

REPORT ON FINANCIAL STATEMENTS
OF
FAIRFIELD COUNTY
WINNSBORO, SOUTH CAROLINA
FOR THE YEAR ENDED
JUNE 30, 2008

FAIRFIELD COUNTY
WINNSBORO, SOUTH CAROLINA

Report on Financial Statements
For the year ended June 30, 2008

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FAIRFIELD COUNTY
WINNSBORO, SOUTH CAROLINA

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FINANCIAL SECTION

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying financial statements of the governmental activities, 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, 2008, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net assets, revenues, and expenses of the aggregate discretely presented component units would have been presented as approximately \$2.6 million, \$217,000, \$2.4 million, \$1.5 million, and \$1 million, respectively. In addition, the assets, liabilities, fund balances, revenue and expenditures of the aggregate remaining fund information would have been presented as approximately \$998,000, \$212,000, \$786,000, \$1.6 million, and \$1.8 million, respectively.

In our opinion, because of the omission of the discretely presented component units, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of Fairfield County, South Carolina, as of June 30, 2008, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of Fairfield County, South Carolina, as of June 30, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2008 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with government auditing standards and should be considered in assessing the results of our audit.

Management's discussion and analysis and the budgetary comparison information, as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, and accompanying Schedule of Expenditures of Federal Awards, listed in the table of contents as other supplementary information, 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 and other schedules and accompanying Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Elliott Davis, LLC

Columbia, South Carolina
December 1, 2008

FAIRFIELD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

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, 2008. 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 24,047 increasing annually at a rate of 0.67%
- 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 reducing 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.

FINANCIAL HIGHLIGHTS

- The County's financial condition has continued to maintain revenues at a relatively constant level over this period.
- The County Administration correctly foresaw a revenue shortfall and developed the 2007-2008 budgets based on a modest millage increase.
- **Net assets** - The County's governmental activities assets exceeded its liabilities at June 30, 2008 by \$28,859,394 (net assets). Of this amount, approximately \$16.6 million were unrestricted net assets, which means these funds may be used to meet the County's ongoing obligations.
- **Change in net assets** - The County's net assets increased over the course of this year's operations. Net assets of the governmental activities increased by \$4,551,710.
- **General fund** - The principal operating fund of the County is the general fund. In fiscal year 2008, general fund revenues and other financing sources, which primarily consisted of property taxes, and intergovernmental revenues were \$22,230,665. Expenditures and net transfers out of the general fund were \$19,684,175. This resulted in an increase in the fund balance for the year of \$2,546,490.
- **General fund budget** - The general fund actual revenues were greater than the revised budget amounts by \$2,208,225 due primarily to greater than expected collections of property taxes and sales taxes. General fund actual expenditures were less than the final budget amounts by \$590,188. This variance is primarily due to a concerted effort to control expenses.

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 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 Assets 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 assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows 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 16 to 32.

Other 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 required.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$28,859,394 as of June 30, 2008.

By far the largest portion of the County's net assets 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 Fairfield County 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 several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of the County's net assets for the fiscal years ended June 30, 2008 and 2007.

	<u>2008</u>	<u>2007</u> (Restated)	<u>Percentage Change</u>
Current assets	\$ 21,122,850	\$ 18,474,775	14.3%
Capital assets, net	<u>14,465,994</u>	<u>14,306,873</u>	<u>1.1%</u>
Total assets	<u>35,588,844</u>	<u>32,781,648</u>	<u>8.6%</u>
Current liabilities	3,350,524	2,941,509	(13.9%)
Long-term debt outstanding	<u>3,378,926</u>	<u>5,532,455</u>	<u>(38.9%)</u>
Total liabilities	<u>6,729,450</u>	<u>8,473,964</u>	<u>(20.6%)</u>
Net assets			
Invested in capital assets, net of related debt	12,186,380	11,890,199	2.5%
Restricted	96,229	46,747	105.9%
Unrestricted	<u>16,576,785</u>	<u>12,370,738</u>	<u>33.9%</u>
Total net assets	<u>\$ 28,859,394</u>	<u>\$ 24,307,684</u>	<u>18.7%</u>

Change in net assets - The County's total revenues for the fiscal year ended June 30, 2008 were \$30,902,468. The total cost of all programs and services was \$26,350,758. The table below presents a summary of the activity that resulted changes in net assets for the fiscal years ended June 30, 2008 and 2007.

