

**Fairfield County
Winnsboro, South Carolina**

Report on Financial Statements

For the year ended June 30, 2015

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, 2015, 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Fairfield County Library Commission, Fairfield Behavioral Health Services and Fairfield County Council on Aging were not audited in accordance with *Government Auditing Standards*.

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, 2015, 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.

Implementation of New Accounting Pronouncement

As discussed in Notes 1 and 9 to the financial statements, in fiscal year 2015 the County adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*. Our audit opinions are not modified with respect to this matter.

Correction of an Error

As discussed in Note 18 to the financial statements, the beginning net position of the County has been restatement to correct a misstatement. Our audit opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of Funding Progress for the Other Post Employment Benefit Plan, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of the County's Contributions, 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-54711-26, Schedule of Court Fines, Surcharges and Assessment Activity - Victim's Assistance Fund, computation of legal debt margin, and schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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 Fund, computation of legal debt margin, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, Schedule of Court Fines, Surcharges and Assessment Activity - Victim's Assistance Fund, computation of legal debt margin, and schedule of expenditures of federal awards 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-54711-26 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 January 11, 2016 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 Decosimo, LLC". The signature is written in a cursive, flowing style.

Columbia, South Carolina
January 11, 2016

Fairfield County

Management's Discussion and Analysis

For the year ended June 30, 2015

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, 2015. 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 (the State)
- 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.

Fairfield County

Management's Discussion and Analysis

For the year ended June 30, 2015

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 total assets and deferred outflows exceeded its total liabilities and deferred inflows at June 30, 2015 by \$31,502,747 (net position).
- **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 \$3,147,975.
- **General fund** - The principal operating fund of the County is the general fund. During fiscal year 2015, general fund revenues and other financing sources, which primarily consisted of property taxes and sales taxes were \$30,119,979. Expenditures and net transfers out of the general fund were \$26,712,378. This resulted in an increase in the fund balance for the year of \$3,407,601.
- **General fund budget** - The general fund actual revenues were greater than the final budget amounts by \$3,211,883 due primarily to greater than expected collections of taxes. General fund actual expenditures were less than the final budget amounts by \$476,419. 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 total assets and deferred outflows and total liabilities and deferred inflows, 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.

Fairfield County

Management's Discussion and Analysis

For the year ended June 30, 2015

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 Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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 23 to 52.

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

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ended June 30, 2015. The implementation of the Statement required the County to record a beginning net pension liability and the effects on unrestricted net position of contributions made by the County during the measurement period (fiscal year ended June 30, 2014). To the extent practical, in the first period that this Statement is applied, changes made to comply with this Statement should be reported as an adjustment of prior periods, and financial statements presented for the periods affected should be restated. If restatement of all prior periods presented is not practical, the cumulative effect of applying this Statement, if any, should be reported as a restatement of beginning net position for the earliest period restated. In such circumstances, beginning balances for deferred inflows of resources and deferred outflows of resources related to pensions should not be reported. Since the information for the restatement of beginning balances of deferred inflows of resources or deferred outflows of resources is not available for the earliest period presented, the cumulative effect of the Statement implementation will be shown as a restatement to ending net position as of June 30, 2014. As a result, ending unrestricted net position for the County as of June 30, 2014 decreased by \$19,098,040 for the governmental activities. This decrease resulted in the restatement of unrestricted net position to a deficit balance of \$4,475,363 for the governmental activities as of June 30, 2014.

Fairfield County

Management's Discussion and Analysis

For the year ended June 30, 2015

Financial Analysis of the County as a Whole, continued

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, total assets and deferred outflows exceeded total liabilities and deferred inflows by \$31,502,747 as of June 30, 2015.

By far the largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings and improvements, leasehold improvements, infrastructure, machinery and equipment, software 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.

The following table presents a summary of the County's net position for the fiscal years ended June 30, 2015 and 2014.

	2015	2014	Percentage Change
Current assets	\$ 47,794,707	\$ 45,234,636	5.7%
Noncurrent assets	1,144,000	1,205,280	-5.1%
Capital assets, net	<u>36,974,805</u>	<u>35,466,006</u>	4.3%
Total assets	<u>85,913,512</u>	<u>81,905,922</u>	4.9%
Deferred outflows of resources	<u>1,770,382</u>	<u>-</u>	100.0%
Current liabilities	4,241,489	4,232,544	0.2%
Long-term liabilities	<u>50,163,856</u>	<u>31,144,191</u>	61.1%
Total liabilities	<u>54,405,345</u>	<u>35,376,735</u>	53.8%
Deferred inflows of resources	<u>1,775,802</u>	<u>-</u>	100.0%
Net position			
Net investment in capital assets	27,481,130	26,403,154	4.1%
Restricted	4,334,054	5,503,356	-21.2%
Unrestricted	<u>(312,437)</u>	<u>14,622,677</u>	-102.1%
Total net position	<u>\$ 31,502,747</u>	<u>\$ 46,529,187</u>	-32.3%

Change in net position - The County's total revenues for the fiscal year ended June 30, 2015 were \$36,695,904. The total cost of all programs and services was \$33,547,929. The section below presents a summary of the activity that resulted in changes in net position for the fiscal years ended June 30, 2015 and 2014.

Fairfield County

Management's Discussion and Analysis For the year ended June 30, 2015

Financial Analysis of the County as a Whole, continued

Compared to fiscal year 2014, the County's revenues and expenses increased due primarily to the following:

- **Charges for services** - The County recognized an increase of approximately \$240,000 in collections related to Emergency Medical Services charges.
- **Gain on sale of capital assets** - There was a County auction held in fiscal year 2015, as well as the sale of a parcel of land that generated a gain of approximately \$520,000.
- **General government** - Several non-capital building improvement projects were completed in 2015, including several projects at the Fairfield County Airport, which were funded by a federal grant.

	<u>2015</u>	<u>2014</u>	<u>Percentage Change</u>
Revenues			
Program revenues			
Charges for services	\$ 3,176,294	\$ 2,933,884	8.3%
Operating grants and contributions	477,086	696,029	-31.5%
Capital grants and contributions	1,882,842	2,395,935	-21.4%
General revenues			
Property and accommodations taxes	26,630,864	26,136,623	1.9%
Sales taxes	2,121,860	2,096,835	1.2%
Investment income	18,991	105,777	-82.0%
Intergovernmental	1,490,348	1,433,225	4.0%
Gain (loss) on sale of capital assets	541,145	-	100.0%
Miscellaneous	<u>356,474</u>	<u>293,540</u>	21.4%
Total revenues	<u>36,695,904</u>	<u>36,091,848</u>	1.7%
Expenses			
General government	11,837,364	9,603,202	23.3%
Public safety	6,581,481	6,099,407	7.9%
Public works and utilities	2,309,220	3,020,420	-23.5%
Health and welfare	8,942,805	9,349,424	-4.3%
Judicial	1,132,337	1,114,798	1.6%
Cultural and recreation	1,507,982	1,470,606	2.5%
Interest and fiscal charges	<u>1,236,740</u>	<u>1,470,736</u>	-15.9%
Total expenses	<u>33,547,929</u>	<u>32,128,593</u>	4.4%
Increase in net position	<u>\$ 3,147,975</u>	<u>\$ 3,963,255</u>	-20.6%

Reconciliation of changes in net position:

Net position, beginning of year, as originally stated	\$ 46,529,187
Implementation effect of GASB Statement No. 68	(19,098,040)
Prior period adjustment (See Note 18)	<u>923,625</u>
Net position, beginning of year, as restated	28,354,772
Change in net position	<u>3,147,975</u>
Net position, end of year	<u>\$ 31,502,747</u>

Fairfield County

Management's Discussion and Analysis

For the year ended June 30, 2015

Financial Analysis of the County as a Whole, continued

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	\$ 11,837,364	\$ (10,109,421)
Public safety	6,581,481	(6,497,844)
Public works and utilities	2,309,220	(1,273,788)
Health and welfare	8,942,805	(6,944,340)
Judicial	1,132,337	(537,267)
Cultural and recreation	1,507,982	(1,412,307)
Interest and fiscal charges	1,236,740	(1,236,740)
Total expenses	<u>\$ 33,547,929</u>	<u>\$ (28,011,707)</u>

The cost of all governmental activities this year was \$33,547,929. Expenses consist primarily of general government, public safety, and health and welfare totaling \$11,837,364, \$6,581,481 and \$8,942,805, respectively. The net cost of governmental activities was \$28,011,707 which was financed by general revenues and beginning net position. General revenues consist primarily of property and accommodations taxes of \$26,630,864.

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 \$45,846,995. Of this combined fund balance, \$10,383,364 or 23% is unassigned and therefore 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 \$3,407,601 which was mainly the result of revenues exceeding expenses.

Fairfield County

Management's Discussion and Analysis

For the year ended June 30, 2015

Capital Assets and Debt Administration

Capital Assets - As of June 30, 2015, the County had invested, net of related debt, \$27,481,130 in capital assets, including land, land improvements, buildings and improvements, leasehold improvements, infrastructure, machinery and equipment and software. Total depreciation expense for the year was \$2,416,510.

The schedule below presents capital asset balances, net of depreciation, for the fiscal year ended June 30, 2015.

Capital assets, not being depreciated	
Land	\$ 3,062,341
Construction in progress	<u>7,429,107</u>
	<u>10,491,448</u>
Capital assets, being depreciated	
Land improvements	23,670,921
Buildings and improvements	22,363,126
Leasehold improvements	1,658,079
Infrastructure	1,106,890
Machinery and equipment	18,329,985
Software	<u>400,282</u>
	67,529,283
Less accumulated depreciation	<u>(41,045,926)</u>
Total capital assets, being depreciated, net	<u>26,483,357</u>
Net capital assets	<u>\$ 36,974,805</u>

Debt Administration - At year end, the County had \$29,491,760 in general obligation and revenue bonds of which \$942,726 is due within one year.

