

LAURENS COUNTY, SOUTH CAROLINA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2020

LAURENS COUNTY, SOUTH CAROLINA

FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

	Page
Table of Contents	i and ii
FINANCIAL SECTION	
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 11
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13 and 14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund	18 - 20
Statement of Net Position – Proprietary Fund	21
Statement of Revenues, Expenditures and Changes in Net Position - Proprietary Fund	22
Statement of Cash Flows – Proprietary Fund	23
Statement of Fiduciary Assets and Liabilities – Agency Funds	24
Notes to Financial Statements	25 - 62
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – EMS Fund	63
Schedule of County's Proportionate Share of the Net Pension Liability	64
Schedule of County Pension Contributions	65
Schedule of Changes in the County's Total OPEB Liability and Related Ratios	66
Combining and Individual Nonmajor Fund Financial Statements and Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	67 and 68
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	69 and 70
Agency Funds:	
Combining Balance Sheet – Agency Funds	71
Supplementary Information Required by State of South Carolina:	
Uniform Schedule of Court Fines, Assessments and Surcharges (Per ACT 96)	72 and 73

LAURENS COUNTY, SOUTH CAROLINA

FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

Page

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 <i>Government Auditing Standards</i>	74 and 75
Schedule of Findings and Responses	76 -77
Schedule of Prior Year Findings	77

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Laurens County Council
Laurens County, South Carolina
Laurens, 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 **Laurens 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 Laurens 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.

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 Laurens County, South Carolina as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof, and the budgetary comparisons for the General Fund, 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 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – EMS Fund (on page 63), the Schedule of County's Proportionate Share of the Net Pension Liability and Schedules of County Pension Contributions (on pages 64 and 65), and the Schedule of Changes in the County's Total OPEB Liability and Related Ratios (on page 66) 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 Laurens County, South Carolina's basic financial statements. The combining and individual nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) is presented for purposes of additional analysis as required by the State of South Carolina, and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2020, on our consideration of Laurens County, South Carolina'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 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 Laurens County, South Carolina's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Columbia, South Carolina
December 24, 2020

Laurens County, South Carolina
Management's Discussion and Analysis
June 30, 2020

This section of Laurens County (the County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2020. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2020 by \$29.9 million (net position). Of this amount, \$60.6 million is net investment in capital assets; \$7.0 million is restricted for capital activity, debt service, family services and public safety, and with unrestricted net position of approximately (\$37.7 million).
- The County repaid \$2.0 million of bond and financing lease payables during the year. The County issued in new debt during the year in the amounts of \$8,250,000 to (1) finance various construction projects and (2) refund certain outstanding bonds and of \$3,500,000 to purchase capital equipment. The County made payments of \$3,750,000 to refund its outstanding 2010 bonds.
- During the year, the County's General Fund balance increased by \$1.0 million. The General Fund total fund balance is \$10.5 million. Of this amount \$9.8 million is unassigned.
- The General Fund actual revenues were \$785,000 greater than budgeted and General Fund expenditures were \$430,000 less than budgeted.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the County's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the County government, reporting the County's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
- The business-type fund reports the activities of the County's solid waste department where the County charges fees to cover the costs of these services.
- Fiduciary fund statements provide information about 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.

Laurens County, South Carolina
Management's Discussion and Analysis
June 30, 2020

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds, each of which are added together and presented in single columns in the basic financial statements.

Figure A-1 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1
Major Features of Laurens County Government-wide and Fund Financial Statements

	Government-wide	Fund Statements		
	Statements	Governmental Funds	Business-Type Funds	Fiduciary Funds
Scope	Entire County government (except Fiduciary funds)	The activities of the County that are not proprietary or fiduciary, such as police, fire, and parks	The activities of the County that are not governmental or fiduciary, such as solid waste	Instances in which the County is the agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenditures, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All agency assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Laurens County, South Carolina

Management's Discussion and Analysis

June 30, 2020

The two government-wide statements report the County's *net position* and how it has changed. Net position - the difference between the County's assets and liabilities - is one way to measure the County's financial health.

- Over time, increases or decreases in the County's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County you need to consider additional non-financial factors such as changes in the County's property tax base and the condition of the County's assets.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the County's most significant funds - not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The County Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The County has three kinds of funds:

- *Governmental funds* - Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary fund* – The County's Solid Waste department is included in the business-type activities of the County as a proprietary fund which uses accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the Solid Waste Fund's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses and changes in net position regardless of when cash is received or paid.
- *Fiduciary funds* - The County acts as agent, or *fiduciary*, for other entities' resources. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Laurens County, South Carolina
Management's Discussion and Analysis
June 30, 2020

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position: The County combined net position decreased \$1.9 million or 6.0 percent between fiscal years 2019 and 2020 (See Table A-1).

Table A-1
Laurens County Net Position
(in thousands of dollars)

	Governmental Activities		Total Percent Change	Business-Type Activities		Total Percent Change	Total		Total Percent Change
	2019	2020		2019	2020		2019	2020	
Current and other assets	\$ 19,535	\$ 24,719	26.5%	\$ 178	\$ 78	-56.2%	\$ 19,713	\$ 24,797	25.8%
Capital assets	62,576	62,992	0.7%	306	1,071	250.0%	62,882	64,063	1.9%
Total assets	82,111	87,711	6.8%	484	1,149	137.4%	82,595	88,860	7.6%
Total deferred outflow s of resources	4,478	5,398	20.5%	147	127	-13.6%	4,625	5,525	19.5%
Current liabilities	18,150	21,000	15.7%	72	291	304.2%	18,222	21,291	16.8%
Long-term liabilities	32,755	39,443	20.4%	918	884	-3.7%	33,673	40,327	19.8%
Total liabilities	50,905	60,443	18.7%	990	1,175	18.7%	51,895	61,618	18.7%
Total deferred inflow s of resources	3,428	2,789	-18.6%	44	28	-36.4%	3,472	2,817	-18.9%
Net position:									
Net investment in capital assets	54,043	59,545	10.2%	306	1,071	250.0%	54,349	60,616	11.5%
Restricted	6,887	6,994	1.6%	2	1	100.0%	6,889	6,995	1.5%
Unrestricted	(28,674)	(36,662)	27.9%	(711)	(999)	40.5%	(29,385)	(37,661)	28.2%
Total net position	\$ 32,256	\$ 29,877	-7.4%	\$ (403)	\$ 73	-118.1%	\$ 31,853	\$ 29,950	-6.0%

Unrestricted net position of governmental activities decreased by \$8.2 million to a deficit of \$37.7 million. Capital assets of \$7.0 million were acquired during the year while depreciation expense on new and existing capital assets totaled \$5.8 million.

Changes in net position. The County's total revenues increased by 1.8 percent to \$43.4 million (See Table A-2). Approximately 59.7 percent of the County's total revenue comes from property taxes, 20.6 percent comes from fees charged for services and 19.1 percent is from state and federal aid.

The total cost of all programs and services increased approximately \$2.9 million or 7.0 percent. The County's expenses cover a range of services, with about 44 percent related to public safety. Table A-2 and the narrative that follows consider the operations of governmental activities.

Laurens County, South Carolina
Management's Discussion and Analysis
June 30, 2020

CHANGES IN NET POSITION

Revenues for the County's governmental activities increased 2.0 percent, while total expenses increased by 8.3 percent.

Table A-2
Changes in Laurens County Net Position
(in thousands of dollars)

	Governmental			Business-Type			Total		
	Activities		Percent	Activities		Percent	Total		Percent
	2019	2020	Change	2019	2020	Change	2019	2020	Change
Revenues									
Program revenues:									
Charges for services	\$ 6,704	\$ 6,682	-0.3%	\$ 2,313	\$ 2,265	-2.1%	\$ 9,017	\$ 8,947	-0.8%
Operating grants and contributions	4,539	5,187	14.3%	-	5	0.0%	4,539	5,192	14.4%
Capital grants and contributions	2,880	3,104	7.8%	-	-	0.0%	2,880	3,104	7.8%
General revenues:									
Property taxes	25,807	25,931	0.5%	-	-	0.0%	25,807	25,931	0.5%
Unrestricted investment earnings	370	222	-40.0%	-	-	0.0%	370	222	-40.0%
Gain on sale of assets	-	-	100.0%	-	-	0.0%	-	-	100.0%
Total revenues	<u>40,300</u>	<u>41,126</u>	2.0%	<u>2,313</u>	<u>2,270</u>	-1.9%	<u>42,613</u>	<u>43,396</u>	1.8%
Program Expenses									
General government	7,469	8,361	11.9%	-	-	0.0%	7,469	8,361	11.9%
Judicial	1,756	1,746	-0.6%	-	-	0.0%	1,756	1,746	-0.6%
Public safety	19,493	19,944	2.3%	-	-	0.0%	19,493	19,944	2.3%
Public works	7,609	8,054	5.8%	-	-	0.0%	7,609	8,054	5.8%
Health and welfare	154	335	117.5%	-	-	0.0%	154	335	117.5%
Culture and recreation	1,011	1,118	10.6%	-	-	0.0%	1,011	1,118	10.6%
Economic development	2,416	3,535	46.3%	-	-	0.0%	2,416	3,535	46.3%
Interest on long-term debt	270	410	51.9%	-	-	0.0%	270	410	51.9%
Solid Waste	-	-	0.0%	2,168	1,796	-17.2%	2,168	1,796	-17.2%
Total expenses	<u>40,178</u>	<u>43,503</u>	8.3%	<u>2,168</u>	<u>1,796</u>	-17.2%	<u>42,346</u>	<u>45,299</u>	7.0%
Excess (deficiency) of revenues over (under)									
expenses before transfers	<u>122</u>	<u>(2,377)</u>	-2048%	<u>145</u>	<u>474</u>	226.9%	<u>267</u>	<u>(1,903)</u>	-812.7%
Transfers	<u>-</u>	<u>(2)</u>	-100.0%	<u>-</u>	<u>2</u>	100.0%	<u>-</u>	<u>-</u>	0.0%
Increase (decrease) in net position	<u>\$ 122</u>	<u>\$ (2,379)</u>		<u>\$ 145</u>	<u>\$ 476</u>		<u>267</u>	<u>(1,903)</u>	-6.0%

Total revenues were \$783,000 more than the prior year. During the current year, grants and contributions decreased by \$877,000, property taxes increased by \$124,000, and other revenues decreased by \$218,000 as compared to the prior year.

Current year expenses were \$2.9 million greater than prior year. General government, public safety, public works, health and welfare, culture and recreation, economic development and interest on long-term debt had increases in expenses totaling \$3.3 million while judicial and solid waste had decreases in expenses totaling \$382,000.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of \$22.3 million which is greater than the prior year by \$4.9 million. The County's proprietary Solid Waste fund reported net position of \$73,000 which was an increase in (reduction of) the deficit from the prior year of \$476,000.

General Fund Budgetary Highlights

Actual general fund expenditures were \$430,000 less than budgeted amounts, primarily resulting from positive budget variances of \$436,000 for general government departments, \$179,000 for judicial departments, \$61,000 for culture and recreation departments, and \$12,000 for housing and development departments partially offset by certain negative budget variances in the public safety, public works and health and welfare departments.

The resources available for appropriation were \$785,000 greater than the budgeted amount.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, the County had invested \$64.0 million in a broad range of capital assets (See Table A-3). This amount represents a net increase before depreciation (including additions and deductions) of \$6.3 million. However, after depreciation, capital assets increased \$1.2 million or 1.9 percent, over last year.

