

**Fairfield County  
Winnsboro, South Carolina**

***Report on Financial Statements***

***For the year ended June 30, 2014***

# Fairfield County

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# Fairfield County

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## Financial Section



## **Independent Auditor's Report**

Honorable Chairman and  
Members of the County Council  
Fairfield County  
Winnsboro, South Carolina

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fairfield County, South Carolina (the County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, in fiscal year 2014 the County adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the Schedule of Funding Progress for the Other Post Employment Benefit Plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements, Schedule of Budget to Actual Costs - Contract Number PT-44711-29, Schedule of Court Fines, Surcharges and Assessment Activity - Victim's Assistance, and computation of legal debt margin are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Schedule of Budget to Actual Costs - Contract Number PT-44711-29 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Columbia, South Carolina  
December 15, 2014

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## Fairfield County

### *Management's Discussion and Analysis*

*For the year ended June 30, 2014*

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As management of Fairfield County (the County), we offer readers of our financial statements, this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2014. Please read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which immediately follow this section.

#### **Statistical Data**

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

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

In addition to providing funding to develop the industrial parks, we must be about the business of administering a county government. This is an expensive undertaking. With unfunded mandates from higher levels of government and diminishing revenue sources, we must look for ways to minimize the tax burden on our citizens. We are approaching this on two fronts: (1) broadening the tax base through increased economic development and (2) having intense operational reviews of expenditures. Our expenditure reviews include the traditional items such as: competitive bidding, extending the period for filling vacancies, eliminating overtime, etc. Some non-traditional, cost cutting ideas include better training of employees as well as containing and reducing expenditures in areas such as insurance, risk management, safety, workers compensation, and unemployment compensation.



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## Fairfield County

### *Management's Discussion and Analysis*

*For the year ended June 30, 2014*

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#### **Financial Highlights**

- The County's financial condition has continued to maintain revenues at a relatively constant level over this period.
- **Net position** - The County's governmental activities assets exceeded its liabilities at June 30, 2014 by \$46,529,187 (net position). Of this amount, \$14,622,677 was unrestricted net position, which means these funds may be used to meet the County's ongoing obligations.
- **Change in net position** - The County's net position increased over the course of this year's operations. Net position of the governmental activities increased by \$3,963,255.
- **General fund** - The principal operating fund of the County is the general fund. During fiscal year 2014, general fund revenues and other financing sources, which primarily consisted of property taxes and intergovernmental revenues, were \$25,568,577. Expenditures and net transfers out of the general fund were \$23,366,723. This resulted in an increase in the fund balance for the year of \$2,201,854.
- **General fund budget** - The general fund actual revenues were greater than the final budget amounts by \$3,479,208 due primarily to greater than expected collections of taxes. General fund actual expenditures were less than the final budget amounts by \$783,602. This variance is primarily due to department directors making frugal decisions in regards to purchases and employee staffing.

#### **Overview of the Financial Statements**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three parts: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This section will not include discussion related to the component units of the County. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** - The government-wide financial statements (Statement of Net Position and Statement of Activities) are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. These statements outline functions of the County that are principally supported by property taxes, State aid, intergovernmental grants and various charges for services, fines and fees. The governmental activities of the County include general government, public safety, public works, environment and housing, health and welfare, judicial, cultural and recreation and non-departmental allocations expenditures.

The Statement of Net Position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

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## Fairfield County

### *Management's Discussion and Analysis*

*For the year ended June 30, 2014*

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#### **Overview of the Financial Statements, continued**

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

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

***Notes to the financial statements*** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 to 43.

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

#### **Financial Analysis of the County as a Whole**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$46,529,187 as of June 30, 2014.

By far the largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its residents; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County's financial position is the product of the following transactions, including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

## Fairfield County

### Management's Discussion and Analysis

For the year ended June 30, 2014

#### Financial Analysis of the County as a Whole, continued

The following table presents a summary of the County's net position for the fiscal years ended June 30, 2014 and 2013.

	2014	2013	Percentage Change
Current assets	\$ 45,234,636	\$ 42,239,708	7.1%
Noncurrent assets	1,205,280	1,319,030	(8.6)%
Capital assets, net	<u>35,466,006</u>	<u>33,111,337</u>	7.1%
Total assets	<u>81,905,922</u>	<u>76,670,075</u>	6.8%
Current liabilities	4,232,544	2,794,550	51.5%
Long-term liabilities	<u>31,144,191</u>	<u>31,309,593</u>	(0.5)%
Total liabilities	<u>35,376,735</u>	<u>34,104,143</u>	3.7%
Net position			
Net investment in capital assets	26,403,154	26,218,423	0.7%
Restricted	5,503,356	4,263,849	29.1%
Unrestricted	<u>14,622,677</u>	<u>12,083,660</u>	21.0%
Total net position	<u>\$ 46,529,187</u>	<u>\$ 42,565,932</u>	9.3%

**Change in net position** - The County's total revenues for the fiscal year ended June 30, 2014 were \$36,091,848. The total cost of all programs and services was \$32,128,593. The section below presents a summary of the activity that resulted in changes in net position for the fiscal years ended June 30, 2014 and 2013.

Compared to fiscal year 2013, the County's revenues increased and expenses decreased due primarily to the following:

- **Operating and capital grants and contributions** - The County received approximately \$476,000 in federal grants for airport improvements in 2013. This decrease was offset with additional State funding of \$1,250,000 for the purchase of a building to be leased to Element Electronics.
- **Sales taxes** -The County recognized a slight increase in sales taxes due to the fact that local option sales tax revenues from the state are based on county sales tax collections and donor monies. As such, sales tax revenues fluctuate from year to year.
- **Gain on sale of capital assets** - There was no County auction held in fiscal year 2014.
- **General government** - Several non-capital building improvement projects were completed in 2013. In addition, the County recorded the difference between the cost of the W.B. Industrial Park spec building and its appraised value to general government in 2013.
- **Public works and utilities** – Expenditures for the Road Improvement Program increased by approximately \$685,000 for road paving during 2014.
- **Health and welfare** - The County provided Fairfield Memorial Hospital \$500,000 to assist in meeting current obligations.

## Fairfield County

### Management's Discussion and Analysis

For the year ended June 30, 2014

#### Financial Analysis of the County as a Whole, continued

	2014	2013	Percentage Change
Revenues			
Program revenues			
Charges for services	\$ 2,933,884	\$ 2,865,461	2.4%
Operating grants and contributions	696,029	1,228,976	(43.4)%
Capital grants and contributions	2,395,935	883,264	171.3%
General revenues			
Property and accommodations taxes	26,136,623	25,902,116	0.9%
Sales taxes	2,096,835	1,988,755	5.4%
Investment income	105,777	116,365	(9.1)%
Intergovernmental	1,433,225	1,478,270	(3.0)%
Gain (loss) on sale of capital assets	-	61,830	(100.0)%
Miscellaneous	293,540	193,065	52.0%
Total revenues	<u>36,091,848</u>	<u>34,718,102</u>	4.0%
Expenses			
General government	9,603,202	12,507,083	(23.2)%
Public safety	6,099,407	6,134,315	(0.6)%
Public works and utilities	3,020,420	2,411,472	25.3%
Health and welfare	9,349,424	8,663,215	7.9%
Judicial	1,114,798	1,068,180	4.4%
Cultural and recreation	1,470,606	1,466,806	0.3%
Interest and fiscal charges	1,470,736	1,353,798	8.6%
Total expenses	<u>32,128,593</u>	<u>33,604,869</u>	(4.4)%
Increase in net position	<u>\$ 3,963,255</u>	<u>\$ 1,113,233</u>	256.0%

**Governmental activities** - The table below presents the cost of the seven major functional activities: general government, public safety, public works and utilities, health and welfare, judicial, cultural and recreation, and interest and fiscal charges. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and County's taxpayers by each of these functions.

	Total Expenses	Net Expense
General government	\$ 9,603,202	\$ (7,904,754)
Public safety	6,099,407	(4,968,799)
Public works and utilities	3,020,420	(1,367,739)
Health and welfare	9,349,424	(8,434,530)
Judicial	1,114,798	(580,791)
Cultural and recreation	1,470,606	(1,375,396)
Interest and fiscal charges	1,470,736	(1,470,736)
Total expenses	<u>\$ 32,128,593</u>	<u>\$ (26,102,745)</u>

## Fairfield County

### Management's Discussion and Analysis

For the year ended June 30, 2014

#### Financial Analysis of the County as a Whole, continued

The cost of all governmental activities this year was \$32,128,593. Expenses consist primarily of general government, public safety, and health and welfare totaling \$9,603,202, \$6,099,407 and \$9,349,424, respectively. Net cost of governmental activities was \$26,102,745 which was financed by general revenues and beginning net position. General revenues consist primarily of property and accommodations taxes of \$26,136,623.

#### Financial Analysis of the County's Funds

**Governmental funds** - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

The financial performance of the County as a whole is reflected in its governmental funds. As the County completed the year, its governmental funds reported a combined fund balance of \$43,468,656. Approximately \$4,583,069 or 11% of the fund balance is unassigned and is available for spending at the County's discretion.

The general fund is the principal operating fund of the County. The increase in fund balance in the general fund for the fiscal year was \$2,201,854 which was mainly the result of an overall reduction of transfers.

#### Capital Assets and Debt Administration

**Capital Assets** - As of June 30, 2014, the County had invested, net of related debt, \$26,403,154 in capital assets, including land, land improvements, buildings and improvements, leasehold improvements, infrastructure, vehicles, computers, and other equipment. Total depreciation expense for the year was \$2,473,148.

The schedule below presents capital asset balances, net of depreciation, for the fiscal year ended June 30, 2014.

Capital assets, not being depreciated	
Land	\$ 2,533,181
Construction in progress	6,179,024
	<u>8,712,205</u>
Capital assets, being depreciated	
Land improvements	23,631,266
Buildings and improvements	21,719,921
Leasehold improvements	1,658,079
Infrastructure	1,106,890
Machinery and equipment	17,278,082
Software	391,532
	<u>65,785,770</u>
Less accumulated depreciation	<u>(39,031,969)</u>
Total capital assets, being depreciated, net	<u>26,753,801</u>
Net capital assets	<u>\$ 35,466,006</u>

**Debt Administration** - At year end, the County had \$29,976,636 in general obligation and revenue bonds of which \$1,068,637 is due within one year.

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## **Fairfield County**

### ***Management's Discussion and Analysis***

***For the year ended June 30, 2014***

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#### **Economic Factors and Budgetary Projections**

Unlike a typical county, the County's revenue stream is relatively constant. This is due primarily to a licensed electrical generating facility located in our county, which accounts for over 40% of our tax revenues. The facility is in the process of renewing its license for another 20 years, which gives us a measure of comfort; however, we are very careful not to abuse this revenue source. Taking this revenue source into account and the other economic factors in our community, our budget philosophy is to be socially responsible within a very conservative fiscal approach. We expect this trend will continue over future budgets.

#### **Request for Information**

This financial report is designed to provide the County's citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Comptroller, Fairfield County, 350 Columbia Road, Post Office Drawer 60, Winnsboro, South Carolina 29180.

Audited financial statements of the County's component units may be obtained by written request to Fairfield County Council, Post Office Drawer 60, Winnsboro, South Carolina 29180.