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 almost 40% of our tax revenues. The facility received an extension to its operating license through 2042, 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, 2015

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 43,687,371
Taxes receivable, net	521,556
Accounts receivable, net	1,140,562
Due from other governmental units	2,171,225
Prepaid items	273,993
Total current assets	47,794,707
Noncurrent assets	
Land and building held for sale	1,144,000
Total noncurrent assets	1,144,000
Capital assets	
Nondepreciable	10,491,448
Depreciable	67,529,283
Less accumulated depreciation	(41,045,926)
Total capital assets, net of accumulated depreciation	36,974,805
Total assets	85,913,512
Deferred outflows of resources	
Pension plan contributions made after the measurement period	1,231,439
Pension plan differences between expected and actual experience	538,943
Total deferred outflows of resources	1,770,382
Total assets and deferred outflows of resources	87,683,894
Liabilities	
Current liabilities	
Accounts payable	1,673,377
Retainage payable	15,887
Accrued expenses	589,399
Due to taxpayers	3,302
Due to other agencies	521,749
Due to component unit	48,820
Due to other governmental units	6,201
Bonds payable	942,726
Accrued interest payable	374,946
Accrued compensated absences	65,082
Total current liabilities	4,241,489
Long-term liabilities	
Bonds payable	28,549,034
Accrued compensated absences	626,463
Other post employment benefit obligation	1,692,176
Net pension liability	19,296,183
Total long-term liabilities	50,163,856
Total liabilities	54,405,345
Deferred inflows of resources	
Net difference between projected and actual earnings on pension plan investments	1,775,802
Total deferred inflows of resources	1,775,802

See Notes to Basic Financial Statements

Fairfield County
Statement of Net Position
June 30, 2015

	Governmental Activities
Net Position	
Net investment in capital assets	27,481,130
Restricted for:	
General government programs	107,643
Public safety programs	2,125,976
Health and welfare programs	872,978
Judicial programs	92,000
Cultural and recreation programs	130,333
Debt service	1,005,124
Unrestricted	(312,437)
Total net position	<u>31,502,747</u>
 Total liabilities, deferred inflows of resources, and net position	 <u>\$ 87,683,894</u>

Fairfield County
Statement of Activities
For the fiscal year ended June 30, 2015

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
Governmental activities					
General government	\$ 11,837,364	\$ 252,520	\$ 133,283	\$ 1,342,140	\$ (10,109,421)
Public safety	6,581,481	53,893	29,744	-	(6,497,844)
Public works and utilities	2,309,220	489,931	4,799	540,702	(1,273,788)
Health and welfare	8,942,805	1,815,998	182,467	-	(6,944,340)
Judicial	1,132,337	468,277	126,793	-	(537,267)
Cultural and recreation	1,507,982	95,675	-	-	(1,412,307)
Interest and fiscal charges	1,236,740	-	-	-	(1,236,740)
Total governmental activities	33,547,929	3,176,294	477,086	1,882,842	(28,011,707)
Total	\$ 33,547,929	\$ 3,176,294	\$ 477,086	\$ 1,882,842	
General revenues:					
Property taxes					26,471,270
Sales tax					2,121,860
Accommodations tax					159,594
Investment income					18,991
Intergovernmental					1,490,348
Gain on sale of capital assets					541,145
Miscellaneous					356,474
Total general revenues					31,159,682
Change in net position					3,147,975
Net position, beginning of year, as originally stated					46,529,187
Restatement (See Note 18)					(18,174,415)
Net position, beginning of year, as restated					28,354,772
Net position, end of year					\$ 31,502,747

Fairfield County**Balance Sheet - Governmental Funds****June 30, 2015**

	General	Airport	Fairfield Facilities Corporation	Nonmajor Governmental	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 12,812,044	\$ 64,418	\$ 20,500,353	\$ 10,310,556	\$ 43,687,371
Taxes receivable, net	465,706	-	-	55,850	521,556
Accounts receivable, net	1,116,774	-	-	23,788	1,140,562
Due from other funds	1,044,336	-	-	-	1,044,336
Due from other governmental units	1,233,076	705,319	-	232,830	2,171,225
Prepaid items	53,931	-	206,571	13,491	273,993
Land and building held for sale	-	-	-	1,144,000	1,144,000
Total assets	<u>\$ 16,725,867</u>	<u>\$ 769,737</u>	<u>\$ 20,706,924</u>	<u>\$ 11,780,515</u>	<u>\$ 49,983,043</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$ 434,113	\$ 662,355	\$ 242,903	\$ 334,006	\$ 1,673,377
Retainage payable	-	-	-	15,887	15,887
Accrued expenses	558,082	-	-	31,317	589,399
Due to other funds	-	-	-	1,044,336	1,044,336
Due to taxpayers	3,302	-	-	-	3,302
Due to other agencies	321,749	-	-	200,000	521,749
Due to component units	48,820	-	-	-	48,820
Due to other governmental units	6,201	-	-	-	6,201
Total liabilities	<u>1,372,267</u>	<u>662,355</u>	<u>242,903</u>	<u>1,625,546</u>	<u>3,903,071</u>
Deferred inflows of resources:					
Unavailable revenue - timing restriction for property taxes and fees	<u>206,158</u>	<u>-</u>	<u>-</u>	<u>26,819</u>	<u>232,977</u>
Total deferred inflows of resources	<u>206,158</u>	<u>-</u>	<u>-</u>	<u>26,819</u>	<u>232,977</u>
Fund balances:					
Nonspendable					
Prepaid items	53,931	-	206,571	13,491	273,993
Restricted					
General government	-	107,382	-	261	107,643
Public safety	-	-	-	2,125,976	2,125,976
Health and welfare	-	-	-	872,978	872,978
Judicial	-	-	-	92,000	92,000
Cultural and recreation	-	-	-	130,333	130,333
Debt service	-	-	-	1,005,124	1,005,124
Capital outlay	-	-	20,257,450	-	20,257,450
Committed					
Local option sales tax	470,147	-	-	-	470,147
General government	3,480,000	-	-	-	3,480,000
Public works and utilities	-	-	-	1,622,755	1,622,755
Health and welfare	760,000	-	-	-	760,000
Cultural and recreation	-	-	-	68,933	68,933
Capital outlay	-	-	-	4,196,299	4,196,299
Unassigned	<u>10,383,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,383,364</u>
Total fund balances	<u>15,147,442</u>	<u>107,382</u>	<u>20,464,021</u>	<u>10,128,150</u>	<u>45,846,995</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,725,867</u>	<u>\$ 769,737</u>	<u>\$ 20,706,924</u>	<u>\$ 11,780,515</u>	<u>\$ 49,983,043</u>

See Notes to Basic Financial Statements

Fairfield County**Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2015**

Total governmental fund balances	\$	45,846,995
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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	\$	3,062,341	
Construction in progress		7,429,107	
Land improvements		23,670,921	
Buildings and improvements		22,363,126	
Leasehold improvements		1,658,079	
Infrastructure		1,106,890	
Machinery and equipment		18,329,985	
Software		400,282	
Less accumulated depreciation		<u>(41,045,926)</u>	
			36,974,805

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.

232,977

Deferred inflows and deferred outflows related to the net pension liability are not reported in governmental funds.

Pension plan contributions made after the measurement period	1,231,439		
Pension plan differences between expected and actual experience		538,943	
Net difference between projected and actual earnings on pension plan investments		<u>(1,775,802)</u>	
			(5,420)

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	(29,491,760)		
Accrued interest payable		(374,946)	
Accrued compensated absences		(691,545)	
Other post employment benefit obligation		(1,692,176)	
Net pension liability		<u>(19,296,183)</u>	
			<u>(51,546,610)</u>

Net position of governmental activities	\$	<u><u>31,502,747</u></u>
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Fairfield County**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds**
For the fiscal year ended June 30, 2015

	General	Airport	Fairfield Facilities Corporation	Nonmajor Governmental	Total Governmental Funds
Revenues					
Taxes	\$ 23,843,290	\$ -	\$ -	\$ 2,799,702	\$ 26,642,992
Sales tax	2,121,860	-	-	-	2,121,860
Intergovernmental	1,490,348	992,140	-	1,367,788	3,850,276
Licenses, permits, fines and fees	757,285	-	-	253,218	1,010,503
Charges for services	1,748,951	-	-	416,840	2,165,791
Investment income	9,083	-	8,463	1,445	18,991
Miscellaneous	148,162	-	-	208,312	356,474
Total revenues	30,118,979	992,140	8,463	5,047,305	36,166,887
Expenditures					
General government	8,067,353	949,781	-	1,228,038	10,245,172
Public safety	5,238,705	-	-	854,279	6,092,984
Public works and utilities	1,387,963	-	-	828,272	2,216,235
Health and welfare	7,501,851	-	-	1,000,435	8,502,286
Judicial	1,046,707	-	-	70,778	1,117,485
Cultural and recreation	1,305,598	-	-	117,639	1,423,237
Capital outlay	-	-	1,048,159	2,583,058	3,631,217
Debt service					
Principal retirement	-	-	10,000	1,960,198	1,970,198
Interest and fiscal charges	-	-	896,145	326,267	1,222,412
Total expenditures	24,548,177	949,781	1,954,304	8,968,964	36,421,226
Excess (deficiency) of revenues over (under) expenditures	5,570,802	42,359	(1,945,841)	(3,921,659)	(254,339)
Other financing sources (uses)					
Proceeds from general obligation bonds	-	-	-	1,462,000	1,462,000
Proceeds from sale of capital assets	1,000	-	-	1,169,678	1,170,678
Transfers in	52,433	-	896,813	2,433,319	3,382,565
Transfers out	(2,216,634)	-	-	(1,165,931)	(3,382,565)
Total other financing sources (uses)	(2,163,201)	-	896,813	3,899,066	2,632,678
Net change in fund balances	3,407,601	42,359	(1,049,028)	(22,593)	2,378,339
Fund balances, beginning of year	11,739,841	65,023	21,513,049	10,150,743	43,468,656
Fund balances, end of year	\$ 15,147,442	\$ 107,382	\$ 20,464,021	\$ 10,128,150	\$ 45,846,995

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, 2015***

Total net change in fund balance - governmental funds \$ 2,378,339

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. 3,631,217

Depreciation expense on capital assets is reported in the government-wide statement of activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds. (2,416,510)

The proceeds from the disposal of capital assets are reported as revenue in the governmental funds. The cost of the capital assets are removed from the capital asset account on the statement of net position and is offset against the proceeds from the sale of capital assets resulting in a gain or loss on disposal of capital assets on the statement of activities.

Gain on sale of capital assets	541,145	
Proceeds from sale of capital assets	<u>(1,170,678)</u>	(629,533)

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. (12,128)

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. (1,462,000)

Repayment of principal on bonds are expenditures in the governmental funds, but the repayment reduces long-term debt in the statement of net position. 1,970,198

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due. 8,994

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.

Decrease in accrued compensated absences	2,981
Amortization of bond discounts	(23,322)
Increase in other post employment benefit obligation	(96,698)
Increase in net pension liability	<u>(203,563)</u>

Change in net position of governmental activities \$ 3,147,975

Fairfield County***Statement of Fiduciary Net Position******June 30, 2015*****Assets**

Cash and cash equivalents	\$ 20,756,376
Taxes receivable	729,263
Due from other governmental units	<u>18</u>
Total assets	<u><u>\$ 21,485,657</u></u>

Liabilities

Due to individuals	\$ 1,020,689
Due to other governmental units	<u>20,464,968</u>
Total liabilities	<u><u>\$ 21,485,657</u></u>

Fairfield County**Governmental Discretely Presented Component Unit****Fairfield County Library Commission****Statement of Net Position****June 30, 2015**

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 212,654
Accounts receivable	2,986
Certificates of deposit	11,865
Prepaid items	13,833
Due from primary government	48,820
Total current assets	290,158
Capital assets	
Depreciable	1,871,282
Less accumulated depreciation	(1,267,696)
Total capital assets, net of accumulated depreciation	603,586
Total assets	893,744
Deferred outflows of resources	
Pension plan contributions made after the measurement period	30,400
Pension plan differences between expected and actual experience	14,392
Total deferred outflows of resources	44,792
Total assets and deferred outflows of resources	\$ 938,536
Liabilities	
Current liabilities	
Accounts payable	1,591
Accrued liabilities	5,650
Accrued compensated absences - due within one year	15,378
Total current liabilities	22,619
Long-term liabilities	
Accrued compensated absences - due after one year	624
Other post employment benefit obligation	19,792
Net pension liability	507,892
Total long-term liabilities	528,308
Total liabilities	550,927
Deferred inflows of resources	
Net difference between projected and actual earnings on pension plan investments	42,819
Total deferred inflows of resources	42,819
Net Position	
Net investment in capital assets	603,586
Restricted for:	
Permanent funds	132,303
Capital outlay	4,586
Unrestricted	(395,685)
Total net position	344,790
Total liabilities, deferred inflows of resources and net position	\$ 938,536

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, 2015**

		Program revenues		Net revenue (expense) and changes in net position
		Charges for sales and service	Operating grants and contributions	Governmental activities
Functions/Programs	Expenses			
Governmental activities				
Library services	\$ 618,682	\$ 15,027	\$ 78,987	\$ (524,668)
General revenues:				
	County appropriations			498,380
	Investment income			376
	Gifts and donations			2,079
	Total general revenues			500,835
	Change in net position			(23,833)
	Net position, beginning of year, as originally stated			869,345
	Implementation effect of GASB No. 68			(500,722)
	Net position, beginning of year, as restated			368,623
	Net position, end of year			\$ 344,790

