u>SCRS</u>	<u>PORS</u>
2021	\$ 217,015	\$ 135,977
2022	(121,864)	24,256
2023	50,845	(2,627)
2024	34,526	11,817

#### 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](http://www.retirement.sc.gov), or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

### NOTE 8. OTHER INFORMATION

#### Deferred Compensation Plans

##### Internal Revenue Code Section 457 Plan

The County offers its employees a deferred compensation plan, offered through the State of South Carolina, created in accordance with Internal Revenue Code Section 457. The plan, available to all regular full-time employees, permits participants to defer a portion of their salaries until future years. The deferred compensation is not available to the employee or his beneficiaries until termination, retirement, death, disability, or an approved hardship.

All amounts of compensation deferred under the plan are held in trust for the contributing employee and are not subject to claims of the County's general creditors. The plan is administered by the State of South Carolina.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 8. OTHER INFORMATION (CONTINUED)

#### Risk Management

The County is exposed to various risks of loss and maintains elements of both self-insurance and purchased insurance policies divided into coverage for worker's compensation, property and casualty, and employee health insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The County also pays insurance premiums to certain other commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy in accordance with insurance policy and benefit program limits.

Several state funds accumulate assets and the State itself assumes substantially all risks for the following:

- 1) Claims of covered public employees for health and dental insurance benefits (Office of Insurance Services) and
- 2) Claims of covered public employees for long-term disability and group-life insurance benefits (Retirement System).

The County assumes the risk for unemployment compensation benefits by paying directly to the Employment Security Commission actual claims filed against the County.

Employees elect health coverage through either a health maintenance organization or through the State's self-insured plan. All other coverages listed above are through the applicable State self-insured plan except dependent and optional life premiums which are remitted to commercial carriers.

The County has recorded insurance premium expenditures in the applicable functional expenditure categories of the unrestricted current funds. These expenditures do not include estimated claim losses and estimable premium adjustments.

The County has not reported a supplemental premium assessment expenditure, and the related liability at June 30, 2020, because the requirements of GASB Statement No. 10, which states that a liability for supplemental assessments must be reported if information prior to issuance of the financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred on or before June 30, 2020, and that the amount of the premiums is reasonably estimable, have not been satisfied.

In management's opinion, supplemental premium assessments, if any, would not be significant enough to have a material adverse effect on the financial position of the County.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 8. OTHER INFORMATION (CONTINUED)

#### Contingent Liabilities

##### Grants

The County participates in a number of federally assisted grant programs and state funded grant programs. These programs are subject to financial compliance audits by the County's auditors and by auditors of the federal or state grantor agencies. Upon audit, should it be determined that the County has failed to comply with applicable requirements of the grants, then some or all of the grant expenditures may be disallowed and a portion of the grant expenditures may become reimbursable to the grantor.

##### Litigation

The County is party to various legal proceedings which normally occur in governmental operations. These lawsuits involve environmental issues, alleged failure to appropriate proper budgets, employment matters, and certain claims under contractual agreements. In the opinion of County management, based on the advice of legal counsel with respect to litigation, the ultimate disposition of these lawsuits and claims will not have a material adverse effect on the County's financial position. Additionally, the County would be allowed to appropriate any required funds in a subsequent year.

#### Commitments

##### Construction Commitments

On June 30, 2020, the County has commitments under contracts for various architectural and engineering services and construction projects not completed of approximately \$22,521.

##### Operating Leases

The County participates in certain leases accounted for as operating leases. Future minimum rental payments required over the next five years under the non-cancellable operating leases having a remaining term in excess of one year at June 30, 2020, are as follows:

Year Ending June 30,	<u>Total Minimum Lease Payments</u>
2021	\$ 140,000
2022	140,000
2023	140,000
2024	70,000
	<u>\$ 490,000</u>

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 8. OTHER INFORMATION (CONTINUED)

#### Lease Receivable

During 2019, the County renewed its lease agreement as lessor to lease the Agriculture Building built by the County to the U.S. Department of Agriculture. The current annual rent is \$34,000. The following is a schedule of the future minimum lease payments under the lease agreement to be received.

Year Ending June 30,	<u>Total Minimum Lease Payments</u>
2021	\$ 34,200
2022	<u>17,100</u>
	<u>\$ 51,300</u>

### NOTE 9. TAX ABATEMENTS

As of June 30, 2020, the County provides tax incentives under two programs: Fee in Lieu of Tax Agreements (FILOT) and Special Source Revenue Credits (SSRCs). The purpose of both programs is the retention of jobs, job growth, and/or capital investment.