Table A-3
Laurens County Capital Assets
(net of depreciation, in thousands of dollars)

	Governmental Activities		Total Percent Change	Business-Type Activities		Total Percent Change
	2019	2020		2019	2020	
Land	\$ 4,207	\$ 4,207	0.0%	2	2	100.0%
Construction in progress	2,309	5,248	127.3%	10	296	100.0%
Buildings	19,933	19,715	-1.1%	41	62	100.0%
Equipment	6,777	7,687	13.4%	253	710	180.6%
Infrastructure	29,350	26,135	-11.0%	-	-	0.0%
Total capital assets, net	<u>\$ 62,576</u>	<u>\$ 62,992</u>	0.7%	<u>\$ 306</u>	<u>\$ 1,071</u>	250.0%

More detailed information about the County's capital assets is presented in Note 6 on pages 40 and 41 in the notes to the financial statements.

Laurens County, South Carolina
Management's Discussion and Analysis
June 30, 2020

Long-term Debt

At year-end, the County had \$14.6 in bonds and capital lease obligations outstanding, an increase of \$6.0 million or 70.6 percent over last year as shown in Table A-4. More detailed information about the County's long-term debt is presented in Note 7 on pages 42 through 45 in the notes to the financial statements.

The state limits the amount of general obligation debt the County can issue to 8 percent of the assessed value of all taxable property within the County's legal limits.

Table A-4
Laurens County Outstanding Debt
(in thousands of dollars)

	Governmental Activities		Total Percent Change	Business-Type Activities		Total Percent Change
	2019	2020		2019	2020	
General obligation bonds	\$ 7,183	\$ 10,524	46.5%	\$ -	\$ -	0.0%
Capital leases payable	1,349	4,033	199.0%	-	-	0.0%
Total outstanding debt	<u>\$ 8,532</u>	<u>\$ 14,557</u>	70.6%	<u>\$ -</u>	<u>\$ -</u>	0.0%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The FY20 budget was the final year of the newly appointed County Administrator's major financial restructuring (3 parts over 3 fiscal years). Prior to this financial restructuring, the County had seven or more years of deficit spending culminating in depleted fund balances that were originally projected to be at zero in FY18. Through multiple initiatives the County reversed that trend creating surpluses in FY18, 19 and now FY20. While there are still more financial issues to be addressed, most funds are now operating at a net positive each year and most fund balances are now at or exceeding the recommended 25% reserves level.

Prior to FY18, the County did not address many of their capital asset needs. The newly appointed County Administrator created the first ever Capital Improvement Plan (CIP) in FY18 which identified numerous capital assets and an estimated CIP debt of over \$100,000,000. Council has systematically begun addressing this CIP gradually reducing the neglected CIP debt. Only a few large CIP projects remain that do not have a financial implementation plan. These are the need for new emergency services facilities (Law Enforcement, E911, EMS).

Despite the setbacks due to COVID in late Q3 of this fiscal year, economically the County had another very strong year. New construction, especially in the Northern suburban section, the Lake Greenwood area, as well as other areas around the Cities of Laurens and Clinton was very robust over FY20. Unemployment had witnessed historic lows and GDP growth of the County remains strong.

While multiple economic and financial headwinds have subsided in the past few years, the County must be conservative in planning ahead for future needs. In particular, there are continued required increases in the County's contribution to the State retirement fund over the next few years. In addition, the County Council has made great strides in increasing employee compensation to closer match market metrics but more compensation adjustments may be required in FY22.

Laurens County, South Carolina

Management's Discussion and Analysis

June 30, 2020

During this time of prosperity, with healthy and growing fund reserves, the County is cautioned not to revert back to deficit spending and the subsequent erosion of fund balances. Laurens County is projected to be at the cusp of one of the best economic expansions in its recent history. The impacts from COVID 19 thus far have only slightly retracted some growth but are projected to propel Laurens County forward in FY21. Thousands of new residential units are under construction and already planned for implementation. Commercial growth is projected to follow that residential development soon. Our industrial economy remains strong.

The County's investment in its CIP especially those CIP projects that affect quality of life are further propelling Laurens County's economic expansion. A recent voter passed referendum will inject \$35,000,000 in capital sales taxes into Laurens County over the next 6-8 years. These projects are all quality-of-life investments which are resulting in increased interest in making Laurens County home to thousands of new residents as well as improving the lives of existing residents.

As stated above the County's assets have been neglected in the past few decades resulting in significant accumulation of capital investment needs. Looking solely at the growing fund balance and overall economy of the County does not take into account the condition of the County's assets. We must continue to be conservative in our spending while wisely continuing to invest in our future.

Although many of the County's funds have been stabilized through this financial restructuring, the Solid Waste Enterprise (proprietary) fund is projected to run deficits in the near future that may need to be addressed in FY22. In FY18, this fund was identified as not having the proper level of revenues to cover the current levels of service provided. In FY19, the County Council made positive moves on the revenue side but did not increase the revenue to the level needed which resulted in a continued decline in the fund's health. In FY20 and 21 Council continued to address this funds deficit in capital investments as well as create new waste management systems that have significantly reduced expenses.

In addition to the data presented in this FY20 audit, the reader is advised to also review the Administrator's internal analyses, long range financial plans, and internal funds which can be cross referenced back to the data presented in this audit. All of these analyses, plans, and internal funds can be accessed online at www.laurenscounty.us.

The net results of this FY20 audit shows that the finances of Laurens County once again moved in a positive direction thanks to the hard work of the dedicated Laurens County government workers. The 2020 spending plan was prepared with the continuation of the goals of County Council to produce a spending plan that provides the best services possible while minimizing increases in taxes.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jon Caime, Laurens County Administrator, Post Office Box 445, Laurens, SC 29360 or visit the County website at www.laurenscounty.us.

LAURENS COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Laurens County Library
ASSETS				
Cash and cash equivalents	\$ 18,540,741	\$ 100	\$ 18,540,841	\$ 55,770
Investments	2,996,226	-	2,996,226	20,176
Taxes receivable	953,261	-	953,261	-
Accounts receivable	775,672	24,229	799,901	7,808
Internal balances	(41,116)	41,116	-	-
Due from other governments	1,491,703	12,708	1,504,411	-
Prepaid expenses	1,943	-	1,943	60,767
Capital assets, non-depreciable	9,454,471	297,985	9,752,456	33,700
Capital assets, depreciable, net of accumulated depreciation	53,537,832	772,882	54,310,714	979,528
Total assets	<u>87,710,733</u>	<u>1,149,020</u>	<u>88,859,753</u>	<u>1,157,749</u>
DEFERRED OUTFLOWS OF RESOURCES				
Other postemployment benefits	1,525,596	-	1,525,596	44,010
Pension - SCRS	1,876,923	127,411	2,004,334	117,180
Pension - PORS	1,995,915	-	1,995,915	-
Total deferred outflows of resources	<u>5,398,434</u>	<u>127,411</u>	<u>5,525,845</u>	<u>161,190</u>
LIABILITIES				
Accounts payable	1,018,776	277,761	1,296,537	5,570
Accrued liabilities	599,252	-	599,252	-
Due to other governments	117,629	-	117,629	-
Total OPEB liability	16,585,851	-	16,585,851	466,851
Capital leases due within one year	747,502	-	747,502	-
Capital leases due in more than one year	3,285,236	-	3,285,236	-
Bonds payable due within one year	1,631,724	-	1,631,724	-
Bonds payable due in more than one year	8,892,669	-	8,892,669	-
Compensated absences due within one year	299,751	13,294	313,045	-
Compensated absences due in more than one year	385,571	-	385,571	-
Net pension liability - SCRS	15,427,713	884,287	16,312,000	813,278
Net pension liability - PORS	11,451,467	-	11,451,467	-
Total liabilities	<u>60,443,141</u>	<u>1,175,342</u>	<u>61,618,483</u>	<u>1,285,699</u>
DEFERRED INFLOWS OF RESOURCES				
Other postemployment benefits	1,941,474	-	1,941,474	51,688
Pension - SCRS	425,967	27,900	453,867	25,658
Pension - PORS	422,051	-	422,051	-
Total deferred inflows of resources	<u>2,789,492</u>	<u>27,900</u>	<u>2,817,392</u>	<u>77,346</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	59,544,776	1,070,867	60,615,643	1,013,228
Restricted for:				
Family services	39,509	-	39,509	-
Detention center	248,596	-	248,596	-
Debt service	1,462,606	-	1,462,606	-
Public safety	5,111,515	-	5,111,515	-
Public works	9,084	1,366	10,450	-
Capital projects	122,480	-	122,480	-
Unrestricted	(36,662,032)	(999,044)	(37,661,076)	(1,057,334)
Total net position (deficit)	<u>\$ 29,876,534</u>	<u>\$ 73,189</u>	<u>\$ 29,949,723</u>	<u>\$ (44,106)</u>

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

LAURENS COUNTY, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 8,360,564	\$ 2,052,642	\$ 4,388,281	\$ -
Judicial	1,746,065	1,196,619	-	-
Public safety	19,944,013	3,432,274	798,319	489,487
Public works	8,053,534	-	-	2,413,807
Health and welfare	334,828	-	-	-
Culture and recreation	1,118,268	-	-	-
Housing and development	3,535,484	-	-	200,705
Interest on long-term debt	409,802	-	-	-
Total governmental activities	<u>43,502,558</u>	<u>6,681,535</u>	<u>5,186,600</u>	<u>3,103,999</u>
Business-type activities:				
Solid waste	1,795,757	2,264,843	4,981	-
Total business-type activities	<u>1,795,757</u>	<u>2,264,843</u>	<u>4,981</u>	<u>-</u>
Total primary government	<u>\$ 45,298,315</u>	<u>\$ 8,946,378</u>	<u>\$ 5,191,581</u>	<u>\$ 3,103,999</u>
Component unit:				
Laurens County Library	\$ 798,220	\$ 296,759	\$ 780,434	\$ -
Total component unit	<u>\$ 798,220</u>	<u>\$ 296,759</u>	<u>\$ 780,434</u>	<u>\$ -</u>

General revenues:
 Property taxes
 Unrestricted investment earnings
Transfers
 Total general revenues
 Change in net position
Net position (deficit), beginning of year
Net position (deficit), end of year

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

**Net (Expense) Revenue and
Changes in Net Position**

			<u>Component Unit</u>
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Laurens County Library</u>
\$ (1,919,641)	\$ -	\$ (1,919,641)	\$ -
(549,446)	-	(549,446)	-
(15,223,933)	-	(15,223,933)	-
(5,639,727)	-	(5,639,727)	-
(334,828)	-	(334,828)	-
(1,118,268)	-	(1,118,268)	-
(3,334,779)	-	(3,334,779)	-
(409,802)	-	(409,802)	-
<u>(28,530,424)</u>	<u>-</u>	<u>(28,530,424)</u>	<u>-</u>
-	474,067	474,067	-
-	474,067	474,067	-
<u>\$ (28,530,424)</u>	<u>\$ 474,067</u>	<u>\$ (28,056,357)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 278,973</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 278,973</u>
\$ 25,930,968	-	25,930,968	\$ -
222,250	-	222,250	70
(2,222)	2,222	-	-
<u>26,150,996</u>	<u>2,222</u>	<u>26,153,218</u>	<u>70</u>
(2,379,428)	476,289	(1,903,139)	279,043
32,255,962	(403,100)	31,852,862	(323,149)
<u>\$ 29,876,534</u>	<u>\$ 73,189</u>	<u>\$ 29,949,723</u>	<u>\$ (44,106)</u>