Compared to fiscal year 2007, the County's revenues increased significantly due primarily to the following:

- **Sale of property** - In 2008, the Council sold the Hon Building, resulting in a gain of \$626,360.
- **Property taxes** - In the debt service fund, property tax collections increased due to the County obtaining 2.6 million GOB in 2007. Taxes commenced collection in 2009.

The County included substantially all of the above revenue increases in its annual budget for fiscal year 2008. Therefore, expenses as reflected below also increased significantly as these additional funds were expended for various budgeted projects and County operations.

	<u>2008</u>	<u>2007</u> (Restated)	<u>Percentage Change</u>
Revenues			
Program revenues			
Charges for services	\$ 3,045,066	\$ 2,990,618	1.8%
Operating grants and contributions	3,143,084	3,516,373	(10.6%)
Capital grants and contributions	150,000	3,222,112	(95.3)
General revenues			
Property taxes and accommodations taxes	20,020,720	18,056,745	10.9%
Sales taxes	1,376,688	1,353,686	1.7%
Investment income	373,978	576,506	(35.1)
Intergovernmental	1,487,219	1,452,786	2.4%
Gain on sale of capital assets	626,360	-	100.0%
Miscellaneous	<u>679,353</u>	<u>739,472</u>	<u>(8.1%)</u>
Total revenues	<u>30,902,468</u>	<u>31,908,298</u>	<u>(3.1%)</u>

	<u>2008</u>	<u>2007</u> (Restated)	<u>Percentage Change</u>
Expenses			
General government	7,367,330	7,569,108	(2.7%)
Public safety	8,128,389	8,804,382	(7.7%)
Public works and utilities	2,567,282	5,887,411	(56.4%)
Health and welfare	3,894,137	2,946,272	32.2%
Judicial	1,010,712	949,530	6.4%
Cultural and recreation	714,152	558,887	27.8%
Non-department allocations	2,511,435	1,782,789	40.9%
Interest and fiscal charges	<u>157,321</u>	<u>67,286</u>	<u>133.8%</u>
Total expenses	<u>26,350,758</u>	<u>28,565,665</u>	<u>(7.8%)</u>
Increase decrease in net assets	<u>\$ 4,551,710</u>	<u>\$ 3,342,633</u>	<u>36.2%</u>

Governmental activities - The table below presents the cost of the nine major functional activities: general government, public safety, public works, environment and housing, health and welfare, judicial, cultural and recreation, and non-departmental allocations 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.

	<u>Total Expenses</u>	<u>Net (Expense) Revenue</u>
General government	\$ 7,367,330	\$ (6,217,405)
Public safety	8,128,389	(6,989,496)
Public works and utilities	2,567,282	(104,265)
Health and welfare	3,894,137	(3,099,355)
Judicial	1,010,712	(390,046)
Cultural and recreation	714,152	(543,285)
Non-departmental allocations	2,511,435	(2,511,435)
Interest and fiscal charges	<u>157,321</u>	<u>(157,321)</u>
Total expenses	<u>\$ 26,350,758</u>	<u>\$ (20,012,608)</u>

The cost of all governmental activities this year was \$26,350,758. Expenses consist primarily of general government, public safety and public works and utilities totaling \$7,367,330, \$8,128,389, and \$2,567,282, respectively. Net cost of governmental activities was \$20,012,608 which was financed by general revenues and beginning net assets. General revenues consist primarily of property taxes of \$19,889,623.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

The financial performance of the County as a whole is reflected in its governmental funds. As the County completed the year, its governmental funds reported a combined fund balance of \$18,622,660. Approximately \$12,738,844 or 68% of the fund balance is unreserved and undesignated and is available for spending at the County's discretion.