The County has entered into fee in lieu of tax agreements pursuant to the authority granted by Title 12, Chapter 44, Title 4, Chapter 29, and/or Title 4, Chapter 12 of the Code of Laws of South Carolina, 1976, as amended. Property subject to a fee in lieu of tax agreement is exempt from ad valorem property tax and is instead subject to a fee in lieu of tax equal to the product of the value of the property, an assessment ratio that is generally no lower than 6% (but may be as low as 4% for extraordinary projects that satisfy the statutory definition of an "enhanced investment"), and a millage rate that is either fixed for the life of the agreement or is adjusted every five years based on the trailing five-year average.

In addition, the County provides special source revenue credits, generally in conjunction with fee in lieu of tax agreements, pursuant to the authority granted by Sections 4-29-68 and 4-1-170 of the Code of Laws of South Carolina, 1976, as amended. Special source revenue credits, often referred to as SSRCs or "Infrastructure Credits", are reductions to a taxpayer's payments in lieu of taxes. Generally, property that receives SSRCs is added to a "multi-county industrial park" pursuant to Sections 4-1-170 — 4-1-175 of the Code of Laws of South Carolina, 1976, as amended. Most multi-county industrial park agreements allocate 1% of property tax (or fee in lieu of tax) revenue to the partner county. Generally, the SSRCs are utilized to offset costs of design, acquiring, construction, improving, or expanding improved or unimproved real estate and personal property used in the operation of a manufacturing or commercial enterprise, or infrastructure serving the project.

## NOTES TO THE FINANCIAL STATEMENTS

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### **NOTE 9. TAX ABATEMENTS (CONTINUED)**

For the fiscal year ended June 30, 2020, the amount of abated property taxes resulting from agreements entered into by the County totaled \$3,151,552 under these two programs. Of this total amount \$5,030 was abated for the County and \$59,571 for the Fire District with the remainder impacting the school district and certain municipalities within the County.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CALHOUN 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		
<b>REVENUES:</b>				
Taxes	\$ 9,594,500	\$ 9,478,524	\$ 8,773,080	\$ (705,444)
Other taxes	800,000	725,000	873,548	148,548
Intergovernmental	1,107,171	1,064,240	1,067,153	2,913
Licenses, permits and fees	253,500	217,500	181,119	(36,381)
Fines and forfeitures	157,000	122,000	113,229	(8,771)
Charges for services	758,800	670,200	877,239	207,039
Other revenues	1,174,068	1,297,362	340,520	(956,842)
Total revenues	<u>13,845,039</u>	<u>13,574,826</u>	<u>12,225,888</u>	<u>(1,348,938)</u>
<b>EXPENDITURES:</b>				
Current:				
<b>General government:</b>				
County council	15,300	5,450	4,672	778
Finance	156,280	196,496	145,131	51,365
Voter registration	118,759	128,007	116,494	11,513
Human resources	3,032,504	3,131,123	3,133,969	(2,846)
Administration	536,323	511,574	492,809	18,765
Outside agencies	889,156	886,822	750,821	136,001
Procurement	50,963	50,841	49,858	983
Tax assessor	247,970	221,566	195,261	26,305
Auditor	69,678	68,400	66,909	1,491
Tax collector	95,896	90,098	91,080	(982)
Treasurer	120,207	114,731	114,172	559
Veterans affairs	18,950	19,096	18,209	887
Information technology	369,140	367,554	356,240	11,314
Non-departmental	358,300	252,571	213,485	39,086
Total general government	<u>6,079,426</u>	<u>6,044,329</u>	<u>5,749,110</u>	<u>295,219</u>
<b>Public safety:</b>				
Emergency services	87,303	77,918	73,096	4,822
Communications	521,214	497,789	484,634	13,155
Animal control	161,332	165,322	153,842	11,480
Addressing	21,850	17,848	12,911	4,937
Sheriff	1,738,301	1,680,383	1,655,488	24,895
Total public safety	<u>2,530,000</u>	<u>2,439,260</u>	<u>2,379,971</u>	<u>59,289</u>
<b>Public works:</b>				
Buildings and grounds	613,130	619,269	621,031	(1,762)
Building inspection	127,650	201,328	178,471	22,857
Roads department	339,675	344,446	334,484	9,962
Total public works	<u>1,080,455</u>	<u>1,165,043</u>	<u>1,133,986</u>	<u>31,057</u>
<b>Judicial:</b>				
Sandy Run magistrate	61,502	63,267	38,180	25,087
Clerk of court	304,397	300,003	295,255	4,748
Probate court	108,488	102,486	100,472	2,014
Solicitor	120,000	120,000	119,385	615
Magistrate office	114,771	112,653	120,520	(7,867)
Cameron magistrate	34,573	34,696	30,408	4,288
Master in equity	22,579	21,540	21,540	-
Total judicial	<u>766,310</u>	<u>754,645</u>	<u>725,760</u>	<u>28,885</u>
<b>Culture and recreation:</b>				
Library	521,426	504,609	519,308	(14,699)
Recreation	289,861	205,410	225,392	(19,982)
Museum	269,200	237,903	253,015	(15,112)
Total culture and recreation	<u>1,080,487</u>	<u>947,922</u>	<u>997,715</u>	<u>(49,793)</u>