LAURENS COUNTY, SOUTH CAROLINA

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

	General	Capital Fund	Fire Capital Reserve	EMS	Nonmajor Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 13,313,132	\$ 5,858	\$ 3,500,287	\$ 907,705	\$ 813,759	\$ 18,540,741
Investments	2,996,226	-	-	-	-	2,996,226
Taxes receivable	704,024	-	11,867	70,739	166,631	953,261
Accounts receivable	314,897	6,775	-	447,540	6,460	775,672
Due from other funds	405,121	2,108,792	127,592	-	5,057,436	7,698,941
Due from other governments	1,395,542	-	-	95,381	780	1,491,703
Prepaid expenditures	1,943	-	-	-	-	1,943
Total assets	<u>\$ 19,130,885</u>	<u>\$ 2,121,425</u>	<u>\$ 3,639,746</u>	<u>\$ 1,521,365</u>	<u>\$ 6,045,066</u>	<u>\$ 32,458,487</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 495,385	\$ 375,856	\$ -	\$ 32,966	\$ 114,569	\$ 1,018,776
Accrued expenses	443,082	-	-	-	43	443,125
Due to other funds	6,986,365	-	-	31,970	721,722	7,740,057
Due to other governments	117,629	-	-	-	-	117,629
Total liabilities	<u>8,042,461</u>	<u>375,856</u>	<u>-</u>	<u>64,936</u>	<u>836,334</u>	<u>9,319,587</u>
DEFERRED INFLOW OF RESOURCES						
Unavailable revenue	592,456	1,694	11,121	64,520	154,398	824,189
Total deferred inflow of resources	<u>592,456</u>	<u>1,694</u>	<u>11,121</u>	<u>64,520</u>	<u>154,398</u>	<u>824,189</u>
FUND BALANCES						
Nonspendable						
Prepaid expenditures	1,943	-	-	-	-	1,943
Restricted for:						
Family services	39,509	-	-	-	-	39,509
Detention center	248,596	-	-	-	-	248,596
Debt service	-	-	-	-	1,462,606	1,462,606
Public safety	182,043	-	-	1,391,909	3,537,563	5,111,515
Public works	-	-	-	-	9,084	9,084
Capital outlay	-	-	3,628,625	-	-	3,628,625
Committed for:						
Demolition projects	55,342	-	-	-	-	55,342
Roads and bridges	-	-	-	-	790,840	790,840
Parks and recreation	97,060	-	-	-	-	97,060
Capital outlay	76,205	1,743,875	-	-	-	1,820,080
Unassigned balance (deficit)	9,795,270	-	-	-	(745,759)	9,049,511
Total fund balances	<u>10,495,968</u>	<u>1,743,875</u>	<u>3,628,625</u>	<u>1,391,909</u>	<u>5,054,334</u>	<u>22,314,711</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 19,130,885</u>	<u>\$ 2,121,425</u>	<u>\$ 3,639,746</u>	<u>\$ 1,521,365</u>	<u>\$ 6,045,066</u>	

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.	62,992,303
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	824,189
Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. These deferred outflows of resources consist of pension and OPEB related experience differences, investment return, changes in proportionate share of contributions, and subsequent contributions.	5,398,434
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(58,863,611)
Deferred inflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds. These deferred inflows of resources consist of pension and OPEB related experience differences and changes in proportionate share of contributions.	(2,789,492)
Net position of governmental activities	<u>\$ 29,876,534</u>

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

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

	General	Capital Fund	Fire Capital Reserve	EMS	Nonmajor Governmental Funds	Total
Revenues:						
Property taxes	\$ 16,190,758	\$ 1,381,599	\$ 344,931	\$ 1,736,082	\$ 6,315,960	\$ 25,969,330
Licenses and permits	602,582	-	-	-	-	602,582
Intergovernmental	4,721,392	98,305	-	105,069	3,026,568	7,951,334
Charges for services	2,422,670	-	-	2,325,057	-	4,747,727
Fines and forfeitures	1,196,619	-	-	-	105,733	1,302,352
Interest	136,607	33,210	4,166	-	48,267	222,250
Other revenues	28,874	-	312,684	-	26,581	368,139
Total revenues	<u>25,299,502</u>	<u>1,513,114</u>	<u>661,781</u>	<u>4,166,208</u>	<u>9,523,109</u>	<u>41,163,714</u>
Expenditures:						
Current:						
General government	4,924,277	-	-	-	-	4,924,277
Judicial	1,739,379	-	-	-	-	1,739,379
Public safety	12,463,573	-	-	3,606,328	2,919,078	18,988,979
Public works	2,476,557	-	-	-	-	2,476,557
Health and welfare	286,606	-	-	-	-	286,606
Culture and recreation	1,090,804	-	-	-	-	1,090,804
Housing and development	1,338,061	-	-	-	1,437,221	2,775,282
Capital outlay	-	4,176,602	1,016,802	-	4,497,937	9,691,341
Debt service:						
Principal	90,704	335,293	390,352	-	1,203,664	2,020,013
Interest	6,889	18,833	9,407	-	180,477	215,606
Bond issuance costs	-	86,700	-	-	5,474	92,174
Total expenditures	<u>24,416,850</u>	<u>4,617,428</u>	<u>1,416,561</u>	<u>3,606,328</u>	<u>10,243,851</u>	<u>44,301,018</u>
Excess (deficiency) of revenues over (under) expenditures	<u>882,652</u>	<u>(3,104,314)</u>	<u>(754,780)</u>	<u>559,880</u>	<u>(720,742)</u>	<u>(3,137,304)</u>
Other financing sources (uses):						
Proceeds from sale of assets	2,250	37,445	-	-	2,880	42,575
Proceeds from issuance of debt	-	4,500,000	3,500,000	-	3,750,000	11,750,000
Payments to refunding bonds escrow	-	-	-	-	(3,750,000)	(3,750,000)
Transfers in	35,000	2,676	153,000	-	-	190,676
Transfers out	(2,676)	-	-	-	(188,000)	(190,676)
Total other financing sources (uses)	<u>34,574</u>	<u>4,540,121</u>	<u>3,653,000</u>	<u>-</u>	<u>(185,120)</u>	<u>8,042,575</u>
Net change in fund balances	917,226	1,435,807	2,898,220	559,880	(905,862)	4,905,271
Fund balances, beginning of year	<u>9,578,742</u>	<u>308,068</u>	<u>730,405</u>	<u>832,029</u>	<u>5,960,196</u>	<u>17,409,440</u>
Fund balances, end of year	<u>\$ 10,495,968</u>	<u>\$ 1,743,875</u>	<u>\$ 3,628,625</u>	<u>\$ 1,391,909</u>	<u>\$ 5,054,334</u>	<u>\$ 22,314,711</u>

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

**LAURENS 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**

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

Net change in fund balances - total governmental funds	\$	4,905,271
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation expense and capital outlay in the current period.		444,972
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(28,290)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Unavailable revenues decreased during the year by this amount.		(38,362)
The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(6,024,987)
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.		<u>(1,638,032)</u>
Change in net position of governmental activities	\$	<u><u>(2,379,428)</u></u>

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

LAURENS COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 15,641,834	\$ 15,641,834	\$ 16,190,758	\$ 548,924
Licenses and permits	545,280	545,280	602,582	57,302
Intergovernmental	4,700,055	4,700,055	4,721,392	21,337
Charges for services	2,312,850	2,312,850	2,422,670	109,820
Fines and forfeitures	1,110,000	1,110,000	1,196,619	86,619
Interest income	175,000	175,000	136,607	(38,393)
Miscellaneous	29,162	29,162	28,874	(288)
Total revenues	<u>24,514,181</u>	<u>24,514,181</u>	<u>25,299,502</u>	<u>785,321</u>
Expenditures:				
Current:				
General government:				
Administrative	536,326	536,326	435,926	100,400
County attorney	181,908	181,908	213,024	(31,116)
Tax assessor	583,030	583,030	577,592	5,438
Auditor	418,777	418,777	446,250	(27,473)
Contingency	107,000	107,000	2,170	104,830
County council	192,865	192,865	168,283	24,582
Finance	372,938	372,938	386,416	(13,478)
Human resources	154,829	154,829	118,926	35,903
Registration and elections	313,546	313,546	324,390	(10,844)
Treasurer	1,158,323	1,158,323	912,974	245,349
Purchasing	106,513	106,513	101,753	4,760
Risk management	-	-	46	(46)
Benefits and insurance	1,052,390	1,052,390	1,057,507	(5,117)
Miscellaneous	181,350	181,350	179,020	2,330
Total general government	<u>5,359,795</u>	<u>5,359,795</u>	<u>4,924,277</u>	<u>435,518</u>
Judicial:				
Clerk of court	816,644	816,644	680,275	136,369
Magistrate court	619,382	619,382	613,319	6,063
Probate court	446,537	446,537	424,762	21,775
Judicial grants	36,000	36,000	21,023	14,977
Total judicial	<u>1,918,563</u>	<u>1,918,563</u>	<u>1,739,379</u>	<u>179,184</u>

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures: (Continued)				
Current: (Continued)				
Public safety:				
Emergency operations	\$ 1,324,451	\$ 1,324,451	\$ 1,128,468	\$ 195,983
Coroner	267,356	267,356	279,817	(12,461)
Detention center	4,275,903	4,275,903	4,388,952	(113,049)
Public safety grants	-	-	1,534	(1,534)
E911	660,452	660,452	643,489	16,963
Emergency management services	8,151	8,151	33,959	(25,808)
Emergency management	111,220	111,220	129,346	(18,126)
Sheriff	5,702,586	5,702,586	5,858,008	(155,422)
Total public safety	<u>12,350,119</u>	<u>12,350,119</u>	<u>12,463,573</u>	<u>(113,454)</u>
Public works:				
Building and grounds	1,060,526	1,060,526	1,183,941	(123,415)
Public works	210,228	210,228	209,619	609
Roads and bridges	1,082,422	1,082,422	1,082,997	(575)
Total public works	<u>2,353,176</u>	<u>2,353,176</u>	<u>2,476,557</u>	<u>(123,381)</u>
Health and welfare:				
Health department	12,500	12,500	18,696	(6,196)
Social services	68,500	68,500	81,413	(12,913)
Veterans affairs	184,150	184,150	186,497	(2,347)
Total health and welfare	<u>265,150</u>	<u>265,150</u>	<u>286,606</u>	<u>(21,456)</u>
Culture and recreation:				
Libraries	825,127	825,127	831,008	(5,881)
Parks and recreation	326,667	326,667	259,796	66,871
Total culture and recreation	<u>1,151,794</u>	<u>1,151,794</u>	<u>1,090,804</u>	<u>60,990</u>
Housing and development:				
Airport	102,580	102,580	104,772	(2,192)
Clemson extension	32,800	32,800	32,000	800
Inspections	544,789	544,789	525,937	18,852
Local government assistance	397,019	397,019	398,192	(1,173)
Special appropriations	66,500	66,500	56,875	9,625
Technical education	206,200	206,200	220,285	(14,085)
Total housing and development	<u>1,349,888</u>	<u>1,349,888</u>	<u>1,338,061</u>	<u>11,827</u>

(Continued)

LAURENS COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - 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>		
Expenditures: (Continued)				
Current: (Continued)				
Debt service:				
Principal	\$ 90,704	\$ 90,704	\$ 90,704	\$ -
Interest	7,296	7,296	6,889	407
Total debt service	<u>98,000</u>	<u>98,000</u>	<u>97,593</u>	<u>407</u>
Total expenditures	<u>24,846,485</u>	<u>24,846,485</u>	<u>24,416,850</u>	<u>429,635</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(332,304)</u>	<u>(332,304)</u>	<u>882,652</u>	<u>1,214,956</u>
Other financing sources (uses):				
Proceeds from sale of assets	30,000	30,000	2,250	(27,750)
Transfers in	35,000	35,000	35,000	-
Transfers out	(60,000)	(60,000)	(2,676)	57,324
Total other financing sources, net	<u>5,000</u>	<u>5,000</u>	<u>34,574</u>	<u>29,574</u>
Net change in fund balances	(327,304)	(327,304)	917,226	1,244,530
Fund balance, beginning of year	<u>9,578,742</u>	<u>9,578,742</u>	<u>9,578,742</u>	<u>-</u>
Fund balance, end of year	<u>\$ 9,251,438</u>	<u>\$ 9,251,438</u>	<u>\$ 10,495,968</u>	<u>\$ 1,244,530</u>

