

**Fairfield County  
Winnsboro, South Carolina**

***Report on Financial Statements***

***For the year ended June 30, 2013***

# Fairfield County

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# Fairfield County

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## Financial Section



## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fairfield County, South Carolina (the County) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Columbia, South Carolina  
January 27, 2014

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## Fairfield County

### *Management's Discussion and Analysis For the year ended June 30, 2013*

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As management of Fairfield County, we offer readers of Fairfield County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2013. 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 687 square miles
- Within 30 miles of the geographic center of South Carolina
- Stable population of 23,956
- 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 Fairfield 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, Fairfield 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 while 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, 2013

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### Financial Highlights

- The County's financial condition has continued to maintain revenues at a relatively constant level over this period.
- **Net position** - The County's governmental activities assets exceeded its liabilities at June 30, 2013 by \$42,565,932 (net position). Of this amount, \$12,083,660 was unrestricted net position, which means these funds may be used to meet the County's ongoing obligations.
- **Change in net position** - The County's net position increased over the course of this year's operations. Net position of the governmental activities increased by \$1,113,233.
- **General fund** - The principal operating fund of the County is the general fund. In fiscal year 2013, general fund revenues and other financing sources, which primarily consisted of property taxes and intergovernmental revenues, were \$25,425,817. Expenditures and net transfers out of the general fund were \$24,857,790. This resulted in an increase in the fund balance for the year of \$568,027.
- **General fund budget** - The general fund actual revenues were greater than the final budget amounts by \$3,462,324 due primarily to greater than expected collections of taxes. General fund actual expenditures were less than the final budget amounts by \$1,225,268. This variance is primarily due to department directors making frugal decisions in regards to purchases and employee staffing.

### Overview of The Financial Statements

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

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

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

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

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



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## Fairfield County

### *Management's Discussion and Analysis* *For the year ended June 30, 2013*

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

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

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

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 to 42.

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

#### **Financial Analysis of The County as A Whole**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$42,565,932 as of June 30, 2013.

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

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

## Fairfield County

### Management's Discussion and Analysis For the year ended June 30, 2013

#### Financial Analysis of The County as A Whole, continued

The following table presents a summary of the County's net position for the fiscal years ended June 30, 2013 and 2012.

	<u>2013</u>	<u>2012</u>	<u>Percentage Change</u>
Current assets	\$ 42,239,708	\$ 21,094,679	100.2%
Noncurrent assets	1,319,030	530,030	148.9%
Capital assets, net	<u>33,111,337</u>	<u>30,351,748</u>	9.1%
Total assets	<u>76,670,075</u>	<u>51,976,457</u>	47.5%
Current liabilities	2,794,550	2,702,957	3.4%
Long-term liabilities	<u>31,309,593</u>	<u>7,820,801</u>	300.3%
Total liabilities	<u>34,104,143</u>	<u>10,523,758</u>	224.1%
Net position			
Net investment in capital assets	26,218,423	25,790,343	1.7%
Restricted	4,263,849	3,572,150	19.4%
Unrestricted	<u>12,083,660</u>	<u>12,090,206</u>	(0.1)%
Total net position	<u>\$ 42,565,932</u>	<u>\$ 41,452,699</u>	2.7%

**Change in net position** - The County's total revenues for the fiscal year ended June 30, 2013 were \$34,718,102. The total cost of all programs and services was \$33,604,869. The table below presents a summary of the activity that resulted in changes in net position for the fiscal years ended June 30, 2013 and 2012.

Compared to fiscal year 2012 the County's revenues and expenses decreased due primarily to the following:

- **Operating and capital grants and contributions**- The County recognized a decrease in grants during fiscal year 2013 due to a decrease of approximately \$1 million in state funding used for infrastructure projects and approximately \$1.5 million in federal funding used for airport improvement projects.
- **Sales taxes**-The County recognized a decrease in sales taxes due to the fact that local option sales tax revenues from the state are based on county sales tax collections and donor monies. As such, sales tax revenues fluctuate from year to year.
- **Gain on sale of capital assets**-The County recognized a decrease in gain on sale due to an increase in the prior fiscal year during the County auction.
- **Health and welfare**-The County recognized a decrease in health and welfare due to the fact that in the prior fiscal year, the County provided Fairfield Memorial Hospital (the Hospital) with an additional \$1.2 million in funding to assist in meeting its current administrative expenses.
- **Interest and fiscal charges**-The County recognized an increase in interest and fiscal charges due to approximately \$1 million in bond issuance costs associated with the issuance of Facilities Corporation Bonds Series A and B in April 2013.

# Fairfield County

## Management's Discussion and Analysis For the year ended June 30, 2013

### Financial Analysis of The County as A Whole, continued

	2013	2012	Percentage Change
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 2,865,461	\$ 2,805,655	2.1%
Operating grants and contributions	1,228,976	2,656,575	(53.7)%
Capital grants and contributions	883,264	2,159,839	(59.1)%
General revenues			
Property and accommodations taxes	25,902,116	24,013,681	7.9%
Sales taxes	1,988,755	2,289,393	(13.1)%
Investment income	116,365	122,434	(5.0)%
Intergovernmental	1,478,270	1,438,249	2.8%
Gain (loss) on sale of capital assets	61,830	115,128	(46.3)%
Miscellaneous	193,065	123,831	55.9%
Total revenues	<u>34,718,102</u>	<u>35,724,785</u>	(2.8)%
<b>Expenses</b>			
General government	12,507,083	12,794,990	(2.3)%
Public safety	6,134,315	5,913,785	3.7%
Public works and utilities	2,411,472	2,723,453	(11.5)%
Health and welfare	8,663,215	10,123,665	(14.4)%
Judicial	1,068,180	1,026,716	4.0%
Cultural and recreation	1,466,806	1,436,897	2.1%
Interest and fiscal charges	1,353,798	325,696	315.7%
Total expenses	<u>33,604,869</u>	<u>34,345,202</u>	2.2%
Increase in net position	<u>\$ 1,113,233</u>	<u>\$ 1,379,583</u>	(19.3)%

**Governmental activities** - The table below presents the cost of the seven major functional activities: general government, public safety, public works, health and welfare, judicial, cultural and recreation, and debt service. 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	\$ 12,507,083	\$ (11,481,305)
Public safety	6,134,315	(5,023,849)
Public works and utilities	2,411,472	(1,236,528)
Health and welfare	8,663,215	(7,711,874)
Judicial	1,068,180	(447,805)
Cultural and recreation	1,466,806	(1,372,009)
Interest and fiscal charges	1,353,798	(1,353,798)
Total expenses	<u>\$ 33,604,869</u>	<u>\$ 28,627,168</u>

## Fairfield County

### Management's Discussion and Analysis For the year ended June 30, 2013

#### Financial Analysis of The County as A Whole, continued

The cost of all governmental activities this year was \$33,604,869. Expenses consist primarily of general government, public safety, and health and welfare totaling \$12,507,083, \$6,134,315 and \$8,663,215, respectively. Net cost of governmental activities was \$28,627,168 which was financed by general revenues and beginning net position. General revenues consist primarily of property and accommodations taxes of \$25,902,116.

#### 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 \$41,288,486. Approximately \$1,248,460 or 3% of the fund balance is unassigned and is available for spending at the County's discretion.

The general fund is the principal operating fund of the County. The increase in fund balance in the general fund for the fiscal year was \$568,027 which was mainly the result of increased collections of taxes and overall reduction of expenditures and transfers.

#### Capital Assets and Debt Administration

**Capital Assets** - As of June 30, 2013, the County had invested, net of related debt, \$26,218,423 in capital assets, including land, land improvements, buildings and improvements, leasehold improvements, infrastructure, vehicles, computers, and other equipment. Total depreciation expense for the year was \$2,341,036.

The schedule below presents capital asset balances, net of depreciation, for the fiscal year ended June 30, 2013.

Capital assets, not being depreciated	
Land	\$ 2,500,481
Construction in progress	<u>4,342,988</u>
	<u>6,843,469</u>
Capital assets, being depreciated	
Land improvements	23,295,735
Buildings and improvements	19,900,019
Leasehold improvements	1,658,079
Infrastructure	1,106,890
Machinery and equipment	16,561,908
Software	<u>330,159</u>
	62,852,790
Less accumulated depreciation	<u>(36,584,922)</u>
Total capital assets, being depreciated, net	<u>26,267,868</u>
Net capital assets	<u>\$ 33,111,337</u>

**Debt Administration** - At year end, the County had \$29,924,128 in general obligation and revenue bonds of which \$716,670 is due within one year.

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## **Fairfield County**

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

***For the year ended June 30, 2013***

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

Unlike a typical county, Fairfield County's revenue stream is relatively constant. This is due primarily to a licensed electrical generating facility located in our county, which accounts for over 39% of our tax revenues. The facility is in the process of renewing their license for another 20 years, which gives us a measure of comfort; however, we are very careful not to abuse this revenue source. Taking this revenue source into account and the other economic factors in our community, our budget philosophy is to be socially responsible within a very conservative fiscal approach. We expect this trend will continue over future budgets.

#### **Request For Information**

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

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

**Fairfield County**  
**Statement of Net Position**  
**June 30, 2013**

	Governmental Activities
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 38,206,640
Taxes receivable, net	584,694
Accounts receivable, net	1,109,130
Due from other governmental units	1,566,726
Prepaid items	417,518
Notes receivable	355,000
Total current assets	<u>42,239,708</u>
<b>Noncurrent assets</b>	
Notes receivable	175,030
Land and building held for sale	1,144,000
Total noncurrent assets	<u>1,319,030</u>
<b>Capital assets</b>	
Nondepreciable	6,843,469
Depreciable	62,852,790
Less accumulated depreciation	(36,584,922)
Total capital assets, net of accumulated depreciation	<u>33,111,337</u>
Total assets	<u>76,670,075</u>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable	873,051
Retainage payable	15,887
Accrued expenses	733,643
Due to taxpayers	3,334
Due to other agencies	321,809
Due to component unit	49,241
Due to other governmental units	10,825
General obligation bonds	740,000
Accrued compensated absences	46,760
Total current liabilities	<u>2,794,550</u>
<b>Long-term liabilities</b>	
General obligation bonds	29,184,128
Accrued compensated absences	622,526
Other post employment benefit obligation	1,502,939
Total long-term liabilities	<u>31,309,593</u>
Total liabilities	<u>34,104,143</u>
<b>Net Position</b>	
Net investment in capital assets	26,218,423
Restricted for:	
General government programs	19,046
Public safety programs	1,440,333
Health and welfare programs	1,416,049
Judicial programs	86,419
Cultural and recreation programs	93,910
Capital improvements	313,193
Debt service	894,899
Unrestricted	12,083,660
Total net position	<u>\$ 42,565,932</u>

See Notes to Basic Financial Statements

**Fairfield County**  
**Statement of Activities**  
**For the fiscal year ended June 30, 2013**

Functions/Programs	Expenses	Program revenues			Net revenue (expense) and changes in net assets
		Charges for sales and service	Operating grants and contributions	Capital grants and contributions	Governmental activities
<b>Governmental activities</b>					
General government	\$ 12,507,083	\$ 177,365	\$ 728,713	\$ 119,700	\$ (11,481,305)
Public safety	6,134,315	1,074,972	35,494	-	(5,023,849)
Public works and utilities	2,411,472	411,380	-	763,564	(1,236,528)
Health and welfare	8,663,215	593,952	357,389	-	(7,711,874)
Judicial	1,068,180	513,302	107,073	-	(447,805)
Cultural and recreation	1,466,806	94,490	307	-	(1,372,009)
Interest and fiscal charges	1,353,798	-	-	-	(1,353,798)
Total governmental activities	33,604,869	2,865,461	1,228,976	883,264	(28,627,168)
Total	\$ 33,604,869	\$ 2,865,461	\$ 1,228,976	\$ 883,264	
<b>General revenues:</b>					
Property taxes					25,758,051
Sales tax					1,988,755
Accommodations tax					144,065
Investment income					116,365
Intergovernmental					1,478,270
Gain on sale of capital assets					61,830
Miscellaneous					193,065
Total general revenues					29,740,401
Change in net position					1,113,233
Net position, beginning of year					41,452,699
Net position, end of year					\$ 42,565,932