The general fund is the principal operating fund of the County. The increase in fund balance in the general fund for the fiscal year was \$2,546,490 which was the result of normal business operations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of June 30, 2008, the County had invested \$14,465,994 in capital assets, including land, buildings and improvements, infrastructure, vehicles, computers, and other equipment. Total depreciation expense for the year was \$1,976,125.

The schedule below presents capital asset balances, net of depreciation, for the fiscal year ended June 30, 2008.

Capital Assets	
Not subject to depreciation	
Land	\$ 49,558
Construction in progress	<u>1,136,340</u>
	<u>1,185,898</u>
Subject to depreciation	
Land improvements	19,710,206
Buildings	11,350,219
Infrastructure	1,106,890
Machinery and equipment	7,788,787
Software	<u>330,159</u>
	40,286,261
Less accumulated depreciation	<u>(27,006,165)</u>
Total capital assets being depreciated, net	<u>13,280,096</u>
Net capital assets	<u><u>\$ 14,465,994</u></u>

Debt Administration - At year-end, the County had \$3,355,000 in general obligation bonds, \$69,124 in notes payable and a \$503,506 capital lease of which \$1,058,669 is due within one year.

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, P.O. Drawer 60, Winnsboro, South Carolina 29180.

FAIRFIELD COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2008

Exhibit 1

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 17,389,162
Taxes receivable, net	513,884
Accounts receivable, net	201,490
Investment - land and building	1,164,134
Due from component unit	167,059
Due from other governmental units	1,486,415
Prepaid expenses	200,706
Capital assets	
Land	49,558
Construction in progress	1,136,340
Land improvements	19,710,206
Buildings	11,350,219
Infrastructure	1,106,890
Machinery and equipment	7,788,787
Software	330,159
Less accumulated depreciation	(27,006,165)
Total capital assets net of accumulated depreciation	14,465,994
Total assets	\$ 35,588,844
LIABILITIES	
Accounts payable	\$ 617,019
Accrued expenses	522,935
Due to tax payers	7,182
Due to other agencies	441,201
Due to component units	666,710
Due to other governmental units	11,632
Long-term liabilities	
Portion due or payable within one year:	
Compensated absences	25,176
Capital leases payable	117,709
Notes payable	20,960
Bonds payable	920,000
Portion due or payable after one year:	
Compensated absences	509,965
Capital leases payable	385,797
Notes payable	48,164
Bonds payable	2,435,000
Total liabilities	6,729,450
NET ASSETS	
Invested in capital assets, net of related debt	12,186,380
Restricted for:	
Debt service	96,229
Unrestricted	16,576,785
Total net assets	\$ 28,859,394

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

FAIRFIELD COUNTY
STATEMENT OF ACTIVITIES

Exhibit 2

For the fiscal year ended June 30, 2008

FUNCTIONS/PROGRAMS	Program revenues			Net revenue (expense) and changes in net assets
	Expenses	Charges for sales and service	Operating grants and contributions	
Governmental activities				
General government	\$ 7,367,330	\$ 416,138	\$ 583,787	\$ (6,217,405)
Public safety	8,128,389	1,092,827	46,066	(6,989,496)
Public works and utilities	2,567,282	392,457	2,070,560	(104,265)
Health and welfare	3,894,137	550,741	244,041	(3,099,355)
Judicial	1,010,712	511,993	108,673	(390,046)
Cultural and recreation	714,152	80,910	89,957	(543,285)
Non-departmental allocations	2,511,435	-	-	(2,511,435)
Interest and other charges	157,321	-	-	(157,321)
Total governmental activities	26,350,758	3,045,066	3,143,084	(20,012,608)
General revenues:				
Property taxes				19,889,623
Sales tax				1,376,688
Accommodations tax				131,097
Investment income				373,978
Intergovernmental				1,487,219
Gain on sale of capital assets				626,360
Miscellaneous				679,353
Total general revenues				24,564,318
Change in net assets				4,551,710
Net assets, beginning of year, as originally stated				23,156,908
Restatement				1,150,776
Net assets, beginning of year as restated				24,307,684
Net assets, end of year				\$ 28,859,394