**Fairfield County**  
**Statement of Net Position**  
**June 30, 2014**

	Governmental Activities
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 40,390,814
Taxes receivable, net	545,663
Accounts receivable, net	1,813,576
Due from other governmental units	2,094,275
Prepaid items	285,308
Notes receivable, net	105,000
Total current assets	45,234,636
<b>Noncurrent assets</b>	
Notes receivable, net	61,280
Land and building held for sale	1,144,000
Total noncurrent assets	1,205,280
<b>Capital assets</b>	
Nondepreciable	8,712,205
Depreciable	65,785,770
Less accumulated depreciation	(39,031,969)
Total capital assets, net of accumulated depreciation	35,466,006
Total assets	81,905,922
<b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable	1,622,597
Retainage payable	15,887
Accrued expenses	558,478
Due to taxpayers	3,331
Due to other agencies	470,840
Due to component unit	49,430
Due to other governmental units	5,592
Long-term debt	1,068,637
Accrued interest payable	383,940
Accrued compensated absences	53,812
Total current liabilities	4,232,544
<b>Long-term liabilities</b>	
Long-term debt	28,907,999
Accrued compensated absences	640,714
Other post employment benefit obligation	1,595,478
Total long-term liabilities	31,144,191
Total liabilities	35,376,735
<b>Net Position</b>	
Net investment in capital assets	26,403,154
Restricted for:	
General government programs	65,023
Public safety programs	2,052,536
Health and welfare programs	1,919,288
Judicial programs	85,303
Cultural and recreation programs	119,634
Debt service	1,261,572
Unrestricted	14,622,677
Total net position	\$ 46,529,187

See Notes to Basic Financial Statements

**Fairfield County**  
**Statement of Activities**  
**For the fiscal year ended June 30, 2014**

Functions/Programs	Expenses	Program revenues			Net revenue (expense) and changes in net position
		Charges for sales and service	Operating grants and contributions	Capital grants and contributions	Governmental activities
<b>Governmental activities</b>					
General government	\$ 9,603,202	\$ 233,456	\$ 214,992	\$ 1,250,000	\$ (7,904,754)
Public safety	6,099,407	1,064,944	65,664	-	(4,968,799)
Public works and utilities	3,020,420	497,935	8,811	1,145,935	(1,367,739)
Health and welfare	9,349,424	618,576	296,318	-	(8,434,530)
Judicial	1,114,798	423,763	110,244	-	(580,791)
Cultural and recreation	1,470,606	95,210	-	-	(1,375,396)
Interest and fiscal charges	1,470,736	-	-	-	(1,470,736)
Total governmental activities	32,128,593	2,933,884	696,029	2,395,935	(26,102,745)
Total	\$ 32,128,593	\$ 2,933,884	\$ 696,029	\$ 2,395,935	
<b>General revenues:</b>					
Property taxes					25,988,539
Sales tax					2,096,835
Accommodations tax					148,084
Investment income					105,777
Intergovernmental					1,433,225
Miscellaneous					293,540
Total general revenues					30,066,000
Change in net position					3,963,255
Net position, beginning of year					42,565,932
Net position, end of year					\$ 46,529,187



**Fairfield County****Balance Sheet - Governmental Funds****June 30, 2014**

	General	W.B. Brown Industrial Park	Fairfield Facilities Corporation	EMS	Nonmajor Governmental	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 7,011,185	\$ 41,238	\$ 22,059,386	\$ 1,446,491	\$ 9,832,514	\$ 40,390,814
Taxes receivable, net	417,466	-	-	67,106	61,091	545,663
Accounts receivable, net	1,797,055	-	-	1,738	14,783	1,813,576
Due from other funds	1,521,670	-	-	-	569,902	2,091,572
Due from other governmental units	1,199,672	-	-	1,290	893,313	2,094,275
Prepaid items	32,974	-	215,903	-	36,431	285,308
Notes receivable, net	-	166,280	-	-	-	166,280
Land and building held for sale	-	1,144,000	-	-	-	1,144,000
Total assets	<u>\$ 11,980,022</u>	<u>\$ 1,351,518</u>	<u>\$ 22,275,289</u>	<u>\$ 1,516,625</u>	<u>\$ 11,408,034</u>	<u>\$ 48,531,488</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 347,273	\$ 1,159	\$ 192,338	\$ 331,809	\$ 750,018	\$ 1,622,597
Retainage payable	-	-	-	-	15,887	15,887
Accrued expenses	461,606	-	-	71,449	25,423	558,478
Due to other funds	-	1,150,359	569,902	-	371,311	2,091,572
Due to taxpayers	3,331	-	-	-	-	3,331
Due to other agencies	270,840	200,000	-	-	-	470,840
Due to component units	49,430	-	-	-	-	49,430
Due to other governmental units	5,592	-	-	-	-	5,592
Total liabilities	<u>1,138,072</u>	<u>1,351,518</u>	<u>762,240</u>	<u>403,258</u>	<u>1,162,639</u>	<u>4,817,727</u>
<b>Deferred inflows of resources:</b>						
Unavailable revenue - timing restriction for property taxes and fees	<u>182,930</u>	<u>-</u>	<u>-</u>	<u>32,546</u>	<u>29,629</u>	<u>245,105</u>
Total deferred inflows of resources	<u>182,930</u>	<u>-</u>	<u>-</u>	<u>32,546</u>	<u>29,629</u>	<u>245,105</u>
<b>Fund balances:</b>						
<b>Nonspendable</b>						
Prepaid items	32,974	-	215,903	-	36,431	285,308
Notes receivable	-	166,280	-	-	-	166,280
Land and building held for sale	-	1,144,000	-	-	-	1,144,000
<b>Restricted</b>						
General government	-	-	-	-	65,023	65,023
Public safety	-	-	-	-	2,052,536	2,052,536
Health and welfare	-	-	-	1,080,821	838,467	1,919,288
Judicial	-	-	-	-	85,303	85,303
Cultural and recreation	-	-	-	-	119,634	119,634
Debt service	-	-	-	-	1,261,572	1,261,572
Capital outlay	-	-	21,297,146	-	-	21,297,146
<b>Committed</b>						
Local option sales tax	491,377	-	-	-	-	491,377
General government	3,480,000	-	-	-	-	3,480,000
Public works and utilities	-	-	-	-	1,857,658	1,857,658
Health and welfare	760,000	-	-	-	-	760,000
Cultural and recreation	-	-	-	-	54,408	54,408
Capital outlay	-	-	-	-	3,846,054	3,846,054
Unassigned	<u>5,894,669</u>	<u>(1,310,280)</u>	<u>-</u>	<u>-</u>	<u>(1,320)</u>	<u>4,583,069</u>
Total fund balances	<u>10,659,020</u>	<u>-</u>	<u>21,513,049</u>	<u>1,080,821</u>	<u>10,215,766</u>	<u>43,468,656</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,980,022</u>	<u>\$ 1,351,518</u>	<u>\$ 22,275,289</u>	<u>\$ 1,516,625</u>	<u>\$ 11,408,034</u>	<u>\$ 48,531,488</u>

See Notes to Basic Financial Statements

**Fairfield County****Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position****June 30, 2014**

Total governmental fund balances \$ 43,468,656

**Amounts reported for governmental activities in the statement of net position are different because of the following:**

Capital assets used in governmental activities are not financial resources and; therefore, are not reported in the funds. These assets consist of:

Land	\$ 2,533,181	
Construction in progress	6,179,024	
Land improvements	23,631,266	
Buildings and improvements	21,719,921	
Leasehold improvements	1,658,079	
Infrastructure	1,106,890	
Machinery and equipment	17,278,082	
Software	391,532	
Less accumulated depreciation	<u>(39,031,969)</u>	
		35,466,006

Some of the County's property tax revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and; therefore, are unavailable in the funds.

245,105

Long-term liabilities, including bonds payable, are not due and payable in the current period and; therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds payable	(29,976,636)	
Accrued interest payable	(383,940)	
Accrued compensated absences	(694,526)	
Other post employment benefit obligation	<u>(1,595,478)</u>	
		<u>(32,650,580)</u>

Net position of governmental activities \$ 46,529,187

**Fairfield County****Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds**  
**For the fiscal year ended June 30, 2014**

	General	W.B. Brown Industrial Park	Fairfield Facilities Corporation	EMS	Nonmajor Governmental	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 20,584,604	\$ -	\$ -	\$ 2,811,433	\$ 2,757,943	\$ 26,153,980
Sales tax	2,096,835	-	-	-	-	2,096,835
Intergovernmental	1,433,225	-	-	-	3,091,964	4,525,189
Licenses, permits, fines and fees	789,633	-	-	-	234,355	1,023,988
Charges for services	465,052	-	-	1,022,399	422,445	1,909,896
Investment income	6,455	-	9,256	-	90,066	105,777
Miscellaneous	192,773	-	-	1,692	99,075	293,540
Total revenues	25,568,577	-	9,256	3,835,524	6,695,848	36,109,205
<b>Expenditures</b>						
General government	7,547,429	51,238	-	-	443,441	8,042,108
Public safety	4,933,388	-	-	-	731,939	5,665,327
Public works and utilities	1,490,108	-	-	-	1,466,711	2,956,819
Health and welfare	4,673,449	-	-	3,208,940	1,017,741	8,900,130
Judicial	1,028,882	-	-	-	85,801	1,114,683
Cultural and recreation	1,266,687	-	-	-	121,176	1,387,863
Capital outlay	22,014	-	1,249,922	279,444	3,276,437	4,827,817
Debt service						
Principal retirement	-	-	-	-	740,000	740,000
Interest and fiscal charges	-	-	754,936	-	308,530	1,063,466
Total expenditures	20,961,957	51,238	2,004,858	3,488,384	8,191,776	34,698,213
Excess (deficiency) of revenues over (under) expenditures	4,606,620	(51,238)	(1,995,602)	347,140	(1,495,928)	1,410,992
<b>Other financing sources (uses)</b>						
Proceeds from general obligation bonds	-	-	-	-	769,178	769,178
Transfers in	18,650	376,305	744,047	-	2,047,111	3,186,113
Transfers out	(2,423,416)	-	-	-	(762,697)	(3,186,113)
Total other financing sources (uses)	(2,404,766)	376,305	744,047	-	2,053,592	769,178
Net change in fund balances	2,201,854	325,067	(1,251,555)	347,140	557,664	2,180,170
<b>Fund balances, beginning of year</b>	8,457,166	(325,067)	22,764,604	733,681	9,658,102	41,288,486
<b>Fund balances, end of year</b>	\$ 10,659,020	\$ -	\$ 21,513,049	\$ 1,080,821	\$ 10,215,766	\$ 43,468,656

**Fairfield County**

***Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the fiscal year ended June 30, 2014***

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Total net change in fund balance - governmental funds \$ 2,180,170

**Amounts reported for governmental activities in the statement of activities are  
different because of the following:**

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. 4,827,817

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds. (2,473,148)

Because some property taxes will not be collected for several months after the County's fiscal year ends, they are not considered "available" revenues and are unavailable in the governmental funds. Unavailable tax revenues decreased by this amount this year. (17,357)

Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of 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. (769,178)

Repayment of principal on bonds are expenditures in the governmental funds, but the repayment reduces long-term debt in the statement of net position. 740,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due. (383,940)

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 the governmental funds.

Increase in accrued compensated absences	(25,240)
Amortization of bond discounts	(23,330)
Increase in other post employment benefit obligation	(92,539)

Change in net position of governmental activities \$ 3,963,255

**Fairfield County*****Statement of Fiduciary Net Position******June 30, 2014*****Assets**

Cash and cash equivalents	\$ 13,702,418
Taxes receivable	752,345
Due from other governmental units	<u>40</u>
Total assets	<u><u>\$ 14,454,803</u></u>

**Liabilities**

Due to individuals	\$ 1,126,394
Due to other governmental units	<u>13,328,409</u>
Total liabilities	<u><u>\$ 14,454,803</u></u>

**Fairfield County*****Governmental Discretely Presented Component Unit******Fairfield County Library Commission******Statement of Net Position******June 30, 2014***

	Governmental Activities
<b>Assets</b>	
<b><i>Current assets</i></b>	
Cash and cash equivalents	\$ 206,270
Investments	11,819
Prepaid items	4,004
Due from primary government	49,430
Total current assets	<u>271,523</u>
<b><i>Capital assets</i></b>	
Depreciable	1,831,955
Less accumulated depreciation	<u>(1,211,876)</u>
Total capital assets, net of accumulated depreciation	<u>620,079</u>
Total assets	<u>891,602</u>
<b>Liabilities</b>	
<b><i>Current liabilities</i></b>	
Accrued liabilities	4,697
Accrued compensated absences - due within one year	<u>16,046</u>
Total current liabilities	20,743
<b><i>Long-term liabilities</i></b>	
Accrued compensated absences - due after one year	<u>1,514</u>
Total liabilities	<u>22,257</u>
<b>Net Position</b>	
Net investment in capital assets	620,079
Restricted for:	
Permanent funds	117,960
Capital outlay	4,601
Unrestricted	126,705
Total net position	<u>\$ 869,345</u>

***See Notes to Basic Financial Statements***

**Fairfield County***Governmental Discretely Presented Component Unit**Fairfield County Library Commission**Statement of Activities**For the fiscal year ended June 30, 2014*

		Program revenues		Net revenue (expense) and changes in net position
		Charges for sales and service	Operating grants and contributions	Governmental activities
Functions/Programs	Expenses			
<b>Governmental activities</b>				
Library services	\$ 588,557	\$ 13,488	\$ 76,000	\$ (499,069)
<b>General revenues:</b>				
				463,834
County appropriations				318
Investment income				935
Gifts and donations				465,087
Total general revenues				
				(33,982)
Change in net position				
<b>Net position, beginning of year</b>				903,327
<b>Net position, end of year</b>				\$ 869,345

**Fairfield County*****Nongovernmental Discretely Presented Component Units******Statements of Financial Position******June 30, 2014***

	Fairfield Behavioral Health Services	Fairfield County Council on Aging	Total
<b>Assets</b>			
Cash	\$ 65,301	\$ 143,956	\$ 209,257
Receivables	16,067	50,942	67,009
Certificates of deposit	163,708	-	163,708
Prepays	-	2,013	2,013
Property and equipment, net	58,936	301,137	360,073
Total assets	<u>\$ 304,012</u>	<u>\$ 498,048</u>	<u>\$ 802,060</u>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 8,595	\$ 13,369	\$ 21,964
Unavailable revenue	30,711	-	30,711
Accrued compensated absences	19,086	4,360	23,446
Total liabilities	<u>58,392</u>	<u>17,729</u>	<u>76,121</u>
<b>Net assets</b>			
Unrestricted	245,620	480,319	725,939
Total net assets	<u>245,620</u>	<u>480,319</u>	<u>725,939</u>
Total liabilities and net assets	<u>\$ 304,012</u>	<u>\$ 498,048</u>	<u>\$ 802,060</u>