## Fairfield County

### Balance Sheet - Governmental Funds

June 30, 2013

	General	Capital Improvements FY2010 GO Bonds	Fairfield Facilities Corporation	EMS	Nonmajor Governmental	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 4,794,681	\$ 1,649,479	\$ 22,681,339	\$ 817,816	\$ 8,263,325	\$ 38,206,640
Taxes receivable, net	456,918	-	-	66,339	61,437	584,694
Accounts receivable, net	1,078,625	27,657	-	20	2,828	1,109,130
Due from other funds	2,054,166	-	-	-	-	2,054,166
Due from other governmental units	1,143,764	-	-	36	422,926	1,566,726
Prepaid items	162,629	-	226,791	-	28,098	417,518
Notes receivable, net	250,000	-	-	-	280,030	530,030
Land and building held for sale	-	-	-	-	1,144,000	1,144,000
Total assets	<u>\$ 9,940,783</u>	<u>\$ 1,677,136</u>	<u>\$ 22,908,130</u>	<u>\$ 884,211</u>	<u>\$ 10,202,644</u>	<u>\$ 45,612,904</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 295,463	\$ 170,422	\$ 143,526	\$ 22,689	\$ 240,951	\$ 873,051
Retainage payable	-	-	-	-	15,887	15,887
Accrued expenses	602,029	-	-	95,887	35,727	733,643
Unavailable revenue	200,916	-	-	31,954	29,592	262,462
Due to general fund	-	-	-	-	2,054,166	2,054,166
Due to taxpayers	3,334	-	-	-	-	3,334
Due to other agencies	321,809	-	-	-	-	321,809
Due to component units	49,241	-	-	-	-	49,241
Due to other governmental units	10,825	-	-	-	-	10,825
Total liabilities	<u>1,483,617</u>	<u>170,422</u>	<u>143,526</u>	<u>150,530</u>	<u>2,376,323</u>	<u>4,324,418</u>
<b>Fund balances:</b>						
Nonspendable						
Prepaid items	162,629	-	226,791	-	28,098	417,518
Notes receivable	250,000	-	-	-	280,030	530,030
Land and building held for sale	-	-	-	-	1,144,000	1,144,000
Restricted						
General government	-	-	-	-	19,046	19,046
Public safety	-	-	-	-	1,440,333	1,440,333
Health and welfare	-	-	-	733,681	682,368	1,416,049
Judicial	-	-	-	-	86,419	86,419
Cultural and recreation	-	-	-	-	93,910	93,910
Debt service	-	-	-	-	894,899	894,899
Capital outlay	-	806,594	22,537,813	-	-	23,344,407
Committed						
Local option sales tax	805,660	-	-	-	-	805,660
General government	3,480,000	-	-	-	-	3,480,000
Public works and utilities	-	-	-	-	2,547,666	2,547,666
Health and welfare	760,000	-	-	-	-	760,000
Cultural and recreation	-	-	-	-	69,377	69,377
Capital outlay	-	700,120	-	-	2,290,592	2,990,712
Unassigned	<u>2,998,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,750,417)</u>	<u>1,248,460</u>
Total fund balances	<u>8,457,166</u>	<u>1,506,714</u>	<u>22,764,604</u>	<u>733,681</u>	<u>7,826,321</u>	<u>41,288,486</u>
Total liabilities and fund balances	<u>\$ 9,940,783</u>	<u>\$ 1,677,136</u>	<u>\$ 22,908,130</u>	<u>\$ 884,211</u>	<u>\$ 10,202,644</u>	<u>\$ 45,612,904</u>



## Fairfield County

### Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2013

Total governmental fund balances	\$ 41,288,486
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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	\$ 2,500,482	
Construction in progress	4,342,987	
Land improvements	23,295,735	
Buildings and improvements	19,900,019	
Leasehold improvements	1,658,079	
Infrastructure	1,106,890	
Machinery and equipment	16,561,908	
Software	330,159	
Less accumulated depreciation	<u>(36,584,922)</u>	
		33,111,337

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.

262,462

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	(29,924,128)	
Accrued compensated absences	(669,286)	
Other post employment benefit obligation	<u>(1,502,939)</u>	
		<u>(32,096,353)</u>

Net position of governmental activities

\$ 42,565,932

## Fairfield County

### Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds

For the fiscal year ended June 30, 2013

	General	Capital Improvements FY2010 GO Bonds	Fairfield Facilities Corporation	EMS	Nonmajor Governmental	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 20,686,446	\$ -	\$ -	\$ 2,631,016	\$ 2,615,404	\$ 25,932,866
Sales tax	1,988,755	-	-	-	-	1,988,755
Intergovernmental	1,478,270	100,000	-	-	2,012,240	3,590,510
Licenses, permits, fines and fees	762,996	-	-	-	215,548	978,544
Charges for services	441,098	-	-	1,027,434	418,385	1,886,917
Investment income	6,361	109,027	968	-	9	116,365
Miscellaneous	61,891	27,656	-	1,932	101,586	193,065
<b>Total revenues</b>	<b>25,425,817</b>	<b>236,683</b>	<b>968</b>	<b>3,660,382</b>	<b>5,363,172</b>	<b>34,687,022</b>
<b>Expenditures</b>						
General government	7,640,580	3,159	-	-	3,240,214	10,883,953
Public safety	5,052,082	-	-	-	657,471	5,709,553
Public works and utilities	1,498,195	-	-	-	874,057	2,372,252
Health and welfare	4,117,890	-	-	3,237,529	933,329	8,288,748
Judicial	1,006,537	-	-	-	61,643	1,068,180
Cultural and recreation	1,302,817	-	-	-	95,441	1,398,258
Capital outlay	74,894	1,622,035	235,964	394,487	2,773,245	5,100,625
Debt service						
Principal retirement	-	-	-	-	715,000	715,000
Interest and fiscal charges	-	-	1,059,528	-	294,270	1,353,798
<b>Total expenditures</b>	<b>20,692,995</b>	<b>1,625,194</b>	<b>1,295,492</b>	<b>3,632,016</b>	<b>9,644,670</b>	<b>36,890,367</b>
Excess (deficiency) of revenues over (under) expenditures	4,732,822	(1,388,511)	(1,294,524)	28,366	(4,281,498)	(2,203,345)
<b>Other financing sources (uses)</b>						
Revenue bonds issued	-	-	24,690,000	-	-	24,690,000
Discount on revenue bonds	-	-	(630,872)	-	-	(630,872)
Proceeds from sale of capital assets	-	-	-	6,942	54,888	61,830
Transfers in	494,576	-	-	-	4,659,371	5,153,947
Transfers out	(4,659,371)	-	-	-	(494,576)	(5,153,947)
<b>Total other financing sources (uses)</b>	<b>(4,164,795)</b>	<b>-</b>	<b>24,059,128</b>	<b>6,942</b>	<b>4,219,683</b>	<b>24,120,958</b>
<b>Net change in fund balances</b>	<b>568,027</b>	<b>(1,388,511)</b>	<b>22,764,604</b>	<b>35,308</b>	<b>(61,815)</b>	<b>21,917,613</b>
<b>Fund balances, beginning of year</b>	<b>7,889,139</b>	<b>2,895,225</b>	<b>-</b>	<b>698,373</b>	<b>7,888,136</b>	<b>19,370,873</b>
<b>Fund balances, end of year</b>	<b>\$ 8,457,166</b>	<b>\$ 1,506,714</b>	<b>\$ 22,764,604</b>	<b>\$ 733,681</b>	<b>\$ 7,826,321</b>	<b>\$ 41,288,486</b>

**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, 2013**

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Total net change in fund balance - governmental funds \$ 21,917,613

**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. 5,100,625

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in government funds. (2,341,036)

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	61,830	
Proceeds from sale of capital assets	(61,830)	
	-	

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. (30,750)

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. (24,059,128)

Repayment of principal on bonds and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 715,000

Some expenses reported in the statement of activities do not require the use of current financial resources and; therefore, are not reported as expenditures in the governmental funds.

Increase in accrued compensated absences	(17,561)	
Increase in other post employment benefit obligation	(171,530)	
	-	

Change in net position of governmental activities \$ 1,113,233

**See Notes to Basic Financial Statements**

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**Fairfield County**  
*Statement of Fiduciary Net Position*  
*June 30, 2013*

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**Assets**

Cash and cash equivalents	\$	9,579,945
Taxes receivable		<u>697,753</u>
Total assets	\$	<u><u>10,277,698</u></u>

**Liabilities**

Accounts payable	\$	7,045
Due to individuals		799,891
Due to other governmental units		<u>9,470,762</u>
Total liabilities	\$	<u><u>10,277,698</u></u>

**Fairfield County***Governmental Discretely Presented Component Unit**Fairfield County Library Commission**Statement of Net Position**For the fiscal year ended June 30, 2013*

	Governmental Activities
<b>Assets</b>	
<b><i>Current assets</i></b>	
Cash and cash equivalents	\$ 218,102
Investments	11,815
Due from primary government	49,241
Total current assets	<u>279,158</u>
<b><i>Capital assets</i></b>	
Depreciable	1,800,068
Less accumulated depreciation	<u>(1,151,311)</u>
Total capital assets, net of accumulated depreciation	<u>648,757</u>
Total assets	<u>927,915</u>
<b>Liabilities</b>	
<b><i>Current liabilities</i></b>	
Accrued liabilities	3,913
Accrued compensated absences - due within one year	<u>16,632</u>
Total current liabilities	20,545
<b><i>Long-term liabilities</i></b>	
Accrued compensated absences - due after one year	<u>4,043</u>
Total liabilities	<u>24,588</u>
<b>Net Position</b>	
Net investment in capital assets	648,757
Restricted for:	
Permanent funds	117,960
Capital outlay	5,323
Unrestricted	131,287
Total net position	<u>\$ 903,327</u>

**Fairfield County***Governmental Discretely Presented Component Unit**Fairfield County Library Commission**Statement of Activities**For the fiscal year ended June 30, 2013*

	Expenses	Program revenues		Net revenue (expense) and changes in net position
		Charges for sales and service	Operating grants and contributions	Governmental activities
<b>Functions/Programs</b>				
<b>Governmental activities</b>				
Library services	\$ 544,668	\$ 14,817	\$ 68,947	\$ (460,904)
<b>General revenues:</b>				
County appropriations				463,834
Investment income				469
Gifts and donations				1,074
Loss on disposal of capital assets				(498)
Total general revenues				464,879
Change in net position				3,975
<b>Net position, beginning of year</b>				899,352
<b>Net position, end of year</b>				\$ 903,327

**Fairfield County*****Nongovernmental Discretely Presented Component Units******Statements of Financial Position******For the fiscal year ended June 30, 2013***

	Fairfield Behavioral Health Services	Fairfield County Council on Aging	Total
<b>Assets</b>			
Cash	\$ 59,137	\$ 123,694	\$ 182,831
Receivables	22,924	24,934	47,858
Certificates of deposit	160,558	-	160,558
Prepays	-	2,047	2,047
Property and equipment, net	59,501	325,563	385,064
Total assets	<u>\$ 302,120</u>	<u>\$ 476,238</u>	<u>\$ 778,358</u>
<b>Liabilities and Net Assets</b>			
<b><i>Liabilities</i></b>			
Accounts payable and accrued expenses	\$ 9,386	\$ 13,412	\$ 22,798
Unavailable revenue	12,708	-	12,708
Accrued compensated absences	21,333	4,725	26,058
Total liabilities	<u>43,427</u>	<u>18,137</u>	<u>61,564</u>
<b><i>Net assets</i></b>			
Unrestricted	<u>258,693</u>	<u>458,101</u>	<u>716,794</u>
Total net assets	<u>258,693</u>	<u>458,101</u>	<u>716,794</u>
Total liabilities and net assets	<u>\$ 302,120</u>	<u>\$ 476,238</u>	<u>\$ 778,358</u>