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

FAIRFIELD COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

Exhibit 3

	General	Capital Improvements GO Bonds	W.B. Brown Industrial Park	EMS	Nonmajor Governmental	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 10,637,006	\$ 1,648,016	\$ 590,751	\$ 1,721,637	\$ 2,791,752	\$ 17,389,162
Taxes receivable, net	423,400	-	-	61,634	28,850	513,884
Accounts receivable, net	124,518	-	-	37,462	39,510	201,490
Investment - land and building	-	-	1,164,134	-	-	1,164,134
Due from other funds	550,421	-	-	-	-	550,421
Due from component unit	167,059	-	-	-	-	167,059
Due from other governmental units	693,932	-	-	-	792,483	1,486,415
Prepaid expenses	139,694	-	-	49,757	11,255	200,706
Total assets	<u>\$ 12,736,030</u>	<u>\$ 1,648,016</u>	<u>\$ 1,754,885</u>	<u>\$ 1,870,490</u>	<u>\$ 3,663,850</u>	<u>\$ 21,673,271</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 393,443	\$ 6,321	\$ 87,895	\$ 47,291	\$ 82,069	\$ 617,019
Accrued expenses	402,631	-	-	91,776	28,528	522,935
Deferred revenue	185,793	-	-	30,140	17,578	233,511
Due to general fund	-	-	-	-	550,421	550,421
Due to tax payers	7,182	-	-	-	-	7,182
Due to other agencies	241,201	-	200,000	-	-	441,201
Due to component units	666,710	-	-	-	-	666,710
Due to other governmental units	11,632	-	-	-	-	11,632
Total liabilities	<u>1,908,592</u>	<u>6,321</u>	<u>287,895</u>	<u>169,207</u>	<u>678,596</u>	<u>3,050,611</u>
Fund balances:						
Reserved for:						
Debt service	-	-	-	-	82,121	82,121
Capital outlay	-	1,641,695	-	-	-	1,641,695
Unreserved, designated for, reported in:						
General fund	4,160,000	-	-	-	-	4,160,000
General fund	6,667,438	-	-	-	-	6,667,438
Special revenue funds	-	-	-	1,701,283	2,608,534	4,309,817
Capital projects funds	-	-	1,466,990	-	294,599	1,761,589
Total fund balances	<u>10,827,438</u>	<u>1,641,695</u>	<u>1,466,990</u>	<u>1,701,283</u>	<u>2,985,254</u>	<u>18,622,660</u>
Total liabilities and fund balances	<u>\$ 12,736,030</u>	<u>\$ 1,648,016</u>	<u>\$ 1,754,885</u>	<u>\$ 1,870,490</u>	<u>\$ 3,663,850</u>	<u>\$ 21,673,271</u>

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

FAIRFIELD COUNTY
RECONCILIATION OF BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2008

Exhibit 4

Total governmental fund balances \$ 18,622,660

Amounts reported for governmental activities in the statement of net assets 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	\$	49,558	
Construction in progress		1,136,340	
Land improvements		19,710,206	
Buildings		11,350,219	
Infrastructure		1,106,890	
Machinery and equipment		7,788,787	
Software		330,159	
Less accumulated depreciation		<u>(27,006,165)</u>	
			14,465,994

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 deferred in the funds. 233,511

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:

Accrued compensated absences		(535,141)	
Capital leases payable		(503,506)	
Notes payable		(69,124)	
Bonds payable		<u>(3,355,000)</u>	
			<u>(4,462,771)</u>