Fairfield County***Nongovernmental Discretely Presented Component Units******Statements of Financial Position******June 30, 2015***

	Fairfield Behavioral Health Services	Fairfield County Council on Aging	Total
Assets			
Cash	\$ 203,996	\$ 246,105	\$ 450,101
Receivables	18,115	59,406	77,521
Certificates of deposit	88,941	-	88,941
Prepays	-	1,983	1,983
Property and equipment, net	58,869	329,750	388,619
Total assets	<u>\$ 369,921</u>	<u>\$ 637,244</u>	<u>\$ 1,007,165</u>
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued expenses	\$ 8,607	\$ 15,743	\$ 24,350
Deferred revenue	70,650	-	70,650
Accrued compensated absences	17,519	3,440	20,959
Capital lease payable	-	9,322	9,322
Total liabilities	<u>96,776</u>	<u>28,505</u>	<u>125,281</u>
Net assets			
Unrestricted	273,145	606,814	879,959
Temporarily restricted	-	1,925	1,925
Total net assets	<u>273,145</u>	<u>608,739</u>	<u>881,884</u>
Total liabilities and net assets	<u>\$ 369,921</u>	<u>\$ 637,244</u>	<u>\$ 1,007,165</u>

Fairfield County***Nongovernmental Discretely Presented Component Units******Statements of Activities******For the fiscal year ended June 30, 2015***

	Fairfield Behavioral Health Services	Fairfield County Council on Aging	Total
<i>Changes in unrestricted net assets:</i>			
Revenues and other support			
Local	\$ -	\$ 389,274	\$ 389,274
County appropriations	52,288	93,411	145,699
State contracts	-	45,030	45,030
Client fees	84,209	-	84,209
Medicaid	9,531	-	9,531
Minibottle	40,454	-	40,454
In-kind service and materials	-	11,230	11,230
Investment income	1,686	31	1,717
Capital gift	-	45,500	45,500
Other	27,990	17,826	45,816
Net assets released from restrictions	371,915	23,934	395,849
Total revenues, gains and other support	588,073	626,236	1,214,309
Expenses			
Program services	350,764	382,546	733,310
Supporting services	209,784	116,336	326,120
Total expenses	560,548	498,882	1,059,430
Change in unrestricted net assets	27,525	127,354	154,879
<i>Changes in temporarily restricted net assets:</i>			
Federal	207,539	-	207,539
State	58,712	-	58,712
Local	2,523	-	2,523
Grants	103,141	25,000	128,141
Net assets released from restrictions	(371,915)	(23,934)	(395,849)
Change in temporarily restricted net assets	-	1,066	1,066
Change in net assets, net	27,525	128,420	155,945
<i>Net assets, beginning of year</i>			
Unrestricted	245,620	479,460	725,080
Temporarily restricted	-	859	859
	245,620	480,319	725,939
<i>Net assets, end of year</i>			
Unrestricted	273,145	606,814	879,959
Temporarily restricted	-	1,925	1,925
	\$ 273,145	\$ 608,739	\$ 881,884

See Notes to Basic Financial Statements

Fairfield County

Notes to Basic Financial Statements

For the year ended June 30, 2015

I. Summary of Significant Accounting Policies

Fairfield County, South Carolina (the County) is a political subdivision of the State of South Carolina (the State), 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 2015. 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.

Fairfield County

Notes to Basic Financial Statements

For the year ended June 30, 2015

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.

Fairfield County

Notes to Basic Financial Statements

For the year ended June 30, 2015

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.

Airport – The airport special revenue fund is used to account for the accumulation of resources received primarily from federal and state grants to be used for projects related to the Fairfield County Airport.

Fairfield Facilities Corporation – The Fairfield Facilities Corporation is a capital project fund used to account for the issuance of revenue bonds and the acquisition of capital assets from the bond proceeds.

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.

Fairfield County

Notes to Basic Financial Statements

For the year ended June 30, 2015

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

The 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 sixty days of fiscal year end, sales tax, grants, interest, fees and charges for service.

In the government-wide financial statements and the governmental fund financial statements, certain assets are recognized in connection with a transaction before the earnings process is complete. These assets are generally offset by a corresponding liability, commonly referred to as unearned revenue. The governmental fund financial statements report certain assets that are not yet available to finance expenditures for the current fiscal period and are classified as deferred inflows commonly known as unavailable revenue.

Fairfield County

Notes to Basic Financial Statements

For the year ended June 30, 2015

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 Balances as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as unearned 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, Deferred Outflows, Liabilities, Deferred Inflows 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, 2015

I. Summary of Significant Accounting Policies - (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity - (Continued)

At June 30, 2015, 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	Nonmajor Governmental	Total
Taxes	\$ 490,217	\$ 58,789	\$ 549,006
Accounts	<u>1,980,928</u>	<u>23,788</u>	<u>2,004,716</u>
Gross	2,471,145	82,577	2,553,722
Less:			
Allowance - taxes	24,511	2,939	27,450
Allowance - accounts	<u>864,154</u>	-	<u>864,154</u>
Net receivables	<u>\$ 1,582,480</u>	<u>\$ 79,638</u>	<u>\$ 1,662,118</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.

Fairfield County

Notes to Basic Financial Statements

For the year ended June 30, 2015

I. Summary of Significant Accounting Policies - (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows 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 - 20 years
Buildings and improvements	15 - 50 years
Leasehold improvements	15 - 20 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 July 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.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS) and additions to/deductions from SCRS' and PORS' fiduciary net position have been determined on the same basis as they are reported by SCRS or PORS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fairfield County

Notes to Basic Financial Statements

For the year ended June 30, 2015

I. Summary of Significant Accounting Policies - (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity - (Continued)

Deferred outflows of resources and deferred inflows of resources - Changes in the net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources.

Net Position - Net position represents the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. 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.

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 January 11, 2016, the date these financial statements were available for issuance.

New Accounting Pronouncements - Adopted - Effective for the fiscal year ended June 30, 2015, the County adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*. As a result of this implementation, the County will now report its portion of the State of South Carolina's net pension liability. Since the information for the restatement of beginning balances of deferred inflows of resources or deferred outflows of resources is not available for the earliest period presented, the cumulative effect of the Statement implementation will be shown as restatement to ending net position as of June 30, 2014. The effect of this implementation is discussed in Notes 9 and 18.

Fairfield County

Notes to Basic Financial Statements

For the year ended June 30, 2015

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.

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, 2015, the County's cash and investments included demand deposits and local government investment 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.

Fairfield County

Notes to Basic Financial Statements

For the year ended June 30, 2015

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, 2015, the carrying amount of the County's deposits was \$49,163,741 and the bank balance was \$49,899,120.

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, 2015, all of the County's bank balance was insured or collateralized.

As of June 30, 2015, the County held the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>
South Carolina Local Government Investment Pool (LGIP)	<u>\$ 15,280,006</u>	N/A

The following reconciles deposits and investments to the statement of net position amounts:

Exhibit 3 – Cash and cash equivalents	\$ 43,687,371	Deposits	\$ 49,163,741
Exhibit 7 – Cash and cash equivalents	<u>20,756,376</u>	LGIP	<u>15,280,006</u>
Total	<u>\$ 64,443,747</u>	Total	<u>\$ 64,443,747</u>

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, 2015, 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:

South Carolina 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, 2015

III. Detailed Notes On All Funds - (Continued)

Note 2. Interfund Assets and Liabilities

The balances of interfund receivables and payables at June 30, 2015 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 1,044,336

All of the above balance is scheduled to be collected in the subsequent year. The balance 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, 2015 consisted of the following individual amounts:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 52,433
Fairfield Facilities Corporation	Nonmajor Governmental	896,813
Nonmajor Governmental	General Fund	2,216,634
Nonmajor Governmental	Nonmajor Governmental	216,685
		<u>\$ 3,382,565</u>

Note 3. Due From Other Governmental Units

Amounts due from other governments at June 30, 2015 in the governmental type funds consisted of the following:

	<u>State</u>	<u>Federal</u>	<u>Total</u>
General Fund	\$ 1,221,332	\$ 11,744	\$ 1,233,076
Airport	46,859	658,460	705,319
Nonmajor Governmental	70,377	162,453	232,830
	<u>\$ 1,338,568</u>	<u>\$ 832,657</u>	<u>\$ 2,171,225</u>

Note 4. Notes Receivable - Hospital

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 2015 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, 2015. The County plans to continue attempts to fully collect the notes.

Fairfield County

Notes to Basic Financial Statements For the year ended June 30, 2015

III. Detailed Notes On All Funds - (Continued)

Note 5. Capital Assets

Primary Government

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2015:

	Balance, June 30, 2014 (Restated)	Additions	Reductions	Balance, June 30, 2015
Capital assets, not being depreciated				
Land	\$ 3,456,806	\$ 223,160	\$ (617,625)	\$ 3,062,341
Construction in progress	<u>6,179,024</u>	<u>1,893,288</u>	<u>(643,205)</u>	<u>7,429,107</u>
Total capital assets, not being depreciated	<u>9,635,830</u>	<u>2,116,448</u>	<u>(1,260,830)</u>	<u>10,491,448</u>
Capital assets, being depreciated				
Land improvements	23,631,266	39,655	-	23,670,921
Buildings and improvements	21,719,921	643,205	-	22,363,126
Leasehold improvements	1,658,079	-	-	1,658,079
Infrastructure	1,106,890	-	-	1,106,890
Machinery and equipment	17,278,082	1,466,364	(414,461)	18,329,985
Software	<u>391,532</u>	<u>8,750</u>	<u>-</u>	<u>400,282</u>
Total capital assets, being depreciated	<u>65,785,770</u>	<u>2,157,974</u>	<u>(414,461)</u>	<u>67,529,283</u>
Accumulated depreciation	<u>(39,031,969)</u>	<u>(2,416,510)</u>	<u>402,553</u>	<u>(41,045,926)</u>
Total capital assets, being depreciated, net	<u>26,753,801</u>	<u>(258,536)</u>	<u>(11,908)</u>	<u>26,483,357</u>
Net capital assets	<u>\$ 36,389,631</u>	<u>\$ 1,857,912</u>	<u>\$ (1,272,738)</u>	<u>\$ 36,974,805</u>

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

General government	\$ 1,447,915
Public safety	421,444
Public works and utilities	83,805
Health and welfare	383,620
Judicial	1,382
Cultural and recreation	<u>78,344</u>
	<u>\$ 2,416,510</u>

Note 6. HON Facility

The County has entered into a long-term lease agreement with the State for the use of its 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 its 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, 2015.