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

LAURENS COUNTY, SOUTH CAROLINA

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

	Major Enterprise Fund Solid Waste Fund
ASSETS	
CURRENT ASSETS	
Cash	\$ 100
Accounts receivable	24,229
Due from other funds	41,116
Due from other governments	12,708
Total current assets	78,153
NONCURRENT ASSETS	
Capital assets:	
Nondepreciable	297,985
Depreciable, net of accumulated depreciation	772,882
Total noncurrent assets	1,070,867
Total assets	1,149,020
DEFERRED OUTFLOWS OF RESOURCES	
Pension	127,411
Total deferred outflows of resources	127,411
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	277,761
Compensated absences due within one year	13,294
Total current liabilities	291,055
NONCURRENT LIABILITIES	
Net pension liability	884,287
Total noncurrent liabilities	884,287
Total liabilities	1,175,342
DEFERRED INFLOWS OF RESOURCES	
Pension	27,900
Total deferred inflows of resources	27,900
NET POSITION	
Investment in capital assets	1,070,867
Restricted for public works	1,366
Unrestricted	(999,044)
Total net position	\$ 73,189

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

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

	Major Enterprise Fund Solid Waste Fund
OPERATING REVENUES	
Charges for services:	
Landfill user charges	\$ 2,264,843
Total operating revenues	2,264,843
OPERATING EXPENSES	
Salaries and fringe benefits	958,220
Professional services	388,581
Repairs and maintenance	198,262
Other operating expenses	189,617
Depreciation	61,077
Total operating expenses	1,795,757
Operating income	469,086
NONOPERATING EXPENSES	
Miscellaneous	4,981
Total nonoperating expenses	4,981
Income before transfers	474,067
CAPITAL CONTRIBUTIONS	2,222
Change in net position	476,289
Net position (deficit), beginning of year	(403,100)
Net position, end of year	\$ 73,189

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

LAURENS COUNTY, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Major Enterprise Fund Solid Waste Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 2,364,754
Other payments	4,981
Payments to suppliers	(558,469)
Payments to employees	(987,737)
Net cash provided by operating activities	<u>823,529</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(823,429)</u>
Net cash used in capital and related financing activities	<u>(823,429)</u>
Net change in cash and cash equivalents	100
Cash and cash equivalents:	
Beginning of year	<u>-</u>
End of year	<u>\$ 100</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 469,086
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	61,077
Miscellaneous receipts	4,981
Changes in assets and liabilities:	
Increase in accounts receivable	(7,554)
Decrease in due from other governments	17,268
Decrease in due from other funds	208,884
Decrease in deferred outflows of resources	19,506
Increase in accounts payable	217,991
Decrease in due to other funds	(118,687)
Increase in compensated absences	888
Decrease in net pension liability	(34,066)
Decrease in deferred inflows of resources	(15,845)
Net cash provided by operating activities	<u>\$ 823,529</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Capital asset additions contributed from other funds	<u>\$ 2,222</u>
	<u>\$ 2,222</u>

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

LAURENS COUNTY, SOUTH CAROLINA

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2020**

ASSETS	Agency Funds
Cash and cash equivalents	\$ 29,330,713
Taxes receivable	<u>1,533,118</u>
Total assets	<u>\$ 30,863,831</u>
LIABILITIES	
Due to others	\$ 29,330,713
Uncollected taxes	<u>1,533,118</u>
Total liabilities	<u>\$ 30,863,831</u>

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

LAURENS COUNTY, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Laurens County, South Carolina (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The County operates under a council form of government. For financial statement purposes, the County has divided its operations into the functions of the general government, judicial services, public safety, public works, health and welfare, culture and recreation, and housing and development. The County is a political subdivision of the State of South Carolina. A seven member council elected from single-member districts govern it. These financial statements present all the fund types of the County.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County (the primary government) and its component unit. The component unit discussed below is included in the County's reporting entity because of the significance of its operational and financial relationship with the County.

Component units may be presented by two different methods. Blended component units, although legally separate entities, are, in substance, part of the County's operations. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the County. The component unit discussed below is included in the County's reporting entity because of the significance of their operational or financial relationship with the County.

The Board of the Laurens County Library (the "Library") oversees the operations of the County library. The Library is governed by an eight member Board of Trustees appointed by the County Council. The Library is fiscally dependent upon the primary government. Separate financial statements for the Library were not prepared.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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 both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, sales taxes, franchise taxes, intergovernmental grants, licenses, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

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

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

The County reports the following major governmental funds:

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

The **Capital Fund** is used to account for property taxes received and intergovernmental funds received from the state that are used for acquisition or construction of capital facilities.

The **Fire Capital Reserve Fund** is used to account for property taxes received that are restricted for fire department capital projects.

The **EMS Fund** accounts for activities of the County's emergency medical services, the resources of which are restricted for public safety.

The County reports the following major proprietary fund:

The **Solid Waste Fund** is used to account for the fees received from customers for provided landfill and waste disposal.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Additionally, the County reports the following fund types:

The ***special revenue funds*** account for revenue sources that are legally restricted or committed for expenditures of specific purposes.

The ***debt service funds*** account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

The ***capital project funds*** account for the acquisition or construction of capital facilities.

The ***agency funds*** are used to account for assets held by the County as an agent for individuals, private organizations, other governmental units, and/or other funds.

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

D. Cash, Cash Equivalents, and Investments

The County and the discretely presented component unit's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash, Cash Equivalents, and Investments (Continued)

Investments are stated at fair value; except repurchase agreements and U.S. Government agencies that have a maturity at the time of purchase of one year or less are shown at cost.

The County Treasurer pools cash and time deposits for some of the funds. Separate fund balance accounts are maintained for accounting purposes so that the equity of each fund is properly reflected in the overall cash. Interest earned is distributed to funds based on their average fund balances for the fiscal year. The purpose of pooling funds is to obtain maximum return of interest through the investment of funds.

E. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. For the most part, the effect of interfund activity has been removed from the government-wide statement of net position. In the fund financial statements, these receivables and payables are classified as “due from other funds” or “due to other funds”.

F. Prepaid Items

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

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. In accordance with GASB 34, infrastructure assets acquired after June 30, 1980, have been capitalized. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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

Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of assets constructed. No interest expense was capitalized during the fiscal year ended June 30, 2020.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

Capital assets of the primary government are depreciated using the straight line method over the following useful lives:

<u>Asset Category</u>	<u>Years</u>
Buildings	30
Equipment	3 - 10
Infrastructure	30

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has (4) four types of items that qualify for reporting in this category, one of which arises only under a modified accrual basis of accounting. Accordingly, the first item, *unavailable revenue*, is reported only in the Governmental Funds Balance Sheet. The governmental funds report unavailable revenues and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The other three items relate to the County's pension and OPEB plans and are reported in the government-wide and proprietary fund Statements of Net Position. (1) Experience losses are recorded as deferred inflows of resources and are amortized into pension and OPEB expense over the expected remaining service lives of the plan members. (2) The changes in the County's proportionate share of the collective net pension liability and differences between actual employer contributions and proportionate share of the total plan employer contributions are specific to cost-sharing multiple employer defined benefit pension plans and represent the current period amortized portions of these deferred inflows. (3) Changes in actuarial assumptions (discussed in the previous paragraph) adjust the total OPEB liability and are amortized against OPEB expense over the expected remaining service lives of plan members.

I. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when the employees separate from service with the County. All vacation pay is accrued when incurred in the government-wide financial statements. Employees are required to take the equivalent of at least one work week of annual leave per year. Accumulated annual leave time may be carried over from one calendar year to the next, subject to a maximum of 30 days. Upon leaving the County's employment, the maximum payout of accrued leave shall not exceed 30 days. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the County Council through the adoption of a resolution. Only the County Council may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the County Council has authorized the County Administrator to assign fund balances.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity (Continued)

- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

L. Management Estimates

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

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position

The Governmental Funds Balance Sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$58,863,611 difference are as follows:

Bonds payable	\$ (10,524,393)
Capital leases	(4,032,738)
Accrued interest	(156,127)
Net pension liability	(26,879,180)
Total OPEB liability	(16,585,851)
Compensated absences	<u>(685,322)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (58,863,611)</u>

Another element of that reconciliation states the “deferred outflows of resources are not due and payable in the current period and therefore are not reported in governmental funds.” The details of this \$5,398,434 difference are as follows:

Pension experience differences	\$ 232,551
OPEB experience differences	20,329
Pension assumption changes	751,731
OPEB assumption changes	1,150,747
Pension investment return	279,181
Pension changes in proportion and differences between County contributions and proportionate share of contributions	347,162
Pension contributions subsequent to the measurement date	2,262,213
OPEB contributions subsequent to the measurement date	<u>354,520</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 5,398,434</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

A. Explanation of Certain Differences between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position (Continued)

Another element of that reconciliation states the “deferred inflows of resources are not due and payable in the current period and therefore are not reported in governmental funds.” The details of this \$2,789,492 difference are as follows:

Pension experience differences	\$ (195,323)
OPEB experience differences	(625,325)
Pension changes in proportion and differences between County contributions and proportionate share of contributions	(652,695)
OPEB assumption changes	<u>(1,316,149)</u>
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (2,789,492)</u></u>

B. Explanation of Certain Differences between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$444,972 difference are as follows:

Capital outlay	\$ 6,148,341
Depreciation expense	<u>(5,703,369)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ 444,972</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation explains that “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. Also, 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.” The details of this \$6,024,987 difference are as follows:

General obligation bonds issued	\$ (8,250,000)
Issuance of capital lease	(3,500,000)
Principal repayment - general obligation bonds	1,203,664
Principal repayment - capital leases	816,349
Payments to refunded bond escrow agent	<u>3,705,000</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>\$ (6,024,987)</u></u>

Another element of that reconciliation explains that “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”. The details of this \$1,638,032 difference are as follows:

Compensated absences	\$ (59,435)
Net pension liability	(844,366)
Total OPEB liability	(677,209)
Accrued interest	<u>(57,022)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>\$ (1,638,032)</u></u>

NOTE 3. BUDGETARY ACCOUNTING AND REPORTING

A. Budgetary Policies

On or before March 1 of each year, all agencies of the County submit requests for appropriation to the County Administrator so that a budget may be prepared. The budget is prepared by fund, function and department, and includes information on the past year and current year estimates.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. BUDGETARY ACCOUNTING AND REPORTING (CONTINUED)

A. Budgetary Policies (Continued)

Before April 1, the proposed budget is presented to the County Council for review. The County Council holds public hearings and may add to, subtract from or change appropriations. Any changes in the budget must be within the revenues and reserves estimated as available by the County Administrator. The revenue estimates must be changed by an affirmative vote of majority of the County Council. Department heads may make budget transfers within their department's budgets. Transfers from one department to another require County Council approval. The legal level of budgetary control is the department level. The other special revenue funds are budgeted as grants are awarded and are budgeted on a project basis; therefore, some grants span several years. The capital projects funds are budgeted on a project basis and some projects span several years.