Net assets of governmental activities \$ 28,859,394

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

FAIRFIELD COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

For the fiscal year ended June 30, 2008

	General	Capital Improvements GO Bonds	W.B. Brown Industrial Park	EMS	Nonmajor Governmental	Total Governmental Funds
REVENUES						
Taxes	\$ 16,530,827	-	-	\$ 2,154,960	\$ 1,214,281	\$ 19,900,068
Sales tax	1,376,688	-	-	-	-	1,376,688
Intergovernmental	1,487,219	-	150,000	-	3,143,083	4,780,302
Licenses, permits, fines and fees	853,332	-	-	-	273,873	1,127,205
Charges for services	553,438	-	-	1,017,102	347,321	1,917,861
Investment income	373,978	-	-	-	-	373,978
Miscellaneous	210,270	-	300,000	971	168,112	679,353
Total revenues	<u>21,385,752</u>	<u>-</u>	<u>450,000</u>	<u>3,173,033</u>	<u>5,146,670</u>	<u>30,155,455</u>
EXPENDITURES						
General government	5,253,933	270,205	29,943	-	1,151,270	6,705,351
Public safety	4,503,194	345	-	3,427,401	163,028	8,093,968
Public works and utilities	1,238,835	-	-	-	2,279,543	3,518,378
Health and welfare	2,412,252	671,132	-	-	923,169	4,006,553
Judicial	929,051	-	-	-	90,844	1,019,895
Cultural and recreation	699,658	-	-	-	108,017	807,675
Non-departmental allocations	2,481,005	-	-	-	96,916	2,577,921
Debt service	-	-	-	-	-	-
Principal retirement - general obligation bonds	-	-	-	-	920,000	920,000
Interest and fiscal charges	-	-	-	-	157,321	157,321
Total expenditures	<u>17,517,928</u>	<u>941,682</u>	<u>29,943</u>	<u>3,427,401</u>	<u>5,890,108</u>	<u>27,807,062</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,867,824</u>	<u>(941,682)</u>	<u>420,057</u>	<u>(254,368)</u>	<u>(743,438)</u>	<u>2,348,393</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	844,913	-	-	1,211	7,736	853,860
Transfers in	31,843	-	925,000	-	1,273,090	2,229,933
Transfers out	(2,198,090)	-	-	-	(31,843)	(2,229,933)
Total other financing sources (uses)	<u>(1,321,334)</u>	<u>-</u>	<u>925,000</u>	<u>1,211</u>	<u>1,248,983</u>	<u>853,860</u>
Net change in fund balances	2,546,490	(941,682)	1,345,057	(253,157)	505,545	3,202,253
FUND BALANCES, BEGINNING OF YEAR, AS ORIGINALLY STATED	7,130,172	2,583,377	121,933	1,954,440	2,479,709	14,269,631
Restatement	1,150,776	-	-	-	-	1,150,776
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>8,280,948</u>	<u>2,583,377</u>	<u>121,933</u>	<u>1,954,440</u>	<u>2,479,709</u>	<u>15,420,407</u>
FUND BALANCES, END OF YEAR	<u>\$ 10,827,438</u>	<u>\$ 1,641,695</u>	<u>\$ 1,466,990</u>	<u>\$ 1,701,283</u>	<u>\$ 2,985,254</u>	<u>\$ 18,622,660</u>

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

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, 2008

Exhibit 6

Total net change in fund balance - governmental funds \$ 3,202,253

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. 2,362,746

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in government funds. (1,976,125)

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 assets 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	626,360
Proceeds from sale of capital assets	(853,860)
	(227,500)

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 deferred in the governmental funds. Deferred tax revenues increased by this amount this year. 120,652

Increases in compensated absences in the statement of activities do not require use of current financial resources and therefore are not reported as expenditures in the governmental funds. (4,360)

Repayment of principal on bonds, notes payable, and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,074,044

Change in net assets of governmental activities **\$ 4,551,710**

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

FAIRFIELD COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2008

Exhibit 7

ASSETS

Cash and cash equivalents	\$ 11,692,796
Taxes receivable	<u>668,182</u>
Total assets	<u><u>\$ 12,360,978</u></u>

LIABILITIES

Due to individuals	\$ 463,734
Due to other governments/governmental agencies	<u>11,897,244</u>
Total liabilities	<u><u>\$ 12,360,978</u></u>

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

FAIRFIELD COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

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 (the 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 County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The following is a summary of the more significant policies.