Fairfield County

Notes to Basic Financial Statements For the year ended June 30, 2015

III. Detailed Notes On All Funds - (Continued)

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, 2015:

	Balance, June 30, 2014	Additions	Reductions	Balance, June 30, 2015	Due in less than one year	Due in more than one year
Bonds payable:						
General obligation bonds	\$ 5,894,178	\$ 1,462,000	\$ 1,960,198	\$ 5,395,980	\$ 956,048	\$ 4,439,932
Revenue bonds	24,690,000	-	10,000	24,680,000	10,000	24,670,000
Less: unamortized bond discounts	(607,542)	-	(23,322)	(584,220)	(23,322)	(560,898)
Total bonds payable	<u>\$ 29,976,636</u>	<u>\$ 1,462,000</u>	<u>\$ 1,946,876</u>	<u>\$ 29,491,760</u>	<u>\$ 942,726</u>	<u>\$ 28,549,034</u>
Accrued compensated absences	\$ 694,526	\$ 64,632	\$ (67,613)	\$ 691,545	\$ 65,082	\$ 626,463

General obligation bonds consisted of the following at June 30, 2015:

\$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%	\$ 4,360,000
\$769,178 general obligation bonds due in annual installments of \$36,250 to \$316,958 through March 1, 2021; interest at 2.95%	452,220
\$1,156,000 general obligation bonds due in annual installments of \$5,000 to \$878,239 through March 1, 2021; interest at 2.92%	277,760
\$306,000 general obligation bonds due in annual installments of \$36,250 to \$149,695 through March 1, 2022; interest at 2.18%	<u>306,000</u>
	<u>\$ 5,395,980</u>

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, 2015:

\$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%	\$ 3,700,000
\$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>\$ 24,680,000</u>

Fairfield County**Notes to Basic Financial Statements****For the year ended June 30, 2015**

III. Detailed Notes On All Funds - (Continued)**Note 7. Long-Term Liabilities - (Continued)**

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>
General Obligation Bonds			
2016	\$ 956,048	\$ 237,754	\$ 1,193,802
2017	957,214	198,481	1,155,695
2018	1,027,797	157,017	1,184,814
2019	976,091	110,621	1,086,712
2020	1,053,145	63,665	1,116,810
2021-2022	425,685	11,874	437,559
	<u>\$ 5,395,980</u>	<u>\$ 779,412</u>	<u>\$ 6,175,392</u>
Revenue Bonds			
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	10,000	885,500	895,500
2021-2025	3,275,000	4,250,578	7,525,578
2026-2030	4,655,000	3,593,438	8,248,438
2031-2035	5,495,000	2,727,431	8,222,431
2036-2040	6,585,000	1,596,231	8,181,231
2041-2043	4,620,000	282,000	4,902,000
	<u>\$ 24,680,000</u>	<u>\$ 16,879,804</u>	<u>\$ 41,559,804</u>

Fairfield County

Notes to Basic Financial Statements

For the year ended June 30, 2015

III. Detailed Notes On All Funds - (Continued)

Note 8. Net Position

Net position of the government-wide financial statements represents the difference between total assets and deferred outflows and total liabilities and deferred inflows. Reported amounts for net investment in capital assets and restricted for capital improvements are as follows at June 30, 2015:

Net Position

Net investment in capital assets:

Capital assets, net of accumulated depreciation	\$ 36,974,805
Less: Bonds payable	(29,491,760)
Less: Capital project payables and retainages	(502,268)
Add: Unspent bond proceeds	<u>20,500,353</u>
	<u>\$ 27,481,130</u>

Restricted for capital improvements:

Fairfield Facilities Corporation Revenue Bonds	\$ 20,500,353
Less: Unspent bond proceeds	<u>(20,500,353)</u>
	<u>\$ -</u>

IV. Other Information

Note 9. Pension Plans

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems (the Systems) and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to South Carolina Public Employee Benefit Authority, Retirement Systems Finance, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the State's CAFR.

Plan descriptions:

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the State, its public school districts, and political subdivisions.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the State and its political subdivisions.

Fairfield County

Notes to Basic Financial Statements For the year ended June 30, 2015

IV. Other Information - (Continued)

Note 9. Pension Plans - (Continued)

Membership:

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

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

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

Benefits:

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below.

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

Fairfield County

Notes to Basic Financial Statements

For the year ended June 30, 2015

IV. Other Information - (Continued)

Note 9. Pension Plans - (Continued)

Benefits (continued):

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. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

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

PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Fairfield County

Notes to Basic Financial Statements For the year ended June 30, 2015

IV. Other Information - (Continued)

Note 9. Pension Plans - (Continued)

Contributions:

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the PEBA Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

- Required employee contribution rates for fiscal year 2014-2015 are as follows:

SCRS

Employee Class Two	8.00% of earnable compensation
Employee Class Three	8.00% of earnable compensation

PORS

Employee Class One	\$21 per month
Employee Class Two	8.41% of earnable compensation
Employee Class Three	8.41% of earnable compensation

- Required employer contributions for fiscal year 2014-2015 are as follows:

SCRS

Employer Class Two	10.75% of earnable compensation
Employer Class Three	10.75% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

PORS

Employer Class One	7.80% of earnable compensation
Employer Class Two	13.01% of earnable compensation
Employer Class Three	13.01% of earnable compensation
Employer Incidental Death Benefit	0.20% of earnable compensation
Employer Accidental Death Program	0.20% of earnable compensation

Contributions to the SCRS and PORS pension plans from the County were \$816,193 and \$415,246 for the year ended June 30, 2015, respectively.

Fairfield County

Notes to Basic Financial Statements

For the year ended June 30, 2015

IV. Other Information - (Continued)

Note 9. Pension Plans - (Continued)

Net pension liability:

At June 30, 2015, the County reported liabilities of \$14,551,198 and \$4,744,985 for its proportionate shares of the SCRS and PORS net pension liabilities, respectively. The net pension liabilities were measured as of June 30, 2014, and the total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of July 1, 2013 projected forward to June 30, 2014. The County's proportionate shares of the net pension liabilities were based on a projection of the County's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the County's proportionate shares of the SCRS and PORS plans were 0.08452% and 0.24785%, which was the same as its proportionate shares of the net pension liabilities measured as of June 30, 2013, respectively.

Pension expense:

For the year ended June 30, 2015, the County recognized pension expense for the SCRS and PORS plans of \$1,019,874 and \$415,128, respectively.

Deferred inflows of resources and deferred outflows of resources:

At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to its pension liabilities from the following sources for each of the respective plans:

	SCRS	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 412,320	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,226,772
County contributions subsequent to the measurement date	816,193	-
Total	<u>\$ 1,228,513</u>	<u>\$ 1,226,772</u>

Fairfield County

Notes to Basic Financial Statements

For the year ended June 30, 2015

IV. Other Information - (Continued)

Note 9. Pension Plans - (Continued)

Deferred inflows of resources and deferred outflows of resources (continued):

	PORS	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 126,623	\$ -
Net difference between projected and actual earnings on pension plan investments	-	549,030
County contributions subsequent to the measurement date	415,246	-
Total	<u>\$ 541,869</u>	<u>\$ 549,030</u>

The \$816,193 and \$415,246 reported as deferred outflows of resources related to pensions resulting from County contributions paid subsequent to the measurement date for the SCRS and PORS plans, respectively, during the year ended June 30, 2015 will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS and PORS plans, respectively:

	SCRS
Year ended June 30:	
2016	\$ (179,158)
2017	(179,158)
2018	(179,158)
2019	(276,978)
2020	-

	PORS
Year ended June 30:	
2016	\$ (104,420)
2017	(104,420)
2018	(104,420)
2019	(109,147)
2020	-

Fairfield County

Notes to Basic Financial Statements For the year ended June 30, 2015

IV. Other Information - (Continued)

Note 9. Pension Plans - (Continued)

Actuarial assumptions and methods:

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina State statute requires that an actuarial experience study to be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2013. The net pension liability of each defined benefit pension plan was therefore determined by PEBA's consulting actuary, Gabriel, Roeder, Smith and Company (GRS) based on the July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by GRS.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2013 valuations for the SCRS and PORS plans administered by PEBA.

	SCRS	PORS
Actuarial cost method	Entry age	Entry age
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	levels off at 3.5%	levels off at 4.0%
Includes inflation at	2.75%	2.75%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

Fairfield County

Notes to Basic Financial Statements

For the year ended June 30, 2015

IV. Other Information - (Continued)

Note 9. Pension Plans - (Continued)

Actuarial assumptions and methods (continued):

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

Former Job Class	Males	Females
Educators and Judges	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety, Firefighters and members of the South Carolina National Guard	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

Fairfield County

Notes to Basic Financial Statements For the year ended June 30, 2015

IV. Other Information - (Continued)

Note 9. Pension Plans - (Continued)

Actuarial assumptions and methods (continued):

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term:			
Cash	2.0%	0.3%	0.01%
Short Duration	3.0%	0.6%	0.02%
Domestic Fixed Income:			
Core Fixed Income	7.0%	1.1%	0.08%
High Yield	2.0%	3.5%	0.07%
Bank Loans	4.0%	2.8%	0.11%
Global Fixed Income:			
Global Fixed Income	3.0%	0.8%	0.02%
Emerging Markets Debt	6.0%	4.1%	0.25%
Global Public Equity	31.0%	7.8%	2.42%
Global Tactical Asset Allocation	10.0%	5.1%	0.51%
Alternatives:			
Hedge Funds (Low Beta)	8.0%	4.0%	0.32%
Private Debt	7.0%	10.2%	0.71%
Private Equity	9.0%	10.2%	0.92%
Real Estate (Broad Market)	5.0%	5.9%	0.29%
Commodities	3.0%	5.1%	0.15%
Total Expected Real Return	100.0%		5.88%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			8.63%

Discount rate:

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Fairfield County

Notes to Basic Financial Statements For the year ended June 30, 2015

IV. Other Information - (Continued)

Note 9. Pension Plans - (Continued)

Sensitivity analysis:

The following table presents the County's proportionate share of the net pension liabilities of the respective plans calculated using the discount rate of 7.50 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease (6.50%)	Discount Rate (7.50%)	1.00% Increase (8.50%)
SCRS	\$ 18,830,150	\$ 14,551,198	\$ 10,981,324
PORS	6,630,993	4,744,985	3,184,470

Pension plan fiduciary net position:

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67 less that System's fiduciary net position. As of June 30, 2014, net pension liability amounts for SCRS and PORS are as follows (amounts expressed in thousands):

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 42,955,205,796	\$ 25,738,521,026	\$ 17,216,684,770	59.9%
PORS	5,899,529,434	3,985,101,996	1,914,427,438	67.5%

Fairfield County

Notes to Basic Financial Statements For the year ended June 30, 2015

IV. Other Information - (Continued)

Note 9. Pension Plans - (Continued)

Pension plan fiduciary net position (continued):

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS and PORS which can be accessed via the contact information provided above.

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, 2014, 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 \$150 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, 2015, the County recognized approximately \$204,000 in expenditures for current healthcare premiums.

Fairfield County

Notes to Basic Financial Statements

For the year ended June 30, 2015

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	\$ 146,140
Amortization of unamortized accrued liability	<u>157,226</u>
Annual Required Contribution (ARC)	303,366
Interest on net OPEB obligation	63,819
Adjustment to ARC	<u>(66,427)</u>
Annual OPEB cost	300,758
Contributions made	<u>(204,060)</u>
Increase in net OPEB obligation	96,698
Net obligation, beginning of year	<u>1,595,478</u>
Net obligation, end of year	<u>\$ 1,692,176</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2015, 2014 and 2013 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>
2015	\$ 300,758	67.85%	\$ 1,692,176
2014	272,481	66.04%	1,595,478
2013	309,130	44.51%	1,502,939

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 \$3,776,313, 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 2015 fiscal year was \$9,218,588, and the ratio of the UAAL to the covered payroll was 41%.

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.

Fairfield County

Notes to Basic Financial Statements

For the year ended June 30, 2015

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 6.0% in 2015 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, 2015, the County incurred costs totaling \$616,789 (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.

Fairfield County

Notes to Basic Financial Statements

For the year ended June 30, 2015

IV. Other Information - (Continued)

Note 13. Commitments - (Continued)

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, 2015, the total cost included in the financial statements of the County was approximately \$451,638.