(Continued)

**CALHOUN 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**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES: (CONTINUED)</b>				
<b>Health and welfare:</b>				
Coroner	\$ 46,777	\$ 42,596	\$ 44,061	\$ (1,465)
Landfill	93,865	93,644	83,849	9,795
Emergency management services	1,396,040	1,363,962	1,299,922	64,040
Department of social services	6,000	6,000	6,138	(138)
Department of health and environmental control	4,500	6,000	1,111	4,889
Collection sites	580,379	579,375	552,026	27,349
Total health and welfare	<u>2,127,561</u>	<u>2,091,577</u>	<u>1,987,107</u>	<u>104,470</u>
<b>Economic development:</b>				
Economic development	<u>78,800</u>	<u>78,050</u>	<u>74,597</u>	<u>3,453</u>
Total expenditures	<u>13,743,039</u>	<u>13,520,826</u>	<u>13,048,246</u>	<u>472,580</u>
Excess (deficiency) of revenues over (under) expenditures	<u>102,000</u>	<u>54,000</u>	<u>(822,358)</u>	<u>(876,358)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	50,000	50,000	-
Transfers out	(109,000)	(109,000)	(281,836)	(172,836)
Proceeds from the sale of capital assets	7,000	5,000	27,000	22,000
Total other financing uses, net	<u>(102,000)</u>	<u>(54,000)</u>	<u>(204,836)</u>	<u>(150,836)</u>
Net change in fund balances	-	-	(1,027,194)	(1,027,194)
Fund balances, beginning of year	<u>6,271,600</u>	<u>6,271,600</u>	<u>6,271,600</u>	<u>-</u>
Fund balances, end of year	<u>\$ 6,271,600</u>	<u>\$ 6,271,600</u>	<u>\$ 5,244,406</u>	<u>\$ (1,027,194)</u>



**CALHOUN COUNTY, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE PLAN YEAR ENDED JUNE 30,**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
SOUTH CAROLINA RETIREMENT SYSTEM**

<b>Plan Year Ended June 30,</b>	<b>County's proportion of the net pension liability</b>	<b>County's proportionate share of the net pension liability</b>	<b>County's covered payroll</b>	<b>County's share of the net pension liability as a percentage of its covered payroll</b>	<b>Plan fiduciary net position as a percentage of the total pension liability</b>
2019	0.042790%	\$ 9,770,698	\$ 4,518,487	216%	54.4%
2018	0.041821%	9,370,729	4,333,800	216%	54.1%
2017	0.043558%	9,805,606	4,145,965	237%	53.3%
2016	0.043962%	9,390,218	4,259,068	220%	52.9%
2015	0.042317%	8,024,675	3,969,932	202%	57.0%
2014	0.040713%	6,901,466	3,709,731	186%	59.9%

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
POLICE OFFICERS RETIREMENT SYSTEM**

<b>Plan Year Ended June 30,</b>	<b>County's proportion of the net pension liability</b>	<b>County's proportionate share of the net pension liability</b>	<b>County's covered payroll</b>	<b>County's share of the net pension liability as a percentage of its covered payroll</b>	<b>Plan fiduciary net position as a percentage of the total pension liability</b>
2019	0.103637%	\$ 2,970,175	\$ 1,503,217	198%	62.7%
2018	0.103980%	2,946,318	1,439,245	205%	61.7%
2017	0.109930%	3,011,681	1,334,981	226%	60.9%
2016	0.100960%	2,560,749	1,285,274	199%	60.4%
2015	0.104330%	2,273,847	1,289,894	176%	64.6%
2014	0.102080%	1,954,257	1,218,001	160%	67.5%

**Notes to the Schedules:**

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

**CALHOUN COUNTY, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30,**

**SCHEDULE OF CONTRIBUTIONS  
SOUTH CAROLINA RETIREMENT SYSTEM**

<b>Fiscal Year Ended June 30,</b>	<b>Statutorily required contribution</b>	<b>Contributions relative to statutorily required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>County's covered payroll</b>	<b>Contributions as a percentage of covered payroll</b>
2020	\$ 750,451	\$ 750,451	\$ -	\$ 4,822,942	15.56%
2019	657,892	657,892	-	4,518,487	14.56%
2018	587,664	587,664	-	4,333,800	13.56%
2017	479,272	479,272	-	4,145,965	11.56%
2016	470,843	470,843	-	4,259,068	11.06%
2015	432,722	432,722	-	3,969,932	10.90%