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

**Fairfield County*****Nongovernmental Discretely Presented Component Units******Statements of Activities******For the fiscal year ended June 30, 2013***

	Fairfield Behavioral Health Services	Fairfield County Council on Aging	Total
<b><i>Changes in unrestricted net assets:</i></b>			
Revenues and other support			
Local	\$ -	\$ 9,832	\$ 9,832
County appropriations	42,288	93,411	135,699
Client fees	63,379	-	63,379
Medicaid	26,154	-	26,154
Minibottle	36,394	-	36,394
In-kind service and materials	-	8,330	8,330
Investment income	2,289	62	2,351
Other	16,569	20,688	37,257
Net assets released from restrictions	336,949	285,664	622,613
Total revenues, gains and other support	<u>524,022</u>	<u>417,987</u>	<u>942,009</u>
Expenses			
Program services	358,142	312,589	670,731
Supporting services	213,195	133,893	347,088
Total expenses	<u>571,337</u>	<u>446,482</u>	<u>1,017,819</u>
Change in unrestricted net assets	<u>(47,315)</u>	<u>(28,495)</u>	<u>(75,810)</u>
<b><i>Changes in temporarily restricted net assets:</i></b>			
Federal	222,013	205,462	427,475
State	26,856	40,972	67,828
Local	33,316	39,230	72,546
Grants	54,764	-	54,764
Net assets released from restrictions	(336,949)	(285,664)	(622,613)
Change in temporarily restricted net assets	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>(47,315)</u>	<u>(28,495)</u>	<u>(75,810)</u>
<b><i>Net assets, beginning of year</i></b>	<u>306,008</u>	<u>486,596</u>	<u>792,604</u>
<b><i>Net assets, end of year</i></b>	<u>\$ 258,693</u>	<u>\$ 458,101</u>	<u>\$ 716,794</u>

See Notes to Basic Financial Statements



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## Fairfield County

### Notes to Basic Financial Statements For the year ended June 30, 2013

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#### I. Summary of Significant Accounting Policies

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

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

#### A. Reporting Entity

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

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

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

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

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

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## Fairfield County

### Notes to Basic Financial Statements

For the year ended June 30, 2013

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

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

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

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

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

##### B. Basis of Presentation

The statements of the County are presented as follows:

**Government-wide Financial Statements** - The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities. Fairfield 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, 2013

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

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

##### Fund Accounting

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

The government reports the following major governmental funds:

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

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

**Capital Improvements FY 2010 GO Bonds** - This fund is used to account for financial resources to be used for the acquisition of capital assets.

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

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

Additionally, the government reports the following nonmajor fund types:

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

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

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

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

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

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## Fairfield County

### Notes to Basic Financial Statements

For the year ended June 30, 2013

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

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

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

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

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

#### Basis of Accounting

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

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

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

Unavailable revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2013, but which have not met the revenue recognition criteria, have been recorded as unavailable revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unavailable revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unavailable revenue.

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## Fairfield County

### Notes to Basic Financial Statements

For the year ended June 30, 2013

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

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

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

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

#### D. Assets, Liabilities and Equity

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

State statutes authorize the County to invest in:

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

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

# Fairfield County

## Notes to Basic Financial Statements For the year ended June 30, 2013

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

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

At June 30, 2013, 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	Capital Improvements FY 2010 Go Bonds	EMS	Nonmajor Governmental	Total
Taxes	\$ 480,966	\$ -	\$ 69,830	\$ 64,670	\$ 615,466
Accounts	<u>1,078,625</u>	<u>27,657</u>	<u>846,177</u>	<u>2,828</u>	<u>1,955,287</u>
Gross	1,559,591	27,657	916,007	67,498	2,570,753
Less:					
Allowance - taxes	24,048	-	3,491	3,233	30,772
Allowance - accounts	-	-	<u>846,157</u>	-	<u>846,157</u>
Net receivables	<u>\$ 1,535,543</u>	<u>\$ 27,657</u>	<u>\$ 66,359</u>	<u>\$ 64,265</u>	<u>\$ 1,693,824</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, 2013

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

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

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

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

**Land and building held for sale** - The County constructed a spec building at the W.B. Brown Industrial Park for a total cost of approximately \$2,362,000. The building is currently listed on the market and available for sale. During fiscal year 2013, the County had the building appraised after completion and recorded an adjustment during the current year to reflect the fair market value of \$1,140,000. The adjustment was recorded as general government expenditures in the W.B. Brown Industrial Park fund.

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

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

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

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

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## Fairfield County

### Notes to Basic Financial Statements

For the year ended June 30, 2013

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

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

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

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

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

**Subsequent Events** - In preparing these financial statements, the County's management has evaluated events and transactions for potential recognition through January 27, 2014, the date these financial statements were available for issuance.

**New Accounting Pronouncements - Adopted** - The GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, in June 2011. This statement provides accounting and financial reporting requirements to address the presentation issues associated with the new financial position elements created in GASB's Concepts Statement No. 4, *Elements of Financial Statements*. This statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*.

The GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in March 2012. This statement establishes accounting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of the Statement are effective for financial statements for the periods beginning after December 15, 2012; however, the County has elected early implementation as allowed by the standard.

#### II. Stewardship, Compliance and Accountability

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



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## Fairfield County

### Notes to Basic Financial Statements

For the year ended June 30, 2013

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

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

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

**Deficit fund equity** - The W.B. Brown Industrial Park capital projects fund had a deficit fund balance of \$325,067 as of June 30, 2013. The County plans to transfer funds from the general fund or another source to cover the expenditures.

#### III. Detailed Notes On All Funds

##### Note 1. Deposits and Investments

At June 30, 2013, the County's cash and investments included demand deposits and local government pools. The local government investment pool is managed by the State of South Carolina.

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

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## Fairfield County

### Notes to Basic Financial Statements For the year ended June 30, 2013

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

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

###### Custodial Credit Risk - Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. At June 30, 2013, the carrying amount of the County's deposits was \$36,032,318 and the bank balance was \$36,564,487.

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, 2013, all of the County's bank balance was insured or collateralized.

As of June 30, 2013, the County held the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>
South Carolina Local Government Investment Pool	<u>\$ 11,754,267</u>	N/A

###### Interest Rate Risk:

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

###### Credit Risk:

The County has no investment policy that would further limit its investment choices other than State law. As of June 30, 2013, the underlying security ratings of the County's investment in the South Carolina Local Government Investment Pool (LGIP) may be obtained from the LGIP's complete financial statements. This investment pool does not have a credit quality rating assigned. These financial statements may be obtained by writing to the following address:

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

###### Concentration of Credit Risk:

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

# Fairfield County

## Notes to Basic Financial Statements For the year ended June 30, 2013

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

#### Note 2. Interfund Assets and Liabilities

The balances of interfund receivables and payables at June 30, 2013 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 2,054,166

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

Any transactions to transfer revenues from the fund budgeted to receive them to the fund budgeted to expend them are reported as transfers from and to other funds. Total transfers during the year ended June 30, 2013 consisted of the following individual amounts:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 494,576
Nonmajor Governmental	General Fund	<u>4,659,371</u>
		<u>\$ 5,153,947</u>

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

Amounts due from other governments at June 30, 2013 in the governmental type funds consisted of the following:

	<u>State</u>	<u>Federal</u>	<u>Total</u>
General Fund	\$ 1,133,738	\$ 10,026	\$ 1,143,764
EMS	36	-	36
Nonmajor Governmental	<u>109,528</u>	<u>313,398</u>	<u>422,926</u>
	<u>\$ 1,243,302</u>	<u>\$ 323,424</u>	<u>\$ 1,566,726</u>

## Fairfield County

### Notes to Basic Financial Statements

For the year ended June 30, 2013

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

##### Note 4. Notes Receivable

In March 2011, the County issued a noninterest bearing note for \$400,000 from its General Fund to the Fairfield Memorial Hospital for the purpose of assisting the hospital in meeting its current administrative costs and expenses. The note became payable to the County beginning in April 2011 in monthly payments of \$13,333. During fiscal year 2013 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 \$333,333 for the full amount outstanding at June 30, 2013. The County plans to continue attempts to fully collect the note.

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

<u>Fiscal Year</u> <u>Ending</u>	<u>Amount</u>
2014	\$ 105,000
2015	105,000
2016	<u>70,030</u>
Total minimum note payments	280,030
Less current portion	<u>105,000</u>
Long-term portion	<u>\$ 175,030</u>

In October 2011, the County issued a noninterest bearing note for \$500,000 from its General Fund to the Fairfield County Board of Disabilities and Special Needs for the purpose of assisting with financing for the construction of their new building. The note is payable in two payments of \$250,000 due on August 1, 2012 and August 1, 2013. As of June 30, 2013, the amount outstanding was \$250,000, which was recorded as a current asset in the Statement of Net Position.

##### Note 5. Capital Assets

###### Primary Government

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2013:

	<u>Balance,</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2013</u>
Capital assets, not being depreciated				
Land	\$ 2,500,481	\$ -	\$ -	\$ 2,500,481
Construction in progress	<u>2,850,412</u>	<u>1,576,981</u>	<u>(84,405)</u>	<u>4,342,988</u>
Total capital assets, not being depreciated	<u>5,350,893</u>	<u>1,576,981</u>	<u>(84,405)</u>	<u>6,843,469</u>
Capital assets, being depreciated				
Land improvements	23,081,220	214,515	-	23,295,735
Buildings and improvements	18,540,253	1,359,766	-	19,900,019
Leasehold improvements	1,492,572	165,507	-	1,658,079
Infrastructure	1,106,890	-	-	1,106,890
Machinery and equipment	15,347,108	1,868,261	(653,461)	16,561,908
Software	<u>330,159</u>	<u>-</u>	<u>-</u>	<u>330,159</u>
Total capital assets, being depreciated	<u>59,898,202</u>	<u>3,608,049</u>	<u>(653,461)</u>	<u>62,852,790</u>

# Fairfield County

## Notes to Basic Financial Statements For the year ended June 30, 2013

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

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

Accumulated depreciation	<u>(34,897,347)</u>	<u>(2,341,036)</u>	<u>653,461</u>	<u>(36,584,922)</u>
Total capital assets, being depreciated, net	<u>25,000,855</u>	<u>1,267,013</u>	<u>-</u>	<u>26,267,868</u>
Net capital assets	<u>\$ 30,351,748</u>	<u>\$ 2,843,994</u>	<u>\$ (84,405)</u>	<u>\$ 33,111,337</u>

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

General government	\$ 1,434,039
Public safety	424,762
Public works and utilities	39,220
Health and welfare	374,467
Cultural and recreation	<u>68,548</u>
	<u>\$ 2,341,036</u>

#### Note 6. HON Facility

The County has entered into a long-term lease agreement with the State of South Carolina (the State) for the use of their HON facility. The HON facility has square footage of approximately 186,000 and is located in Winnsboro, South Carolina. The lease agreement requires no annual lease payment from the County; however, the County must pay for all maintenance, utilities and insurance for the facility. The lease will expire during fiscal year 2031. The County's Assessor has estimated a fair market value for leasing similar sized industrial spaces at \$2.50 per square foot. Based on their assessment, the County has recorded \$465,000 as an in-kind contribution from the State and rent expense in the General Fund for the year ended June 30, 2013.