B. Excess of Expenditures Over Appropriations

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

<u>Fund/Department</u>	<u>Excess</u>
General Fund:	
County attorney	\$ 31,116
Auditor	27,473
Finance	13,478
Registration and elections	10,844
Risk management	46
Benefits and insurance	5,117
Coroner	12,461
Detention center	113,049
Public safety grants	1,534
Emergency management services	25,808
Emergency management	18,126
Sheriff	155,422
Building and grounds	123,415
Roads and bridges	575
Health department	6,196
Social services	12,913
Veterans affairs	2,347
Libraries	5,881
Airport	2,192
Local government assistance	1,173
Technical education	14,085

These over-expenditures were funded by under-expenditures in other departments of the General Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2020, are summarized as follows:

Statement of Net Position:		
Primary government		
Cash and cash equivalents	\$	18,540,841
Investments		2,996,226
Component Unit		
Cash and cash equivalents		55,770
Investments		20,176
Statement of Fiduciary Net Position:		
Cash and cash equivalents		29,330,713
	\$	<u>50,943,726</u>
Cash deposited with financial institutions	\$	13,653,725
SC State Investment Pool		34,273,599
Certificates of deposit		3,016,402
	\$	<u>50,943,726</u>

Credit risk. This is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's investment policy parallels state law and has no restrictions that would further limit its investment choices other than state law. As of June 30, 2020, the underlying security ratings of the County's investment in the South Carolina Local Government Investment Pool (LGIP) may be obtained from the LGIP's complete financial statements. This investment pool does not have a credit quality rating assigned. These financial statements may be obtained by writing to the following address:

The State Treasurer's Office
Local Government Investment Pool
Post Office Box 11778
Columbia, South Carolina 29211

At June 30, 2020, the County had the following investments:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less than 1	1-5	6-10
SC State Investment Pool	\$ 34,273,599	\$ 34,273,599	\$ -	\$ -
Certificates of deposit	3,016,402	1,510,176	1,506,226	-
	<u>\$ 37,290,001</u>	<u>\$ 35,783,775</u>	<u>\$ 1,506,226</u>	<u>\$ -</u>

Interest rate risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial credit risk – Deposits. The County does not have a formal custodial credit risk policy. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2020, none of the County or Library deposits were exposed to custodial credit risk as uninsured and uncollateralized as defined by GASB pronouncements.

Fair Value Measurement: The LGIP is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the County does not disclose its investment in the LGIP within the fair value hierarchy.

NOTE 5. RECEIVABLES

Receivables at June 30, 2020, for the County's individual major funds and nonmajor funds in the aggregate, are as follows:

	General	Capital Fund	Fire Capital Reserve	Solid Waste	Nonmajor Governmental Funds
Receivables:					
Taxes	\$ 719,836	\$ -	\$ 12,109	\$ -	\$ 170,032
Accounts	314,897	6,775	-	24,229	6,460
Due from other governments	1,395,542	-	-	12,708	780
Gross receivables	2,430,275	6,775	12,109	36,937	177,272
Less allowance for uncollectibles	(15,812)	-	(242)	-	(3,401)
Net receivables	<u>\$ 2,414,463</u>	<u>\$ 6,775</u>	<u>\$ 11,867</u>	<u>\$ 36,937</u>	<u>\$ 173,871</u>
				EMS Fund	Total
Receivables:					
Taxes				\$ 70,739	\$ 972,716
Accounts				1,041,613	1,393,974
Due from other governments				95,381	1,504,411
Gross receivables				1,207,733	3,871,101
Less allowance for uncollectibles				(594,073)	(613,528)
Net receivables				<u>\$ 613,660</u>	<u>\$ 3,257,573</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES (CONTINUED)

Property taxes are levied on the assessed value of real and personal property, excluding automobiles, as of December 31, of the calendar year preceding the fiscal year. The levy date for automobiles is the first day of the month in which the vehicle license expires and the tax is due by the end of the same month. Liens attach to the property at the time taxes are levied. Taxes are due, without penalty, for real and personal property, excluding automobiles, through January 15. After that time, penalties are added depending on the date paid as follows: January 16 through February 1 - 3% of tax; February 2 through March 16 - 10% of tax; March 17 and thereafter - 15% of tax.

NOTE 6. CAPITAL ASSETS

The County's capital asset activity for the fiscal year ended June 30, 2020, was as follows:

A. Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 4,206,547	\$ -	\$ -	\$ -	\$ 4,206,547
Construction in progress	2,309,421	3,279,888	-	(341,385)	5,247,924
Total capital assets, not being depreciated	<u>6,515,968</u>	<u>3,279,888</u>	<u>-</u>	<u>(341,385)</u>	<u>9,454,471</u>
Capital assets, being depreciated:					
Buildings	30,608,999	159,075	-	341,385	31,109,459
Equipment	22,847,791	2,709,378	(667,522)	(44,512)	24,845,135
Infrastructure	114,900,152	-	-	-	114,900,152
Total capital assets, being depreciated	<u>168,356,942</u>	<u>2,868,453</u>	<u>(667,522)</u>	<u>296,873</u>	<u>170,854,746</u>
Less accumulated depreciation for:					
Buildings	(10,675,956)	(718,349)	-	-	(11,394,305)
Equipment	(16,070,673)	(1,771,336)	641,454	42,290	(17,158,265)
Infrastructure	(85,550,660)	(3,213,684)	-	-	(88,764,344)
Total accumulated depreciation	<u>#####</u>	<u>(5,703,369)</u>	<u>641,454</u>	<u>42,290</u>	<u>(117,316,914)</u>
Total capital assets, being depreciated, net	<u>56,059,653</u>	<u>(2,834,916)</u>	<u>(26,068)</u>	<u>339,163</u>	<u>53,537,832</u>
Governmental activities capital assets, net	<u>\$ 62,575,621</u>	<u>\$ 444,972</u>	<u>\$ (26,068)</u>	<u>\$ (2,222)</u>	<u>\$ 62,992,303</u>

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

Governmental activities:	
General government	\$ 426,411
Public safety	2,032,479
Public works	3,091,591
Health and welfare	73,552
Culture and recreation	76,533
Housing and development	2,803
Total depreciation expense - governmental activities	<u>\$ 5,703,369</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 2,031	\$ -	\$ -	\$ -	\$ 2,031
Construction in progress	9,500	293,595	-	(7,141)	295,954
Total capital assets, not being depreciated	<u>11,531</u>	<u>293,595</u>	<u>-</u>	<u>(7,141)</u>	<u>297,985</u>
Capital assets, being depreciated:					
Buildings	41,691	16,743	-	7,141	65,575
Equipment	837,590	513,091	-	44,512	1,395,193
Total capital assets, being depreciated	<u>879,281</u>	<u>529,834</u>	<u>-</u>	<u>51,653</u>	<u>1,460,768</u>
Less accumulated depreciation for:					
Buildings	(1,042)	(3,000)	-	-	(4,042)
Equipment	(583,477)	(58,077)	-	(42,290)	(683,844)
Total accumulated depreciation	<u>(584,519)</u>	<u>(61,077)</u>	<u>-</u>	<u>(42,290)</u>	<u>(687,886)</u>
Total capital assets, being depreciated, net	<u>294,762</u>	<u>468,757</u>	<u>-</u>	<u>9,363</u>	<u>772,882</u>
Proprietary capital assets, net	<u>\$ 306,293</u>	<u>\$ 762,352</u>	<u>\$ -</u>	<u>\$ 2,222</u>	<u>\$ 1,070,867</u>

B. Discretely Presented Component Unit – Laurens County Library

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 33,700	\$ -	\$ -	\$ -	\$ 33,700
Total capital assets, not being depreciated	<u>33,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,700</u>
Capital assets, being depreciated:					
Buildings	1,312,952	320,881	-	-	1,633,833
Equipment and books	1,397,639	109,673	(170,745)	-	1,336,567
Total capital assets, being depreciated	<u>2,710,591</u>	<u>430,554</u>	<u>(170,745)</u>	<u>-</u>	<u>2,970,400</u>
Less accumulated depreciation for:					
Buildings	(787,771)	(26,259)	-	-	(814,030)
Equipment and books	(1,225,571)	(122,016)	170,745	-	(1,176,842)
Total accumulated depreciation	<u>(2,013,342)</u>	<u>(148,275)</u>	<u>170,745</u>	<u>-</u>	<u>(1,990,872)</u>
Total capital assets, being depreciated, net	<u>697,249</u>	<u>282,279</u>	<u>-</u>	<u>-</u>	<u>979,528</u>
Laurens County Library capital assets, net	<u>\$ 730,949</u>	<u>\$ 282,279</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,013,228</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

A. Primary Government

The following is a summary of long-term liability activity for the year ended June 30, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 7,183,057	\$ 8,250,000	\$ (4,908,664)	\$ 10,524,393	\$ 1,631,724
Capital leases payable	1,349,087	3,500,000	(816,349)	4,032,738	747,502
Compensated absences	625,887	359,186	(299,751)	685,322	299,751
Net pension liability	25,922,240	956,940	-	26,879,180	-
Total OPEB liability	<u>14,462,277</u>	<u>2,123,574</u>	<u>-</u>	<u>16,585,851</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 49,542,548</u>	<u>\$ 15,189,700</u>	<u>\$ (6,024,764)</u>	<u>\$ 58,707,484</u>	<u>\$ 2,678,977</u>

For governmental activities, compensated absences are generally liquidated by the General Fund.

General Obligation Bonds. The County issued general obligation bonds to provide funds for the construction and improvements of major capital facilities. These bonds are direct and general obligations of the County. General obligation bonds have been issued for general government activities and are reported in the governmental activities column of the government-wide statements. General obligation bonds outstanding at June 30, 2020, are as follows:

	<u>Interest Rates</u>	<u>Balance June 30, 2020</u>
2013 General Obligation Issue	2.30%	\$ 1,581,623
2015 General Obligation Issue	2.28%	1,283,000
2019A General Obligation Issue	2.15%	4,500,000
2019B General Obligation Issue	1.93%	3,159,770
		<u>\$ 10,524,393</u>

General Obligation Bonds, Series 2010, \$6,400,000 Principal

During the fiscal year ended June 30, 2011, the County issued bonds in the amount of \$6,400,000. The bonds bear interest ranging from 2% to 4% with final maturity in 2025. The proceeds from the sale of the bonds will be used for the purpose of (i) financing the costs of the renovation and expansion of the County detention center and (ii) paying all or a portion of the costs of issuance of the bonds. The County has imposed an ad valorem tax, without limit, on all taxable property in the County sufficient in amount to pay the principal and interest on the bond. During the year ended June 30, 2020, the County refunded these bonds with the issuance of 2019B General Obligation Refunding Bonds in an advance refunding transaction resulting in the 2010 Bonds being in-substance defeased. The 2010 bonds were subject to redemption or call beginning on March 1, 2020.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

General Obligation Bonds. (Continued)

General Obligation Bonds, Series 2013, \$3,700,000 Principal

During the fiscal year ended June 30, 2014, the County issued bonds in the amount of \$3,700,000. The bonds bear interest at 2.30% with final maturity in 2024. The proceeds from the sale of the bonds will be used for the purpose of (i) defraying the cost of capital improvements of the County and (ii) paying all or a portion of the costs of issuance of the bonds. The County has imposed an ad valorem tax, without limit, on all taxable property in the County sufficient in amount to pay the principal and interest on the bonds.

General Obligation Bonds, Series 2015, \$2,450,000 Principal

During the fiscal year ended June 30, 2016, the County issued bonds in the amount of \$2,450,000. The bonds bear interest at 2.28% with final maturity in 2025. The proceeds from the sale of the bonds will be used for the purpose of (i) repairing and renovating existing fire stations of the District, (ii) constructing new fire stations and acquiring necessary accessories for the District, and (iii) paying all or a portion of the costs of issuance of the bonds. The County has imposed an ad valorem tax, without limit, on all taxable property in the County sufficient in amount to pay the principal and interest on the bonds.