**SCHEDULE OF CONTRIBUTIONS  
POLICE OFFICERS RETIREMENT SYSTEM**

<b>Fiscal Year Ended June 30,</b>	<b>Statutorily required contribution</b>	<b>Contributions relative to statutorily required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>County's covered payroll</b>	<b>Contributions as a percentage of covered payroll</b>
2020	\$ 284,805	\$ 284,805	\$ -	\$ 1,561,480	18.24%
2019	259,155	259,155	-	1,503,217	17.24%
2018	233,733	233,733	-	1,439,245	16.24%
2017	199,132	199,132	-	1,334,981	14.92%
2016	176,583	176,583	-	1,285,274	13.74%
2015	172,974	172,974	-	1,289,894	13.41%

**Notes to the Schedules:**

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

**CALHOUN COUNTY, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30,**

**Notes to the Schedules (Continued):**

The following represents the actuarial methods and assumptions used to determine the actuarially determined contribution rates.

<u>System</u>	<u>SCRS</u>	<u>PORS</u>
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 period	30 years maximum, closed period
Investment return	7.25%	7.25%
Inflation	2.25%	2.25%
Salary increases	3.00% plus step-rate increases for members with 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. Males 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. Males rates multiplied by 125% and female rates are multiplied by 111%.

**CALHOUN COUNTY, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION  
OPEB PLAN – SCHEDULE OF CHANGES IN THE  
COUNTY'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
FOR THE FISCAL YEAR ENDED JUNE 30,**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>			
Service cost	\$ 69,790	\$ 78,149	\$ 75,237
Interest on total OPEB liability	113,254	124,442	119,210
Difference between expected and actual experience	-	(218,677)	-
Effect of assumption changes	505,732	89,787	-
Benefit payments	<u>(44,361)</u>	<u>(62,314)</u>	<u>(56,188)</u>
<b>Net change in total OPEB liability</b>	<b>644,415</b>	<b>11,387</b>	<b>138,259</b>
<b>Total OPEB liability - beginning</b>	<b>3,257,806</b>	<b>3,246,419</b>	<b>3,108,160</b>
<b>Total OPEB liability - ending</b>	<b><u>\$ 3,902,221</u></b>	<b><u>\$ 3,257,806</u></b>	<b><u>\$ 3,246,419</u></b>
<b>Covered-employee payroll</b>	<b>\$ 2,111,320</b>	<b>\$ 2,111,320</b>	<b>\$ 2,638,645</b>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>184.8%</b>	<b>154.3%</b>	<b>123.0%</b>
<b>Discount Rate</b>	<b>2.21%</b>	<b>3.50%</b>	<b>3.87%</b>

**Notes to the Schedule:**

- (1) The schedule will present 10 years of information once it is accumulated.
- (2) 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.

## **SUPPLEMENTARY INFORMATION**

**CALHOUN COUNTY, SOUTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	Special Revenue Funds						
	Sheriff's Department Fund	Victims' Advocate Fund	Child Support Fund	Calhoun Rural Fire District Fund	Banks Estate Fund	OC Tech. and L.M. Gressette Center Fund	E-911 Fund
<b>ASSETS</b>							
Cash and cash equivalents	\$ 4,043	\$ 1,649	\$ 53,067	\$ 60,836	\$ 65,562	\$ 23,291	\$ 226,724
Taxes receivable, net	-	-	-	-	-	17,588	-
Accounts receivable, net	-	1,220	24,167	297,800	-	19,999	2,958
Total assets	<u>4,043</u>	<u>2,869</u>	<u>77,234</u>	<u>358,636</u>	<u>65,562</u>	<u>60,878</u>	<u>229,682</u>
<b>LIABILITIES</b>							
Accounts payable	-	238	7,402	298,978	677	59	-
Due to other funds	-	-	50,000	-	-	-	-
Accrued liabilities	-	2,631	-	-	-	-	3,721
Total liabilities	<u>-</u>	<u>2,869</u>	<u>57,402</u>	<u>298,978</u>	<u>677</u>	<u>59</u>	<u>3,721</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - property taxes	-	-	-	-	-	15,971	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,971</u>	<u>-</u>
<b>FUND BALANCES</b>							
Restricted for:							
General government	-	-	-	-	-	44,848	-
Public safety	4,043	-	-	59,658	-	-	225,961
Debt service	-	-	-	-	-	-	-
Health and welfare	-	-	19,832	-	-	-	-
Economic development	-	-	-	-	-	-	-
Assigned:							
Other purposes	-	-	-	-	64,885	-	-
Total fund balances	<u>4,043</u>	<u>-</u>	<u>19,832</u>	<u>59,658</u>	<u>64,885</u>	<u>44,848</u>	<u>225,961</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,043</u>	<u>\$ 2,869</u>	<u>\$ 77,234</u>	<u>\$ 358,636</u>	<u>\$ 65,562</u>	<u>\$ 60,878</u>	<u>\$ 229,682</u>