A. Reporting Entity

The County's financial statements include the accounts of all County (the Primary Government) operations. The criteria for including other organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County

Certain financially significant political subdivisions of the County have the authority to hire and fire employees, establish their own operating budgets and enter into their own contracts. It has been determined that the County does not have significant influence over their operations. As these entities have the authority to borrow funds, establish their own budgets and are responsible for funding their own deficits, it is construed that the County does not have accountability for their fiscal matters. The following entities, while having strong relationships with the primary government, do not meet the criteria for inclusion in the financial statements as component units of the County:

- Fairfield County Behavioral Health Services
- Fairfield County Memorial Hospital
- Fairfield County Board of Disabilities and Special Needs
- Fairfield County Council on Aging

The County Library Commission and Rural Fire District, however, have been determined to be component units in accordance with this criterion. Audited financial statements of these component units may be obtained by written request to Fairfield County Council, Post Office Drawer 60, Winnsboro, South Carolina 29180.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Presentation

The statements of the County are presented as follows:

Government-wide Financial Statements - The statement of net assets 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.

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 is maintained consistent with legal and managerial requirements.

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

The government reports the following major governmental funds:

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 reserved 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.

The *W.B. Brown industrial park fund* is used to account for the accumulation of resources to be used for the development and construction of the W.B. Brown industrial park.

The *capital improvements GO bonds fund* is used to account for financial resources to be used for the acquisition of capital assets.

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

The *road improvement program fund* is used to account for financial resources to be used to improve County roads.

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

Agency fund - The agency fund accounts for monies held on behalf of school districts, special districts and other agencies that use the County as a depository or property taxes are 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.

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.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Reporting Entity

In accordance with Governmental Accounting Standards Board Statement Number 14, this report includes all funds, account groups, organizations, institutions, agencies, departments and offices that are not legally separate from the County. Legally separate entities, referred to as component units, are not included in this report.

Component units excluded from the reporting entity

The *Fairfield County Library Commission* is the governing commission of the Library of which the members are appointed by County Council. The County sets millage rates and has authority to review and approve budgets, sign contracts, and exercise control over Library facilities and properties. The County has responsibility for funding deficits and operating deficiencies, and guarantees the debt of the Library.

The *Fairfield County Rural Fire District* is the Fire District that was created by County Council Ordinance and is governed by Boards appointed by County Council. Annual budgets and tax millage rates are set by the County, and the legal liability for any general obligation debt and operating deficiencies remain with the County.

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 No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*, 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Deferred 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, 2008, but which have not met the revenue recognition criteria, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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 deferred 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, Cash Equivalents, and Investments - For purposes of the statement of net assets, the County considers all liquid non-equity investments with an original maturity of three months or less to be cash equivalents. Investments are carried at fair value, which is based on quoted market price.

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) and (2) 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), (2), and (5) 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.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Assets, Liabilities and Equity - (Continued)

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.

At June 30, 2008, 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:

	<u>General</u>	<u>EMS</u>	<u>Non Major Governmental</u>	<u>Total</u>
Taxes	\$ 445,684	\$ 64,878	\$ 30,368	\$ 540,930
Accounts	<u>124,518</u>	<u>512,462</u>	<u>39,510</u>	<u>676,490</u>
Gross	570,202	577,340	69,878	1,217,420
Less:				
Allowance - taxes	22,284	3,244	1,518	27,046
Allowance - accounts	<u>-</u>	<u>475,000</u>	<u>-</u>	<u>475,000</u>
Net receivables	<u>\$ 547,918</u>	<u>\$ 99,096</u>	<u>\$ 68,360</u>	<u>\$ 715,374</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. Deferred 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.

Inventories - Since there are no material inventories, inventory items are recorded as an expenditure at the time of purchase.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Assets, Liabilities and Equity - (Continued)

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.

All reported capital assets other than land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	15 years
Buildings	30 years
Building improvements	15 years
Vehicles	5 years
Furniture and equipment	3 - 10 years
Machinery and equipment	5 - 10 years
Water and sewer lines and systems	30 years
Public domain infrastructure	40 years
Software	3 - 10 years

County Council engaged an outside consultant to coordinate an initial inventory, valuation of the assets and implementation of a fixed asset control system.