#### 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, 2013:

	Balance, <u>June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2013</u>	<u>Due in less than one year</u>	<u>Due in more than one year</u>
Bonds payable:						
General obligation bonds	\$ 6,580,000	\$ -	\$ (715,000)	\$ 5,865,000	\$ 740,000	\$ 5,125,000
Revenue bonds	-	24,690,000	-	24,690,000	-	24,690,000
Less: unamortized bond discounts	<u>-</u>	<u>(630,872)</u>	<u>-</u>	<u>(630,872)</u>	<u>(23,330)</u>	<u>(607,542)</u>
Total bonds payable	<u>\$ 6,580,000</u>	<u>\$ 24,059,128</u>	<u>\$ (715,000)</u>	<u>\$ 29,924,128</u>	<u>\$ 716,670</u>	<u>\$ 29,207,458</u>
Accrued compensated absences	<u>\$ 651,725</u>	<u>\$ 103,523</u>	<u>\$ (85,962)</u>	<u>\$ 669,286</u>	<u>\$ 46,760</u>	<u>\$ 622,526</u>

# Fairfield County

## Notes to Basic Financial Statements For the year ended June 30, 2013

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

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

General obligation bonds consisted of the following at June 30, 2013:

\$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%	<u>\$ 5,865,000</u>
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Revenue bonds consisted of the following at June 30, 2013:

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

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

Year Ended June 30	Principal	Interest	Total
<b>General Obligation Bonds</b>			
2014	\$ 740,000	\$ 268,005	\$ 1,008,005
2015	765,000	239,885	1,004,885
2016	795,000	209,285	1,004,285
2017	830,000	175,100	1,005,100
2018	870,000	136,920	1,006,920
2019-2020	<u>1,865,000</u>	<u>144,820</u>	<u>2,009,820</u>
	<u>\$ 5,865,000</u>	<u>\$ 1,174,015</u>	<u>\$ 7,039,015</u>
<b>Revenue Bonds</b>			
2014	\$ -	\$ 744,047	\$ 744,047
2015	10,000	886,813	896,813
2016	10,000	886,550	896,550
2017	10,000	886,288	896,288
2018	10,000	886,025	896,025
2019-2023	1,620,000	4,385,603	6,005,603
2024-2028	4,380,000	3,881,900	8,261,900
2029-2033	5,130,000	3,103,575	8,233,575
2034-2038	6,115,000	2,085,763	8,200,763
2039-2043	<u>7,405,000</u>	<u>764,100</u>	<u>8,169,100</u>
	<u>\$ 24,690,000</u>	<u>\$ 18,510,664</u>	<u>\$ 43,200,664</u>

# Fairfield County

## Notes to Basic Financial Statements For the year ended June 30, 2013

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

#### Note 8. Net Position

Net position of the government-wide financial statements represents the difference between assets and liabilities. Reported amounts for net investment in capital assets and restricted for capital improvements are as follows at June 30, 2013:

##### Net Position

##### Net investment in capital assets:

Capital assets, net of accumulated depreciation	\$ 33,111,337
Less: Bonds payable	(29,924,128)
Add: Unspent bond proceeds	<u>23,031,214</u>
	<u>\$ 26,218,423</u>

##### Restricted for capital improvements:

Capital Improvement FY 2010 GO Bonds	\$ 806,594
Fairfield Facilities Corporation Revenue Bonds	22,537,813
Less: Unspent bond proceeds	<u>(23,031,214)</u>
	<u>\$ 313,193</u>

### IV. Other Information

#### Note 9. Retirement Benefits

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

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

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## Fairfield County

### Notes to Basic Financial Statements For the year ended June 30, 2013

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

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

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

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

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

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



# Fairfield County

## Notes to Basic Financial Statements For the year ended June 30, 2013

### IV. Other Information - (Continued)

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

Effective July 1, 2012, employees participating in the SCRS were required to contribute 7.00% of all earnable compensation. The employer contribution rate for SCRS was 10.60%. Included in the total SCRS employer contribution rate is a base retirement contribution of 10.45% and 0.15% for the incidental death program. The employer contribution rate for PORS was 12.30%. Included in the total PORS employer contribution rate is a base retirement contribution of 11.90%, 0.20% for the accidental death program and 0.20% for the incidental death program. The County's actual retirement and incidental death contributions to the SCRS for the fiscal years ended June 30, 2013, 2012, and 2011 were:

Fiscal Year Ended	Retirement		Incidental Death	
	Rate	Contribution	Rate	Contribution
2013	10.450%	\$ 813,033	0.15%	\$ 11,670
2012	9.385%	\$ 728,389	0.15%	\$ 11,642
2011	9.240%	\$ 670,747	0.15%	\$ 10,889

The County's actual retirement, incidental death and accidental death program contributions to the PORS for the fiscal years ended June 30, 2013, 2012, and 2011 were:

Fiscal Year Ended	Retirement		Incidental Death and Accidental Death	
	Rate	Contribution	Rate	Contribution
2013	11.900%	\$ 344,412	0.40%	\$ 11,577
2012	11.363%	\$ 334,804	0.40%	\$ 11,786
2011	11.130%	\$ 307,816	0.40%	\$ 11,063

As an alternative to membership to SCRS, newly hired State and school district employees may elect to participate in the ORP, a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 20, of the South Carolina Code of Laws. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. The State assumes no liability for State ORP plan other than for payment of contributions to designated companies. To elect participation in the ORP, eligible employees must elect membership within their first 30 days of employment. Under State law, contributions to the ORP are required at the same rates as for the SCRS, 10.60% from the employer in fiscal year 2013. Of the 10.60% employer retirement contribution rate, the employer remits 5.00% directly to the participant's ORP account and the remaining 5.45% and 0.15% incidental death program contribution amounts are remitted to SCRS. For fiscal year 2013, the County had no employees who elected to participate in the ORP.

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

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

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

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## Fairfield County

### Notes to Basic Financial Statements For the year ended June 30, 2013

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

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

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

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

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

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

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

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

**Funding Policy** - The contribution requirements of plan members and the County are established and may be amended by the County. The required contribution is currently based on pay-as-you-go financing requirements. For the year ended June 30, 2013, the County recognized approximately \$168,100 in expenditures for current healthcare premiums.

## Fairfield County

### Notes to Basic Financial Statements For the year ended June 30, 2013

#### 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	\$ 177,631
Amortization of unamortized accrued liability	<u>133,675</u>
Annual Required Contribution (ARC)	311,306
Interest on net OPEB obligation	53,257
Adjustment to ARC	<u>(55,433)</u>
Annual OPEB cost	309,130
Contributions made	<u>(137,600)</u>
Increase in net OPEB obligation	171,530
Net obligation, beginning of year	<u>1,331,409</u>
Net obligation, end of year	<u>\$ 1,502,939</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2013, 2012 and 2011 fiscal years were as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 309,130	44.51%	\$ 1,502,939
2012	269,882	62.29%	1,331,409
2011	269,915	90.25%	1,229,627

**Funded Status and Funding Progress** - As of July 1, 2013, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$3,210,644, 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 2013 fiscal year was \$9,218,382, and the ratio of the UAAL to the covered payroll was 35%.

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

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## **Fairfield County**

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

***For the year ended June 30, 2013***

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

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

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

In the July 1, 2012 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 7.0% in 2013 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 workman'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, 2013, the County incurred costs totaling \$573,164 (net of user fees) under this agreement.

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

The County is obligated under certain maintenance agreements for continued service to office machinery, data processing equipment and software. Each contract is evaluated annually and a decision is made to either continue the service or let the maintenance agreement lapse. For the year ended June 30, 2013, the total cost included in the financial statements of Fairfield County was approximately \$397,413.

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## **Fairfield County**

### **Notes to Basic Financial Statements For the year ended June 30, 2013**

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

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

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

As of June 30, 2013, the County has outstanding construction contracts of \$816,470.

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

The County received a substantial portion of its property tax revenues from a single taxpayer, South Carolina Electric and Gas (SCANA Corporation). Of the total tax revenues of \$20,686,446 recorded in the general fund for the year ended June 30, 2013, \$8,142,797 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**

As prescribed by GASB Statement No. 54, 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, 2013, fund balances for government funds are made up of the following:

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

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## **Fairfield County**

### ***Notes to Basic Financial Statements For the year ended June 30, 2013***

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

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

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

Fairfield County Council is the County's highest level of decision making. 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 Fairfield 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, 2013, Fairfield 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, 2013, amounts remitted (allocated) to the County totaled \$2.0 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, 2013, approximately \$806,000 of the General Fund's fund balance is committed for future local option sales tax credits.

**Fairfield County****Budgetary Comparison Schedule (GAAP Basis) - General Fund****For the fiscal year ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 19,301,525	\$ 19,296,751	\$ 20,686,446	\$ 1,389,695
Sales tax	953,151	953,151	1,988,755	1,035,604
Intergovernmental	731,000	731,000	1,478,270	747,270
Licenses, permits, fines and fees	602,200	602,200	762,996	160,796
Charges for services	316,266	316,266	441,098	124,832
Investment income	7,500	7,500	6,361	(1,139)
Miscellaneous	56,625	56,625	61,891	5,266
<b>Total revenues</b>	<b>21,968,267</b>	<b>21,963,493</b>	<b>25,425,817</b>	<b>3,462,324</b>
<b>Expenditures</b>				
General government				
County Council	264,768	264,768	252,365	12,403
County Attorney	309,340	309,340	206,130	103,210
County Administrator	258,997	274,600	274,036	564
Finance	561,464	577,378	575,466	1,912
Human resources	409,861	409,861	361,197	48,664
Purchasing	142,626	191,322	189,921	1,401
Data processing	482,014	515,630	433,087	82,543
General operating	3,129,125	2,666,649	2,285,467	381,182
Tax assessor	338,902	338,902	314,124	24,778
Tax collector	207,428	207,428	145,181	62,247
Building maintenance	708,753	766,520	757,968	8,552
Planning and building	352,401	396,238	395,053	1,185
Transit	176,446	188,251	186,632	1,619
Economic development	146,237	146,237	115,831	30,406
Auditor	111,826	111,826	107,780	4,046
Treasurer	157,766	157,766	147,980	9,786
Voter registration / Election Commission	209,990	209,990	199,551	10,439
Veterans Affairs	99,585	110,263	109,316	947
Delegation	2,639	2,639	2,612	27
Airport Commission	56,300	59,800	57,612	2,188
Airport T-Hangers	-	-	11,175	(11,175)
Quickjobs	120,000	120,000	35,237	84,763
Summer youth program	16,147	62,483	62,481	2
Soil and water conservation	37,193	37,193	37,080	113
Allocations to local organizations	327,298	377,298	377,298	-
<b>Total general government</b>	<b>8,627,106</b>	<b>8,502,382</b>	<b>7,640,580</b>	<b>861,802</b>
Public safety				
Sheriff	3,120,036	3,120,036	3,044,710	75,326
Detention center	1,690,846	1,690,846	1,639,003	51,843
Animal control	221,831	248,513	245,287	3,226
Coroner	90,100	94,174	92,482	1,692
Allocations to local organizations	30,600	30,600	30,600	-
<b>Total public safety</b>	<b>5,153,413</b>	<b>5,184,169</b>	<b>5,052,082</b>	<b>132,087</b>
Public works and utilities				
Road maintenance division	1,476,145	1,508,323	1,498,195	10,128
<b>Total public works and utilities</b>	<b>1,476,145</b>	<b>1,508,323</b>	<b>1,498,195</b>	<b>10,128</b>