<b>Debt Service Funds</b>				
<b>Council on Aging Fund</b>	<b>Calhoun Economic Development Corporation</b>	<b>Debt Service Fund</b>	<b>Calhoun County Rural Fire District Debt Service Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 654,628	\$ 192,208	\$ 14,919	\$ 194,711	\$ 1,491,638
-	-	20,528	6,273	44,389
39,161	-	-	-	385,305
<u>693,789</u>	<u>192,208</u>	<u>35,447</u>	<u>200,984</u>	<u>1,921,332</u>
2,016	-	-	-	309,370
-	142,716	-	-	192,716
3,970	-	-	-	10,322
<u>5,986</u>	<u>142,716</u>	<u>-</u>	<u>-</u>	<u>512,408</u>
-	-	19,881	6,273	42,125
<u>-</u>	<u>-</u>	<u>19,881</u>	<u>6,273</u>	<u>42,125</u>
-	-	-	-	44,848
-	-	-	-	289,662
-	-	15,566	194,711	210,277
687,803	-	-	-	707,635
-	49,492	-	-	49,492
-	-	-	-	64,885
<u>687,803</u>	<u>49,492</u>	<u>15,566</u>	<u>194,711</u>	<u>1,366,799</u>
<u>\$ 693,789</u>	<u>\$ 192,208</u>	<u>\$ 35,447</u>	<u>\$ 200,984</u>	<u>\$ 1,921,332</u>

**CALHOUN 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						
	Sheriff's Department Fund	Victims' Advocate Fund	Child Support Fund	Calhoun Rural Fire District Fund	Banks Estate Fund	OC Tech. and L.M. Gressette Center Fund	E-911 Fund
<b>Revenues:</b>							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 414,023	\$ -
Other taxes	-	-	-	393,597	-	-	-
Intergovernmental	-	10,951	87,202	-	-	-	408,271
Charges for services	-	-	-	275,600	-	-	-
Other revenues	-	-	-	5	264	8	-
Total revenues	-	10,951	87,202	669,202	264	414,031	408,271
<b>Expenditures:</b>							
Current:							
General government	-	-	-	-	11,760	385,095	-
Public safety	-	48,254	-	842,636	-	-	484,545
Health and welfare	-	-	34,173	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	-	48,254	34,173	842,636	11,760	385,095	484,545
Excess (deficiency) of revenues over (under) expenditures	-	(37,303)	53,029	(173,434)	(11,496)	28,936	(76,274)
<b>Other financing sources (uses)</b>							
Transfers in	-	37,303	-	-	-	-	-
Transfers out	-	-	(50,000)	-	-	-	-
Proceeds from sale of capital assets	-	-	-	35,000	-	-	-
Total other financing sources (uses), net	-	37,303	(50,000)	35,000	-	-	-
Net change in fund balances	-	-	3,029	(138,434)	(11,496)	28,936	(76,274)
<b>Fund balances, beginning of year</b>	4,043	-	16,803	198,092	76,381	15,912	302,235
<b>Fund balances, end of year</b>	\$ 4,043	\$ -	\$ 19,832	\$ 59,658	\$ 64,885	\$ 44,848	\$ 225,961



<b>Debt Service Funds</b>				
<b>Council on Aging Fund</b>	<b>Calhoun Economic Development Corporation</b>	<b>Debt Service Fund</b>	<b>Calhoun County Rural Fire District Debt Service Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ 1,356	\$ 160,963	\$ 144,572	\$ 720,914
-	-	-	-	393,597
484,534	150,970	-	-	1,141,928
-	-	-	-	275,600
-	-	-	-	277
<u>484,534</u>	<u>152,326</u>	<u>160,963</u>	<u>144,572</u>	<u>2,532,316</u>
-	-	-	-	396,855
-	-	-	-	1,375,435
568,215	-	-	-	602,388
-	240,643	-	-	240,643
-	-	229,500	96,654	326,154
-	-	56,931	15,180	72,111
<u>568,215</u>	<u>240,643</u>	<u>286,431</u>	<u>111,834</u>	<u>3,013,586</u>
<u>(83,681)</u>	<u>(88,317)</u>	<u>(125,468)</u>	<u>32,738</u>	<u>(481,270)</u>
136,000	-	108,533	-	281,836
-	-	-	-	(50,000)
-	-	-	-	35,000
<u>136,000</u>	<u>-</u>	<u>108,533</u>	<u>-</u>	<u>266,836</u>
52,319	(88,317)	(16,935)	32,738	(214,434)
<u>635,484</u>	<u>137,809</u>	<u>32,501</u>	<u>161,973</u>	<u>1,581,233</u>
<u>\$ 687,803</u>	<u>\$ 49,492</u>	<u>\$ 15,566</u>	<u>\$ 194,711</u>	<u>\$ 1,366,799</u>