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, 2015, the County has outstanding construction contracts of \$2,128,212.

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 \$23,843,290 recorded in the general fund for the year ended June 30, 2015, \$9,305,192 was generated from SCANA Corporation due to its operation of the VC Summer Nuclear Plant. This represents 39% 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, 2015, 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.

Fairfield County

Notes to Basic Financial Statements

For the year ended June 30, 2015

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, 2015, 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, 2015, amounts remitted (allocated) to the County totaled approximately \$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, 2015, approximately \$470,000 of the General Fund's fund balance is committed for future local option sales tax credits.

Note 17. EMS Fund Balance

The fiscal year 2015 millage resolution passed by County Council eliminated a separate millage rate for Emergency Management Services (EMS), thereby eliminating the need for EMS to be reported as a special revenue fund. Effective July 1, 2014, the County began reporting EMS transactions and balances within the general fund. As a result, fund balance reported in the general fund as of June 30, 2014 includes \$1,080,821 that was previously reported as fund balance in the EMS special revenue fund.

Fairfield County

Notes to Basic Financial Statements

For the year ended June 30, 2015

IV. Other Information - (Continued)

Note 18. Restatements for Implementation of New Accounting Pronouncement and Correction of an Error

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ended June 30, 2015. The implementation of the Statement required the County to record a beginning net pension liability and the effects on unrestricted net position of contributions made by the County during the measurement period (fiscal year ended June 30, 2014). As a result, ending unrestricted net position for the County for the year ended June 30, 2014 decreased by \$19,098,040 for the governmental activities. This decrease resulted in the restatement of unrestricted net position to a deficit balance of \$4,475,363 for the governmental activities for the year ended June 30, 2014.

Net position as of June 30, 2014, has also been restated to correct an error made in prior periods. During fiscal year 2015, the County determined that certain parcels of land owned by the County in prior periods had not been properly recorded as capital assets. Net position as of June 30, 2014, has been increased by \$923,625 to correct the effect of this error. This increase resulted in the restatement of net investment in capital assets to a balance of \$27,326,779 for the governmental activities for the year ended June 30, 2014.

Net position, beginning of year, as originally stated		\$ 46,529,187
Restatement - implementation of new accounting pronouncement	\$ (19,098,040)	
Restatement - correction of an error	<u>923,625</u>	
Net restatement		<u>(18,174,415)</u>
Net position, beginning of year, as restated		<u>\$ 28,354,772</u>

Fairfield County**Budgetary Comparison Schedule (GAAP Basis) - General Fund****For the fiscal year ended June 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 22,243,133	\$ 22,243,133	\$ 23,843,290	\$ 1,600,157
Sales tax	1,780,974	1,780,974	2,121,860	340,886
Intergovernmental	889,000	889,000	1,490,348	601,348
Licenses, permits, fines and fees	771,400	771,400	757,285	(14,115)
Charges for services	1,125,954	1,125,954	1,748,951	622,997
Investment income	4,135	4,135	9,083	4,948
Miscellaneous	92,500	92,500	148,162	55,662
Total revenues	26,907,096	26,907,096	30,118,979	3,211,883
Expenditures				
General government				
County Council	315,458	315,458	264,587	50,871
County Attorney	230,162	230,162	151,283	78,879
County Administrator	367,845	367,845	334,588	33,257
Finance	590,295	594,349	594,262	87
Human resources	270,597	270,597	218,241	52,356
Purchasing	171,264	171,264	169,838	1,426
Data processing	612,091	612,091	547,318	64,773
General operating	2,262,895	1,866,349	2,544,776	(678,427)
Tax assessor	396,079	396,079	351,612	44,467
Tax collector	167,880	168,467	143,927	24,540
Building maintenance	724,211	767,170	759,811	7,359
Planning and building	523,578	593,656	413,052	180,604
Transit	197,713	198,458	198,006	452
Economic development	130,126	155,064	145,521	9,543
Auditor	118,561	118,561	114,999	3,562
Treasurer	148,006	148,006	143,139	4,867
Voter registration / Election Commission	229,134	262,714	262,387	327
Veterans Affairs	105,307	105,307	85,065	20,242
Delegation	2,664	2,673	2,671	2
Airport Commission	56,300	61,019	60,790	229
Airport T-Hangers	-	-	6,450	(6,450)
Quickjobs	55,500	55,500	54,162	1,338
Summer youth program	21,234	21,234	10,948	10,286
Soil and water conservation	38,318	38,318	37,667	651
Community liaison	53,238	61,160	61,074	86
Allocations to local organizations	377,179	417,634	391,179	26,455
Total general government	8,165,635	7,999,135	8,067,353	(68,218)
Public safety				
Sheriff	3,258,849	3,258,849	3,137,982	120,867
Detention center	1,712,380	1,712,380	1,680,822	31,558
Animal control	232,650	246,240	242,593	3,647
Coroner	96,245	147,268	146,785	483
Allocations to local organizations	30,600	30,600	30,523	77
Total public safety	5,330,724	5,395,337	5,238,705	156,632
Public works and utilities				
Road maintenance division	1,513,933	1,513,933	1,387,963	125,970
Total public works and utilities	1,513,933	1,513,933	1,387,963	125,970

Fairfield County**Budgetary Comparison Schedule (GAAP Basis) - General Fund****For the fiscal year ended June 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures, Continued				
Health and welfare				
Fairfield County Department of Social Services	74,837	90,264	90,258	6
Emergency Medical Service	3,053,794	3,214,237	3,204,460	9,777
Emergency medical management	698,143	698,143	652,945	45,198
Solid waste	2,118,852	2,048,662	2,006,042	42,620
Allocations to local organizations	1,550,478	1,513,182	1,548,146	(34,964)
Total health and welfare	7,496,104	7,564,488	7,501,851	62,637
Judicial				
Probate Judge	151,239	152,982	152,723	259
Clerk of Court	314,655	318,908	318,680	228
Family court	126,296	132,515	132,461	54
Magistrates	431,555	442,843	442,843	-
Total judicial	1,023,745	1,047,248	1,046,707	541
Cultural and recreation				
Recreation	888,679	888,679	716,823	171,856
Museum	106,786	106,786	82,407	24,379
Allocations to local organizations	498,990	508,990	506,368	2,622
Total cultural and recreation	1,494,455	1,504,455	1,305,598	198,857
Capital outlay	-	-	-	-
Total expenditures	25,024,596	25,024,596	24,548,177	476,419
Excess of revenues over expenditures	1,882,500	1,882,500	5,570,802	3,688,302
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	1,000	1,000
Transfers in	346,443	346,443	52,433	(294,010)
Transfers out	(2,228,943)	(2,228,943)	(2,216,634)	12,309
Total other financing sources (uses)	(1,882,500)	(1,882,500)	(2,163,201)	(280,701)
Net change in fund balance	\$ -	\$ -	3,407,601	\$ 3,407,601
Fund balance, beginning of year			11,739,841	
Fund balance, end of year			\$ 15,147,442	

Fairfield County***Schedule of Funding Progress for the Other Post Employment Benefit Plan******June 30, 2015***

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)
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%
2015	7/1/2014	-	-	3,776,313	3,776,313	0%	9,218,588	41%

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

Fairfield County***Schedule of County's Proportionate Share of the Net Pension Liability******As of June 30, 2015 and 2014***

	SCRS	
	2015	2014
County's proportion of the net pension liability	0.08452%	0.08452%
County's proportionate share of the net pension liability	\$ 14,551,198	\$ 15,159,514
County's covered-employee payroll during the measurement period	\$ 7,684,474	\$ 7,782,679
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	189.36%	194.79%
Plan fiduciary net position as a percentage of the total pension liability	59.90%	56.39%

	PORS	
	2015	2014
County's proportion of the net pension liability	0.24785%	0.24785%
County's proportionate share of the net pension liability	\$ 4,744,985	\$ 5,137,945
County's covered-employee payroll during the measurement period	\$ 2,962,175	\$ 2,894,221
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	160.19%	177.52%
Plan fiduciary net position as a percentage of the total pension liability	67.50%	62.98%

Fairfield County***Schedule of the County's Contributions******As of June 30, 2015 and 2014***

	SCRS	
	2015	2014
Contractually required contribution	\$ 816,193	\$ 813,352
Contributions made to pension plan	816,193	813,352
Contribution deficiency (excess)	\$ -	\$ -
County's covered employee payroll	\$ 7,488,006	\$ 7,684,474
Contributions as a portion of covered employee payroll	10.90%	10.58%

	PORS	
	2015	2014
Contractually required contribution	\$ 415,246	\$ 382,767
Contributions made to pension plan	415,246	382,767
Contribution deficiency (excess)	\$ -	\$ -
County's covered employee payroll	\$ 3,096,543	\$ 2,962,175
Contributions as a portion of covered employee payroll	13.41%	12.92%

Note: This schedule is presented to illustrate the requirement to show information for ten (10) years. However, information for fiscal years 2006 through 2013 is not readily available.

Fairfield County**Combining Balance Sheet - Nonmajor Governmental Funds****June 30, 2015**

	Nonmajor Debt Service	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 988,386	\$ 3,327,797	\$ 5,994,373	\$ 10,310,556
Taxes receivable, net	32,141	23,709	-	55,850
Accounts receivable, net	-	5,743	18,045	23,788
Due from other governmental units	31	214,077	18,722	232,830
Prepaid items	-	13,491	-	13,491
Land and building held for sale	-	-	1,144,000	1,144,000
Total assets	<u>\$ 1,020,558</u>	<u>\$ 3,584,817</u>	<u>\$ 7,175,140</u>	<u>\$ 11,780,515</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 71,555	\$ 262,451	\$ 334,006
Retainage payable	-	-	15,887	15,887
Accrued expenses	-	31,317	-	31,317
Due to other funds	-	100,588	943,748	1,044,336
Due to other agencies	-	-	200,000	200,000
Total liabilities	<u>-</u>	<u>203,460</u>	<u>1,422,086</u>	<u>1,625,546</u>
Deferred inflows of resources:				
Unavailable revenue - timing restriction for property taxes and fees	15,434	11,385	-	26,819
Total deferred inflows of resources	<u>15,434</u>	<u>11,385</u>	<u>-</u>	<u>26,819</u>
Fund balances:				
Nonspendable				
Prepaid items	-	13,491	-	13,491
Restricted				
General government	-	261	-	261
Public safety	-	2,125,976	-	2,125,976
Health and welfare	-	872,978	-	872,978
Judicial	-	92,000	-	92,000
Cultural and recreation	-	130,333	-	130,333
Debt service	1,005,124	-	-	1,005,124
Committed				
Public works and utilities	-	-	1,622,755	1,622,755
Cultural and recreation	-	68,933	-	68,933
Capital outlay	-	66,000	4,130,299	4,196,299
Total fund balances	<u>1,005,124</u>	<u>3,369,972</u>	<u>5,753,054</u>	<u>10,128,150</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,020,558</u>	<u>\$ 3,584,817</u>	<u>\$ 7,175,140</u>	<u>\$ 11,780,515</u>

Fairfield County**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds**
For the year ended June 30, 2015