***See Notes to Basic Financial Statements***



**Fairfield County****Nongovernmental Discretely Presented Component Units****Statements of Activities****For the fiscal year ended June 30, 2014**

	Fairfield Behavioral Health Services	Fairfield County Council on Aging	Total
<b>Changes in unrestricted net assets:</b>			
Revenues and other support			
Local	\$ -	\$ 8,422	\$ 8,422
County appropriations	42,288	93,411	135,699
Client fees	78,803	-	78,803
Medicaid	20,070	-	20,070
Minibottle	36,796	-	36,796
In-kind service and materials	-	9,205	9,205
Investment income	3,179	21	3,200
Other	18,158	5,790	23,948
Net assets released from restrictions	336,949	355,356	692,305
Total revenues, gains and other support	536,243	472,205	1,008,448
Expenses			
Program services	328,901	330,330	659,231
Supporting services	204,920	119,657	324,577
Total expenses	533,821	449,987	983,808
Change in unrestricted net assets	2,422	22,218	24,640
<b>Changes in temporarily restricted net assets:</b>			
Federal	163,266	252,282	415,548
State	26,855	73,960	100,815
Local	23,528	29,114	52,642
Grants	107,805	-	107,805
Net assets released from restrictions	(336,949)	(355,356)	(692,305)
Change in temporarily restricted net assets	(15,495)	-	(15,495)
Change in net assets	(13,073)	22,218	9,145
<b>Net assets, beginning of year</b>	258,693	458,101	716,794
<b>Net assets, end of year</b>	\$ 245,620	\$ 480,319	\$ 725,939

See Notes to Basic Financial Statements

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## Fairfield County

### Notes to Basic Financial Statements

For the year ended June 30, 2014

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#### I. Summary of Significant Accounting Policies

Fairfield County, South Carolina (the County) is a political subdivision of the State of South Carolina, operating under the provisions of South Carolina 2975 Act No. 283 (Home Rule Act) using a Council-Administrator form of government to provide services authorized by its charter. The County is governed by an elected Board (County Council) which is governed by state statutes and regulations.

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements are presented in conformity with GASB Codification Sec. 2200, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The more significant of the government's accounting policies are described below.

#### A. Reporting Entity

Using the criteria of GASB Codification Sec. 2100, the basic financial statements of the County present the reporting entity that consists of the primary government and those organizations for which the primary government is financially accountable and for which the nature and significance of their relationship, with the primary government, are such that exclusion could cause the County's financial statements to be misleading or incomplete.

Financial accountability is defined as appointment of a voting majority of the separate organization's board and either (a) the ability to impose will by the primary government, or (b) the possibility that the separate organization will provide a financial benefit to or impose a financial burden on the primary government. "Blended" component units are separate entities that are, substantially, part of the primary government's operations and are combined with financial data of the primary government. "Discretely presented" component units, on the other hand, are reported on separately to emphasize that they are legally separate from the operations of the primary government. A summary of the County's blended and discretely presented component units follows:

**Blended Component Unit** - During fiscal year 2013, the County created the Fairfield Facilities Corporation (the Corporation) to facilitate the issuance of debt for the County. The activities of the Corporation have been "blended" with the County and presented as a major fund for fiscal year 2014. County Council appoints the officers and directors of the Corporation. The Corporation does not issue separate financial statements.

**Discretely Presented Component Unit** - Using the criteria of GASB Codification Sec. 2100, the County has three discretely presented component units and all have a June 30 fiscal year end.

**Fairfield County Library Commission** - Fairfield County Library Commission (the Library Commission) was established as the designated authority to provide a public library system to the residents of the County. The County provides the Library Commission with an annual appropriation which is the majority of the Library Commission's operating revenue. County Council appoints members of the Library Commission's Board, which is the Library Commission's governing authority. The Library Commission's Board is responsible for the hiring and termination of management personnel. Accordingly, the Library Commission is considered to be a component unit of the County and its financial position and results of operations have been reported in the financial statements of the County.

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## Fairfield County

### Notes to Basic Financial Statements

For the year ended June 30, 2014

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#### I. Summary of Significant Accounting Policies - (Continued)

##### A. Reporting Entity - (Continued)

**Fairfield County Council on Aging** - Fairfield County Council on Aging (the Council on Aging) was created to meet certain needs of the elderly in the County. County Council appoints all of the members of the Council on Aging. Accordingly, the Council on Aging is considered to be a component unit of the County and its assets and liabilities and revenues and expenses have been reported in the financial statements of the County.

**Fairfield Behavioral Health Services** - Fairfield Behavioral Health Services (the Agency), was organized to provide comprehensive services for victims of alcohol and drug abuse in the County. County Council appoints all of the members of the Agency's Board of Directors, which is the Agency's governing authority. Accordingly, the Agency is considered to be a component unit of the County and its assets and liabilities and revenues and expenses have been reported in the financial statements of the County.

Audited financial statements of the component units may be obtained by written request to Fairfield County Council, Post Office Drawer 60, Winnsboro, South Carolina 29180.

##### B. Basis of Presentation

The statements of the County are presented as follows:

***Government-wide Financial Statements*** - The Statement of Net Position and the Statement of Activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities. The County has no activities considered to be business-type activities.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and; therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, including taxes, which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

***Fund Financial Statements*** - Fund financial statements report detailed information about the County. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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## Fairfield County

### Notes to Basic Financial Statements

For the year ended June 30, 2014

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#### I. Summary of Significant Accounting Policies - (Continued)

#### C. Measurement Focus and Basis of Accounting

##### Fund Accounting

The accounts of the County and its component units are organized and operated on the basis of funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The government reports the following major governmental funds:

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

A portion of the general fund fund balance has been committed for certain contingencies including loss of fee in lieu due to plant closings, property insurance increases, and additional operating funds required for the Fairfield Memorial Hospital.

**W.B. Brown Industrial Park** —This fund is used to account for the accumulation of resources to be used for the development and construction of the W.B. Brown Industrial Park.

**Fairfield Facilities Corporation** - This fund is used to account for the issuance of revenue bonds and the acquisition of capital assets from the bond proceeds.

**EMS** - This fund is used to account for the accumulation of resources and the payments of daily operations attributable to EMS.

Additionally, the government reports the following nonmajor fund types:

**Special Revenue Funds** - The special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, or major capital projects) that are legally restricted to expenditures for specified purposes.

**Capital Projects Funds** - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of resources and the payment of general long-term debt principal and interest.

The County also maintains an agency fund which accounts for monies held on behalf of school districts, special districts and other agencies that use the County as a depository for property taxes and/or state funds collected on behalf of the other governments.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's landfill function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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## Fairfield County

### Notes to Basic Financial Statements

For the year ended June 30, 2014

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#### I. Summary of Significant Accounting Policies - (Continued)

#### C. Measurement Focus and Basis of Accounting - (Continued)

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

In the government-wide financial statements, expenses are classified by function. In the fund financial statements, expenditures are classified as government funds by character.

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

#### Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. On the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. Under the modified accrual basis of accounting, revenues and expenditures are recognized when they become both measurable and available.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within sixty days of fiscal year end.

The County follows GASB Codification Sec. N50, to account for non-exchange revenues. Nonexchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: delinquent taxes collected within 60 days of fiscal year end, sales tax, grants, interest, fees and charges for service.

Unavailable revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2014, but which have not met the revenue recognition criteria, have been recorded as unavailable revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unavailable revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unavailable revenue.

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## Fairfield County

### Notes to Basic Financial Statements

For the year ended June 30, 2014

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#### I. Summary of Significant Accounting Policies - (Continued)

#### C. Measurement Focus and Basis of Accounting - (Continued)

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balance as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as unavailable revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

#### D. Assets, Liabilities and Equity

**Cash and Cash Equivalents, and Investments** - For purposes of the Statement of Net Position, the County considers all liquid non-equity investments with an original maturity of three months or less to be cash equivalents. Such investments consist primarily of amounts in the South Carolina local government investment pool. Investments are carried at fair value, which approximates cost.

State statutes authorize the County to invest in:

1. Obligations of the United States and agencies thereof;
2. General obligations of the State of South Carolina or any of its political units;
3. Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
4. Repurchase agreements when collateralized by securities as set forth in this section;
5. No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of the County, if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (1) and (4) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

**Receivables and Payables** - All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The allowance for trade accounts receivable is computed based upon an estimate of collections within each aging category. The allowance for property taxes receivable is based upon a composite average of each delinquent tax year's collections to the outstanding balance at the beginning of the fiscal year.

## Fairfield County

### Notes to Basic Financial Statements

For the year ended June 30, 2014

#### I. Summary of Significant Accounting Policies - (Continued)

#### D. Assets, Liabilities and Equity - (Continued)

At June 30, 2014, receivables for the County's individual major funds and other governmental funds in the aggregate including the applicable allowance for uncollectible accounts, are as follows:

	General	EMS	Nonmajor Governmental	Total
Taxes	\$ 439,438	\$ 70,638	\$ 64,306	\$ 574,382
Accounts	<u>1,797,055</u>	<u>914,389</u>	<u>14,783</u>	<u>2,726,227</u>
Gross	2,236,493	985,027	79,089	3,300,609
Less:				
Allowance - taxes	21,972	3,532	3,215	28,719
Allowance - accounts	<u>-</u>	<u>912,651</u>	<u>-</u>	<u>912,651</u>
Net receivables	<u>\$ 2,214,521</u>	<u>\$ 68,844</u>	<u>\$ 75,874</u>	<u>\$ 2,359,239</u>

Property taxes become a lien on real estate and certain personal properties owned on the preceding December 31 of each County fiscal year ended June 30. These taxes are levied on or before October 31, and are due without penalty through January 15. Penalties are added to the taxes depending on the date paid as follows:

January 15 through February 1	3% of tax
February 2 through March 18	10% of tax
March 19 and thereafter	15% of tax plus collection cost

The lien and collection date for motor vehicles is the last day of the month in which the motor vehicle license expires. The County bills and collects its own property taxes. Property tax revenue is recognized when past due and collectible within the current period or soon enough thereafter (defined as sixty days) to pay liabilities of the current period. An allowance is provided for an estimated amount of taxes billed, which may ultimately prove to be uncollectible. Unavailable revenue (property taxes) represents that portion of property taxes which is deemed not available to pay current expenses.

Short-term amounts owed between funds are classified as "due from other funds" or "due to other funds" on the balance sheet.

**Capital Assets** - Capital assets, which include property, plant equipment, and infrastructure assets (e.g., roads, bridges, water & sewer systems, and similar items) are reported in the applicable governmental activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets are capitalized as the projects are constructed. Interest incurred during the construction phase of proprietary capital assets is included as part of the capitalized value of the assets constructed.

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## Fairfield County

### Notes to Basic Financial Statements

For the year ended June 30, 2014

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#### I. Summary of Significant Accounting Policies - (Continued)

#### D. Assets, Liabilities and Equity - (Continued)

All reported capital assets other than land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Capital assets of the primary government, as well as the component unit, are depreciated using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land improvements	15 years
Buildings and improvements	15 - 30 years
Leasehold improvements	15 years
Furniture and equipment	3 - 10 years
Machinery and equipment	5 - 10 years
Books	10 years
Infrastructure	50 years
Software	3 - 10 years

**Land and building held for sale** – During fiscal year 2013, the County constructed a spec building at the W.B. Brown Industrial Park. The building is currently listed on the market and available for sale. The County had the building appraised after completion at a fair market value of \$1,144,000, which was less than the cost of construction.

**Compensated Absences** - Employees with less than 10 years of service are allowed to carry over not more than thirty (30) days unused annual leave each July 1. Employees with 10 years or more of service may carry over no more than forty (40) days unused annual leave each January 1. Any employee who had more than the maximum carryover amount on June 30, 1989, when this policy was implemented, was allowed to keep the excess in a separate pool that will be paid to the employee upon separation from employment. Accumulated unused annual leave is paid to employees upon separation from employment.

The County has accrued a liability for accrued compensated absences which have been earned but not taken by County employees based on the following criteria:

1. The County's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' service already rendered;
2. The obligation related to rights that vest or accumulate;
3. Payment of the compensation is probable; and
4. The amount can be reasonably estimated.