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

	<u>Delinquent Tax</u>	<u>School District</u>	<u>Judge of Probate</u>	<u>Clerk of Court</u>	<u>Magistrate Court</u>	<u>Master in Equity</u>	<u>Totals</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 249,137	\$ 8,453,870	\$ -	\$ 66,618	\$ 15,656	\$ 21,998	\$ 8,807,279
Taxes receivable	-	753,197	-	-	-	-	753,197
Total assets	<u>\$ 249,137</u>	<u>\$ 9,207,067</u>	<u>\$ -</u>	<u>\$ 66,618</u>	<u>\$ 15,656</u>	<u>\$ 21,998</u>	<u>\$ 9,560,476</u>
<b>LIABILITIES</b>							
Uncollected property taxes	\$ -	\$ 753,197	\$ -	\$ -	\$ -	\$ -	\$ 753,197
Due to others	249,137	8,453,870	-	66,618	15,656	21,998	8,807,279
Total liabilities	<u>\$ 249,137</u>	<u>\$ 9,207,067</u>	<u>\$ -</u>	<u>\$ 66,618</u>	<u>\$ 15,656</u>	<u>\$ 21,998</u>	<u>\$ 9,560,476</u>

# CALHOUN COUNTY, SOUTH CAROLINA

## SCHEDULE OF LEGAL DEBT MARGIN JUNE 30, 2020

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<b>Assessed Property Valuation</b>		<u>\$ 63,184,752</u>
<b>Debt Limit (8% of assessed value)</b>		\$ 5,054,780
<b>Debt Applicable to Debt Limit</b>		
Total bonded debt	\$ 1,858,052	
Bonded debt not applicable to County's debt limit	<u>(624,052)</u>	
Bonded debt applicable to County's debt limit	1,234,000	
Total debt applicable to debt limit		<u>1,234,000</u>
<b>Legal Debt Margin</b>		<u>\$ 3,820,780</u>

**CALHOUN 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:**

<b>COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT</b>	<b>General Sessions</b>	<b>Magistrate Court</b>	<b>Municipal Court</b>	<b>Total</b>
<b>Court Fines and Assessments:</b>				
Court fines and assessments collected	\$ 111,497	\$ 128,016	N/A	\$ 239,513
Court fines and assessments remitted to State Treasurer	99,097	67,999	N/A	167,096
<b>Total Court Fines and Assessments retained</b>	<b>\$ 12,400</b>	<b>\$ 60,017</b>	<b>N/A</b>	<b>\$ 72,417</b>
<b>Surcharges and Assessments retained for victim services:</b>				
Surcharges collected and retained	\$ 3,262	\$ 2,306	N/A	\$ 5,568
Assessments retained	477	4,906	N/A	5,383
<b>Total Surcharges and Assessments retained for victim services</b>	<b>\$ 3,739</b>	<b>\$ 7,212</b>	<b>N/A</b>	<b>\$ 10,951</b>

**FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)**

<b><u>VICTIM SERVICE FUNDS COLLECTED</u></b>	<b><u>Municipal</u></b>	<b><u>County</u></b>	<b><u>Total</u></b>
<b>Carryforward from Previous Year – Beginning Balance</b>	N/A	\$ -	\$ -
<b><u>Victim Service Revenue:</u></b>			
Victim Service Fines Retained by City/County Treasurer	N/A	-	-
Victim Service Assessments Retained by City/County Treasurer	N/A	5,383	5,383
Victim Service Surcharges Retained by City/County Treasurer	N/A	5,568	5,568
Interest Earned	N/A	-	-
Grant Funds Received			
Grant from:	N/A	-	-
General Funds Transferred to Victim Service Fund	N/A	37,303	37,303
<b>Contribution Received from Victim Service Contracts:</b>			
(1) City of	N/A	-	-
(2) Town of	N/A	-	-
(3) City of	N/A	-	-
<b>Total Funds Allocated to Victim Service Fund + Beginning Balance (A)</b>	<b>N/A</b>	<b>\$ 48,254</b>	<b>\$ 48,254</b>