**Fairfield County****Budgetary Comparison Schedule (GAAP Basis) - General Fund****For the fiscal year ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures, Continued</b>				
Health and welfare				
Fairfield County Department of Social Services	67,600	76,397	76,393	4
Emergency medical management	694,071	694,071	677,867	16,204
Solid waste	2,177,438	2,177,438	1,916,949	260,489
Allocations to local organizations	1,410,287	1,410,287	1,446,681	(36,394)
Total health and welfare	4,349,396	4,358,193	4,117,890	240,303
Judicial				
Probate Judge	146,022	149,632	147,329	2,303
Clerk of Court	320,798	320,798	298,819	21,979
Family court	126,839	129,559	129,028	531
Magistrates	441,068	441,068	431,361	9,707
Total judicial	1,034,727	1,041,057	1,006,537	34,520
Cultural and recreation				
Recreation	744,579	786,468	768,332	18,136
Museum	73,837	73,837	68,128	5,709
Allocations to local organizations	463,834	463,834	466,357	(2,523)
Total cultural and recreation	1,282,250	1,324,139	1,302,817	21,322
Capital outlay	-	-	74,894	(74,894)
Total expenditures	21,923,037	21,918,263	20,692,995	1,225,268
Excess of revenues over expenditures	45,230	45,230	4,732,822	4,687,592
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	4,200	4,200	-	(4,200)
Transfers in	-	-	494,576	494,576
Transfers out	(3,987,446)	(3,987,446)	(4,659,371)	(671,925)
Total other financing sources (uses)	(3,983,246)	(3,983,246)	(4,164,795)	(181,549)
Net change in fund balance	\$ (3,938,016)	\$ (3,938,016)	568,027	\$ 4,506,043
<b>Fund balance, beginning of year</b>			7,889,139	
<b>Fund balance, end of year</b>			\$ 8,457,166	



**Fairfield County****Budgetary Comparison Schedule (GAAP Basis) - EMS****For the fiscal year ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 2,478,781	\$ 2,478,781	\$ 2,631,016	\$ 152,235
Charges for services	828,608	828,608	1,027,434	198,826
Miscellaneous	-	-	1,932	1,932
Total revenues	<u>3,307,389</u>	<u>3,307,389</u>	<u>3,660,382</u>	<u>352,993</u>
<b>Expenditures</b>				
Health and welfare				
Compensation and benefits	2,261,757	2,261,757	2,662,920	401,163
Operating expenditures	749,945	749,945	574,609	(175,336)
Capital outlay	<u>500,000</u>	<u>500,000</u>	<u>394,487</u>	<u>(105,513)</u>
Total health and welfare expenditures	<u>3,511,702</u>	<u>3,511,702</u>	<u>3,632,016</u>	<u>120,314</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(204,313)</u>	<u>(204,313)</u>	<u>28,366</u>	<u>232,679</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	-	-	6,942	6,942
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>6,942</u>	<u>6,942</u>
Net change in fund balance	<u>\$ (204,313)</u>	<u>\$ (204,313)</u>	<u>35,308</u>	<u>\$ 239,621</u>
<b>Fund balance, beginning of year</b>			<u>698,373</u>	
<b>Fund balance, end of year</b>			<u>\$ 733,681</u>	

**Fairfield County****Schedule of Funding Progress for the Other Post Employment Benefit Plan  
June 30, 2013**

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*	UAAL as a Percentage of Covered Payroll ((b - a) / c)
2009	7/1/2008	\$ -	\$ -	\$ 9,887,275	\$ 9,887,275	0%	\$ 8,390,193	118%
2010	7/1/2008	-	-	9,887,275	9,887,275	0%	8,564,924	115%
2011	7/1/2010	-	-	2,997,394	2,997,394	0%	8,562,760	35%
2012	7/1/2012	-	-	2,997,394	2,997,394	0%	8,875,961	34%
2013	7/1/2012	-	-	3,210,644	3,210,644	0%	9,218,382	35%

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

**Fairfield County****Combining Balance Sheet - Nonmajor Governmental Funds****June 30, 2013**

	Nonmajor Debt Service	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 877,532	\$ 2,390,427	\$ 4,995,366	\$ 8,263,325
Taxes receivable, net	33,466	27,971	-	61,437
Accounts receivable, net	-	2,828	-	2,828
Due from other governmental units	20	421,833	1,073	422,926
Prepaid items	-	18,651	9,447	28,098
Note receivable	-	-	280,030	280,030
Land and building held for sale	-	-	1,144,000	1,144,000
Total assets	<u>\$ 911,018</u>	<u>\$ 2,861,710</u>	<u>\$ 6,429,916</u>	<u>\$ 10,202,644</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 95,925	\$ 145,026	\$ 240,951
Retainage payable	-	-	15,887	15,887
Accrued expenses	-	35,727	-	35,727
Unavailable revenue	16,119	13,473	-	29,592
Due to general fund	-	307,801	1,746,365	2,054,166
Total liabilities	<u>16,119</u>	<u>452,926</u>	<u>1,907,278</u>	<u>2,376,323</u>
<b>Fund balances:</b>				
Nonspendable				
Prepaid items	-	18,651	9,447	28,098
Note receivable	-	-	280,030	280,030
Land and building held for sale	-	-	1,144,000	1,144,000
Restricted				
General government	-	19,046	-	19,046
Public safety	-	1,440,333	-	1,440,333
Health and welfare	-	682,368	-	682,368
Judicial	-	86,419	-	86,419
Cultural and recreation	-	93,910	-	93,910
Debt service	894,899	-	-	894,899
Committed				
Public works and utilities	-	-	2,547,666	2,547,666
Cultural and recreation	-	69,377	-	69,377
Capital outlay	-	-	2,290,592	2,290,592
Unassigned	-	(1,320)	(1,749,097)	(1,750,417)
Total fund balances	<u>894,899</u>	<u>2,408,784</u>	<u>4,522,638</u>	<u>7,826,321</u>
Total liabilities and fund balances	<u>\$ 911,018</u>	<u>\$ 2,861,710</u>	<u>\$ 6,429,916</u>	<u>\$ 10,202,644</u>

**Fairfield County****Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds**  
**For the year ended June 30, 2013**

	Nonmajor Debt Service	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Taxes	\$ 1,317,885	\$ 1,297,519	\$ -	\$ 2,615,404
Intergovernmental	-	1,228,976	783,264	2,012,240
Licenses, permits, fines and fees	-	215,548	-	215,548
Charges for services	-	418,385	-	418,385
Investment income	-	9	-	9
Miscellaneous	-	24,368	77,218	101,586
Total revenues	<u>1,317,885</u>	<u>3,184,805</u>	<u>860,482</u>	<u>5,363,172</u>
<b>Expenditures</b>				
General government	-	741,664	2,498,550	3,240,214
Public safety	-	657,471	-	657,471
Public works and utilities	-	-	874,057	874,057
Health and welfare	-	933,329	-	933,329
Judicial	-	61,643	-	61,643
Cultural and recreation	-	94,443	998	95,441
Capital outlay	-	692,039	2,081,206	2,773,245
Debt service				
Principal retirement	715,000	-	-	715,000
Interest and fiscal charges	294,270	-	-	294,270
Total expenditures	<u>1,009,270</u>	<u>3,180,589</u>	<u>5,454,811</u>	<u>9,644,670</u>
Excess (deficiency) of revenues over (under) expenditures	<u>308,615</u>	<u>4,216</u>	<u>(4,594,329)</u>	<u>(4,281,498)</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	-	6,654	48,234	54,888
Transfers in	-	279,743	4,379,628	4,659,371
Transfers out	-	(39,234)	(455,342)	(494,576)
Total other financing sources	<u>-</u>	<u>247,163</u>	<u>3,972,520</u>	<u>4,219,683</u>
Net change in fund balances	308,615	251,379	(621,809)	(61,815)
<b>Fund balances, beginning of year</b>	<u>586,284</u>	<u>2,157,405</u>	<u>5,144,447</u>	<u>7,888,136</u>
<b>Fund balances, end of year</b>	<u>\$ 894,899</u>	<u>\$ 2,408,784</u>	<u>\$ 4,522,638</u>	<u>\$ 7,826,321</u>

**Fairfield County****Comparative Balance Sheets - General Fund****As of June 30, 2013 and 2012**

	2013	2012
<b>Assets</b>		
Cash and cash equivalents	\$ 4,794,681	\$ 6,260,055
Taxes receivable, net	456,918	495,458
Accounts receivable, net	1,078,625	26,087
Due from other funds	2,054,166	648,904
Due from other governmental units	1,143,764	1,179,397
Prepaid items	162,629	29,422
Notes receivable, net	250,000	500,000
	<u>9,940,783</u>	<u>9,139,323</u>
Total assets	<u>\$ 9,940,783</u>	<u>\$ 9,139,323</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 295,463	\$ 514,917
Accrued expenses	602,029	264,633
Unavailable revenue	200,916	224,893
Due to taxpayers	3,334	3,559
Due to other agencies	321,809	219,457
Due to component units	49,241	13,184
Due to other governmental units	10,825	9,541
	<u>1,483,617</u>	<u>1,250,184</u>
Total liabilities	<u>1,483,617</u>	<u>1,250,184</u>
<b>Fund balances:</b>		
Nonspendable		
Prepaid items	162,629	29,422
Notes receivable	250,000	500,000
Committed		
Local option sales tax	805,660	-
General government	3,480,000	3,480,000
Health and welfare	760,000	760,000
Unassigned	2,998,877	3,119,717
	<u>8,457,166</u>	<u>7,889,139</u>
Total fund balances	<u>8,457,166</u>	<u>7,889,139</u>
Total liabilities and fund balances	<u>\$ 9,940,783</u>	<u>\$ 9,139,323</u>

**Fairfield County****Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - General Fund  
For the years ended June 30, 2013 and 2012**

	2013	2012
<b>Revenues</b>		
Taxes	\$ 20,686,446	\$ 18,994,043
Sales tax	1,988,755	2,289,393
Intergovernmental	1,478,270	1,438,249
Licenses, permits, fines and fees	762,996	837,439
Charges for services	441,098	415,312
Investment income	6,361	7,916
Miscellaneous	61,891	37,652
Total revenues	<u>25,425,817</u>	<u>24,020,004</u>
<b>Expenditures</b>		
General government	7,640,580	7,174,323
Public safety	5,052,082	4,927,385
Public works and utilities	1,498,195	1,435,732
Health and welfare	4,117,890	5,673,167
Judicial	1,006,537	929,189
Cultural and recreation	1,302,817	1,262,009
Capital outlay	74,894	406,681
Debt service		
Principal retirement	-	51,029
Interest and fiscal charges	-	2,291
Total expenditures	<u>20,692,995</u>	<u>21,861,806</u>
Excess revenues over expenditures	<u>4,732,822</u>	<u>2,158,198</u>
<b>Other financing sources (uses)</b>		
Proceeds from sale of capital assets	-	3,509
Transfers in	494,576	21,944
Transfers out	(4,659,371)	(6,034,236)
Total other financing uses	<u>(4,164,795)</u>	<u>(6,008,783)</u>
Net change in fund balances	568,027	(3,850,585)
<b>Fund balance, beginning of year</b>	<u>7,889,139</u>	<u>11,739,724</u>
<b>Fund balance, end of year</b>	<u>\$ 8,457,166</u>	<u>\$ 7,889,139</u>

**Fairfield County****Combining Balance Sheet - Nonmajor Special Revenue Funds****June 30, 2013**

	Tourism Promotion	Tourism Related	Airport	Transit System	Sheriff Seizure	Railroad Track Maintenance
<b>Assets</b>						
Cash and cash equivalents	\$ 44,568	\$ 43,485	\$ -	\$ 89,238	\$ 11,101	\$ 71,074
Taxes receivable, net	-	-	-	-	-	-
Accounts receivable, net	-	-	-	378	-	-
Due from other governmental units	-	-	295,497	35,235	-	-
Prepaid items	-	-	-	-	-	-
Total assets	\$ 44,568	\$ 43,485	\$ 295,497	\$ 124,851	\$ 11,101	\$ 71,074
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 5,326	\$ 15,315	\$ -	\$ 1,697
Accrued expenses	-	-	-	23,007	-	-
Unavailable revenue	-	-	-	-	-	-
Due to general fund	-	-	271,125	-	-	-
Total liabilities	-	-	276,451	38,322	-	1,697
<b>Fund balance</b>						
Nonspendable - prepaid items	-	-	-	-	-	-
Restricted						
General government	-	-	19,046	-	-	-
Public safety	-	-	-	-	11,101	-
Health and welfare	-	-	-	86,529	-	-
Judicial	-	-	-	-	-	-
Cultural and recreation	44,568	43,485	-	-	-	-
Committed						
Cultural and recreation	-	-	-	-	-	69,377
Capital outlay	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance	44,568	43,485	19,046	86,529	11,101	69,377
Total liabilities and fund balance	\$ 44,568	\$ 43,485	\$ 295,497	\$ 124,851	\$ 11,101	\$ 71,074