**Net Position** - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.



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## Fairfield County

### Notes to Basic Financial Statements

For the year ended June 30, 2014

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#### I. Summary of Significant Accounting Policies - (Continued)

##### D. Assets, Liabilities and Equity - (Continued)

**Property Taxes** - The County follows GASB Codification Sec. N50 to account for non-exchange revenues that primarily consist of imposed non-exchange revenues or ad valorem taxes. Under the standard, a receivable is recorded when an enforceable legal claim for property taxes has arisen and revenue is recognized when the resources are available.

**Interfund Activity** - Reallocation of resources between funds of the reporting entity are classified as interfund transfers and are reported as operating transfers. For purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the County's financial position and results of operations and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**Subsequent Events** - In preparing these financial statements, the County's management has evaluated events and transactions for potential recognition or disclosure through December 15, 2014, the date these financial statements were available for issuance.

**New Accounting Pronouncements - Adopted** - Effective for the fiscal year ended June 30, 2014, the County adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. No capitalized debt issuance costs were recorded in the Statement of Net Position for the year ended June 30, 2013.

#### II. Stewardship, Compliance and Accountability

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

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## **Fairfield County**

### ***Notes to Basic Financial Statements***

***For the year ended June 30, 2014***

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#### **II. Stewardship, Compliance and Accountability - (Continued)**

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

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

#### **III. Detailed Notes On All Funds**

##### **Note 1. Deposits and Investments**

At June 30, 2014, the County's cash and investments included demand deposits and local government pools. The local government investment pool is managed by the State of South Carolina.

Under State law, the County is authorized to hold funds in deposit accounts with banking institutions and invest funds in the following items: obligations of the United States and agencies thereof, obligations of the State of South Carolina or any of its political units, savings and loan associations to the extent insured by an agency of the federal government, and/or certificates of deposit where the certificates are federally insured or collaterally secured by collateral of the types in the previously mentioned items.

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## Fairfield County

### Notes to Basic Financial Statements

For the year ended June 30, 2014

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#### III. Detailed Notes On All Funds - (Continued)

##### Note 1. Deposits and Investments - (Continued)

###### Custodial credit risk - deposits:

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. At June 30, 2014, the carrying amount of the County's deposits was \$40,565,086 and the bank balance was \$40,818,703.

State law requires that all of the County's deposits be covered by FDIC insurance or by collateral held in the pledging financial institutions' trust departments in the County's name. At June 30, 2014, all of the County's bank balance was insured or collateralized.

As of June 30, 2014, the County held the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>
South Carolina Local Government Investment Pool	<u>\$ 13,528,146</u>	N/A

###### Interest rate risk:

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

###### Credit risk:

The County has no investment policy that would further limit its investment choices other than State law. As of June 30, 2014, 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

###### Concentration of credit risk:

The County places no limit on the amount the County may invest in any one issuer.

## Fairfield County

### Notes to Basic Financial Statements For the year ended June 30, 2014

#### III. Detailed Notes On All Funds - (Continued)

##### Note 2. Interfund Assets and Liabilities

The balances of interfund receivables and payables at June 30, 2014 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 371,311
General Fund	W.B. Brown Industrial Park	1,150,359
Nonmajor Governmental	Fairfield Facilities Corporation	569,902

All of the above balances are scheduled to be collected in the subsequent year. The balances at June 30 resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

Any transactions to transfer revenues from the fund budgeted to receive them to the fund budgeted to expend them are reported as transfers from and to other funds. Total transfers during the year ended June 30, 2014 consisted of the following individual amounts:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 18,650
W.B. Brown Industrial Park	General Fund	376,305
Fairfield Facilities Corporation	Nonmajor Governmental	744,047
Nonmajor Governmental	General Fund	<u>2,047,111</u>
		<u>\$ 3,186,113</u>

##### Note 3. Due From Other Governmental Units

Amounts due from other governments at June 30, 2014 in the governmental type funds consisted of the following:

	<u>State</u>	<u>Federal</u>	<u>Total</u>
General Fund	\$ 1,189,201	\$ 10,471	\$ 1,199,672
EMS	-	1,290	1,290
Nonmajor Governmental	<u>773,667</u>	<u>119,646</u>	<u>893,313</u>
	<u>\$ 1,962,868</u>	<u>\$ 131,407</u>	<u>\$ 2,094,275</u>

##### Note 4. Notes Receivable

In March 2011, the County issued a noninterest bearing note for \$400,000 from its General Fund to the Fairfield Memorial Hospital for the purpose of assisting the hospital in meeting its current administrative costs and expenses. During prior years the Hospital paid \$66,667 but then stopped making the required monthly payments. In March 2014, the County issued another noninterest bearing note for \$500,000 from its General Fund to the Hospital for the same purpose. The principal is payable in full in March 2017. During fiscal year 2014 the County received no payments from the Hospital. Due to management's uncertainty as to the likelihood of collection, the County has maintained an allowance of \$833,333 for the full amount outstanding at June 30, 2014. The County plans to continue attempts to fully collect the notes.

## Fairfield County

### Notes to Basic Financial Statements For the year ended June 30, 2014

#### III. Detailed Notes On All Funds - (Continued)

##### Note 4. Notes Receivable - (Continued)

During fiscal year 2008, the County acquired land for the construction of a building within the W.B. Brown Industrial Park. During February 2011, the County sold the building to a private company for \$725,000. Per terms of the sales contract, the County received an initial deposit of \$200,000 on the date of closing and issued a noninterest bearing note for the remaining sales price. The note became payable to the County beginning in March 2011 in 60 monthly payments of \$8,750.

<u>Fiscal Year</u> <u>Ending</u>	<u>Amount</u>
2015	\$ 105,000
2016	<u>61,280</u>
Total minimum note payments	166,280
Less current portion	<u>105,000</u>
Long-term portion	<u>\$ 61,280</u>

##### Note 5. Capital Assets

###### Primary Government

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2014:

	<u>Balance,</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2014</u>
Capital assets, not being depreciated				
Land	\$ 2,500,481	\$ 32,700	\$ -	\$ 2,533,181
Construction in progress	<u>4,342,988</u>	<u>2,116,036</u>	<u>(280,000)</u>	<u>6,179,024</u>
Total capital assets, not being depreciated	<u>6,843,469</u>	<u>2,148,736</u>	<u>(280,000)</u>	<u>8,712,205</u>
Capital assets, being depreciated				
Land improvements	23,295,735	335,531	-	23,631,266
Buildings and improvements	19,900,019	1,819,902	-	21,719,921
Leasehold improvements	1,658,079	-	-	1,658,079
Infrastructure	1,106,890	-	-	1,106,890
Machinery and equipment	16,561,908	742,275	(26,101)	17,278,082
Software	<u>330,159</u>	<u>61,373</u>	<u>-</u>	<u>391,532</u>
Total capital assets, being depreciated	<u>62,852,790</u>	<u>2,959,081</u>	<u>(26,101)</u>	<u>65,785,770</u>
Accumulated depreciation	<u>(36,584,922)</u>	<u>(2,473,148)</u>	<u>26,101</u>	<u>(39,031,969)</u>
Total capital assets, being depreciated, net	<u>26,267,868</u>	<u>485,933</u>	<u>-</u>	<u>26,753,801</u>
Net capital assets	<u>\$ 33,111,337</u>	<u>\$ 2,634,669</u>	<u>\$ (280,000)</u>	<u>\$ 35,466,006</u>

## Fairfield County

### Notes to Basic Financial Statements For the year ended June 30, 2014

#### III. Detailed Notes On All Funds - (Continued)

##### Note 5. Capital Assets - (Continued)

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

General government	\$ 1,443,315
Public safety	434,080
Public works and utilities	63,601
Health and welfare	449,294
Judicial	115
Cultural and recreation	<u>82,743</u>
	<u>\$ 2,473,148</u>

##### Note 6. HON Facility

The County has entered into a long-term lease agreement with the State of South Carolina (the State) for the use of their HON facility. The HON facility has square footage of approximately 186,000 and is located in Winnsboro, South Carolina. The lease agreement requires no annual lease payment from the County; however, the County must pay for all maintenance, utilities and insurance for the facility. The lease will expire during fiscal year 2031. The County's Assessor has estimated a fair market value for leasing similar sized industrial spaces at \$2.50 per square foot. Based on their assessment, the County has recorded \$465,000 as an in-kind contribution from the State and rent expense in the General Fund for the year ended June 30, 2014.

##### Note 7. Long-Term Liabilities

The following is a summary of the changes in general long-term liabilities for the fiscal year ended June 30, 2014:

	Balance, June 30, 2013	Additions	Reductions	Balance, June 30, 2014	Due in less than one year	Due in more than one year
Bonds payable:						
General obligation bonds	\$ 5,865,000	\$ 769,178	\$ 740,000	\$ 5,894,178	\$ 1,081,959	\$ 4,812,219
Revenue bonds	24,690,000	-	-	24,690,000	10,000	24,680,000
Less: unamortized bond discounts	(630,872)	-	(23,330)	(607,542)	(23,322)	(584,220)
Total bonds payable	<u>\$ 29,924,128</u>	<u>\$ 769,178</u>	<u>\$ 716,670</u>	<u>\$ 29,976,636</u>	<u>\$ 1,068,637</u>	<u>\$ 28,907,999</u>
Accrued compensated absences	<u>\$ 669,286</u>	<u>\$ 66,911</u>	<u>\$ (41,671)</u>	<u>\$ 694,526</u>	<u>\$ 53,812</u>	<u>\$ 640,714</u>

General obligation bonds consisted of the following at June 30, 2014:

\$6,750,000 general obligation bonds due in annual installments of \$740,000 to \$955,000 through March 1, 2020; interest at 3.2% to 4.3%	\$ 5,125,000
\$769,178 general obligation bonds due in annual installments of \$36,250 to \$316,958 through March 1, 2021; interest at 2.95%	<u>769,178</u>
	<u>\$ 5,894,178</u>

## Fairfield County

### Notes to Basic Financial Statements

For the year ended June 30, 2014

#### III. Detailed Notes On All Funds - (Continued)

##### Note 7. Long-Term Liabilities - (Continued)

Revenue bonds are issued to provide funds for the acquisition and construction of major capital facilities and equipment and are secured by the pledge of certain fee-in-lieu of tax revenues of the County and do not constitute the general obligations, or pledge of the faith, credit of taxing power of the County or any other political subdivision.

Revenue bonds consisted of the following at June 30, 2014:

\$3,710,000 series 2013A revenue bonds due in annual installments of \$10,000 to \$875,000 through September 1, 2025; interest at 2.6% to 3.3%	\$ 3,710,000
\$20,980,000 series 2013B revenue bonds due in annual installments of \$500,000 to \$1,600,000 through September 1, 2042; interest at 2.2% to 4.0%	<u>20,980,000</u>
	<u>\$ 24,690,000</u>

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

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>General Obligation Bonds</b>			
2015	\$ 1,081,958	\$ 263,633	\$ 1,345,591
2016	922,970	222,662	1,145,632
2017	866,250	184,665	1,050,915
2018	963,418	145,416	1,108,834
2019	910,000	100,900	1,010,900
2020-2021	<u>1,149,582</u>	<u>58,408</u>	<u>1,207,990</u>
	<u>\$ 5,894,178</u>	<u>\$ 975,684</u>	<u>\$ 6,869,862</u>
<b>Revenue Bonds</b>			
2015	\$ 10,000	\$ 886,813	\$ 896,813
2016	10,000	886,550	896,550
2017	10,000	886,288	896,288
2018	10,000	886,025	896,025
2019	10,000	885,763	895,763
2020-2024	2,435,000	4,331,153	6,766,153
2025-2029	4,515,000	3,740,938	8,255,938
2030-2034	5,305,000	2,920,744	8,225,744
2035-2039	6,345,000	1,847,144	8,192,144
2040-2043	<u>6,040,000</u>	<u>495,200</u>	<u>6,535,200</u>
	<u>\$ 24,690,000</u>	<u>\$ 17,766,618</u>	<u>\$ 42,456,618</u>

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## Fairfield County

### Notes to Basic Financial Statements

For the year ended June 30, 2014

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#### III. Detailed Notes On All Funds - (Continued)

##### Note 8. Net Position

Net position of the government-wide financial statements represents the difference between assets and liabilities. Reported amounts for net investment in capital assets and restricted for capital improvements are as follows at June 30, 2014:

###### Net Position

###### Net investment in capital assets:

Capital assets, net of accumulated depreciation	\$ 35,466,006
Less: Bonds payable	(29,976,636)
Less: Capital project payables and retainages	(1,145,602)
Add: Unspent bond proceeds	<u>22,059,386</u>
	<u>\$ 26,403,154</u>

###### Restricted for capital improvements:

Fairfield Facilities Corporation Revenue Bonds	\$ 22,059,386
Less: Unspent bond proceeds	<u>(22,059,386)</u>
	<u>\$ -</u>

#### IV. Other Information

##### Note 9. Retirement Benefits

The majority of employees of the County are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division of the South Carolina Public Employee Benefit Authority (PEBA), a public employee retirement system. All full-time County employees whose principal duties are the preservation of public order, protection, or prevention and control of property destruction by fire are covered by the Police Officer's Retirement System (PORS), a cost-sharing multiple-employer pension plan also administered by PEBA. Generally, all full-time or part-time equivalent State employees in a permanent position are required to participate in and contribute to the plans as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws, as amended, or are eligible and elect to participate in the State Optional Retirement Program (ORP). The SCRS plan provides life-time monthly retirement annuity benefits to members as well as disability, survivor options, annual benefit adjustments, death benefits, and incidental benefits to eligible employees and retired members.