	Nonmajor Debt Service	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 1,464,830	\$ 1,334,872	\$ -	\$ 2,799,702
Intergovernmental	-	477,086	890,702	1,367,788
Licenses, permits, fines and fees	-	253,218	-	253,218
Charges for services	-	416,840	-	416,840
Investment income	-	5	1,440	1,445
Miscellaneous	-	91,686	116,626	208,312
Total revenues	<u>1,464,830</u>	<u>2,573,707</u>	<u>1,008,768</u>	<u>5,047,305</u>
Expenditures				
General government	-	171,203	1,056,835	1,228,038
Public safety	-	854,279	-	854,279
Public works and utilities	-	4,000	824,272	828,272
Health and welfare	-	1,000,435	-	1,000,435
Judicial	-	70,778	-	70,778
Cultural and recreation	-	117,639	-	117,639
Capital outlay	-	458,903	2,124,155	2,583,058
Debt service				
Principal retirement	1,960,198	-	-	1,960,198
Interest and fiscal charges	326,267	-	-	326,267
Total expenditures	<u>2,286,465</u>	<u>2,677,237</u>	<u>4,005,262</u>	<u>8,968,964</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(821,635)</u>	<u>(103,530)</u>	<u>(2,996,494)</u>	<u>(3,921,659)</u>
Other financing sources (uses)				
Proceeds from general obligation bonds	1,462,000	-	-	1,462,000
Proceeds from sale of capital assets	-	437	1,169,241	1,169,678
Transfers in	-	356,362	2,076,957	2,433,319
Transfers out	(896,813)	(52,433)	(216,685)	(1,165,931)
Total other financing sources	<u>565,187</u>	<u>304,366</u>	<u>3,029,513</u>	<u>3,899,066</u>
Net change in fund balances	<u>(256,448)</u>	<u>200,836</u>	<u>33,019</u>	<u>(22,593)</u>
Fund balances, beginning of year	<u>1,261,572</u>	<u>3,169,136</u>	<u>5,720,035</u>	<u>10,150,743</u>
Fund balances, end of year	<u>\$ 1,005,124</u>	<u>\$ 3,369,972</u>	<u>\$ 5,753,054</u>	<u>\$ 10,128,150</u>

Fairfield County**Comparative Balance Sheets - General Fund****As of June 30, 2015 and 2014**

	2015	2014
Assets		
Cash and cash equivalents	\$ 12,812,044	\$ 7,011,185
Taxes receivable, net	465,706	417,466
Accounts receivable, net	1,116,774	1,797,055
Due from other funds	1,044,336	1,521,670
Due from other governmental units	1,233,076	1,199,672
Prepaid items	53,931	32,974
Total assets	\$ 16,725,867	\$ 11,980,022
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities:		
Accounts payable	\$ 434,113	\$ 347,273
Accrued expenses	558,082	461,606
Due to taxpayers	3,302	3,331
Due to other agencies	321,749	270,840
Due to component units	48,820	49,430
Due to other governmental units	6,201	5,592
Total liabilities	1,372,267	1,138,072
Deferred inflows of resources:		
Unavailable revenue - timing restriction for property taxes and fees	206,158	182,930
Total deferred inflows of resources	206,158	182,930
Fund balances:		
Nonspendable		
Prepaid items	53,931	32,974
Committed		
Local option sales tax	470,147	491,377
General government	3,480,000	3,480,000
Health and welfare	760,000	760,000
Unassigned	10,383,364	5,894,669
Total fund balances	15,147,442	10,659,020
Total liabilities, deferred inflows of resources, and fund balances	\$ 16,725,867	\$ 11,980,022

Fairfield County**Comparative Statements of Revenues, Expenditures and Changes in Fund Balance - General Fund**
For the years ended June 30, 2015 and 2014

	2015	2014
Revenues		
Taxes	\$ 23,843,290	\$ 20,584,604
Sales tax	2,121,860	2,096,835
Intergovernmental	1,490,348	1,433,225
Licenses, permits, fines and fees	757,285	789,633
Charges for services	1,748,951	465,052
Investment income	9,083	6,455
Miscellaneous	148,162	192,773
Total revenues	30,118,979	25,568,577
Expenditures		
General government	8,067,353	7,547,429
Public safety	5,238,705	4,933,388
Public works and utilities	1,387,963	1,490,108
Health and welfare	7,501,851	4,673,449
Judicial	1,046,707	1,028,882
Cultural and recreation	1,305,598	1,266,687
Capital outlay	-	22,014
Total expenditures	24,548,177	20,961,957
Excess revenues over expenditures	5,570,802	4,606,620
Other financing sources (uses)		
Proceeds from sale of capital assets	1,000	-
Transfers in	52,433	18,650
Transfers out	(2,216,634)	(2,423,416)
Total other financing uses	(2,163,201)	(2,404,766)
Net change in fund balances	3,407,601	2,201,854
Fund balance, beginning of year	10,659,020	8,457,166
Add: EMS fund balance, beginning of year (See Note 17)	1,080,821	
Fund balance, beginning of year, adjusted	11,739,841	
Fund balance, end of year	\$ 15,147,442	\$ 10,659,020

Fairfield County**Combining Balance Sheet - Nonmajor Special Revenue Funds****June 30, 2015**

	Tourism Promotion	Tourism Related	Transit System	Sheriff Seizure	Railroad Track Maintenance	Clerk of Court Incentive
Assets						
Cash and cash equivalents	\$ 47,254	\$ 77,222	\$ -	\$ 11,112	\$ 68,933	\$ 91,292
Taxes receivable, net	-	-	-	-	-	-
Accounts receivable, net	-	-	1,211	-	-	-
Due from other governmental units	-	-	109,570	-	-	708
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 47,254</u>	<u>\$ 77,222</u>	<u>\$ 110,781</u>	<u>\$ 11,112</u>	<u>\$ 68,933</u>	<u>\$ 92,000</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ 25,655	\$ -	\$ -	\$ -
Accrued expenses	-	-	17,803	-	-	-
Due to other funds	-	-	30,913	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>74,371</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources						
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>
Fund balances						
Nonspendable - prepaid items	-	-	-	-	-	-
Restricted						
General government	-	-	-	-	-	-
Public safety	-	-	-	11,112	-	-
Health and welfare	-	-	36,410	-	-	-
Judicial	-	-	-	-	-	92,000
Cultural and recreation	47,254	77,222	-	-	-	-
Committed						
Cultural and recreation	-	-	-	-	68,933	-
Capital outlay	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance	<u>47,254</u>	<u>77,222</u>	<u>36,410</u>	<u>11,112</u>	<u>68,933</u>	<u>92,000</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 47,254</u>	<u>\$ 77,222</u>	<u>\$ 110,781</u>	<u>\$ 11,112</u>	<u>\$ 68,933</u>	<u>\$ 92,000</u>

Fairfield County**Combining Balance Sheet - Nonmajor Special Revenue Funds****June 30, 2015**

	Clerk of Court IV-D	Victim's Assistance	Fish Hook Housing	911 Tariff	County Donations	Workforce Investment Act
Assets						
Cash and cash equivalents	\$ -	\$ 99,678	\$ 5,870	\$ 814,676	\$ 14,324	\$ -
Taxes receivable, net	-	-	-	-	-	-
Accounts receivable, net	-	-	-	4,532	-	-
Due from other governmental units	9,373	-	-	16,722	-	8,519
Prepaid items	-	-	-	13,491	-	-
Total assets	<u>\$ 9,373</u>	<u>\$ 99,678</u>	<u>\$ 5,870</u>	<u>\$ 849,421</u>	<u>\$ 14,324</u>	<u>\$ 8,519</u>
Liabilities						
Accounts payable	\$ 1,056	\$ 386	\$ 5,870	\$ 5,656	\$ 980	\$ 638
Accrued expenses	1,078	1,853	-	-	-	3,007
Due to other funds	7,239	-	-	-	-	4,874
Total liabilities	<u>9,373</u>	<u>2,239</u>	<u>5,870</u>	<u>5,656</u>	<u>980</u>	<u>8,519</u>
Deferred inflows of resources						
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>
Fund balances						
Nonspendable - prepaid items	-	-	-	13,491	-	-
Restricted						
General government	-	-	-	-	261	-
Public safety	-	97,439	-	-	932	-
Health and welfare	-	-	-	830,274	6,294	-
Judicial	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	5,857	-
Committed						
Cultural and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance	<u>-</u>	<u>97,439</u>	<u>-</u>	<u>843,765</u>	<u>13,344</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,373</u>	<u>\$ 99,678</u>	<u>\$ 5,870</u>	<u>\$ 849,421</u>	<u>\$ 14,324</u>	<u>\$ 8,519</u>

Fairfield County**Combining Balance Sheet - Nonmajor Special Revenue Funds****June 30, 2015**

	Justice Assistance Grant	Sheriff Drug Fund	Sheriff Child Support	Sheriff Judgments/ Executions	Sheriff Law Enforcement	Sex Offender
Assets						
Cash and cash equivalents	\$ -	\$ 9,423	\$ 10,330	\$ 6,708	\$ 17,002	\$ 2,000
Taxes receivable, net	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Due from other governmental units	10,478	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 10,478</u>	<u>\$ 9,423</u>	<u>\$ 10,330</u>	<u>\$ 6,708</u>	<u>\$ 17,002</u>	<u>\$ 2,000</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	892	-	-	-
Due to other funds	10,478	-	-	-	-	-
Total liabilities	<u>10,478</u>	<u>-</u>	<u>892</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources						
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>
Fund balances						
Nonspendable - prepaid items	-	-	-	-	-	-
Restricted						
General government	-	-	-	-	-	-
Public safety	-	9,423	9,438	6,708	17,002	2,000
Health and welfare	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-
Committed						
Cultural and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance	<u>-</u>	<u>9,423</u>	<u>9,438</u>	<u>6,708</u>	<u>17,002</u>	<u>2,000</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,478</u>	<u>\$ 9,423</u>	<u>\$ 10,330</u>	<u>\$ 6,708</u>	<u>\$ 17,002</u>	<u>\$ 2,000</u>

Fairfield County**Combining Balance Sheet - Nonmajor Special Revenue Funds****June 30, 2015**

	Crime Prevention	Fire Protection Tax District	Element Access Road	Grant Subfunds	Totals
Assets					
Cash and cash equivalents	\$ 61	\$ 1,970,624	\$ 69,500	\$ 11,788	\$ 3,327,797
Taxes receivable, net	-	23,709	-	-	23,709
Accounts receivable, net	-	-	-	-	5,743
Due from other governmental units	-	25	-	58,682	214,077
Prepaid items	-	-	-	-	13,491
Total assets	<u>\$ 61</u>	<u>\$ 1,994,358</u>	<u>\$ 69,500</u>	<u>\$ 70,470</u>	<u>\$ 3,584,817</u>
Liabilities					
Accounts payable	\$ -	\$ 24,739	\$ 3,500	\$ 3,075	\$ 71,555
Accrued expenses	-	6,684	-	-	31,317
Due to other funds	-	-	-	47,084	100,588
Total liabilities	<u>-</u>	<u>31,423</u>	<u>3,500</u>	<u>50,159</u>	<u>203,460</u>
Deferred inflows of resources					
Unavailable revenue - timing restriction for property taxes and fees	-	11,385	-	-	11,385
Total deferred inflows of resources	<u>-</u>	<u>11,385</u>	<u>-</u>	<u>-</u>	<u>11,385</u>
Fund balances					
Nonspendable - prepaid items	-	-	-	-	13,491
Restricted					
General government	-	-	-	-	261
Public safety	61	1,951,550	-	20,311	2,125,976
Health and welfare	-	-	-	-	872,978
Judicial	-	-	-	-	92,000
Cultural and recreation	-	-	-	-	130,333
Committed					
Cultural and recreation	-	-	-	-	68,933
Capital outlay	-	-	66,000	-	66,000
Unassigned	-	-	-	-	-
Total fund balance	<u>61</u>	<u>1,951,550</u>	<u>66,000</u>	<u>20,311</u>	<u>3,369,972</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 61</u>	<u>\$ 1,994,358</u>	<u>\$ 69,500</u>	<u>\$ 70,470</u>	<u>\$ 3,584,817</u>