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

<b>Expenditures for Victim Service Program:</b>	<b><u>Municipal</u></b>	<b><u>County</u></b>	<b><u>Total</u></b>
Salaries and Benefits	N/A	\$ 45,110	\$ 45,110
Operating Expenditures	N/A	3,144	3,144
<b>Victim Service Contract(s):</b>			
(1) Entity's Name:	N/A	-	-
(2) Entity's Name	N/A	-	-
<b>Victim Service Donation(s):</b>			
(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	-	-
<b>Total Expenditures from Victim Service Fund/Program (B)</b>	<b>N/A</b>	<b>48,254</b>	<b>48,254</b>
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	N/A	-	-
<b>Less: Prior Year Fund Deficit Repayment</b>	<b>N/A</b>	<b>-</b>	<b>-</b>
<b>Carryforward Funds – End of Year</b>	<b>N/A</b>	<b>\$ -</b>	<b>\$ -</b>

## **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**

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**County Council  
of Calhoun County  
St. Matthews, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Calhoun 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 the County's basic financial statements, and have issued our report thereon dated February 4, 2021.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a significant deficiency.

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**Compliance and Other Matters**

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

**Calhoun County's Response to the Finding**

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

**Purpose of this Report**

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



Columbia, South Carolina  
February 4, 2021



# CALHOUN COUNTY, SOUTH CAROLINA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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### SECTION I SUMMARY OF AUDIT RESULTS

#### **Financial Statements**

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

Yes  No

Significant deficiencies identified not considered to be material weaknesses?

Yes  No

Noncompliance material to financial statements noted?

Yes  No

#### **Federal Awards**

There was not an audit of major federal award programs as of June 30, 2020, due to the total amount expended being less than \$750,000.

# CALHOUN COUNTY, SOUTH CAROLINA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

#### 2020-001. Segregation of Duties

**Criteria:** Effective internal control over financial reporting should include control activities developed and maintained at various levels of the organization to provide reasonable assurance that an individual cannot misappropriate assets without such actions being detected in the normal course of business and to achieve financial reporting objectives.

**Condition:** The current organizational structure at the County's Magistrates Court, Probate Court, Clerk of Court, Master in Equity, and the Delinquent Tax Office cannot separate personnel duties sufficiently to reduce risks of not meeting financial reporting objectives and to provide safeguards for the County's assets.

**Context:** Several instances of overlapping duties were noted during interviews regarding internal control procedures.

**Effect:** Failure to properly segregate duties among recording, distribution, and reconciliation of accounts can lead to misappropriation of assets that is not detected during the normal course of business and lead to a failure of the organization to meet its financial reporting goals.

**Cause:** The lack of segregation of duties is due to the small number of employees at the Magistrates Court, Probate Court, Clerk of Court, Master in Equity, and Delinquent Tax Office, as well as the lack of a properly developed integrated work plan with appropriate controls.

**Recommendation:** We recommend management evaluate the current organizational structure at the Magistrates Court, Probate Court, Clerk of Court, Master in Equity, and the Delinquent Tax Office to determine risk areas associated with misappropriation of assets such as recording, distributing, and reconciling accounts. Further we recommend greater segregation of duties relative to: making deposits, opening mail, posting receipts, initiating payments, and preparing checks. Finally, we recommend management evaluate its financial reporting goals and objectives in order to implement an integrated work plan to ensure financial reporting goals and objectives are met.

**View of Responsible Officials and Planned Corrective Action:** We concur with the finding. The County is in the process of reviewing its respective systems and processes to evaluate and determine the most efficient and effective solutions to properly segregate duties among Magistrates Court, Probate Court, Clerk of Court, Master in Equity, and the Delinquent Tax Office, given the limited personnel resources, to provide reasonable assurance that an individual cannot misappropriate assets without such activities being detected in the normal course of business and to ensure that the County's financial reporting goals and objectives are met.

# CALHOUN COUNTY, SOUTH CAROLINA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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### SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

### SECTION IV SCHEDULE OF PRIOR YEAR FINDINGS

#### **2019-001. Segregation of Duties**

**Criteria:** Effective internal control over financial reporting should include control activities developed and maintained at various levels of the organization to provide reasonable assurance that an individual cannot misappropriate assets without such actions being detected in the normal course of business and to achieve financial reporting objectives.