The Retirement Division maintains five independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR), which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the South Carolina Public Employee Benefit Authority, P.O. Box 11960, Columbia, South Carolina 29211-1960. Furthermore, the Retirement Division and the five pension plans are included in the State of South Carolina's CAFR.



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## Fairfield County

### *Notes to Basic Financial Statements For the year ended June 30, 2014*

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#### **IV. Other Information - (Continued)**

##### **Note 9. Retirement Benefits - (Continued)**

Under the SCRS, Class II members are eligible for a full service retirement annuity upon reaching age 65 or completion of 28 years of credited service regardless of age. Employees who first became members of the SCRS after June 30, 2012 are considered Class III members and are eligible for a full service retirement annuity upon reaching age 65 or upon meeting the rule of 90 requirement (i.e., the member's age plus the years of service add up to a total of at least 90). The benefit formula for full benefits effective since July 1, 1989 for the SCRS is 1.82 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual earnable compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay at retirement for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. Early retirement options with reduced benefits are available as early as age 55 for Class II members and age 60 for Class III members. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Disability annuity benefits are payable to Class II members if they have permanent incapacity to perform regular duties of the member's job and they have at least 5 years of earned service (this requirement does not apply if the disability is a result of a job related injury). Class III members qualify for disability annuity benefits provided they have a minimum of eight years of credited service. An incidental death benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service or to a working retired contributing member. There is no service requirement for death resulting from actual performance of duties for an active member. For eligible retired members, a lump-sum payment is made to the retiree's beneficiary of up to \$6,000 based on years of service at retirement. Teacher and Employee Retention Incentive (TERI) participants and retired contributing members are eligible for the increased death benefit equal to their annual salary in lieu of the standard retired member benefit.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the TERI Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years.

Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. The TERI program will end effective June 30, 2018.

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## Fairfield County

### Notes to Basic Financial Statements

For the year ended June 30, 2014

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#### IV. Other Information - (Continued)

##### Note 9. Retirement Benefits - (Continued)

Effective July 1, 2013, employees participating in the SCRS were required to contribute 7.50% of all earnable compensation. The employer contribution rate for SCRS was 15.52%. Included in the total SCRS employer contribution rate is a base retirement contribution of 10.45% and 0.15% for the incidental death program and a 4.92% surcharge that will fund retiree health and dental insurance coverage. The County's actual retirement and incidental death contributions to the SCRS for the fiscal years ended June 30, 2014, 2013, and 2012 were:

<b>Fiscal Year Ended</b>	<b>Retirement</b>		<b>Incidental Death</b>	
	<b>Rate</b>	<b>Contribution</b>	<b>Rate</b>	<b>Contribution</b>
2014	10.450%	\$ 803,027	0.15%	\$ 11,527
2013	10.450%	813,033	0.15%	11,670
2012	9.385%	728,389	0.15%	11,642

Effective July 1, 2013, employees participating in the PORS were required to contribute 7.84% of all earnable compensation. The employer contribution rate for PORS was 17.76%. Included in the total PORS employer contribution rate is a base retirement contribution of 12.44%, 0.20% for the accidental death program and 0.20% for the incidental death program, and a 4.92% surcharge that will fund retiree health and dental insurance coverage. The County's actual retirement, incidental death and accidental death program contributions to the PORS for the fiscal years ended June 30, 2014, 2013, and 2012 were:

<b>Fiscal Year Ended</b>	<b>Retirement</b>		<b>Incidental Death and Accidental Death</b>	
	<b>Rate</b>	<b>Contribution</b>	<b>Rate</b>	<b>Contribution</b>
2014	12.440%	\$ 368,495	0.40%	\$ 11,849
2013	11.900%	344,412	0.40%	11,577
2012	11.363%	334,804	0.40%	11,786

As an alternative to membership to SCRS, newly hired State and school district employees may elect to participate in the ORP, a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 20, of the South Carolina Code of Laws. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. The State assumes no liability for State ORP plan other than for payment of contributions to designated companies. To elect participation in the ORP, eligible employees must elect membership within their first 30 days of employment. Under State law, contributions to the ORP are required at the same rates as for the SCRS, 10.60% from the employer in fiscal year 2014. Of the 10.60% employer retirement contribution rate, the employer remits 5.00% directly to the participant's ORP account and the remaining 5.45% and 0.15% incidental death program contribution amounts are remitted to SCRS. For fiscal year 2014, the County had no employees who elected to participate in the ORP.

The amounts paid by the County for pension, incidental death program, and accidental death program contributions are reported as employer contribution expenditures within the applicable functional expenditure categories to which the related salaries are charged.

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## Fairfield County

### Notes to Basic Financial Statements

For the year ended June 30, 2014

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#### IV. Other Information - (Continued)

##### Note 9. Retirement Benefits - (Continued)

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit, and employee/employer contributions for each retirement system. Employee and employer contribution rates to SCRS are actuarially determined.

The surcharges to fund retiree health and dental insurance are not part of the actuarially established rates.

For the current fiscal year, the SCRS does not make separate measurements of assets and pension benefit obligations for individual employers within the cost-sharing plan. Under Title 9 of the South Carolina Code of Laws, the County's liability under the plans is limited to the amount of required employer contributions (stated as a percentage of covered payroll) as established by PEBA and as appropriated in the South Carolina Appropriations Act and from other applicable revenue sources. Accordingly, the County recognizes no contingent liability for unfunded costs associated with participation in the plans.

##### Note 10. Deferred Compensation/Salary Deferral Plan

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

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

##### Note 11. Other Post Employment Benefits (OPEB)

**Plan Description** - The County's policy is to provide post-retirement health, life and dental care benefits to substantially all employees who retire under the State's retirement plans. Its plan is a single-employer defined benefit plan. Effective July 1, 2011, County Council elected to change the benefits offered to retirees as follows: the County will pay 100% of the premium for those retirees with 10 or more consecutive years of service with the County until they reach age 65 and are eligible for Medicare coverage. Upon reaching the age of 65, the retiree has the option to pay the full premium or receive \$100 per month to help supplement the cost of purchasing Medicare gap coverage. Benefits may still be purchased for eligible retiree dependents; however, the cost of these benefits are paid by the retiree and no longer the County.

**Funding Policy** - The contribution requirements of plan members and the County are established and may be amended by the County. The required contribution is currently based on pay-as-you-go financing requirements. For the year ended June 30, 2014, the County recognized approximately \$180,000 in expenditures for current healthcare premiums.

## Fairfield County

### Notes to Basic Financial Statements

For the year ended June 30, 2014

#### IV. Other Information - (Continued)

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

**Annual OPEB Cost and Net OPEB Obligation** - The County's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Codification Sec. P50. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB:

Normal cost for current year	\$ 136,999
Amortization of unamortized accrued liability	<u>137,938</u>
Annual Required Contribution (ARC)	274,937
Interest on net OPEB obligation	60,118
Adjustment to ARC	<u>(62,574)</u>
Annual OPEB cost	272,481
Contributions made	<u>(179,942)</u>
Increase in net OPEB obligation	92,539
Net obligation, beginning of year	<u>1,502,939</u>
Net obligation, end of year	<u>\$ 1,595,478</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2014, 2013 and 2012 fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2014	\$ 272,481	66.04%	\$ 1,595,478
2013	309,130	44.51%	1,502,939
2012	269,882	62.29%	1,331,409

**Funded Status and Funding Progress** - As of July 1, 2014, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$3,313,031, resulting in an unfunded actuarial accrued liability (UAAL) of the same amount. The covered payroll (annual payroll of active employees covered by the plan) for the 2014 fiscal year was \$9,301,731, and the ratio of the UAAL to the covered payroll was 36%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funding status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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## **Fairfield County**

### ***Notes to Basic Financial Statements***

***For the year ended June 30, 2014***

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#### **IV. Other Information - (Continued)**

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the projected unit credit method was used and the study was based on a closed group. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is the blended rate of the expected long-term investment returns on plan assets on the County's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.5% in 2014 decreasing to the ultimate rate of 5.0% in 2017. Also, the actuarial assumptions included a 2.5% payroll growth rate. The UAAL is being amortized via the level percentage method which amortizes the UAAL as a constant percent of payroll over a 30 year period.

##### **Note 12. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and job related illnesses and accidents. The County pays premiums to a public entity risk pool for worker's compensation insurance and to the State Accident Fund for all other forms of coverage. The public entity risk pool and the State Accident Fund promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There has been no significant reduction in coverage and amounts of settlements have not exceeded coverage in any of the last three years.

##### **Note 13. Commitments**

The County is obligated under a transfer station service agreement with a provider of rural trash collection services. This contract is for ten years with five year renewal options and requires payments based on a per ton fee for solid waste delivered for disposal. During the year ended June 30, 2014, the County incurred costs totaling \$647,387 (net of user fees) under this agreement.

The majority of the County's facilities are owner-occupied buildings. The County is obligated under certain operating leases for additional office space. The obligations under these leases are not considered significant for financial reporting purposes.

The County is obligated under certain maintenance agreements for continued service to office machinery, data processing equipment and software. Each contract is evaluated annually and a decision is made to either continue the service or let the maintenance agreement lapse. For the year ended June 30, 2014, the total cost included in the financial statements of the County was approximately \$432,000.

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## Fairfield County

### *Notes to Basic Financial Statements*

*For the year ended June 30, 2014*

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#### **IV. Other Information - (Continued)**

##### **Note 13. Commitments - (Continued)**

The County is obligated under certain insurance policies to provide coverage for such things as tort liability, unemployment insurance, flood insurance, fire insurance, heavy equipment floater insurance, automobile comprehensive and collision insurance, and contents insurance for various County owned buildings. Each policy is renewable upon the anniversary date.

As of June 30, 2014, the County has outstanding construction contracts of \$948,575.

##### **Note 14. Economic Dependency**

The County received a substantial portion of its property tax revenues from a single taxpayer, South Carolina Electric and Gas (SCANA Corporation). Of the total tax revenues of \$20,584,604 recorded in the general fund for the year ended June 30, 2014, \$8,167,358 was generated from SCANA Corporation due to its operation of the VC Summer Nuclear Plant. This represents 40% of total tax revenues collected for the general fund. Consequently, the funding of County operations is heavily dependent on property tax revenues collected from SCANA Corporation.

##### **Note 15. Fund Balances**

Governmental funds report fund balances in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2014, fund balances for government funds are made up of the following categories:

- Nonspendable Fund Balance includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- Restricted Fund Balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.
- Committed Fund Balance includes amounts that can only be used for the specific purposes determined by a formal action of the County's highest level of decision-making authority, County Council. Commitments may be changed or lifted only by the County taking the same formal action that imposes the constraint originally.
- Assigned Fund Balance comprises amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (a) County Council or (b) a body (for example: a Finance Committee) or official to which County Council has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned Fund Balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

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## **Fairfield County**

### ***Notes to Basic Financial Statements***

***For the year ended June 30, 2014***

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#### **IV. Other Information - (Continued)**

##### **Note 15. Fund Balances - (Continued)**

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

County Council is the County's highest level of decision making authority. County Council can establish, modify, or rescind fund balance commitments through adoption of a resolution or ordinance. The County Administrator has the authority to assign fund balance amounts to a specific purpose. The County Administrator is appointed by, and serves at the pleasure of County Council.

The County considers restricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted amounts are available. When an expenditure is incurred for which committed, assigned, or unassigned amounts could be used, the County considers expenditures to be used in this respective order.

As of June 30, 2014, County Council had not established an unassigned fund balance target.

##### **Note 16. Local Option Sales Tax**

Fairfield County voters approved the Local Option Sales Tax referendum which added one cent to the sales and use tax imposed within the County. The Local Option Sales Tax is a 1% increase to the current sales tax rate, bringing the new sales tax rate to 7%. The revenue generated as a result of the additional one cent sales tax is collected by the South Carolina Department of Revenue to provide for county and municipal property tax relief. Resources collected, less a portion retained by the State, are distributed by the State to participating cities and counties based upon formulations defined by State law.

For the year ended June 30, 2014, amounts remitted (allocated) to the County totaled \$2.1 million. Fairfield County passed an ordinance devoting all of the proceeds received, from the State in the Local Option Sales Tax program, to property tax reduction. As of June 30, 2014, approximately \$491,000 of the General Fund's fund balance is committed for future local option sales tax credits.