**Fairfield County****Combining Balance Sheet - Nonmajor Special Revenue Funds****June 30, 2013**

	Clerk of Court Incentive	Clerk of Court IV-D	Victim Assistance	Fish Hook Housing	911 Tariff	County Donations
<b>Assets</b>						
Cash and cash equivalents	\$ 85,950	\$ 629	\$ 152,520	\$ 5,870	\$ 561,222	\$ 7,116
Taxes receivable, net	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	2,450	-
Due from other governmental units	469	-	-	-	32,192	-
Prepaid items	-	1,320	-	-	13,278	-
Total assets	\$ 86,419	\$ 1,949	\$ 152,520	\$ 5,870	\$ 609,142	\$ 7,116
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 77	\$ 80	\$ 5,870	\$ 25	\$ -
Accrued expenses	-	1,872	2,185	-	-	-
Unavailable revenue	-	-	-	-	-	-
Due to general fund	-	-	-	-	-	-
Total liabilities	-	1,949	2,265	5,870	25	-
<b>Fund balance</b>						
Nonspendable - prepaid items	-	1,320	-	-	13,278	-
Restricted						
General government	-	-	-	-	-	-
Public safety	-	-	150,255	-	-	1,259
Health and welfare	-	-	-	-	595,839	-
Judicial	86,419	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	5,857
Committed						
Cultural and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unassigned	-	(1,320)	-	-	-	-
Total fund balance	86,419	-	150,255	-	609,117	7,116
Total liabilities and fund balance	\$ 86,419	\$ 1,949	\$ 152,520	\$ 5,870	\$ 609,142	\$ 7,116



**Fairfield County****Combining Balance Sheet - Nonmajor Special Revenue Funds****June 30, 2013**

	Workforce Investment Act	Justice Assistance Grant	Sheriff Drug Fund	Sheriff Child Support	Sheriff Judgments/ Executions	Sheriff Law Enforcement
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ 12,418	\$ -	\$ 6,480	\$ 21,551
Taxes receivable, net	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Due from other governmental units	23,384	9,584	-	8,931	-	-
Prepaid items	-	-	-	-	-	-
Total assets	\$ 23,384	\$ 9,584	\$ 12,418	\$ 8,931	\$ 6,480	\$ 21,551
<b>Liabilities</b>						
Accounts payable	\$ 908	\$ 9,584	\$ -	\$ -	\$ -	\$ -
Accrued expenses	2,088	-	-	1	-	-
Unavailable revenue	-	-	-	-	-	-
Due to general fund	20,388	-	-	8,930	-	-
Total liabilities	23,384	9,584	-	8,931	-	-
<b>Fund balance</b>						
Nonspendable - prepaid items	-	-	-	-	-	-
Restricted						
General government	-	-	-	-	-	-
Public safety	-	-	12,418	-	6,480	21,551
Health and welfare	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-
Committed						
Cultural and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance	-	-	12,418	-	6,480	21,551
Total liabilities and fund balance	\$ 23,384	\$ 9,584	\$ 12,418	\$ 8,931	\$ 6,480	\$ 21,551

**Fairfield County****Combining Balance Sheet - Nonmajor Special Revenue Funds****June 30, 2013**

	Sex Offender	Crime Prevention	Fire Protection Tax District	Grant Subfunds	Totals
<b>Assets</b>					
Cash and cash equivalents	\$ 1,300	\$ 1,316	\$ 1,272,297	\$ 2,292	\$ 2,390,427
Taxes receivable, net	-	-	27,971	-	27,971
Accounts receivable, net	-	-	-	-	2,828
Due from other governmental units	200	-	15	16,326	421,833
Prepaid items	-	-	4,053	-	18,651
Total assets	<u>\$ 1,500</u>	<u>\$ 1,316</u>	<u>\$ 1,304,336</u>	<u>\$ 18,618</u>	<u>\$ 2,861,710</u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ 56,273	\$ 770	\$ 95,925
Accrued expenses	-	-	6,574	-	35,727
Unavailable revenue	-	-	13,473	-	13,473
Due to general fund	-	-	-	7,358	307,801
Total liabilities	<u>-</u>	<u>-</u>	<u>76,320</u>	<u>8,128</u>	<u>452,926</u>
<b>Fund balance</b>					
Nonspendable - prepaid items	-	-	4,053	-	18,651
Restricted					
General government	-	-	-	-	19,046
Public safety	1,500	1,316	1,223,963	10,490	1,440,333
Health and welfare	-	-	-	-	682,368
Judicial	-	-	-	-	86,419
Cultural and recreation	-	-	-	-	93,910
Committed					
Cultural and recreation	-	-	-	-	69,377
Capital outlay	-	-	-	-	-
Unassigned	-	-	-	-	(1,320)
Total fund balance	<u>1,500</u>	<u>1,316</u>	<u>1,228,016</u>	<u>10,490</u>	<u>2,408,784</u>
Total liabilities and fund balance	<u>\$ 1,500</u>	<u>\$ 1,316</u>	<u>\$ 1,304,336</u>	<u>\$ 18,618</u>	<u>\$ 2,861,710</u>

**Fairfield County****Combining Statement of Revenue, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds****For the fiscal year ended June 30, 2013**

	Tourism Promotion	Tourism Related	Airport	Transit System	Sheriff Seizure	Railroad Track Maintenance
<b>Revenues</b>						
Taxes	\$ 35,720	\$ 77,392	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	558,815	140,775	3,917	-
Licenses, permits, fines and fees	-	-	-	-	-	-
Charges for services	-	-	-	418,385	-	-
Investment income	-	-	-	-	9	-
Miscellaneous	-	-	-	2,965	-	-
Total revenues	35,720	77,392	558,815	562,125	3,926	-
<b>Expenditures</b>						
General government	-	-	558,815	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	764,676	-	-
Judicial	-	-	-	-	-	-
Cultural and recreation	30,580	60,600	-	-	-	3,099
Capital outlay	-	-	-	-	-	-
Total expenditures	30,580	60,600	558,815	764,676	-	3,099
Excess (deficiency) of revenues over (under) expenditures	5,140	16,792	-	(202,551)	3,926	(3,099)
<b>Other financing sources (uses)</b>						
Proceeds from sale of capital assets	-	-	-	1,324	-	-
Transfers in	-	-	-	233,313	-	15,000
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	234,637	-	15,000
Net change in fund balance	5,140	16,792	-	32,086	3,926	11,901
<b>Fund balances, beginning of year</b>	39,428	26,693	19,046	54,443	7,175	57,476
<b>Fund balances, end of year</b>	\$ 44,568	\$ 43,485	\$ 19,046	\$ 86,529	\$ 11,101	\$ 69,377

**Fairfield County****Combining Statement of Revenue, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds****For the fiscal year ended June 30, 2013**

	Clerk of Court Incentive	Clerk of Court IV-D	Victim Assistance	Fish Hook Housing	911 Tariff	County Donations
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	6,196	100,877	-	-	161,251	-
Licenses, permits, fines and fees	-	-	43,901	-	171,147	-
Charges for services	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Miscellaneous	-	-	-	-	94	1,861
Total revenues	6,196	100,877	43,901	-	332,492	1,861
<b>Expenditures</b>						
General government	-	-	-	5,870	-	-
Public safety	-	-	61,547	-	-	1,326
Health and welfare	-	-	-	-	139,072	-
Judicial	-	61,643	-	-	-	-
Cultural and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	46,464	-
Total expenditures	-	61,643	61,547	5,870	185,536	1,326
Excess (deficiency) of revenues over (under) expenditures	6,196	39,234	(17,646)	(5,870)	146,956	535
<b>Other financing sources (uses)</b>						
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	(39,234)	-	-	-	-
Total other financing sources (uses)	-	(39,234)	-	-	-	-
Net change in fund balance	6,196	-	(17,646)	(5,870)	146,956	535
<b>Fund balances, beginning of year</b>	80,223	-	167,901	5,870	462,161	6,581
<b>Fund balances, end of year</b>	\$ 86,419	\$ -	\$ 150,255	\$ -	\$ 609,117	\$ 7,116

**Fairfield County****Combining Statement of Revenue, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds****For the fiscal year ended June 30, 2013**

	Workforce Investment Act	Justice Assistance Grant	Sheriff Drug Fund	Sheriff Child Support	Sheriff Judgments/ Executions	Sheriff Law Enforcement
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	122,897	9,584	-	10,201	-	-
Licenses, permits, fines and fees	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Miscellaneous	-	-	300	-	-	10,220
Total revenues	122,897	9,584	300	10,201	-	10,220
<b>Expenditures</b>						
General government	151,866	-	-	-	-	-
Public safety	-	9,584	75	12,662	-	4,000
Health and welfare	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	151,866	9,584	75	12,662	-	4,000
Excess (deficiency) of revenues over (under) expenditures	(28,969)	-	225	(2,461)	-	6,220
<b>Other financing sources (uses)</b>						
Proceeds from sale of capital assets	-	-	-	-	-	800
Transfers in	28,969	-	-	2,461	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	28,969	-	-	2,461	-	-
Net change in fund balance	-	-	225	-	-	7,020
<b>Fund balances, beginning of year</b>	-	-	12,193	-	6,480	14,531
<b>Fund balances, end of year</b>	\$ -	\$ -	\$ 12,418	\$ -	\$ 6,480	\$ 21,551

**Fairfield County****Combining Statement of Revenue, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds****For the fiscal year ended June 30, 2013**

	Sex Offender	Crime Prevention	Fire Protection Tax District	Grant Subfunds	Totals
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ 1,184,407	\$ -	\$ 1,297,519
Intergovernmental	-	-	1,043	113,420	1,228,976
Licenses, permits, fines and fees	500	-	-	-	215,548
Charges for services	-	-	-	-	418,385
Investment income	-	-	-	-	9
Miscellaneous	-	1,271	7,657	-	24,368
Total revenues	500	1,271	1,193,107	113,420	3,184,805
<b>Expenditures</b>					
General government	-	-	-	25,113	741,664
Public safety	300	1,062	561,172	5,743	657,471
Health and welfare	-	-	-	29,581	933,329
Judicial	-	-	-	-	61,643
Cultural and recreation	-	-	-	164	94,443
Capital outlay	-	-	589,274	56,301	692,039
Total expenditures	300	1,062	1,150,446	116,902	3,180,589
Excess (deficiency) of revenues over (under) expenditures	200	209	42,661	(3,482)	4,216
<b>Other financing sources (uses)</b>					
Proceeds from sale of capital assets	-	-	4,530	-	6,654
Transfers in	-	-	-	-	279,743
Transfers out	-	-	-	-	(39,234)
Total other financing sources (uses)	-	-	4,530	-	247,163
Net change in fund balance	200	209	47,191	(3,482)	251,379
<b>Fund balances, beginning of year</b>	1,300	1,107	1,180,825	13,972	2,157,405
<b>Fund balances, end of year</b>	\$ 1,500	\$ 1,316	\$ 1,228,016	\$ 10,490	\$ 2,408,784