General Obligation Bonds, Series 2019A, \$4,500,000 Principal and Series 2019B, \$3,750,000 Principal

During the fiscal year ended June 30, 2020, the County issued bonds in the total amount of \$8,250,000. The 2019A bonds bear interest at 2.15% with final maturity in 2030. Principal payments are due beginning on March 1, 2020 and in annual installments thereafter through 2030. Interest is payable semiannually on March 1 and September 1 through maturity. The proceeds from the sale of the bonds will be used for the purpose of funding new capital projects including renovation of the historic courthouse and new department facilities, and paying all of the costs of issuance of the bonds. The 2019B bonds bear interest at 1.93% with final maturity in 2025. Principal payments are due beginning on March 1, 2020 and in annual installments thereafter through 2030. Interest is payable semiannually on March 1 and September 1 through maturity. The proceeds from the sale of the bonds was used for the purpose of refunding the 2010 General Obligation Bonds outstanding at the date of issuance. The refunding transaction resulted in a present value savings of \$147,471 as of the date of issuance. The difference between debt service cash flow requirements on the 2010 refunded bonds and the 2019B refunding bonds was \$161,919. The County has imposed an ad valorem tax, without limit, on all taxable property in the County sufficient in amount to pay the principal and interest on these bonds.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

General Obligation Bonds. (Continued)

General obligation bonds debt service requirements to maturity are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2021	\$ 1,631,724	\$ 223,363	\$ 1,855,087
2022	1,674,399	188,702	1,863,101
2023	1,716,328	153,145	1,869,473
2024	1,754,858	116,704	1,871,562
2025	1,377,541	79,447	1,456,988
2026-2030	2,369,543	155,003	2,524,546
	<u>\$ 10,524,393</u>	<u>\$ 916,364</u>	<u>\$ 11,440,757</u>

Capital Leases. The County has entered into lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is an analysis of leased assets under capital leases as of June 30, 2020:

	Governmental Activities
Equipment	\$ 1,462,443
Less: Accumulated depreciation	(556,443)
	<u>\$ 906,000</u>

The County recorded depreciation expense of \$261,170 in the fiscal year ended June 30, 2020, on assets under capital leases.

The following is a schedule of future minimum lease payments together with the present value of net minimum lease payments as of June 30, 2020:

Fiscal year ending June 30,	Principal	Interest	Total
2021	\$ 747,502	\$ 107,643	\$ 855,145
2022	413,493	87,526	501,019
2023	326,750	76,676	403,426
2024	335,475	67,952	403,427
2025	344,432	58,995	403,427
2026-2030	1,865,086	159,047	2,024,133
	<u>\$ 4,032,738</u>	<u>\$ 557,839</u>	<u>\$ 4,590,577</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Long-term liabilities for Business-type activities at June 30, 2020, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type Activities					
Compensated absences	\$ 12,406	\$ 3,733	\$ (2,845)	\$ 13,294	\$ 13,294
Net pension liability	918,353	-	(34,066)	884,287	-
Business-type Activities long-term liabilities	<u>\$ 930,759</u>	<u>\$ 3,733</u>	<u>\$ (36,911)</u>	<u>\$ 897,581</u>	<u>\$ 13,294</u>

B. Discretely Presented Component Unit – Laurens County Library

Long-term liabilities for the Laurens County Library at June 30, 2020, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Laurens County Library					
Capital leases payable	\$ 543	\$ -	\$ (543)	\$ -	\$ -
Net pension liability	795,628	23,889	(6,239)	813,278	-
Total OPEB liability	404,645	62,206	-	466,851	-
Laurens County Library long-term liabilities	<u>\$ 1,200,816</u>	<u>\$ 86,095</u>	<u>\$ (6,782)</u>	<u>\$ 1,280,129</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2020, is as follows:

Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
Fire Capital Reserve Fund	General Fund	\$ 127,592
Capital Fund	General Fund	2,108,792
Solid Waste Fund	General Fund	41,116
General Fund	EMS Fund	31,970
General Fund	Nonmajor Governmental Funds	373,151
Nonmajor Governmental Funds	Nonmajor Governmental Funds	348,571
Nonmajor Governmental Funds	General Fund	4,708,865
		\$ 7,740,057

These balances resulted 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

Any transactions to transfer revenues from the fund budgeted to receive them to the fund budgeted to expend them are reported as transfers from and to other funds. Total transfers during the year ended June 30, 2020, consisted of the following individual amounts:

Transfer in Fund	Transfer out Fund	Amount
Fire Capital Reserve	Nonmajor Governmental Funds	\$ 153,000
General Fund	Nonmajor Governmental Funds	35,000
Capital Fund	General Fund	2,676
		\$ 190,676

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. EMPLOYEE BENEFITS

A. Retirement Plan

Overview

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement System's Pension Trust Funds. The CAFR is publically available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description

The County contributes to the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan. The plan was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement 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 South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan. The plan 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 FINANCIAL STATEMENTS

NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

A. Retirement 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.

SCRS. 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 and 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.

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

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 below.

SCRS. A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

A. Retirement Plan (Continued)

Benefits (Continued)

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

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

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

A. Retirement Plan (Continued)

Contributions (Continued)

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent. For the year ended June 30, 2020, the County contributed \$1,243,940 to the SCRS plan and \$1,161,144 to the PORS plan.

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

South Carolina Retirement System

Employee Class Two	9.00% of earnable compensation
Employee Class Three	9.00% of earnable compensation

South Carolina Police Officers Retirement System

Employee Class Two	9.75% of earnable compensation
Employee Class Three	9.75% of earnable compensation

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

South Carolina Retirement System

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

A. Retirement Plan (Continued)

Net Pension Liability

The June 30, 2019, (the measurement date) total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2018, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board, which utilized membership data as of July 1, 2018. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2019, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS. The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67, less that system's fiduciary net position.

As of June 30, 2020, (measurement date of June 30, 2019), the net pension liability amounts for the County's proportionate share of the collective net pension liabilities associated with the SCRS and PORS plans are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Pension Liability	Plan Fiduciary Net Position as a percentage of Total Pension	County's Proportionate Share of the Collective Net Pension Liability
SCRS	\$ 37,554,294	\$ 20,429,016	\$ 17,125,278	54.4%	0.074999%
PORS	\$ 30,694,044	\$ 19,242,577	\$ 11,451,467	62.7%	0.399571%

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2015, and the next experience study is scheduled to be conducted after the June 30, 2020, annual valuation is complete.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

A. Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued)

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

	SCRS	PORS
Actuarial cost method	Entry Age 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 (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Former Job Class	Males	Females
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC 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.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

A. Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued)

<u>Asset Class</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Global Equity	51.0%		
Global public equity	35.0%	7.29%	2.55%
Private equity	9.0%	7.67%	0.69%
Equity options securities	7.0%	5.23%	0.37%
Real Assets	12.0%		
Real estate (private)	8.0%	5.59%	0.45%
Real estate (REITs)	1.0%	8.16%	0.08%
Infrastructure (private)	2.0%	5.03%	0.10%
Infrastructure (public)	1.0%	6.12%	0.06%
Opportunistic	8.0%		
GTAA	7.0%	3.09%	0.22%
Other opportunistic strategies	1.0%	3.82%	0.04%
Credit	15.0%		
High yield bonds / bank loans	4.0%	3.14%	0.13%
Emerging markets	4.0%	3.31%	0.13%
Private debt	7.0%	5.49%	0.38%
Rate sensitive	14.0%		
Core fixed income	13.0%	1.62%	0.21%
Cash and short duration (net)	1.0%	0.31%	0.00%
	100%		
		Total expected real return	5.41%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	7.66%

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

A. Retirement Plan (Continued)

Discount Rate (Continued)

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

Sensitivity of the Net Position Liability to Changes in the Discount Rate			
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
SCRS	\$ 21,574,268	\$ 17,125,278	\$ 13,412,340
PORS	\$ 15,519,453	\$ 11,451,467	\$ 8,118,759

Pension Expense

For the year ended June 30, 2020, the County recognized its proportionate share of collective pension expense of \$1,954,375 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 (\$202,892) for a total of \$1,751,483 for the SCRS plan. Additionally, for the year ended June 30, 2020, the County recognized its proportionate share of collective pension expense of \$1,701,192 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 (\$218,393) for a total of \$1,482,799 for the PORS plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

A. Retirement Plan (Continued)

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

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS pension plans, respectively, from the following sources:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 11,772	\$ 123,025
Changes of assumptions	345,099	-
Net difference between projected and actual earnings on pension plan investments	151,616	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	369,087	356,500
Employer contributions subsequent to the measurement date	<u>1,243,940</u>	<u>-</u>
Total	<u><u>\$ 2,121,514</u></u>	<u><u>\$ 479,525</u></u>
PORS	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 235,466	\$ 84,635
Changes of assumptions	454,108	-
Net difference between projected and actual earnings on pension plan investments	145,197	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	337,416
Employer contributions subsequent to the measurement date	<u>1,161,144</u>	<u>-</u>
Total	<u><u>\$ 1,995,915</u></u>	<u><u>\$ 422,051</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

A. Retirement Plan (Continued)

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

County contributions subsequent to the measurement date of \$1,243,940 and \$1,161,144 for the SCRS plan and the PORS plan, respectively, are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	SCRS	PORS
2021	\$ 377,474	\$ 330,154
2022	(164,012)	24,289
2023	123,227	12,301
2024	61,360	45,976

Pension Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS and PORS. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

B. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, which is administered and controlled by the State of South Carolina. The plan, available to all government employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Great-West Retirement Services, P.O. Box 173764, Denver, CO 80217-3764, (under state contract) is the program administrator of the 457 plan as well as the 401(k) plan and 401(k) Roth plan which are also available to County employees at their option.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

In addition to providing pension benefits, the County, authorized by its County Council, provides certain healthcare benefits for eligible retired employees and their dependents through a single employer plan. The Laurens County Library (Component Unit) also participates in the post-employment health care benefits with the County. The coverage is optional and not all retirees participate. Employees retiring with 10 or more years of service, regardless of age, may elect to remain in the county health insurance group. Also, employees retiring with 15 years or more of service can remain in the county health insurance group at no charge to retiree. Individual coverage premiums and any spouse or family coverage must be paid by the retiree, as set forth by the State Health Plan in such amounts as may be in effect at the time of retirement. Upon Medicare eligibility, each retiree must convert to Medicare as their primary coverage, with supplemental coverage paid by the County for the retiree. Any spouse of a retiree may remain in the County plan until Medicare eligibility, provided all premiums are paid by the retiree. Spouses may be included in the supplement plan, with premiums paid by the retiree. Cash in lieu of coverage shall not be an option. Any deputized officer determined totally disabled as a result of the performance of his duties, shall qualify for these same benefits with 15 years of service regardless of age. Benefits are effective at date of retirement or when the employee is eligible for retirement benefits.

Plan Membership

The Plan has 396 covered members for the year ended June 30, 2020; 64 members are retirees receiving benefits and 332 are active participants and dependents

Funding Policy and Contributions

The County currently pays for other post-employment benefits on a pay-as-you-go basis. For the year ended June 30, 2020, the County paid \$364,905 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 Laurens County Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the plan.

Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018, with the actuary using standard techniques to roll forward the liability to the measurement date.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation (June 30, 2019 measurement date) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	3.62% as of June 30, 2018 3.13% as of June 30, 2019
Healthcare cost trend rate:	6.40% - 4.15%, Ultimate Trend after 15 years
Inflation rate:	2.25%
Salary increase:	3.50% - 9.50% for PORS eligible employees and 3.00% - 7.00% for SCRS eligible employees per annum
Participation rate:	95% of all eligible employees and 15% of future retirees and beneficiaries who are required to pay the full premium.