Fairfield County**Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds****For the fiscal year ended June 30, 2015**

	Tourism Promotion	Tourism Related	Transit System	Sheriff Seizure	Railroad Track Maintenance	Clerk of Court Incentive
Revenues						
Taxes	\$ 40,378	\$ 87,486	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	69,559	-	-	6,697
Licenses, permits, fines and fees	-	-	-	-	-	-
Charges for services	-	-	409,740	-	-	-
Investment income	-	-	-	5	-	-
Miscellaneous	-	-	46,088	-	-	-
Total revenues	40,378	87,486	525,387	5	-	6,697
Expenditures						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works and utilities	-	-	-	-	-	-
Health and welfare	-	-	783,197	-	-	-
Judicial	-	-	-	-	-	-
Cultural and recreation	44,037	73,127	-	-	475	-
Capital outlay	-	-	-	-	-	-
Total expenditures	44,037	73,127	783,197	-	475	-
Excess (deficiency) of revenues over (under) expenditures	(3,659)	14,359	(257,810)	5	(475)	6,697
Other financing sources (uses)						
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	195,237	-	15,000	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	195,237	-	15,000	-
Net change in fund balance	(3,659)	14,359	(62,573)	5	14,525	6,697
Fund balances, beginning of year	50,913	62,863	98,983	11,107	54,408	85,303
Fund balances, end of year	\$ 47,254	\$ 77,222	\$ 36,410	\$ 11,112	\$ 68,933	\$ 92,000

Fairfield County**Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds****For the fiscal year ended June 30, 2015**

	Clerk of Court IV-D	Victim Assistance	Fish Hook Housing	911 Tariff	County Donations	Workforce Investment Act
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	120,096	-	-	35,453	-	96,530
Licenses, permits, fines and fees	-	43,493	-	209,425	-	-
Charges for services	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Miscellaneous	3,589	-	-	4	14,517	-
Total revenues	123,685	43,493	-	244,882	14,517	96,530
Expenditures						
General government	-	-	-	-	764	139,805
Public safety	-	69,207	-	-	8,135	-
Public works and utilities	-	-	-	-	-	-
Health and welfare	-	-	-	148,826	3,852	-
Judicial	70,778	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-
Capital outlay	474	-	-	-	-	-
Total expenditures	71,252	69,207	-	148,826	12,751	139,805
Excess (deficiency) of revenues over (under) expenditures	52,433	(25,714)	-	96,056	1,766	(43,275)
Other financing sources (uses)						
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	43,275
Transfers out	(52,433)	-	-	-	-	-
Total other financing sources (uses)	(52,433)	-	-	-	-	43,275
Net change in fund balance	-	(25,714)	-	96,056	1,766	-
Fund balances, beginning of year	-	123,153	-	747,709	11,578	-
Fund balances, end of year	\$ -	\$ 97,439	\$ -	\$ 843,765	\$ 13,344	\$ -

Fairfield County**Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds****For the fiscal year ended June 30, 2015**

	Justice Assistance Grant	Sheriff Drug Fund	Sheriff Child Support	Sheriff Judgments/ Executions	Sheriff Law Enforcement	Sex Offender
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	10,478	-	644	-	-	-
Licenses, permits, fines and fees	-	-	-	-	-	300
Charges for services	-	-	-	7,100	-	-
Investment income	-	-	-	-	-	-
Miscellaneous	-	2,433	-	-	4,673	-
Total revenues	10,478	2,433	644	7,100	4,673	300
Expenditures						
General government	-	-	-	-	-	-
Public safety	10,478	2,613	3,097	6,872	6,434	100
Public works and utilities	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	10,478	2,613	3,097	6,872	6,434	100
Excess (deficiency) of revenues over (under) expenditures	-	(180)	(2,453)	228	(1,761)	200
Other financing sources (uses)						
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	2,453	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	2,453	-	-	-
Net change in fund balance	-	(180)	-	228	(1,761)	200
Fund balances, beginning of year	-	9,603	9,438	6,480	18,763	1,800
Fund balances, end of year	\$ -	\$ 9,423	\$ 9,438	\$ 6,708	\$ 17,002	\$ 2,000

Fairfield County**Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds****For the fiscal year ended June 30, 2015**

	Crime Prevention	Fire Protection Tax District	Element Access Road	Grant Subfunds	Totals
Revenues					
Taxes	\$ -	\$ 1,207,008	\$ -	\$ -	\$ 1,334,872
Intergovernmental	-	5,517	-	132,112	477,086
Licenses, permits, fines and fees	-	-	-	-	253,218
Charges for services	-	-	-	-	416,840
Investment income	-	-	-	-	5
Miscellaneous	-	20,382	-	-	91,686
Total revenues	-	1,232,907	-	132,112	2,573,707
Expenditures					
General government	-	-	-	30,634	171,203
Public safety	123	736,297	-	10,923	854,279
Public works and utilities	-	-	-	4,000	4,000
Health and welfare	-	-	-	64,560	1,000,435
Judicial	-	-	-	-	70,778
Cultural and recreation	-	-	-	-	117,639
Capital outlay	-	413,380	34,000	11,049	458,903
Total expenditures	123	1,149,677	34,000	121,166	2,677,237
Excess (deficiency) of revenues over (under) expenditures	(123)	83,230	(34,000)	10,946	(103,530)
Other financing sources (uses)					
Proceeds from sale of capital assets	-	437	-	-	437
Transfers in	-	-	100,000	397	356,362
Transfers out	-	-	-	-	(52,433)
Total other financing sources (uses)	-	437	100,000	397	304,366
Net change in fund balance	(123)	83,667	66,000	11,343	200,836
Fund balances, beginning of year	184	1,867,883	-	8,968	3,169,136
Fund balances, end of year	\$ 61	\$ 1,951,550	\$ 66,000	\$ 20,311	\$ 3,369,972

Fairfield County**Combining Balance Sheet - Nonmajor Capital Project Funds****June 30, 2015**

	Capital Improvement Projects	Road Improvement Program	Capital Improvements FY2010 GO Bonds	Water and Sewer Program	Solid Waste & Recycling Capital Fund
Assets					
Cash and cash equivalents	\$ 2,000,239	\$ 320,937	\$ 653,364	\$ 1,175,143	\$ 126,674
Accounts receivable, net	-	-	-	-	-
Due from other governmental units	-	18,722	-	-	-
Land and building held for sale	-	-	-	-	-
Total assets	<u>\$ 2,000,239</u>	<u>\$ 339,659</u>	<u>\$ 653,364</u>	<u>\$ 1,175,143</u>	<u>\$ 126,674</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 241,315	\$ 18,721	\$ -	\$ -	\$ -
Retainage payable	15,887	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other agencies	-	-	-	-	-
Total liabilities	<u>257,202</u>	<u>18,721</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Committed					
Public works and utilities	-	320,938	-	1,175,143	126,674
Capital outlay	1,743,037	-	653,364	-	-
Total fund balances	<u>1,743,037</u>	<u>320,938</u>	<u>653,364</u>	<u>1,175,143</u>	<u>126,674</u>
Total liabilities and fund balances	<u>\$ 2,000,239</u>	<u>\$ 339,659</u>	<u>\$ 653,364</u>	<u>\$ 1,175,143</u>	<u>\$ 126,674</u>

Fairfield County**Combining Balance Sheet - Nonmajor Capital Project Funds****June 30, 2015**

	Vehicle Replacement Program	Recreation Capital Fund	WB Industrial Park Fund	Economic Development Fund	Total Nonmajor Capital Project Funds
Assets					
Cash and cash equivalents	\$ 580,411	\$ -	\$ -	\$ 1,137,605	\$ 5,994,373
Accounts receivable, net	18,045	-	-	-	18,045
Due from other governmental units	-	-	-	-	18,722
Land and building held for sale	-	-	1,144,000	-	1,144,000
Total assets	<u>\$ 598,456</u>	<u>\$ -</u>	<u>\$ 1,144,000</u>	<u>\$ 1,137,605</u>	<u>\$ 7,175,140</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 2,163	\$ -	\$ 252	\$ -	\$ 262,451
Retainage payable	-	-	-	-	15,887
Due to other funds	-	-	943,748	-	943,748
Due to other agencies	-	-	200,000	-	200,000
Total liabilities	<u>2,163</u>	<u>-</u>	<u>1,144,000</u>	<u>-</u>	<u>1,422,086</u>
Fund balances:					
Committed					
Public works and utilities	-	-	-	-	1,622,755
Capital outlay	596,293	-	-	1,137,605	4,130,299
Total fund balances	<u>596,293</u>	<u>-</u>	<u>-</u>	<u>1,137,605</u>	<u>5,753,054</u>
Total liabilities and fund balances	<u>\$ 598,456</u>	<u>\$ -</u>	<u>\$ 1,144,000</u>	<u>\$ 1,137,605</u>	<u>\$ 7,175,140</u>

Fairfield County**Combining Statement of Revenues, Expenditures and Changes in Fund****Balances - Nonmajor Capital Project Funds****For the year ended June 30, 2015**

	Capital Improvement Projects	Road Improvement Program	Capital Improvements FY2010 GO Bonds	Water and Sewer Program	Solid Waste & Recycling Capital Fund
Revenues					
Intergovernmental	\$ -	\$ 540,702	\$ 350,000	\$ -	\$ -
Investment income	-	-	1,440	-	-
Miscellaneous	77,015	-	-	5,626	-
Total revenues	77,015	540,702	351,440	5,626	-
Expenditures					
General government	990,564	-	16,868	-	-
Public works and utilities	34	600,152	-	224,086	-
Capital outlay	800,223	-	362,662	-	212,593
Total expenditures	1,790,821	600,152	379,530	224,086	212,593
Excess (deficiency) of revenues over (under) expenditures	(1,713,806)	(59,450)	(28,090)	(218,460)	(212,593)
Other financing sources					
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	1,048,185	-	-	-	255,600
Transfers out	-	-	-	-	-
Total other financing sources	1,048,185	-	-	-	255,600
Net change in fund balances	(665,621)	(59,450)	(28,090)	(218,460)	43,007
Fund balances, beginning of year	2,408,658	380,388	681,454	1,393,603	83,667
Fund balances, end of year	\$ 1,743,037	\$ 320,938	\$ 653,364	\$ 1,175,143	\$ 126,674

Fairfield County**Combining Statement of Revenues, Expenditures and Changes in Fund****Balances - Nonmajor Capital Project Funds****For the year ended June 30, 2015**

	Vehicle Replacement Program	Recreation Capital Fund	WB Industrial Park Fund	Economic Development Fund	Total Nonmajor Capital Project Funds
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 890,702
Investment income	-	-	-	-	1,440
Miscellaneous	33,985	-	-	-	116,626
Total revenues	33,985	-	-	-	1,008,768
Expenditures					
General government	3,282	-	46,121	-	1,056,835
Public works and utilities	-	-	-	-	824,272
Capital outlay	598,042	150,635	-	-	2,124,155
Total expenditures	601,324	150,635	46,121	-	4,005,262
Excess (deficiency) of revenues over (under) expenditures	(567,339)	(150,635)	(46,121)	-	(2,996,494)
Other financing sources					
Proceeds from sale of capital assets	31,636	-	-	1,137,605	1,169,241
Transfers in	727,051	-	46,121	-	2,076,957
Transfers out	-	(216,685)	-	-	(216,685)
Total other financing sources	758,687	(216,685)	46,121	1,137,605	3,029,513
Net change in fund balances	191,348	(367,320)	-	1,137,605	33,019
Fund balances, beginning of year	404,945	367,320	-	-	5,720,035
Fund balances, end of year	\$ 596,293	\$ -	\$ -	\$ 1,137,605	\$ 5,753,054