**Fairfield County****Combining Balance Sheet - Nonmajor Capital Project Funds**

June 30, 2013

	Capital Improvement Projects	Road Improvement Program	W.B. Brown Industrial Park	Water and Sewer Program	Solid Waste & Recycling Capital Fund	Vehicle Replacement Program	Recreation Capital Fund	Total Nonmajor Capital Project Funds
<b>Assets</b>								
Cash and cash equivalents	\$ 1,765,468	\$ 594,254	\$ -	\$ 1,477,898	\$ 501,396	\$ 196,555	\$ 459,795	\$ 4,995,366
Due from other governmental units	-	1,073	-	-	-	-	-	1,073
Prepaid items	9,447	-	-	-	-	-	-	9,447
Note receivable	-	-	280,030	-	-	-	-	280,030
Land and building held for sale	-	-	1,144,000	-	-	-	-	1,144,000
Total assets	<u>\$ 1,774,915</u>	<u>\$ 595,327</u>	<u>\$ 1,424,030</u>	<u>\$ 1,477,898</u>	<u>\$ 501,396</u>	<u>\$ 196,555</u>	<u>\$ 459,795</u>	<u>\$ 6,429,916</u>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 22,864	\$ 5,483	\$ 2,732	\$ -	\$ 21,472	\$ -	\$ 92,475	\$ 145,026
Retainage payable	15,887	-	-	-	-	-	-	15,887
Due to general fund	-	-	1,746,365	-	-	-	-	1,746,365
Total liabilities	<u>38,751</u>	<u>5,483</u>	<u>1,749,097</u>	<u>-</u>	<u>21,472</u>	<u>-</u>	<u>92,475</u>	<u>1,907,278</u>
<b>Fund balances:</b>								
Nonspendable								
Prepaid items	9,447	-	-	-	-	-	-	9,447
Note receivable	-	-	280,030	-	-	-	-	280,030
Land and building held for sale	-	-	1,144,000	-	-	-	-	1,144,000
Committed								
General government	-	-	-	-	-	-	-	-
Public works and utilities	-	589,844	-	1,477,898	479,924	-	-	2,547,666
Capital outlay	1,726,717	-	-	-	-	196,555	367,320	2,290,592
Unassigned	-	-	(1,749,097)	-	-	-	-	(1,749,097)
Total fund balances	<u>1,736,164</u>	<u>589,844</u>	<u>(325,067)</u>	<u>1,477,898</u>	<u>479,924</u>	<u>196,555</u>	<u>367,320</u>	<u>4,522,638</u>
Total liabilities and fund balances	<u>\$ 1,774,915</u>	<u>\$ 595,327</u>	<u>\$ 1,424,030</u>	<u>\$ 1,477,898</u>	<u>\$ 501,396</u>	<u>\$ 196,555</u>	<u>\$ 459,795</u>	<u>\$ 6,429,916</u>

**Fairfield County****Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds****For the year ended June 30, 2013**

	Capital Improvement Projects	Road Improvement Program	W.B. Brown Industrial Park	Water and Sewer Program	Solid Waste & Recycling Capital Fund	Vehicle Replacement Program	Recreation Capital Fund	Total Nonmajor Capital Project Funds
<b>Revenues</b>								
Intergovernmental	\$ 19,700	\$ 763,564	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 783,264
Miscellaneous	32,794	-	-	-	-	44,424	-	77,218
Total revenues	52,494	763,564	-	-	-	44,424	-	860,482
<b>Expenditures</b>								
General government	1,219,190	-	1,250,330	-	17	29,013	-	2,498,550
Public works and utilities	51	670,180	-	203,826	-	-	-	874,057
Cultural and recreation	-	-	-	-	-	-	998	998
Capital outlay	1,153,591	-	-	-	320,401	326,842	280,372	2,081,206
Total expenditures	2,372,832	670,180	1,250,330	203,826	320,418	355,855	281,370	5,454,811
Excess (deficiency) of revenues over (under) expenditures	(2,320,338)	93,384	(1,250,330)	(203,826)	(320,418)	(311,431)	(281,370)	(4,594,329)
<b>Other financing sources</b>								
Proceeds from sale of capital assets	-	-	-	-	-	48,234	-	48,234
Transfers in	2,859,501	150,000	35,000	100,000	800,342	309,785	125,000	4,379,628
Transfers out	(455,342)	-	-	-	-	-	-	(455,342)
Total other financing sources	2,404,159	150,000	35,000	100,000	800,342	358,019	125,000	3,972,520
Net change in fund balances	83,821	243,384	(1,215,330)	(103,826)	479,924	46,588	(156,370)	(621,809)
<b>Fund balances, beginning of year</b>	1,652,343	346,460	890,263	1,581,724	-	149,967	523,690	5,144,447
<b>Fund balances, end of year</b>	\$ 1,736,164	\$ 589,844	\$ (325,067)	\$ 1,477,898	\$ 479,924	\$ 196,555	\$ 367,320	\$ 4,522,638



**Fairfield County****Statement of Revenues, Expenditures and Changes in Fund Balance - Transit System****For the fiscal year ended June 30, 2013****Revenues**

Federal	\$ 119,285
State	21,490
Medicaid collections	407,258
Farebox	11,127
Other	2,965
	<hr/>
Total revenues	562,125
	<hr/>

**Expenditures**

Administration	
Salaries and fringe benefits	116,630
Printing and binding	283
Office supplies	713
Travel	1,823
Other supplies	797
Utilities	8,457
Insurance	10,554
Telephone	4,288
Medical fees	244
Rental	3,646
Other	825
	<hr/>
Total administration	148,260
	<hr/>

## Operations

Salaries and fringe benefits	119,164
Vehicle services	528
Travel	528
Other supplies	5,695
Telephone	100
Medical fees	66
Rental	595
Fuel	17,529
Other	113
	<hr/>
Total operations	144,318
	<hr/>

## Medicaid

Salaries and fringe benefits	218,088
Printing and binding	32
Other supplies	19,319
Insurance	1,289
Telephone	2,611
Medical fees	647
Rental	23,719
Fuel	99,242
Travel	393
Vehicle services	3,087
Other	7,458
	<hr/>
Total medicaid	375,885
	<hr/>

**Fairfield County****Statement of Revenues, Expenditures and Changes in Fund Balance - Transit System  
For the fiscal year ended June 30, 2013****Expenditures, continued**

Capital	
Salaries and fringe benefits	94,548
Rental	702
Insurance	136
Medical fees	66
Travel	611
Other	150
Total capital	<u>96,213</u>
Total expenditures	<u>764,676</u>
Deficiency of revenues under expenditures	<u>(202,551)</u>

**Other financing sources**

Proceeds from sale of capital assets	1,324
Transfer in	<u>233,313</u>
Total other financing sources	<u>234,637</u>
Net change in fund balance	32,086

<b>Fund balance, beginning of year</b>	<u>54,443</u>
--	---------------

<b>Fund balance, end of year</b>	<u><u>\$ 86,529</u></u>
----------------------------------	-------------------------

**Fairfield County*****Schedule of Court Fines, Surcharges and Assessment Activity - Victims Assistance  
For the fiscal year ended June 30, 2013***

<b><i>Court fines</i></b>	
Collected	\$ 131,760
Retained by County	<u>37,173</u>
	<u>\$ 94,587</u>
<b><i>Court assessments</i></b>	
Collected	\$ 16,541
Retained by County	<u>1,022</u>
	<u>\$ 15,519</u>
<b><i>Court surcharges</i></b>	
Collected	\$ 124,090
Retained by County	<u>5,706</u>
	<u>\$ 118,384</u>
<b><i>Victims assistance</i></b>	
Court assessments	\$ 37,173
Court surcharges	<u>6,728</u>
Allocated to Victims Assistance	43,901
Victims Assistance expenditures	<u>61,547</u>
Deficiency of revenues under expenditures	(17,646)
<b><i>Fund balance, beginning of year</i></b>	<u>167,901</u>
<b><i>Fund balance, end of year</i></b>	<u>\$ 150,255</u>

**Fairfield County*****Computation of Legal Debt Margin******June 30, 2013***

Assessed value (1)		\$ 130,172,269
Debt limit - 8% of assessed value (2)		\$ 10,413,782
Amount of debt applicable to debt limit (3):		
Total general obligation bonds	\$ 5,865,000	
Less: Debt service funds available	<u>894,899</u>	
Total debt applicable to debt limit		<u>4,970,101</u>
Legal debt margin		<u>\$ 5,443,681</u>

## NOTES:

- (1) The assessed valuation shown is the assessed value at December 31, 2011 used for 2012 property tax computations.
- (2) The legal debt limit is controlled by Article X, Section 14 of the Constitution of the State of South Carolina.
- (3) The legal debt limit governed by Article X of the Constitution of the State of South Carolina provided that each county, township, school district, municipal or subdivision may issue bonded indebtedness up to eight percent of the assessed value of all corporation or political division property therein. The debt limit of eight percent can be exceeded only after a referendum of the voters is affected.

## 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, 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, 2013, 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 27, 2014.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding 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 deficiencies described as 2012-1 and 2013-7 in the accompanying *Schedule of Findings and Questioned Costs* to be material weaknesses.

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 deficiencies described as 2012-5, 2013-1, 2013-2, 2013-3, 2013-4, 2013-5 and 2013-6 in the accompanying *Schedule of Findings and Questioned Costs* to be significant deficiencies.

**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 response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

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

Columbia, South Carolina  
January 27, 2014



**Independent Auditor's Report on Compliance for Each Major Federal Program  
and Report on Internal Control Over Compliance**

Fairfield County Council  
Fairfield County  
Winnsboro, South Carolina

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of Fairfield County, South Carolina (the County) 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, 2013. 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, 2013.



## 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, LLC". The signature is written in a cursive style with a long, sweeping underline.

Columbia, South Carolina  
January 27, 2014

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**Fairfield County****Schedule of Findings and Questioned Costs  
For the year ended June 30, 2013**

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

- |   |            |
|---|------------|
| (a.) Type of auditor's report issued:   | Unmodified |
| (b.) Internal control over financial reporting:   |            |
| 1) Material weaknesses identified:  | Yes        |
| 2) Significant deficiencies identified that are not considered to be material weaknesses: | Yes        |
| (c.) Noncompliance material to financial statements:                                      | No         |

**Federal Awards**

- |   |               |
|---|---------------|
| (a.) Internal control over major programs:  |               |
| 1) Material weaknesses identified:  | No            |
| 2) Significant deficiencies identified that are not considered to be material weaknesses:                 | None reported |
| (b.) Type of auditor's report issued on compliance for major programs:                                    | Unmodified    |
| (c.) Audit findings that are required to be reported in accordance with Section 510(a) of Circular A-133: | No            |
| (d.) Identification of major programs:  |               |

**CFDA Numbers****Name of federal program or cluster**

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        |

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## Fairfield County

### *Schedule of Findings and Questioned Costs For the year ended June 30, 2013*

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

##### **Item 2012-1: Procurement - Contract Bidding**

*Condition:* During fiscal year 2013 the County engaged a single contractor to perform approximately \$2,166,000 in projects throughout the County. In selecting the contractor, a formal bidding process was not conducted as required by the County's procurement policy. This is a repeat finding from the fiscal year 2012 audit.

*Criteria:* The County's procurement policy requires seeking formal bids from a minimum of three qualified sources for purchases estimated in excess of \$25,000. In the event that a minimum number of qualified sources required cannot be solicited, the County is required to maintain in the solicitation file, a written certification from the Procurement Officer that all known sources were solicited.

*Cause:* The County did not follow its procurement policy.

*Effect:* By forgoing the bid process there is the risk that a more qualified contractor could have been engaged for a lower price.

*Context:* For fiscal year 2013, we examined disbursement activity for the County's highest paid vendors to determine that proper documentation was being maintained in accordance with the County's procurement policy. We noted that there was no documentation of a formal bid process in selecting the vendor to perform the maintenance projects mentioned above.