**Condition:** The current organizational structure at the County's Magistrates Court, Probate Court, Clerk of Court, Master in Equity, and the Delinquent Tax Office cannot separate personnel duties sufficiently to reduce risks of not meeting financial reporting objectives and to provide safeguards for the County's assets.

Additionally we noted appropriate segregation of duties among the functions of payroll processing, maintaining personnel files, performing human resources functions and making personnel changes in the payroll system does not exist.

**Effect:** Failure to properly segregate duties among recording, distribution, and reconciliation of accounts can lead to misappropriation of assets that is not detected during the normal course of business and lead to a failure of the organization to meet its financial reporting goals.

**Cause:** The lack of segregation of duties is due to the small number of employees at the Magistrates Court, Probate Court, Clerk of Court, Master in Equity, Delinquent Tax Office, and the payroll department, as well as the lack of a properly developed integrated work plan with appropriate controls.

**Status:** Unresolved. See current year finding 2020-001.

#### **2019-002. Recording of Receivables and Allowance for Uncollectible**

**Criteria:** Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

**Condition:** During fiscal year 2018, the County did not properly record revenues and receivables as of and for the year ended June 30, 2018. Consequently, the respective revenues and receivables of the General Fund were not properly stated and reflected as of and for the year ended June 30, 2018, and prior period adjustments were required to correct such amounts and balances.

# CALHOUN COUNTY, SOUTH CAROLINA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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### SECTION IV SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)

#### **2019-002. Recording of Receivables and Allowance for Uncollectible (Continued)**

**Effect:** A prior period adjustment was required to increase accounts receivable and increase the allowance for uncollectible accounts, and increase fund balance in the General Fund and net position for governmental activities of \$102,219 as of June 30, 2018.

**Cause:** There was a lack of appropriate controls implemented at the County during the fiscal year to ensure that accounts receivables and revenue balances were properly reconciled and recorded.

**Status:** Resolved.

#### **2019-003. Proper Reporting for Component Units**

**Criteria:** Governmental accounting standards require component units of the primary government be properly reported as either blended or discretely presented.

**Condition:** The Calhoun County Economic Development Corporation was improperly reported as a discretely presented component unit and the Sandy Run Fire District was improperly reported as a blended component unit as of June 30, 2018.

**Effect:** A prior period adjustment to decrease discretely presented component unit net position by \$201,393 was required as of June 30, 2018. A prior period adjustment to increase net position for governmental activities and decrease fund balance for non-major governmental funds in the amount of \$201,393 and \$17,473, respectively, was required as of June 30, 2018 to remove the Calhoun County Economic Development Corporation from a discretely presented component unit and present it as a blended component unit.

Additionally, a prior period adjustment to increase discretely presented component unit net position by \$477,912 was required as of June 30, 2018. A prior period adjustment to decrease net position for governmental activities and decrease fund balance for non-major governmental funds in the amount of \$321,706 was required as of June 30, 2018 to remove the Sandy Run Fire District from a blended component unit and present it as a discretely presented component unit.

**Cause:** The County improperly reported the Calhoun County Economic Development Corporation as a discretely presented component unit and improperly reported the Sandy Run Fire District as a blended component unit at of June 30, 2018.

**Status:** Resolved.

# CALHOUN COUNTY, SOUTH CAROLINA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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### SECTION IV SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)

#### **2019-004. Proper Recording of Capital Assets**

**Criteria:** Generally accepted accounting principles require items purchased with a measurable future economic value be recorded as capital assets and depreciated over their useful life.

**Condition:** The County did not record capital assets and accumulated depreciation at the government-wide level for certain vehicles as of June 30, 2018.

**Effect:** A prior period adjustment was require to increase capital assets of \$47,022 for governmental activities as of June 30, 2018.

**Cause:** Capital asset activity was not properly reconciled and recorded in prior years at the County.

**Status:** Resolved.

#### **2019-005. Uncollateralized Bank Balances**

**Criteria:** The South Carolina Code of Laws requires all depositories of public funds to be secured by deposit insurance, surety bond, collateral securities, or letters of credit to protect the County against loss in the event of insolvency or liquidation of the financial institution or for any other cause to the extent that such deposits exceed Federal Deposit Insurance Corporation (FDIC) insurance coverage.

**Condition:** For the year ended June 30, 2019, the County's deposits with a financial institution were not properly collateralized by deposit insurance, surety bond, collateral securities, or letters of credit in the amount exceeding FDIC insurance coverage with a certain financial institution.

**Effect:** The County's total deposits in excess of depository insurance were not properly collateralized, allowing for the possibility of loss of assets if the financial institution were to become insolvent.

**Cause:** A financial institution holding the deposits of the County did not pledge sufficient collateral for the County's deposits to comply with state law.

**Status:** Resolved.