##### **Note 17. Building Purchase and Lease Agreement**

During fiscal year 2014, the County purchased a building and subsequently leased it to Element Real Estate Holdings, LLC (Element) at a base rent of \$1 per year through December 31, 2043. The building purchase was funded with intergovernmental State revenue of approximately \$1.2 million and Fairfield Facilities Corporation bond proceeds of approximately \$570,000. Improvements made by Element are exempt from ad valorem property taxes, however, Element shall be required to make annual payments-in-lieu-of-taxes. Per the Special Source Revenue Credit Agreement and Lease Agreement the annual payments-in-lieu-of-taxes and the base rent are subject to various "conditions" which require Element to make certain taxable property investments and create new jobs within the County over a scheduled timeframe.

**Fairfield County****Budgetary Comparison Schedule (GAAP Basis) - General Fund****For the fiscal year ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 18,851,513	\$ 18,851,513	\$ 20,584,604	\$ 1,733,091
Sales tax	1,594,340	1,594,340	2,096,835	502,495
Intergovernmental	701,000	701,000	1,433,225	732,225
Licenses, permits, fines and fees	566,750	566,750	789,633	222,883
Charges for services	299,266	299,266	465,052	165,786
Investment income	3,500	3,500	6,455	2,955
Miscellaneous	73,000	73,000	192,773	119,773
Total revenues	22,089,369	22,089,369	25,568,577	3,479,208
<b>Expenditures</b>				
General government				
County Council	278,162	278,162	257,541	20,621
County Attorney	228,929	286,193	284,490	1,703
County Administrator	257,486	257,486	232,464	25,022
Finance	567,388	575,482	574,956	526
Human resources	401,560	423,560	336,711	86,849
Purchasing	181,131	184,657	165,553	19,104
Data processing	657,302	657,302	462,310	194,992
General operating	2,710,379	2,340,131	2,125,750	214,381
Tax assessor	346,916	348,825	348,530	295
Tax collector	156,225	156,225	145,842	10,383
Building maintenance	741,640	741,640	723,705	17,935
Planning and building	519,480	519,480	410,966	108,514
Transit	193,451	193,451	186,651	6,800
Economic development	138,682	143,887	143,863	24
Auditor	114,417	114,417	112,222	2,195
Treasurer	152,027	152,215	152,211	4
Voter registration / Election Commission	229,242	234,474	233,789	685
Veterans Affairs	124,250	124,250	90,676	33,574
Delegation	2,657	2,665	2,664	1
Airport Commission	56,300	60,172	60,146	26
Airport T-Hangers	-	-	6,270	(6,270)
Quickjobs	61,200	61,200	41,304	19,896
Summer youth program	16,148	31,878	31,926	(48)
Soil and water conservation	37,430	38,002	38,000	2
Allocations to local organizations	328,889	378,889	378,889	-
Total general government	8,501,291	8,304,643	7,547,429	757,214
Public safety				
Sheriff	3,129,992	3,129,992	2,964,102	165,890
Detention center	1,753,958	1,753,958	1,605,123	148,835
Animal control	230,293	242,143	242,032	111
Coroner	97,040	97,040	91,531	5,509
Allocations to local organizations	30,600	30,600	30,600	-
Total public safety	5,241,883	5,253,733	4,933,388	320,345
Public works and utilities				
Road maintenance division	1,487,782	1,491,750	1,490,108	1,642
Total public works and utilities	1,487,782	1,491,750	1,490,108	1,642



**Fairfield County****Budgetary Comparison Schedule (GAAP Basis) - General Fund****For the fiscal year ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures, Continued</b>				
Health and welfare				
Fairfield County Department of Social Services	67,600	85,288	85,282	6
Emergency medical management	715,227	715,227	664,395	50,832
Solid waste	2,079,413	2,079,413	1,955,590	123,823
Allocations to local organizations	1,397,287	1,447,287	1,968,182	(520,895)
Total health and welfare	4,259,527	4,327,215	4,673,449	(346,234)
Judicial				
Probate Judge	146,693	151,873	151,230	643
Clerk of Court	308,999	309,203	309,197	6
Family court	124,171	132,704	132,823	(119)
Magistrates	438,376	438,376	435,632	2,744
Total judicial	1,018,239	1,032,156	1,028,882	3,274
Cultural and recreation				
Recreation	796,691	796,691	727,434	69,257
Museum	75,333	75,537	75,419	118
Allocations to local organizations	463,834	463,834	463,834	-
Total cultural and recreation	1,335,858	1,336,062	1,266,687	69,375
Capital outlay	-	-	22,014	(22,014)
Total expenditures	21,844,580	21,745,559	20,961,957	783,602
Excess of revenues over expenditures	244,789	343,810	4,606,620	4,262,810
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	4,200	4,200	-	(4,200)
Transfers in	-	-	18,650	18,650
Transfers out	(2,268,289)	(2,367,310)	(2,423,416)	(56,106)
Total other financing sources (uses)	(2,264,089)	(2,363,110)	(2,404,766)	(41,656)
Net change in fund balance	\$ (2,019,300)	\$ (2,019,300)	2,201,854	\$ 4,221,154
<b>Fund balance, beginning of year</b>			8,457,166	
<b>Fund balance, end of year</b>			<u>\$ 10,659,020</u>	

**Fairfield County****Budgetary Comparison Schedule (GAAP Basis) - EMS****For the fiscal year ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 2,560,897	\$ 2,560,897	\$ 2,811,433	\$ 250,536
Charges for services	828,608	828,608	1,022,399	193,791
Miscellaneous	-	-	1,692	1,692
Total revenues	3,389,505	3,389,505	3,835,524	446,019
<b>Expenditures</b>				
Health and welfare				
Compensation and benefits	2,340,181	2,340,181	2,651,066	(310,885)
Operating expenditures	749,945	749,945	557,874	192,071
Capital outlay	546,000	546,000	279,444	266,556
Total health and welfare expenditures	3,636,126	3,636,126	3,488,384	147,742
Excess (deficiency) of revenues over (under) expenditures	(246,621)	(246,621)	347,140	593,761
Net change in fund balance	\$ (246,621)	\$ (246,621)	347,140	\$ 593,761
<b>Fund balance, beginning of year</b>			733,681	
<b>Fund balance, end of year</b>			\$ 1,080,821	

**Fairfield County*****Schedule of Funding Progress for the Other Post Employment Benefit Plan  
June 30, 2014***

Fiscal Year	Actuarial Valuation Date	Employer Contributions to the Retiree Health Plan	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Simplified Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll* (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
2010	7/1/2008	-	-	9,887,275	9,887,275	0%	8,564,924	115%
2011	7/1/2010	-	-	2,997,394	2,997,394	0%	8,562,760	35%
2012	7/1/2012	-	-	2,997,394	2,997,394	0%	8,875,961	34%
2013	7/1/2012	-	-	3,210,644	3,210,644	0%	9,218,382	35%
2014	7/1/2014	-	-	3,313,031	3,313,031	0%	9,301,731	36%

\*Includes payroll expense for all employees who are eligible for medical insurance coverage.

**Fairfield County****Combining Balance Sheet - Nonmajor Governmental Funds****June 30, 2014**

	Nonmajor Debt Service	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 1,244,482	\$ 3,234,281	\$ 5,353,751	\$ 9,832,514
Taxes receivable, net	33,048	28,043	-	61,091
Accounts receivable, net	-	14,783	-	14,783
Due from other funds	-	-	569,902	569,902
Due from other governmental units	70	187,739	705,504	893,313
Prepaid items	-	20,108	16,323	36,431
Total assets	<u>\$ 1,277,600</u>	<u>\$ 3,484,954</u>	<u>\$ 6,645,480</u>	<u>\$ 11,408,034</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 157,043	\$ 592,975	\$ 750,018
Retainage payable	-	-	15,887	15,887
Accrued expenses	-	25,423	-	25,423
Due to other funds	-	54,728	316,583	371,311
Total liabilities	<u>-</u>	<u>237,194</u>	<u>925,445</u>	<u>1,162,639</u>
<b>Deferred inflows of resources:</b>				
Unavailable revenue - timing restriction for property taxes and fees	16,028	13,601	-	29,629
Total deferred inflows of resources	<u>16,028</u>	<u>13,601</u>	<u>-</u>	<u>29,629</u>
<b>Fund balances:</b>				
Nonspendable				
Prepaid items	-	20,108	16,323	36,431
Restricted				
General government	-	65,023	-	65,023
Public safety	-	2,052,536	-	2,052,536
Health and welfare	-	838,467	-	838,467
Judicial	-	85,303	-	85,303
Cultural and recreation	-	119,634	-	119,634
Debt service	1,261,572	-	-	1,261,572
Committed				
Public works and utilities	-	-	1,857,658	1,857,658
Cultural and recreation	-	54,408	-	54,408
Capital outlay	-	-	3,846,054	3,846,054
Unassigned	-	(1,320)	-	(1,320)
Total fund balances	<u>1,261,572</u>	<u>3,234,159</u>	<u>5,720,035</u>	<u>10,215,766</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,277,600</u>	<u>\$ 3,484,954</u>	<u>\$ 6,645,480</u>	<u>\$ 11,408,034</u>

**Fairfield County****Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds**  
**For the year ended June 30, 2014**

	Nonmajor Debt Service	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Taxes	\$ 1,375,203	\$ 1,382,740	\$ -	\$ 2,757,943
Intergovernmental	-	696,029	2,395,935	3,091,964
Licenses, permits, fines and fees	-	234,355	-	234,355
Charges for services	-	422,445	-	422,445
Investment income	-	6	90,060	90,066
Miscellaneous	-	31,273	67,802	99,075
Total revenues	<u>1,375,203</u>	<u>2,766,848</u>	<u>2,553,797</u>	<u>6,695,848</u>
<b>Expenditures</b>				
General government	-	178,773	264,668	443,441
Public safety	-	731,939	-	731,939
Public works and utilities	-	6,000	1,460,711	1,466,711
Health and welfare	-	1,017,741	-	1,017,741
Judicial	-	85,801	-	85,801
Cultural and recreation	-	121,176	-	121,176
Capital outlay	-	94,040	3,182,397	3,276,437
Debt service				
Principal retirement	740,000	-	-	740,000
Interest and fiscal charges	308,530	-	-	308,530
Total expenditures	<u>1,048,530</u>	<u>2,235,470</u>	<u>4,907,776</u>	<u>8,191,776</u>
Excess (deficiency) of revenues over (under) expenditures	<u>326,673</u>	<u>531,378</u>	<u>(2,353,979)</u>	<u>(1,495,928)</u>
<b>Other financing sources (uses)</b>				
Proceeds from general obligation bonds	769,178	-	-	769,178
Transfers in	14,869	312,647	1,719,595	2,047,111
Transfers out	(744,047)	(18,650)	-	(762,697)
Total other financing sources	<u>40,000</u>	<u>293,997</u>	<u>1,719,595</u>	<u>2,053,592</u>
Net change in fund balances	366,673	825,375	(634,384)	557,664
<b>Fund balances, beginning of year</b>	<u>894,899</u>	<u>2,408,784</u>	<u>6,354,419</u>	<u>9,658,102</u>
<b>Fund balances, end of year</b>	<u>\$ 1,261,572</u>	<u>\$ 3,234,159</u>	<u>\$ 5,720,035</u>	<u>\$ 10,215,766</u>

**Fairfield County****Comparative Balance Sheets - General Fund****As of June 30, 2014 and 2013**

	2014	2013
<b>Assets</b>		
Cash and cash equivalents	\$ 7,011,185	\$ 4,794,681
Taxes receivable, net	417,466	456,918
Accounts receivable, net	1,797,055	1,078,625
Due from other funds	1,521,670	2,054,166
Due from other governmental units	1,199,672	1,143,764
Prepaid items	32,974	162,629
Notes receivable, net	-	250,000
Total assets	<u>\$ 11,980,022</u>	<u>\$ 9,940,783</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 347,273	\$ 295,463
Accrued expenses	461,606	602,029
Unavailable revenue	182,930	200,916
Due to taxpayers	3,331	3,334
Due to other agencies	270,840	321,809
Due to component units	49,430	49,241
Due to other governmental units	5,592	10,825
Total liabilities	<u>1,321,002</u>	<u>1,483,617</u>
<b>Fund balances:</b>		
Nonspendable		
Prepaid items	32,974	162,629
Notes receivable	-	250,000
Committed		
Local option sales tax	491,377	805,660
General government	3,480,000	3,480,000
Health and welfare	760,000	760,000
Unassigned	5,894,669	2,998,877
Total fund balances	<u>10,659,020</u>	<u>8,457,166</u>
Total liabilities and fund balances	<u>\$ 11,980,022</u>	<u>\$ 9,940,783</u>

**Fairfield County****Comparative Statements of Revenues, Expenditures and Changes in Fund Balance - General Fund**  
**For the years ended June 30, 2014 and 2013**