*Recommendation:* We recommend that the County review each vendor file to ensure that proper documentation is in place to satisfy all requirements of the County's procurement policy, and that a formal bidding process is implemented for all applicable purchases. We further recommend that the County review its overall procurement policy to ensure that it is sufficient to maintain best practices.

*Views of Responsible Officials and Planned Corrective Actions:* Since July 2013, County Administrator and County Procurement have administratively focused on the procurement practices of the County and implemented changes to bring matters appropriate for Council approval through Administration by way of the Request of Action process.

Furthermore, the Administrative team has prepared a draft revision of procurement policy that will be forwarded to County Council in the immediate future. This process will also be reviewed by the external auditors prior to Council review.

##### **Item 2012-5: Cash Receipts - Planning and Zoning**

*Condition:* The County Planning and Zoning Department does not maintain a receipts journal for transactions paid in cash.

*Criteria:* A sufficient audit trail should be available to ensure that all cash receipts are deposited at the bank and recorded in the County's general ledger in a timely manner.

*Cause:* Any given transaction paid in cash cannot be traced to deposit in the bank.

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## Fairfield County

### Schedule of Findings and Questioned Costs For the year ended June 30, 2013

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

##### Item 2012-5: Cash Receipts - Planning and Zoning (continued)

*Effect:* Without a receipts journal, transactions paid in cash have an increased risk of not being deposited to the bank and/or recorded correctly in the general ledger.

*Context:* We noted the above condition during our walkthrough of the Department's cash receipt cycle.

*Recommendation:* We recommend that the County Planning and Zoning Department maintain a receipts journal for all cash transactions and reconcile it to bank deposits.

*Views of Responsible Officials and Planned Corrective Actions:* The County has purchased a community development software program for utilization by the Planning and Zoning Department. The program is part of our existing financial management system. Employee training began in August 2013 and the program became fully operational in December 2013.

##### Item 2013-1: Local Option Sales Tax - Millage Reduction

*Condition:* The County's annual budget resolution to establish millage rates reflects a reduction of operating millage described as a "sales tax credit".

*Criteria:* While this millage reduction had the effect of reducing the net tax billed, property tax relief to be provided via the local option sales tax should not be applied through the reduction of millage rates.

*Cause:* The County issued the local option sales tax credit using the combination of a millage reduction and the method prescribed by State statute.

*Effect:* Taxpayers received a local option sales tax credit but it was calculated using two different methods.

*Context:* We noted the above condition during testing of the County's local option sales tax.

*Recommendation:* The County should calculate a sales tax credit for each taxpayer by multiplying the appraised value of the taxpayer's taxable property by a fraction in which the numerator is the total estimated sales tax revenue received from the State during the applicable fiscal year of the County, and the denominator is the total appraised value of taxable property in the County as of January 1 of the applicable taxable year. The resulting credit should be included as a reduction to arrive at the net tax billed for each qualifying tax payer.

*Views of Responsible Officials and Planned Corrective Actions:* For fiscal year 2013-2014, the County amended the millage resolution so that the property tax relief would not be shown as both a millage reduction and a sales tax credit on the tax bills. On the 2013 property tax bills, the property tax relief was shown as a sales tax credit and will be shown as such on future bills.

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## Fairfield County

### *Schedule of Findings and Questioned Costs For the year ended June 30, 2013*

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

##### **Item 2013-2: Local Option Sales Tax - Revenue Estimate**

*Condition:* The County has not documented and applied a clear, consistent methodology for calculating its local option sales tax credit.

*Criteria:* The County is required to estimate the amount of local option sales tax revenue it will collect from the State. This estimate should be applied as described in the Item 2013-1 recommendation to calculate the County's annual sales tax credit. Because the sales tax credit is required to be granted in advance of knowing the amount of sales tax revenue that will be received, there will typically be differences between the County's calculation and actual revenue collected from the State.

*Cause:* The County has not maintained documentation to support the amount of local option sales tax credits that it has provided to taxpayers.

*Effect:* Our testing of State collections and credits provided to taxpayers for fiscal years 2007 through 2013 reflected annual differences ranging from an over-estimate of \$286,000 to an under-estimate of \$495,000.

*Context:* We noted the above condition during testing of the County's local option sales tax.

*Recommendation:* The County should develop a calculation methodology that considers historical receipts of local option sales tax revenue and incorporates over (under) estimates from previous fiscal years. The methodology should be adequately documented to demonstrate that it was applied consistently from year to year.

*Views of Responsible Officials and Planned Corrective Actions:* The County has documented a methodology for calculating the local options sales tax credit, which is included in the Accounting Policies and Procedures Manual.

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

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

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

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

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

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

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## Fairfield County

### Schedule of Findings and Questioned Costs For the year ended June 30, 2013

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

##### Item 2013-3: Treasurer's Office - Journal Entries (continued)

*Recommendation:* The Treasurer's Office should develop a formal policy establishing who can prepare and review certain journal entries. This policy should also include the creation of a journal entry approval form to document the initiator and the approver. In addition, the Treasurer's Office should begin to reconcile its cash receipts to the New World general ledger system.

*Views of Responsible Officials and Planned Corrective Actions:* The Treasurer's office will create a formal journal entry form to document the initiator and the approver. The Treasurer is responsible for preparing journal entries and the Deputy Treasurer reviews and enters. The Treasurer's office is conferring with the County Comptroller to identify the report needed to reconcile cash receipts to the New World general ledger system.

##### Item 2013-4: Treasurer's Office - Cash Disbursements

*Condition:* The Treasurer's Office does not maintain adequate segregation of duties over its cash disbursement process.

*Criteria:* Segregation of duties should be maintained to ensure that assets of the County are not misappropriated.

*Cause:* All 3 Treasurer's Office employees have access to the County's check stock, the check writing software and the Treasurer's signature stamp.

*Effect:* Lack of segregation of duties provides these employees with the opportunity to misappropriate County funds.

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

*Recommendation:* The Treasurer's Office should segregate the cash disbursement process so that one employee couldn't independently perform the entire process.

*Views of Responsible Officials and Planned Corrective Actions:* The Treasurer's office will establish segregation of duties over cash disbursements. Check stock and signature stamp are to be locked in a specified file cabinet drawer. CSRA has been contacted to verify if the check writing software can be code accessed.

##### Item 2013-5: Assessor's Office - Changes to Appraised Values

*Condition:* The Assessor's Office does not maintain adequate segregation of duties over its appraised value change process.

*Criteria:* Segregation of duties should be maintained to ensure that appraised value is properly maintained by the County.

*Cause:* The initiator or approver of appraised value changes are not documented by the Assessor's Office.

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## Fairfield County

### Schedule of Findings and Questioned Costs For the year ended June 30, 2013

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

##### Item 2013-5: Assessor's Office - Changes to Appraised Values (continued)

*Effect:* Lack of segregation of duties provides Assessor's Office employees with the opportunity to change appraised values without any oversight.

*Context:* We noted the above condition during walkthrough procedures of the Assessor's Office.

*Recommendation:* The Assessor's Office should implement a process that documents the employees who initiate and approve changes to any property's appraised value.

*Views of Responsible Officials and Planned Corrective Actions:* The Assessor's Office will develop a form to document changes to assessed values. The changes will be reviewed and approved by the Tax Assessor prior to the change. We would also like to note that the Assessor program has the capability of allowing the Tax Assessor to run reports showing changes in the system and the employee that made the changes.

##### Item 2013-6: Delinquent Tax Collector - Reconciliation

*Condition:* The County's delinquent tax general ledger account does not reconcile to the tax sale subsidiary ledger by approximately \$22,000.

*Criteria:* The tax sale subsidiary ledger should be reconciled to the general ledger.

*Cause:* The Delinquent Tax Collector does not maintain a reconciliation from the tax sale subsidiary ledger to the general ledger.

*Effect:* The Delinquent Tax Collector subsidiary ledger or the general ledger account may be misstated or incomplete.

*Context:* We noted the above condition during walkthrough procedures of the Delinquent Tax Collector's Office.

*Recommendation:* The Delinquent Tax Collector's Office should reconcile the tax sale subsidiary ledger to the general ledger on a monthly basis.

*Views of Responsible Officials and Planned Corrective Actions:* The Finance Department will assist the Delinquent Tax Collector in researching the discrepancy and establish procedures for the Delinquent Tax Collector to perform monthly reconciliations of the subsidiary ledger to the general ledger.

##### Item 2013-7: W.B. Brown Industrial Spec Building - Project Authorization

*Condition:* There is no documentation to support Council's approval of the cost to construct the second speculative building at the W.B. Brown Industrial Park.

*Criteria:* Per the County's procurement manual, County Council must approve all unbudgeted purchases in excess of \$25,000.

*Cause:* The construction costs of the speculative building were not included in the County's fiscal year budget and, therefore, should have been approved by County Council prior to procurement.

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## Fairfield County

### *Schedule of Findings and Questioned Costs For the year ended June 30, 2013*

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

##### **Item 2013-7: W.B. Brown Industrial Spec Building - Project Authorization (continued)**

*Effect:* The building was procured without sufficient approval. In addition, a third party completed an appraisal on the building and it was appraised at approximately \$1,144,000. The difference between the cost of the building and the appraised value was recorded as general government expenditures in the W.B. Brown Industrial Park fund for the fiscal year ended June 30, 2013.

*Context:* We noted the above condition during testing of the asset "land and building held for sale" on the statement of net position and governmental funds balance sheet. Our testing included requesting that the County provide a recent appraisal on the building.

*Recommendation:* We recommend that the County review each vendor file to ensure that proper documentation is in place to satisfy all requirements of the County's procurement policy, and that a formal approval process is implemented for all applicable purchases. We further recommend that the County review its overall procurement policy to ensure that it is sufficient to maintain best practices.

*Views of Responsible Officials and Planned Corrective Actions:* The County has implemented a system in which a Request of Authorization form is prepared and presented to Council for purchases of \$25,000 or more. A recommendation is received from Procurement, Finance, Grants, Legal, and Administration to either request approval or recommend denial of the request.

Also, the County will transfer funds from the general fund or another source to cover the excess expenditures in the Walter B. Brown fund.

#### **III. Findings and Questioned Costs Relating To Federal Awards**

None Reported



**Fairfield County****Schedule of Expenditures of Federal Awards****For the fiscal year ended June 30, 2013**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>
<b>Workforce Investment Act - Cluster</b>		
U.S. Department of Labor		
Passed through South Carolina Employment Security Commission		
Workforce Investment Act - Adult Program	17.258	\$ 99,301
Workforce Investment Act - Dislocated Workers	17.260	23,596
Total Workforce Investment Act - Cluster		<u>122,897</u>
<b>Other Programs</b>		
U.S. Department of Justice		
Passed through South Carolina Law Enforcement Division		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	<u>9,584</u>
Total U.S. Department of Justice		<u>9,584</u>
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	119,285
Passed through the South Carolina Department of Commerce/Division of Aeronautics		
Airport Improvement Program	20.106	<u>487,680</u>
Total U.S. Department of Transportation		<u>606,965</u>
U.S. Department of Agriculture		
National Forest Funds	10.672	<u>25,419</u>
Total U.S. Department of Agriculture		<u>25,419</u>
U.S. Department of Homeland Security		
Passed through South Carolina Adjutant General's Office		
Emergency Management Performance Grant	97.042	<u>51,684</u>
Total U.S. Department of Homeland Security		<u>51,684</u>
National Endowment For The Humanities		
Passed through the Humanities Council of SC		
Promotion of the Humanities	45.129	<u>164</u>
Total National Endowment for the Humanities		<u>164</u>
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	<u>111,078</u>
Total U.S. Department of Health and Human Services		<u>111,078</u>
Total federal awards (accrual basis of accounting)		<u>\$ 927,791</u>