Fairfield County**Schedule of Budget to Actual Costs - Contract Number PT-54711-26****For the fiscal year ended June 30, 2015**

	Section 5311	SMTF	Local	Total	Budget	Variance with Budget
Administration						
Personnel	\$ 5,569	\$ -	\$ 1,392	\$ 6,961	\$ 30,000	\$ 23,039
Fringe benefits	1,666	-	417	2,083	7,065	4,982
Materials and supplies	42	-	11	53	400	347
Utilities	932	-	233	1,165	3,000	1,835
Travel	14	-	3	17	600	583
Medical services	10	-	3	13	100	87
Fire safety	-	-	-	-	300	300
Record checks	16	-	4	20	100	80
Lease and rental						
Post office box	-	-	-	-	140	140
Office equipment	270	-	68	338	1,500	1,162
Total administration	8,519	-	2,131	10,650	43,205	32,555
Operations						
Personnel	14,997	13,780	1,216	29,993	85,000	55,007
Fringe benefits	5,061	2,531	2,530	10,122	28,890	18,768
Professional and tech. services	38	38	-	76	1,100	1,024
Vehicle services	285	285	-	570	2,000	1,430
Fuel and lubricants	3,980	1,990	1,990	7,960	35,000	27,040
Tires and tubes	1,076	538	538	2,152	5,000	2,848
Miscellaneous expenses			-			
Record checks	21	21	-	42	100	58
Fire safety	15	15	-	30	300	270
Uniforms/clothing	368	368	-	736	900	164
Education/training	29	29	-	58	160	102
Telephone/cell phone	253	252	-	505	1,000	495
Vehicle tracking	20	19	-	39	2,500	2,461
Medical services	58	58	-	116	300	184
Travel	35	34	-	69	500	431
Other materials and supplies	348	347	-	695	2,200	1,505
Casualty and liability	348	347	-	695	4,500	3,805
Total operations	26,932	20,652	6,274	53,858	169,450	115,592
Capital						
Preventive maintenance						
Salaries and fringe benefits	7,258	1,385	430	9,073	68,135	59,062
Miscellaneous equipment						
Shop equipment	3,851	963	-	4,814	5,350	536
ADP Hardware						
Vehicle camera system	-	-	-	-	18,600	18,600
Total capital	11,109	2,348	430	13,887	92,085	78,198
Total contract	\$ 46,560	\$ 23,000	\$ 8,835	\$ 78,395	\$ 304,740	\$ 226,345

Fairfield County***Schedule of Court Fines, Surcharges and Assessment Activity - Victim's Assistance Fund
For the fiscal year ended June 30, 2015******Court fines***

Collected	\$	104,676
Retained by County		<u>36,104</u>
	\$	<u><u>68,572</u></u>

Court assessments

Collected	\$	16,158
Retained by County		<u>1,267</u>
	\$	<u><u>14,891</u></u>

Court surcharges

Collected	\$	132,416
Retained by County		<u>6,688</u>
	\$	<u><u>125,728</u></u>

Victim's assistance

Court assessments	\$	36,104
Court surcharges		<u>7,389</u>
Allocated to Victim's Assistance		43,493
Victim's Assistance expenditures		<u>69,207</u>
Deficiency of revenues under expenditures		(25,714)

Fund balance, beginning of year123,153***Fund balance, end of year***\$ 97,439

Fairfield County***Computation of Legal Debt Margin******June 30, 2015***

Assessed value (1)		\$ 144,482,603
Debt limit - 8% of assessed value (2)		\$ 11,558,608
Amount of debt applicable to debt limit (3):		
Total general obligation bonds	\$ 5,395,980	
Less: Debt service funds available	<u>1,005,124</u>	
Total debt applicable to debt limit		<u>4,390,856</u>
Legal debt margin		<u>\$ 7,167,752</u>

NOTES:

- (1) The assessed valuation shown is the assessed value at December 31, 2013 used for 2014 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, municipality 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.

Single Audit Section

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

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 of America, 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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 11, 2016. The financial statements of the Fairfield County Library Commission, Fairfield Behavioral Health Services and Fairfield County Council on Aging were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Fairfield County Library Commission, Fairfield Behavioral Health Services and Fairfield County Council on Aging.

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.

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. However, as described in the accompanying *Schedule of Findings and Questioned Costs*, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described as 2015-001 in the accompanying *Schedule of Findings and Questioned Costs* to be a material weakness.

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. We consider the deficiency described as 2015-002 in the accompanying *Schedule of Findings and Questioned Costs* to be a significant deficiency.

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 Questioned Costs*. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 Decosimo, LLC". The signature is written in a cursive, flowing style.

Columbia, South Carolina
January 11, 2016

**Independent Auditor's Report on Compliance for Each Major
Federal Program and Report on Internal Control Over Compliance
Required by OMB Circular A-133**

Fairfield County Council
Fairfield County
Winnsboro, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Fairfield County's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Columbia, South Carolina
January 11, 2016

Fairfield County***Schedule of Findings and Questioned Costs******For the year ended June 30, 2015***

I. Summary of Auditor's Results**Financial Statements**

- | | | |
|------|---|------------|
| (a.) | Type of auditor's report issued: | Unmodified |
| (b.) | Internal control over financial reporting: | |
| 1) | Material weaknesses identified? | Yes |
| 2) | Significant deficiencies identified? | Yes |
| (c.) | Noncompliance material to financial statements noted? | No |

Federal Awards

- | | | | | | | |
|--------------------|---|--------------------|--------------------------------|--------|-----------------------------|--|
| (a.) | Internal control over major programs: | | | | | |
| 1) | Material weaknesses identified? | No | | | | |
| 2) | Significant deficiencies identified? | None reported | | | | |
| (b.) | Type of auditor's report issued on compliance for major federal programs? | Unmodified | | | | |
| (c.) | Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? | No | | | | |
| (d.) | Identification of major programs: | | | | | |
| | <table border="0"><tr><td><u>CFDA Number</u></td><td><u>Name of federal program</u></td></tr><tr><td>20.106</td><td>Airport Improvement Program</td></tr></table> | <u>CFDA Number</u> | <u>Name of federal program</u> | 20.106 | Airport Improvement Program | |
| <u>CFDA Number</u> | <u>Name of federal program</u> | | | | | |
| 20.106 | Airport Improvement Program | | | | | |
| (e.) | Dollar threshold used to distinguish between type A and type B programs: | \$300,000 | | | | |
| (f.) | Auditee qualified as low risk auditee? | No | | | | |

Fairfield County

Schedule of Findings and Questioned Costs For the year ended June 30, 2015

II. Financial Statement Findings

Item 2015-001: Capital Asset Restatement

Condition: During fiscal year 2015, the County identified certain parcels of land purchased in prior years that were recorded as expenses rather than as capital assets as required by generally accepted accounting principles (GAAP).

Criteria: GASB Statement No. 34, *Basic Financial Statements - And Management's Discussion and Analysis - for State and Local Governments*, requires state and local governments to report all capital assets in the government-wide statement of net position.

Cause: During the County's implementation of GASB Statement No. 34 in fiscal year 2003, certain parcels of land were not identified as capital assets.

Effect: Prior to restating the County's beginning net position to correct the error, the County's capital assets and net investment in capital assets were understated by \$923,625.

Context: The restatement was identified by the County after it sold one of the land parcels in fiscal year 2015 and determined that the land had not previously been properly recorded as a capital asset in accordance with GAAP.

Recommendation: The County should establish a formal policy for tracking and recording capital assets purchased by or donated to the County in accordance with GAAP. Services performed by a third party should be reviewed by appropriate County personnel to ensure completeness and accuracy.

Views of Responsible Officials and Planned Corrective Actions: In fiscal year 2013, the County engaged a service provider to document all County assets in order to implement GASB Statement No. 34. It appears that the provider overlooked certain land assets during this process. Deed documents are required to come to the Finance Department for all land purchases, donations and sales.

Item 2015-002: Treasurer's Office - Timely Review of Bank Reconciliations

Condition: The Treasurer's Office did not perform timely review on the reconciliation of certain bank accounts held by the County, including the County's operating account. The reconciliation of the County's operating account for the month of May 2015 was performed by a third party service provider, however it had not been reviewed by the Treasurer's Office as of October 2015.

Criteria: The Treasurer's Office is responsible for the timely preparation and review of certain bank accounts held by the County.

Cause: The Treasurer's Office outsources the task of preparing bank account reconciliations to a third party service provider, however there is not a policy for ensuring the reconciliations are received and reviewed in a timely manner.

Effect: The Treasurer's Office increases its risk of not identifying potential fraud or material errors in a timely manner.

Context: We noted the above condition during a walkthrough of the Treasurer's Office's internal controls over bank reconciliations.

Fairfield County

Schedule of Findings and Questioned Costs For the year ended June 30, 2015

Item 2015-002: Treasurer's Office - Timely Review of Bank Reconciliations, Continued

Recommendation: The Treasurer's Office should establish a formal policy for receiving and reviewing bank reconciliations in a timely manner. Services performed by a third party should be reviewed by appropriate County personnel to ensure completeness and accuracy.

Views of Responsible Officials and Planned Corrective Actions: Moving forward, the Treasurer's Office will implement policies and procedures to timely receive and review all bank reconciliations. Any discrepancies or variances will be investigated in a timely manner to facilitate the reconciliation process. After reviewing the reconciliations, the proper Treasurer's Office personnel will approve the reconciliation to verify completeness and accuracy.

III. Federal Award Findings and Questioned Costs

None reported.

Fairfield County**Schedule of Expenditures of Federal Awards****For the fiscal year ended June 30, 2015**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>
Workforce Investment Act - Cluster		
U.S. Department of Labor		
Passed through South Carolina Employment Security Commission		
Workforce Investment Act - Adult Program	17.258	\$ 82,398
Workforce Investment Act - Dislocated Workers	17.278	14,132
Total Workforce Investment Act - Cluster		96,530
Other Programs		
U.S. Department of Justice		
Passed through South Carolina Law Enforcement Division		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	10,478
Total U.S. Department of Justice		10,478
U.S. Department of Transportation		
Passed through the South Carolina Department of Transportation, Office of Public Transit		
Section 5311 - Formula Grant - PT-34711-20	20.509	46,559
Passed through the South Carolina Department of Commerce/Division of Aeronautics		
Airport Improvement Program	20.106	851,460
Total U.S. Department of Transportation		898,019
U.S. Department of Agriculture		
Rural Development, Forestry and Communities	10.672	23,189
Total U.S. Department of Agriculture		23,189
U.S. Department of Homeland Security		
Passed through South Carolina Adjutant General's Office		
Emergency Management Performance Grant	97.042	55,193
Total U.S. Department of Homeland Security		55,193
U.S. Department of Health And Human Services		
Passed through South Carolina Department of Social Services		
Child Support Enforcement Title IV-D Incentives	93.563	120,740
Total U.S. Department of Health and Human Services		120,740
Total federal awards (accrual basis of accounting)		\$ 1,204,149

NOTE - BASIS OF PRESENTATION: The Schedule of Expenditures of Federal Awards includes the federal grant activity of Fairfield County, South Carolina (the County) under programs of the federal government for the year ended June 30, 2015. The information presented in this schedule is presented on the accrual basis of accounting in accordance with the requirement of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Because the schedule presents only a selected portion of the operations of the County, it is not intended and does not present the financial position or changes in net position of the County.