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 3.13% as of June 30, 2019 (measurement date). This rate was determined using an index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher – which was 3.13% as determined by the Bond Buyer 20-Bond GO Index Rate as of June 30, 2019 (measurement date).

Changes in the Total OPEB Liability

The changes in the total OPEB liability of the County for the year ended June 30, 2020 (June 30, 2019 measurement date), were as follows:

	Total OPEB Liability
Balances beginning of year	\$ 14,866,922
Changes for the year:	
Service cost	710,300
Interest	544,482
Difference between actual and expected experience	(31,761)
Assumption changes	1,325,017
Benefit payments and implicit subsidy	(362,258)
Net changes	<u>2,185,780</u>
Balances end of year	<u>\$ 17,052,702</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability (Continued)

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the County as of June 30, 2020, (June 30, 2019 measurement date), as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.13%) or 1-percentage-point higher (4.13%) than the current discount rate:

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate		
1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
\$ 20,273,719	\$ 17,052,702	\$ 14,495,697

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

The following presents the total OPEB liability of the County as of June 30, 2020, (June 30, 2019 measurement date), as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.40% decreasing to 3.15%) or 1-percentage-point higher (7.40% decreasing to 5.15%) than the current healthcare cost trend rates:

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate		
1% Decrease (5.40% decreasing to 3.15%)	Current Healthcare Cost Trend Rates (6.40% decreasing to 4.15%)	1% Increase (7.40% decreasing to 5.15%)
\$ 13,912,734	\$ 17,052,702	\$ 21,223,571

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

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

Description		
Service cost (annual cost of current service)	\$	710,300
Interest on the total OPEB liability		544,482
Recognition of current year amortization - difference between expected and actual experience & assumption changes		137,854
Recognition of prior year amortization - difference between projected and actual investment earnings		<u>(284,574)</u>
 Total aggregate OPEB expense	 \$	 <u><u>1,108,062</u></u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,924	\$ 643,643
Changes of assumptions	1,183,777	1,349,519
Employer contributions subsequent to the measurement date	<u>364,905</u>	<u>-</u>
Total	<u><u>\$ 1,569,606</u></u>	<u><u>\$ 1,993,162</u></u>

County contributions subsequent to the measurement date of \$364,905 are deferred outflows of resources and will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2021	\$ (146,720)
2022	(146,720)
2023	(146,720)
2024	(146,720)
2025	(146,720)
Thereafter	(54,861)

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT

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

NOTE 12. COMMITMENTS

At June 30, 2020, the County had outstanding construction commitments totaling approximately \$214,000.

NOTE 13. CONTINGENT LIABILITIES

The County participates in a number of federal and state assisted grant programs. These programs are subject to audits by grantors or their representatives. The audits of these programs for or including the year ended June 30, 2020, have not yet been conducted. Therefore, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

NOTE 14. LITIGATION

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

NOTE 15. DEFICIT NET POSITION/FUND BALANCE

For the year ended June 30, 2020, the Victims' Assistance Fund has a deficit fund balance of \$36,480. The Economic Development Fund reported a deficit fund balance at June 30, 2020, of \$120,037. The EMS Capital Fund reported a deficit fund balance at June 30, 2020, of \$589,242. These deficits are expected to be reduced through transfers from the General Fund and future revenues.

NOTES TO FINANCIAL STATEMENTS

NOTE 16. TAX ABATEMENT PROGRAM

As of June 30, 2020, the County provides tax abatements through one program – the Economic Development Program.

The County, acting through its County Council, is authorized and empowered under and pursuant to the provisions of Chapter 44 of Title 12, Code of Laws of South Carolina 1976, as amended, to enter into agreements with any industry or business whereby the industry or business would pay fees in lieu of taxes with respect to certain properties which constitute “economic development properties” through which powers the industrial development of the State of South Carolina will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate or remain in the State and thus utilize and employ the manpower, products, and resources of the State and benefit the general public welfare of the County by providing services, employment, recreation, or other public benefits not otherwise provided locally.

Abatements are obtained through the program by application by a sponsor to County Council prior to commencing the improvements and are subject to approval by County Council by passage of an ordinance. Eligible abatement agreements are subject to a minimum investment as outlined in each individual agreement. The Code of Laws of South Carolina provides for a recapture of fees upon termination of approved agreements that did not meet the minimum investment criteria in the time frame provided for in each agreement. At the time of termination, the sponsor shall pay to the County an additional fee equal to the difference between the total amount of property taxes that would have been paid by the sponsor had the project been taxable, taking into account exemptions from property taxes that would have been available to the sponsor, and the amount of fee payments actually made by the sponsor.

Abatement agreements under the Economic Development Program equal a 100% reduction in property taxes during the exemption period as outlined in the agreement. A fee in lieu of tax (FILOT) is to be paid within the following parameters: the sponsor shall pay to the County an annual fee payment in connection with the economic development property which has been placed in service, in an amount not less than that the property taxes that would be due on the economic development property if it were taxable but using (1) an assessment ratio of not less than 4%; (2) a millage rate this is either fixed for the life of the fee or is allowed to increase or decrease every fifth year in step with the average cumulative actual millage rate applicable to the project based upon the preceding five-year period; or (3) a fair market value for the economic development property.

No other commitments were made by the County as part of the agreements.

Taxes abated as a result of the agreements under the Economic Development Program totaled approximately \$5,446,000 for the year ended June 30, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

LAURENS COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
EMS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 1,557,000	\$ 1,557,000	\$ 1,736,082	\$ 179,082
Intergovernmental	96,700	96,700	105,069	8,369
Charges for services	2,202,500	2,202,500	2,325,057	122,557
Total revenues	<u>3,856,200</u>	<u>3,856,200</u>	<u>4,166,208</u>	<u>310,008</u>
Expenditures:				
Current:				
Public safety:				
Emergency medical services	\$ 4,402,608	\$ 4,402,608	\$ 3,606,328	\$ 796,280
Total public safety	<u>4,402,608</u>	<u>4,402,608</u>	<u>3,606,328</u>	<u>796,280</u>
Total expenditures	<u>4,402,608</u>	<u>4,402,608</u>	<u>3,606,328</u>	<u>796,280</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(546,408)</u>	<u>(546,408)</u>	<u>559,880</u>	<u>1,106,288</u>
Other financing sources (uses):				
Transfers out	<u>(163,750)</u>	<u>(163,750)</u>	-	<u>163,750</u>
Total other financing sources (uses), net	<u>(163,750)</u>	<u>(163,750)</u>	-	<u>163,750</u>
Net change in fund balances	(710,158)	(710,158)	559,880	1,270,038
Fund balance, beginning of year	<u>832,029</u>	<u>832,029</u>	<u>832,029</u>	<u>-</u>
Fund balance, end of year	<u>\$ 121,871</u>	<u>\$ 121,871</u>	<u>\$ 1,391,909</u>	<u>\$ 1,270,038</u>

LAURENS COUNTY, SOUTH CAROLINA

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

South Carolina Retirement System

Plan Year Ended June 30,	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered payroll	County's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.074999%	\$ 17,125,278	\$ 7,918,169	216.3%	54.4%
2018	0.072683%	16,285,878	7,522,584	216.5%	54.1%
2017	0.075351%	16,962,771	7,598,329	223.2%	53.3%
2016	0.076610%	16,363,782	7,404,426	221.0%	52.9%
2015	0.079116%	15,004,730	7,418,056	202.3%	57.0%
2014	0.081547%	14,039,690	7,084,548	198.2%	59.9%

Police Officers Retirement System

Plan Year Ended June 30,	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered payroll	County's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.39957%	\$ 11,451,467	\$ 5,798,470	197.5%	62.7%
2018	0.40057%	11,350,343	5,567,832	203.9%	61.7%
2017	0.41265%	11,304,799	5,561,808	203.3%	60.9%
2016	0.42648%	10,817,584	5,462,034	198.1%	60.4%
2015	0.44603%	9,721,209	5,525,694	175.9%	64.6%
2014	0.44326%	8,485,948	5,277,264	160.8%	67.5%

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

The assumptions used in the preparation of the above schedule are disclosed in Note 9 to the financial statements.

LAURENS COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF COUNTY PENSION CONTRIBUTIONS FOR THE FISCAL YEAR END JUNE 30

South Carolina Retirement System

County's Fiscal Year Ended June 30,	Actuarially required contribution	Contributions in relation to the actuarially required contribution	Contribution deficiency (excess)	County's covered payroll	Contributions as a percentage of covered payroll
2020	\$ 1,243,940	\$ 1,243,940	\$ -	\$ 7,994,473	15.56%
2019	1,152,885	1,152,885	-	7,918,169	14.56%
2018	1,008,781	1,008,781	-	7,522,584	13.41%
2017	807,823	807,823	-	7,598,329	10.63%
2016	755,187	755,187	-	7,404,426	10.20%
2015	784,756	784,756	-	7,418,056	10.58%

Police Officers Retirement System

County's Fiscal Year Ended June 30,	Actuarially required contribution	Contributions in relation to the actuarially required contribution	Contribution deficiency (excess)	County's covered payroll	Contributions as a percentage of covered payroll
2020	\$ 1,161,144	\$ 1,161,144	\$ -	\$ 6,365,919	18.24%
2019	999,656	999,656	-	5,798,470	17.24%
2018	881,944	881,944	-	5,567,832	15.84%
2017	728,635	728,635	-	5,561,808	13.10%
2016	678,396	678,396	-	5,462,034	12.42%
2015	684,542	684,542	-	5,525,694	12.39%

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

The assumptions used in the preparation of the above schedule are as follows:

System	SCRS	PORS
Calculation date	July 1, 2017	July 1, 2017
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	5-year smoothed	5-year smoothed
Amortization method	Level % of pay	Level % of pay
Amortization period	30 years maximum, closed	30 years maximum, closed
Investment return	7.25%	7.25%
Inflation	2.25%	2.25%
Salary increases	3.00% plus step-rate increases for members with less than 21 years of service	3.50% plus step-rate increases for members with less than 15 years of service
Mortality	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. 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%.

LAURENS COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 710,300	\$ 721,301	\$ 998,727
Interest on total OPEB liability	544,482	540,748	461,770
Assumption changes	1,325,017	(277,231)	(1,656,100)
Difference between actual and expected experience	(31,761)	(781,978)	30,629
Benefit payments and implicit subsidy	<u>(362,258)</u>	<u>(329,617)</u>	<u>(311,990)</u>
Net change in total OPEB liability	2,185,780	(126,777)	(476,964)
Total OPEB liability - beginning	<u>14,866,922</u>	<u>14,993,699</u>	<u>15,470,663</u>
Total OPEB liability - ending	<u><u>\$ 17,052,702</u></u>	<u><u>\$ 14,866,922</u></u>	<u><u>\$ 14,993,699</u></u>
Discount Rate	3.13%	3.62%	3.56%
Covered-employee payroll	\$ 11,061,717	\$ 10,435,414	\$ 10,383,497
Total OPEB liability as a percentage of covered-employee payroll	154.16%	142.47%	144.40%

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

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

The discount rate changed from 3.56% as of June 30, 2017 to 3.62% as of June 30, 2018.

The discount rate changed from 3.62% as of June 30, 2018 to 3.13% as of June 30, 2019.

The assumptions used in the preparation of the above schedule are disclosed in Note 10 to the financial statements.

**COMBINING AND INDIVIDUAL NONMAJOR FUND
FINANCIAL STATEMENTS AND SCHEDULES**

LAURENS COUNTY, SOUTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

The ***Community Development Fund*** accounts for grant revenues and expenditures restricted for economic development within the County.