	2014	2013
<b>Revenues</b>		
Taxes	\$ 20,584,604	\$ 20,686,446
Sales tax	2,096,835	1,988,755
Intergovernmental	1,433,225	1,478,270
Licenses, permits, fines and fees	789,633	762,996
Charges for services	465,052	441,098
Investment income	6,455	6,361
Miscellaneous	192,773	61,891
Total revenues	25,568,577	25,425,817
<b>Expenditures</b>		
General government	7,547,429	7,640,580
Public safety	4,933,388	5,052,082
Public works and utilities	1,490,108	1,498,195
Health and welfare	4,673,449	4,117,890
Judicial	1,028,882	1,006,537
Cultural and recreation	1,266,687	1,302,817
Capital outlay	22,014	74,894
Total expenditures	20,961,957	20,692,995
Excess revenues over expenditures	4,606,620	4,732,822
<b>Other financing sources (uses)</b>		
Transfers in	18,650	494,576
Transfers out	(2,423,416)	(4,659,371)
Total other financing uses	(2,404,766)	(4,164,795)
Net change in fund balances	2,201,854	568,027
<b>Fund balance, beginning of year</b>	8,457,166	7,889,139
<b>Fund balance, end of year</b>	\$ 10,659,020	\$ 8,457,166

**Fairfield County****Combining Balance Sheet - Nonmajor Special Revenue Funds****June 30, 2014**

	Tourism Promotion	Tourism Related	Airport	Transit System	Sheriff Seizure	Railroad Track Maintenance
<b>Assets</b>						
Cash and cash equivalents	\$ 50,913	\$ 62,863	\$ 68,323	\$ 86,310	\$ 11,107	\$ 59,608
Taxes receivable, net	-	-	-	-	-	-
Accounts receivable, net	-	-	-	2,806	-	-
Due from other governmental units	-	-	-	47,934	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 50,913</u>	<u>\$ 62,863</u>	<u>\$ 68,323</u>	<u>\$ 137,050</u>	<u>\$ 11,107</u>	<u>\$ 59,608</u>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 3,300	\$ 23,729	\$ -	\$ 5,200
Accrued expenses	-	-	-	14,338	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>3,300</u>	<u>38,067</u>	<u>-</u>	<u>5,200</u>
<b>Deferred inflows of resources</b>						
Unavailable revenue - timing restriction for property taxes and fees	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance</b>						
Nonspendable - prepaid items	-	-	-	-	-	-
Restricted						
General government	-	-	65,023	-	-	-
Public safety	-	-	-	-	11,107	-
Health and welfare	-	-	-	98,983	-	-
Judicial	-	-	-	-	-	-
Cultural and recreation	50,913	62,863	-	-	-	-
Committed						
Cultural and recreation	-	-	-	-	-	54,408
Unassigned	-	-	-	-	-	-
Total fund balance	<u>50,913</u>	<u>62,863</u>	<u>65,023</u>	<u>98,983</u>	<u>11,107</u>	<u>54,408</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 50,913</u>	<u>\$ 62,863</u>	<u>\$ 68,323</u>	<u>\$ 137,050</u>	<u>\$ 11,107</u>	<u>\$ 59,608</u>



**Fairfield County****Combining Balance Sheet - Nonmajor Special Revenue Funds****June 30, 2014**

	Clerk of Court Incentive	Clerk of Court IV-D	Victim's Assistance	Fish Hook Housing	911 Tariff	County Donations
<b>Assets</b>						
Cash and cash equivalents	\$ 84,924	\$ 20,885	\$ 124,922	\$ 5,870	\$ 673,303	\$ 12,830
Taxes receivable, net	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	11,977	-
Due from other governmental units	379	-	-	-	54,610	-
Prepaid items	-	1,320	-	-	13,385	-
Total assets	<u>\$ 85,303</u>	<u>\$ 22,205</u>	<u>\$ 124,922</u>	<u>\$ 5,870</u>	<u>\$ 753,275</u>	<u>\$ 12,830</u>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 21,221	\$ 78	\$ 5,870	\$ 5,566	\$ 1,252
Accrued expenses	-	984	1,691	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>22,205</u>	<u>1,769</u>	<u>5,870</u>	<u>5,566</u>	<u>1,252</u>
<b>Deferred inflows of resources</b>						
Unavailable revenue - timing restriction for property taxes and fees	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance</b>						
Nonspendable - prepaid items	-	1,320	-	-	13,385	-
Restricted						
General government	-	-	-	-	-	-
Public safety	-	-	123,153	-	-	560
Health and welfare	-	-	-	-	734,324	5,160
Judicial	85,303	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	5,858
Committed						
Cultural and recreation	-	-	-	-	-	-
Unassigned	-	(1,320)	-	-	-	-
Total fund balance	<u>85,303</u>	<u>-</u>	<u>123,153</u>	<u>-</u>	<u>747,709</u>	<u>11,578</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 85,303</u>	<u>\$ 22,205</u>	<u>\$ 124,922</u>	<u>\$ 5,870</u>	<u>\$ 753,275</u>	<u>\$ 12,830</u>

**Fairfield County****Combining Balance Sheet - Nonmajor Special Revenue Funds****June 30, 2014**

	Workforce Investment Act	Justice Assistance Grant	Sheriff Drug Fund	Sheriff Child Support	Sheriff Judgments/ Executions	Sheriff Law Enforcement
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 73	\$ 9,603	\$ 8,662	\$ 6,480	\$ 18,763
Taxes receivable, net	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Due from other governmental units	20,702	10,814	-	776	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 20,702</u>	<u>\$ 10,887</u>	<u>\$ 9,603</u>	<u>\$ 9,438</u>	<u>\$ 6,480</u>	<u>\$ 18,763</u>
<b>Liabilities</b>						
Accounts payable	\$ 284	\$ 10,887	\$ -	\$ -	\$ -	\$ -
Accrued expenses	2,384	-	-	-	-	-
Due to other funds	18,034	-	-	-	-	-
Total liabilities	<u>20,702</u>	<u>10,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>						
Unavailable revenue - timing restriction for property taxes and fees	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance</b>						
Nonspendable - prepaid items	-	-	-	-	-	-
Restricted						
General government	-	-	-	-	-	-
Public safety	-	-	9,603	9,438	6,480	18,763
Health and welfare	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-
Committed						
Cultural and recreation	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>9,603</u>	<u>9,438</u>	<u>6,480</u>	<u>18,763</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,702</u>	<u>\$ 10,887</u>	<u>\$ 9,603</u>	<u>\$ 9,438</u>	<u>\$ 6,480</u>	<u>\$ 18,763</u>

**Fairfield County****Combining Balance Sheet - Nonmajor Special Revenue Funds****June 30, 2014**

	Sex Offender	Crime Prevention	Fire Protection Tax District	Grant Subfunds	Totals
<b>Assets</b>					
Cash and cash equivalents	\$ 1,800	\$ 184	\$ 1,883,022	\$ 43,836	\$ 3,234,281
Taxes receivable, net	-	-	28,043	-	28,043
Accounts receivable, net	-	-	-	-	14,783
Due from other governmental units	-	-	57	52,467	187,739
Prepaid items	-	-	5,403	-	20,108
Total assets	<u>\$ 1,800</u>	<u>\$ 184</u>	<u>\$ 1,916,525</u>	<u>\$ 96,303</u>	<u>\$ 3,484,954</u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ 29,015	\$ 50,641	\$ 157,043
Accrued expenses	-	-	6,026	-	25,423
Due to other funds	-	-	-	36,694	54,728
Total liabilities	<u>-</u>	<u>-</u>	<u>35,041</u>	<u>87,335</u>	<u>237,194</u>
<b>Deferred inflows of resources</b>					
Unavailable revenue - timing restriction for property taxes and fees	-	-	13,601	-	13,601
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>13,601</u>	<u>-</u>	<u>13,601</u>
<b>Fund balance</b>					
Nonspendable - prepaid items	-	-	5,403	-	20,108
Restricted					
General government	-	-	-	-	65,023
Public safety	1,800	184	1,862,480	8,968	2,052,536
Health and welfare	-	-	-	-	838,467
Judicial	-	-	-	-	85,303
Cultural and recreation	-	-	-	-	119,634
Committed					
Cultural and recreation	-	-	-	-	54,408
Unassigned	-	-	-	-	(1,320)
Total fund balance	<u>1,800</u>	<u>184</u>	<u>1,867,883</u>	<u>8,968</u>	<u>3,234,159</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,800</u>	<u>\$ 184</u>	<u>\$ 1,916,525</u>	<u>\$ 96,303</u>	<u>\$ 3,484,954</u>

**Fairfield County****Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds****For the fiscal year ended June 30, 2014**

	Tourism Promotion	Tourism Related	Airport	Transit System	Sheriff Seizure	Railroad Track Maintenance
<b>Revenues</b>						
Taxes	\$ 36,925	\$ 80,005	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	65,135	140,399	-	-
Licenses, permits, fines and fees	-	-	-	-	-	-
Charges for services	-	-	-	421,543	-	-
Investment income	-	-	-	-	6	-
Miscellaneous	-	-	-	7,023	-	-
Total revenues	36,925	80,005	65,135	568,965	6	-
<b>Expenditures</b>						
General government	-	-	19,158	-	-	-
Public safety	-	-	-	-	-	-
Public works and utilities	-	-	-	-	-	-
Health and welfare	-	-	-	825,586	-	-
Judicial	-	-	-	-	-	-
Cultural and recreation	30,580	60,627	-	-	-	29,969
Capital outlay	-	-	-	-	-	-
Total expenditures	30,580	60,627	19,158	825,586	-	29,969
Excess (deficiency) of revenues over (under) expenditures	6,345	19,378	45,977	(256,621)	6	(29,969)
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	269,075	-	15,000
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	269,075	-	15,000
Net change in fund balance	6,345	19,378	45,977	12,454	6	(14,969)
<b>Fund balances, beginning of year</b>	44,568	43,485	19,046	86,529	11,101	69,377
<b>Fund balances, end of year</b>	\$ 50,913	\$ 62,863	\$ 65,023	\$ 98,983	\$ 11,107	\$ 54,408

**Fairfield County****Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds****For the fiscal year ended June 30, 2014**

	Clerk of Court Incentive	Clerk of Court IV-D	Victim Assistance	Fish Hook Housing	911 Tariff	County Donations
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	6,561	103,683	-	-	88,437	-
Licenses, permits, fines and fees	-	-	37,993	-	195,912	-
Charges for services	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Miscellaneous	-	-	-	-	443	11,404
Total revenues	6,561	103,683	37,993	-	284,792	11,404
<b>Expenditures</b>						
General government	-	-	-	-	-	626
Public safety	-	-	65,095	-	-	6,316
Public works and utilities	-	-	-	-	-	-
Health and welfare	-	-	-	-	146,200	-
Judicial	7,677	78,124	-	-	-	-
Cultural and recreation	-	-	-	-	-	-
Capital outlay	-	6,909	-	-	-	-
Total expenditures	7,677	85,033	65,095	-	146,200	6,942
Excess (deficiency) of revenues over (under) expenditures	(1,116)	18,650	(27,102)	-	138,592	4,462
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	(18,650)	-	-	-	-
Total other financing sources (uses)	-	(18,650)	-	-	-	-
Net change in fund balance	(1,116)	-	(27,102)	-	138,592	4,462
<b>Fund balances, beginning of year</b>	86,419	-	150,255	-	609,117	7,116
<b>Fund balances, end of year</b>	\$ 85,303	\$ -	\$ 123,153	\$ -	\$ 747,709	\$ 11,578

**Fairfield County****Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds****For the fiscal year ended June 30, 2014**

	Workforce Investment Act	Justice Assistance Grant	Sheriff Drug Fund	Sheriff Child Support	Sheriff Judgments/ Executions	Sheriff Law Enforcement
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	92,467	14,593	-	9,438	-	-
Licenses, permits, fines and fees	-	-	-	-	-	-
Charges for services	-	-	-	-	902	-
Investment income	-	-	-	-	-	-
Miscellaneous	60	-	-	-	-	4,810
Total revenues	92,527	14,593	-	9,438	902	4,810
<b>Expenditures</b>						
General government	119,907	-	-	-	-	-
Public safety	-	11,471	2,815	-	902	7,598
Public works and utilities	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-
Capital outlay	-	3,122	-	-	-	-
Total expenditures	119,907	14,593	2,815	-	902	7,598
Excess (deficiency) of revenues over (under) expenditures	(27,380)	-	(2,815)	9,438	-	(2,788)
<b>Other financing sources (uses)</b>						
Transfers in	27,380	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	27,380	-	-	-	-	-
Net change in fund balance	-	-	(2,815)	9,438	-	(2,788)
<b>Fund balances, beginning of year</b>	-	-	12,418	-	6,480	21,551
<b>Fund balances, end of year</b>	\$ -	\$ -	\$ 9,603	\$ 9,438	\$ 6,480	\$ 18,763