The ***Victims' Assistance Fund*** is used to account for fines restricted for expenditures related to witnesses in legal proceedings.

The ***Rural Fire Fund*** accounts for taxes collected which are restricted for rural fire activities.

The ***Special District Fund*** accounts for fees-in-lieu of taxes which are restricted for economic development.

The ***Economic Development Fund*** accounts for proceeds received from economic development grants and programs which are restricted or committed for economic development activities of the.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The ***Laurens Rural Fire Department Debt Service Fund*** accounts for the resources used for the payment of the County's principal and interest on various fire department debt obligations.

The ***Special Source Revenue Bond Debt Service Fund*** accounts for the resources used for the payment of the County's principal and interest on various economic development debt obligations.

The ***General Obligation Bond Debt Service Fund*** accounts for the resources used for the payment of the County's principal and interest on various County debt obligations.

LAURENS COUNTY, SOUTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUND

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities for the County's governmental funds.

The ***C Funds Fund*** is used to account for the intergovernmental funds received from the state that are restricted to improve and repair the County road system.

The ***EMS Capital Fund*** is a capital projects fund used to account for the construction and/or acquisition of EMS equipment and facilities.

LAURENS COUNTY, SOUTH CAROLINA

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

ASSETS	Special Revenue Funds				
	Community Development	Victims Assistance	Rural Fire	Special District	Economic Development
Cash and cash equivalents	\$ 37,887	\$ -	\$ -	\$ -	\$ -
Taxes receivable	-	-	112,970	-	-
Accounts receivable	-	6,460	-	-	-
Due from other funds	-	-	2,086,066	1,498,922	-
Due from other governments	-	780	-	-	-
Total assets	<u>\$ 37,887</u>	<u>\$ 7,240</u>	<u>\$ 2,199,036</u>	<u>\$ 1,498,922</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 28,803	\$ -	\$ 54,532	\$ -	\$ 31,234
Accrued expenses	-	43	-	-	-
Due to other funds	-	43,677	-	-	88,803
Total liabilities	<u>28,803</u>	<u>43,720</u>	<u>54,532</u>	<u>-</u>	<u>120,037</u>
DEFERRED INFLOW OF RESOURCES					
Unavailable revenue - notes receivable	-	-	105,863	-	-
Unavailable revenue - property taxes	-	-	105,863	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>105,863</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Restricted for:					
Debt service	-	-	-	-	-
Public safety	-	-	2,038,641	1,498,922	-
Public works	9,084	-	-	-	-
Committed for:					
Roads and bridges	-	-	-	-	-
Unassigned (deficit)	-	(36,480)	-	-	(120,037)
Total fund balances (deficits)	<u>9,084</u>	<u>(36,480)</u>	<u>2,038,641</u>	<u>1,498,922</u>	<u>(120,037)</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 37,887</u>	<u>\$ 7,240</u>	<u>\$ 2,199,036</u>	<u>\$ 1,498,922</u>	<u>\$ -</u>

Debt Service Funds			Capital Projects Fund		
Laurens Rural Fire Department	Special Source Revenue Bond	General Obligation Bond	EMS Capital Projects	C Funds	Totals
\$ -	\$ -	\$ -	\$ -	\$ 775,872	\$ 813,759
13,074	-	40,587	-	-	166,631
-	-	-	-	-	6,460
497,840	63,438	896,202	-	14,968	5,057,436
-	-	-	-	-	780
<u>\$ 510,914</u>	<u>\$ 63,438</u>	<u>\$ 936,789</u>	<u>\$ -</u>	<u>\$ 790,840</u>	<u>\$ 6,045,066</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,569
-	-	-	-	-	43
-	-	-	589,242	-	721,722
-	-	-	589,242	-	836,334
11,788	-	36,747	-	-	154,398
<u>11,788</u>	<u>-</u>	<u>36,747</u>	<u>-</u>	<u>-</u>	<u>154,398</u>
499,126	63,438	900,042	-	-	1,462,606
-	-	-	-	-	3,537,563
-	-	-	-	-	9,084
-	-	-	-	790,840	790,840
-	-	-	(589,242)	-	(745,759)
<u>499,126</u>	<u>63,438</u>	<u>900,042</u>	<u>(589,242)</u>	<u>790,840</u>	<u>5,054,334</u>
<u>\$ 510,914</u>	<u>\$ 63,438</u>	<u>\$ 936,789</u>	<u>\$ -</u>	<u>\$ 790,840</u>	<u>\$ 6,045,066</u>

LAURENS 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				
	Community Development	Victims Assistance	Rural Fire	Special District	Economic Development
Revenues:					
Property taxes	\$ -	\$ -	\$ 3,255,974	\$ 290,462	\$ -
Intergovernmental	95,636	-	988	-	635,798
Fines and forfeitures	-	105,733	-	-	-
Interest income	-	51	-	25,027	-
Other revenues	-	-	26,581	-	-
Total revenues	<u>95,636</u>	<u>105,784</u>	<u>3,283,543</u>	<u>315,489</u>	<u>635,798</u>
Expenditures:					
Current:					
Public safety	-	70,254	2,848,824	-	-
Housing and development	86,566	-	-	422,568	-
Capital outlay	-	-	-	-	755,835
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Fiscal charges	-	-	-	-	-
Total expenditures	<u>86,566</u>	<u>70,254</u>	<u>2,848,824</u>	<u>422,568</u>	<u>755,835</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,070</u>	<u>35,530</u>	<u>434,719</u>	<u>(107,079)</u>	<u>(120,037)</u>
Other financing sources (uses):					
Proceeds from sale of assets	-	2,880	-	-	-
Proceeds from issuance of debt	-	-	-	-	-
Payments to refunding bonds escrow	-	-	-	-	-
Transfers out	-	-	(188,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>2,880</u>	<u>(188,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	9,070	38,410	246,719	(107,079)	(120,037)
Fund balances (deficits), beginning of year	<u>14</u>	<u>(74,890)</u>	<u>1,791,922</u>	<u>1,606,001</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ 9,084</u>	<u>\$ (36,480)</u>	<u>\$ 2,038,641</u>	<u>\$ 1,498,922</u>	<u>\$ (120,037)</u>

Debt Service Funds			Capital Projects Fund		
Laurens Rural Fire Department	Special Source Revenue Bond	General Obligation Bond	EMS Capital Projects	C Funds	Totals
\$ 438,583	\$ 722,378	\$ 1,235,825	\$ 372,738	\$ -	\$ 6,315,960
-	-	-	-	2,294,146	3,026,568
-	-	-	-	-	105,733
-	-	13,673	-	9,516	48,267
-	-	-	-	-	26,581
<u>438,583</u>	<u>722,378</u>	<u>1,249,498</u>	<u>372,738</u>	<u>2,303,662</u>	<u>9,523,109</u>
-	-	-	-	-	2,919,078
-	928,087	-	-	-	1,437,221
-	-	-	961,980	2,780,122	4,497,937
240,000	-	963,664	-	-	1,203,664
34,724	-	145,753	-	-	180,477
-	-	5,474	-	-	5,474
<u>274,724</u>	<u>928,087</u>	<u>1,114,891</u>	<u>961,980</u>	<u>2,780,122</u>	<u>10,243,851</u>
<u>163,859</u>	<u>(205,709)</u>	<u>134,607</u>	<u>(589,242)</u>	<u>(476,460)</u>	<u>(720,742)</u>
-	-	-	-	-	2,880
-	-	3,750,000	-	-	3,750,000
-	-	(3,750,000)	-	-	(3,750,000)
-	-	-	-	-	(188,000)
-	-	-	-	-	(185,120)
163,859	(205,709)	134,607	(589,242)	(476,460)	(905,862)
<u>335,267</u>	<u>269,147</u>	<u>765,435</u>	<u>-</u>	<u>1,267,300</u>	<u>5,960,196</u>
<u>\$ 499,126</u>	<u>\$ 63,438</u>	<u>\$ 900,042</u>	<u>\$ (589,242)</u>	<u>\$ 790,840</u>	<u>\$ 5,054,334</u>

LAURENS COUNTY, SOUTH CAROLINA

AGENCY FUNDS

Treasurer – This fund is used to account for all receipts collected and forwarded to the County and other government units.

Other Agency Funds – These funds are used to account for fines, fees and other monies collected by the courts and remitted to other parties in accordance with court orders and state law.

LAURENS COUNTY, SOUTH CAROLINA

**COMBINING BALANCE SHEET
AGENCY FUNDS
JUNE 30, 2020**

ASSETS	<u>Treasurer</u>	<u>Other Agency Funds</u>	<u>Total</u>
Cash	\$ 28,867,091	\$ 463,622	\$ 29,330,713
Taxes receivable	<u>1,533,118</u>	<u>-</u>	<u>1,533,118</u>
 Total assets	 <u>\$ 30,400,209</u>	 <u>\$ 463,622</u>	 <u>\$ 30,863,831</u>
 LIABILITIES			
Due to others	\$ 28,867,091	\$ 463,622	\$ 29,330,713
Uncollected taxes	<u>1,533,118</u>	<u>-</u>	<u>1,533,118</u>
 Total liabilities	 <u>\$ 30,400,209</u>	 <u>\$ 463,622</u>	 <u>\$ 30,863,831</u>

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

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

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected	\$ 928,749	\$ 1,253,973	N/A	\$ 2,182,722
Court fines and assessments remitted to State Treasurer	294,947	658,038	N/A	952,985
Total Court Fines and Assessments retained	\$ 633,802	\$ 595,935	N/A	\$ 1,229,737
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	\$ 17,650	\$ -	N/A	\$ 17,650
Assessments retained	2,927	69,330	N/A	72,257
Total Surcharges and Assessments retained for victim services	\$ 20,577	\$ 69,330	N/A	\$ 89,907

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	N/A	\$ (74,890)	\$ (74,890)
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer	N/A	-	-
Victim Service Assessments Retained by City/County Treasurer	N/A	53,714	53,714
Victim Service Surcharges Retained by City/County Treasurer	N/A	36,193	36,193
Interest Earned	N/A	51	51
Grant Funds Received			
Grant from:	N/A	-	-
General Funds Transferred to Victim Service Fund	N/A	-	-
Contribution Received from Victim Service Contracts:			
(1) City of Laurens	N/A	11,537	11,537
(2) City of Clinton	N/A	3,730	3,730
(3) Town of Gray Court	N/A	559	559
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	N/A	\$ 30,894	\$ 30,894

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

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	N/A	\$ 57,554	\$ 57,554
Operating Expenditures	N/A	9,820	9,820
Victim Service Contract(s):			
(1) Entity's Name:	N/A	-	-
(2) Entity's Name	N/A	-	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	N/A	-	-
(2) Rape Crisis Center:	N/A	-	-
(3) Other local direct crime victims service agency:	N/A	-	-
Transferred to General Fund	N/A	-	-
Total Expenditures from Victim Service Fund/Program (B)	N/A	67,374	67,374
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	N/A	(36,480)	(36,480)
Less: Prior Year Fund Deficit Repayment	N/A	-	-
Carryforward Funds – End of Year	N/A	\$ (36,480)	\$ (36,480)

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 SERVICES*

**Laurens County Council
Laurens County, South Carolina
Laurens, 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 **Laurens 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 Laurens County, South Carolina's basic financial statements and have issued our report thereon dated December 24, 2020.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Laurens County, South Carolina'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*.

Purpose of this Report

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

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

Columbia, South Carolina
December 24, 2020

LAURENS COUNTY, SOUTH CAROLINA

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

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

Yes 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 programs as of June 30, 2020, due to the total amount expended being less than \$750,000.

LAURENS COUNTY, SOUTH CAROLINA

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

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV SCHEDULE OF PRIOR YEAR FINDINGS

None reported.