**Fairfield County****Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds****For the fiscal year ended June 30, 2014**

	Sex Offender	Crime Prevention	Fire Protection Tax District	Grant Subfunds	Totals
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ 1,265,810	\$ -	\$ 1,382,740
Intergovernmental	-	-	900	174,416	696,029
Licenses, permits, fines and fees	450	-	-	-	234,355
Charges for services	-	-	-	-	422,445
Investment income	-	-	-	-	6
Miscellaneous	-	350	7,183	-	31,273
Total revenues	450	350	1,273,893	174,416	2,766,848
<b>Expenditures</b>					
General government	-	-	-	39,082	178,773
Public safety	150	1,482	608,371	27,739	731,939
Public works and utilities	-	-	-	6,000	6,000
Health and welfare	-	-	-	45,955	1,017,741
Judicial	-	-	-	-	85,801
Cultural and recreation	-	-	-	-	121,176
Capital outlay	-	-	25,655	58,354	94,040
Total expenditures	150	1,482	634,026	177,130	2,235,470
Excess (deficiency) of revenues over (under) expenditures	300	(1,132)	639,867	(2,714)	531,378
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	1,192	312,647
Transfers out	-	-	-	-	(18,650)
Total other financing sources (uses)	-	-	-	1,192	293,997
Net change in fund balance	300	(1,132)	639,867	(1,522)	825,375
<b>Fund balances, beginning of year</b>	1,500	1,316	1,228,016	10,490	2,408,784
<b>Fund balances, end of year</b>	\$ 1,800	\$ 184	\$ 1,867,883	\$ 8,968	\$ 3,234,159

**Fairfield County****Combining Balance Sheet - Nonmajor Capital Project Funds****June 30, 2014**

	Capital Improvement Projects	Road Improvement Program	Capital Improvements FY2010 GO Bonds	Water and Sewer Program	Solid Waste & Recycling Capital Fund	Vehicle Replacement Program	Recreation Capital Fund	Total Nonmajor Capital Project Funds
<b>Assets</b>								
Cash and cash equivalents	\$ 1,853,089	\$ 119,774	\$ 958,935	\$ 1,424,844	\$ 149,619	\$ 480,170	\$ 367,320	\$ 5,353,751
Due from other funds	569,902	-	-	-	-	-	-	569,902
Due from other governmental units	-	705,504	-	-	-	-	-	705,504
Prepaid items	16,323	-	-	-	-	-	-	16,323
Total assets	<u>\$ 2,439,314</u>	<u>\$ 825,278</u>	<u>\$ 958,935</u>	<u>\$ 1,424,844</u>	<u>\$ 149,619</u>	<u>\$ 480,170</u>	<u>\$ 367,320</u>	<u>\$ 6,645,480</u>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 14,769	\$ 128,307	\$ 277,481	\$ 31,241	\$ 65,952	\$ 75,225	\$ -	\$ 592,975
Retainage payable	15,887	-	-	-	-	-	-	15,887
Due to other funds	-	316,583	-	-	-	-	-	316,583
Total liabilities	<u>30,656</u>	<u>444,890</u>	<u>277,481</u>	<u>31,241</u>	<u>65,952</u>	<u>75,225</u>	<u>-</u>	<u>925,445</u>
<b>Fund balances:</b>								
Nonspendable								
Prepaid items	16,323	-	-	-	-	-	-	16,323
Committed								
Public works and utilities	-	380,388	-	1,393,603	83,667	-	-	1,857,658
Capital outlay	2,392,335	-	681,454	-	-	404,945	367,320	3,846,054
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>2,408,658</u>	<u>380,388</u>	<u>681,454</u>	<u>1,393,603</u>	<u>83,667</u>	<u>404,945</u>	<u>367,320</u>	<u>5,720,035</u>
Total liabilities and fund balances	<u>\$ 2,439,314</u>	<u>\$ 825,278</u>	<u>\$ 958,935</u>	<u>\$ 1,424,844</u>	<u>\$ 149,619</u>	<u>\$ 480,170</u>	<u>\$ 367,320</u>	<u>\$ 6,645,480</u>



**Fairfield County****Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds****For the year ended June 30, 2014**

	Capital Improvement Projects	Road Improvement Program	Capital Improvements FY2010 GO Bonds	Water and Sewer Program	Solid Waste & Recycling Capital Fund	Vehicle Replacement Program	Recreation Capital Fund	Total Nonmajor Capital Project Funds
<b>Revenues</b>								
Intergovernmental	\$ 1,250,000	\$ 1,145,935	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,395,935
Investment income	-	-	90,060	-	-	-	-	90,060
Miscellaneous	29,304	-	19,025	-	-	19,473	-	67,802
Total revenues	1,279,304	1,145,935	109,085	-	-	19,473	-	2,553,797
<b>Expenditures</b>								
General government	256,321	-	1,005	-	-	7,342	-	264,668
Public works and utilities	-	1,316,416	-	144,295	-	-	-	1,460,711
Capital outlay	1,557,484	38,975	933,340	-	461,757	190,841	-	3,182,397
Total expenditures	1,813,805	1,355,391	934,345	144,295	461,757	198,183	-	4,907,776
Excess (deficiency) of revenues over (under) expenditures	(534,501)	(209,456)	(825,260)	(144,295)	(461,757)	(178,710)	-	(2,353,979)
<b>Other financing sources</b>								
Transfers in	1,206,995	-	-	60,000	65,500	387,100	-	1,719,595
Total other financing sources	1,206,995	-	-	60,000	65,500	387,100	-	1,719,595
Net change in fund balances	672,494	(209,456)	(825,260)	(84,295)	(396,257)	208,390	-	(634,384)
<b>Fund balances, beginning of year</b>	1,736,164	589,844	1,506,714	1,477,898	479,924	196,555	367,320	6,354,419
<b>Fund balances, end of year</b>	\$ 2,408,658	\$ 380,388	\$ 681,454	\$ 1,393,603	\$ 83,667	\$ 404,945	\$ 367,320	\$ 5,720,035

**Fairfield County****Schedule of Budget to Actual Costs - Contract Number PT-44711-29****For the fiscal year ended June 30, 2014**

	Section 5311	SMTF	Local	Total	Budget	Variance with Budget
<b>Administration</b>						
Personnel	\$ 22,934	\$ 2,619	\$ 4,941	\$ 30,494	\$ 28,667	\$ (1,827)
Fringe benefits	7,335	917	2,308	10,560	9,169	(1,391)
Materials and supplies	274	28	40	342	730	388
Utilities	2,834	307	402	3,543	3,600	57
Casualty and liability insurance	523	-	131	654	3,000	2,346
Travel	121	-	30	151	660	509
Advertising	2	-	1	3	140	137
Medical services	6	-	1	7	80	73
Lease and rental						
Post office box	10	-	2	12	140	128
Office equipment	886	87	134	1,107	2,620	1,513
Total administration	34,925	3,958	7,990	46,873	48,806	1,933
<b>Operations</b>						
Personnel	18,097	9,048	9,048	36,193	101,377	65,184
Fringe benefits	6,151	3,075	3,075	12,301	34,511	22,210
Vehicle services	506	254	254	1,014	3,063	2,049
Fuel and lubricants	6,449	3,224	4,564	14,237	40,295	26,058
Miscellaneous expenses						-
Record checks	34	17	17	68	200	132
Fire safety	20	10	10	40	200	160
Motor vehicle supplies	647	324	324	1,295	5,000	3,705
Equipment parts and supplies	85	43	43	171	500	329
Office supplies	2	1	1	4	25	21
Maintenance supplies	15	7	7	29	500	471
Uniforms/clothing	250	126	126	502	1,600	1,098
Education/training	12	7	7	26	538	512
Cell phone	241	120	120	481	2,100	1,619
Telephone	48	24	24	96	400	304
Vehicle tracking	344	171	172	687	3,000	2,313
Medical services	160	80	80	320	1,000	680
Utilities	248	124	124	496	1,500	1,004
Total operations	33,309	16,655	17,996	67,960	195,809	127,849
<b>Capital</b>						
Preventive maintenance						
Salaries and fringe benefits	29,018	3,142	4,112	36,272	68,301	32,029
Rental lease-uniforms	160	20	20	200	200	-
Miscellaneous	178	22	22	222	222	-
Miscellaneous equipment						
Ergonomic health chairs	1,077	269	1,280	2,626	1,600	(1,026)
ADP Hardware						
Computers and printers	1,808	452	366	2,626	2,260	(366)
Smartboard system	6,000	1,500	97	7,597	7,500	(97)
Weather information system	827	207	-	1,034	1,070	36
Total capital	39,068	5,612	5,897	50,577	81,153	30,576
<b>Technical assistance</b>						
Route Match	6,872	-	1,718	8,590	8,590	-
Total technical assistance	6,872	-	1,718	8,590	8,590	-
Total contract	\$ 114,174	\$ 26,225	\$ 33,601	\$ 174,000	\$ 334,358	\$ 160,358

**Fairfield County*****Schedule of Court Fines, Surcharges and Assessment Activity - Victim's Assistance******For the fiscal year ended June 30, 2014******Court fines***

Collected	\$ 135,718
Retained by County	<u>31,460</u>
	<u><u>\$ 104,258</u></u>

***Court assessments***

Collected	\$ 15,380
Retained by County	<u>1,042</u>
	<u><u>\$ 14,338</u></u>

***Court surcharges***

Collected	\$ 107,884
Retained by County	<u>5,492</u>
	<u><u>\$ 102,392</u></u>

***Victim's assistance***

Court assessments	\$ 31,460
Court surcharges	<u>6,533</u>
Allocated to Victim's Assistance	<u>37,993</u>
Victim's Assistance expenditures	<u>65,095</u>
Deficiency of revenues under expenditures	(27,102)

***Fund balance, beginning of year***150,255***Fund balance, end of year***\$ 123,153

**Fairfield County*****Computation of Legal Debt Margin******June 30, 2014***

Assessed value (1)		\$	136,465,968
Debt limit - 8% of assessed value (2)		\$	10,917,277
Amount of debt applicable to debt limit (3):			
Total general obligation bonds	\$	5,894,178	
Less: Debt service funds available		1,261,572	
Total debt applicable to debt limit			4,632,606
Legal debt margin		\$	6,284,671

**NOTES:**

- (1) The assessed valuation shown is the assessed value at December 31, 2012 used for 2013 property tax computations.
- (2) The legal debt limit is controlled by Article X, Section 14 of the Constitution of the State of South Carolina.
- (3) The legal debt limit governed by Article X of the Constitution of the State of South Carolina provided that each county, township, school district, municipal or subdivision may issue bonded indebtedness up to eight percent of the assessed value of all corporation or political division property therein. The debt limit of eight percent can be exceeded only after a referendum of the voters is affected.



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

Fairfield County Council  
Fairfield County  
Winnsboro, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fairfield County, South Carolina (the County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 15, 2014.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompany schedule of findings and responses that we consider to be a significant deficiency (2013-3).

**Compliance and Other Matters**

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

**The County's Response to Findings**

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

**Purpose of this Report**

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

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Columbia, South Carolina  
December 15, 2014

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## Fairfield County

### *Schedule of Findings and Responses For the year ended June 30, 2014*

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#### I. Summary of Auditor's Results

##### Financial Statements

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

#### II. Findings Relating To The Basic Financial Statements Reported In Accordance With *Government Auditing Standards*

##### **Item 2013-3: Treasurer's Office - Journal Entries**

**Condition:** The Treasurer's Office does not document who initiates or approves journal entries. In addition, the Treasurer's Office does not reconcile the automated cash receipt entry prepared by CSRA to the New World general ledger system.

**Criteria:** The initiator and reviewer of each journal entry should be documented to demonstrate that there was proper segregation of duties. All journal entries should be reconciled to the general ledger and not just posted in the CSRA system.

**Cause:** The Treasurer's Office does not have a policy for entering or reviewing journal entries.

**Effect:** We were unable to determine who prepared any of our selected journal entries or if they were reviewed prior to posting. In addition, the Treasurer's Office did not maintain a reconciliation from CSRA to New World for any of our selected cash receipts entries.

**Context:** We noted the above condition during journal entry and cash receipt testing of the Treasurer's Office.

**Recommendation:** The Treasurer's Office should develop a formal policy establishing who can prepare and review certain journal entries. In addition, the Treasurer's Office should begin to reconcile its cash receipts to the New World general ledger system.

**Status Update:** The Treasurer's Office created a formal journal entry form to document the initiator and the approver, however it was noted during audit testing that this form is not being used consistently. It was further noted that the Treasurer's Office implemented a process in which the Deputy Treasurer reconciles cash receipts to the New World general ledger system.

**Views of Responsible Officials and Planned Corrective Actions:** The Treasurer's Office is replacing the prior year's journal entry form. The Treasurer will print all journal entries and the initiator and the approver will both sign off on the printed journal entry document.