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 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Assets, Liabilities and Equity - (Continued)

Fund Balances, Equity and Net Assets - Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose.

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Property Taxes - The County follows Governmental Accounting Standards Board (GASB) Statement Number 33, *Accounting and Financial Reporting for Non-exchange Transactions* 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.

Operating Revenues and Expenses - Operating revenues are those revenues that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

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

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.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

- 1) Prior to the first 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.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, (Continued)

- 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.

Encumbrances - The appropriations of the general fund and special revenue funds of the County lapse at June 30 each year and the outstanding purchase orders, contracts and other commitments must be renewed. Therefore, there are no reservations of the fund balances at year end for encumbrances. Lapsed appropriations of the special revenue funds are reappropriated in the next budget year.

III. DETAILED NOTES ON ALL FUNDS

NOTE 1 - DEPOSITS AND INVESTMENTS

At June 30, 2008, the County's cash and investments included demand deposits, U.S. Treasury obligations, collateralized mortgage obligations, and local government pools. The cash balance was secured by Federal Deposit Insurance Corporation (FDIC) or by collateral held by agents in the County's name. 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.

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. The County does not have a deposit policy for custodial credit risk. At June 30, 2008, the carrying amount of the County's deposits was \$21,339,468 and the bank balance was \$21,501,441.

III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 1 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2008, all of the County's bank balance was insured or collateralized.

As of June 30, 2008, the County held the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>
South Carolina local government investment pool	<u>\$ 7,742,490</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, 2008, the underlying security ratings of the County's investment in the South Carolina Local Government Investment Pool 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.

NOTE 2 - INTERFUND ASSETS AND LIABILITIES

The balances of interfund receivables and payables at June 30, 2008 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	<u>\$ 550,421</u>

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.

III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 2 - INTERFUND ASSETS AND LIABILITIES - (Continued)

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, 2008 consisted of the following individual amounts:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 31,843
Nonmajor Governmental	General Fund	1,273,090
W.B. Brown Industrial Park	General Fund	925,000
		<u>\$ 2,229,933</u>

NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governments at June 30, 2008 in the governmental type funds consisted of the following:

	<u>State</u>	<u>Federal</u>	<u>Total</u>
General Fund	\$ 663,932	\$ 30,000	\$ 693,932
Nonmajor Governmental	574,034	218,449	792,483
	<u>\$ 1,237,966</u>	<u>\$ 248,449</u>	<u>\$ 1,486,415</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2008:

	<u>Balance, June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2008</u>
Not subject to depreciation				
Land	\$ 13,158	\$ 36,400	\$ -	\$ 49,558
Construction in progress	-	1,136,340	-	1,136,340
Total not subject to depreciation	<u>13,158</u>	<u>1,172,740</u>	<u>-</u>	<u>1,185,898</u>
Subject to depreciation				
Land improvements	19,684,076	26,130	-	19,710,206
Buildings	11,545,463	54,756	(250,000)	11,350,219
Infrastructure	1,106,890	-	-	1,106,890
Machinery and equipment	6,897,104	1,109,120	(217,437)	7,788,787
Software	330,159	-	-	330,159
Total subject to depreciation	<u>39,563,692</u>	<u>1,190,006</u>	<u>(467,437)</u>	<u>40,286,261</u>
Accumulated depreciation	<u>(25,269,977)</u>	<u>(1,976,125)</u>	<u>239,937</u>	<u>(27,006,165)</u>
Total capital assets being depreciated, net	<u>14,293,715</u>	<u>(786,119)</u>	<u>(227,500)</u>	<u>13,280,096</u>
Net capital assets	<u>\$ 14,306,873</u>	<u>\$ 386,621</u>	<u>\$ (227,500)</u>	<u>\$ 14,465,994</u>

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

General government	\$ 1,125,256
Public safety	301,573
Public works and utilities	128,492
Health and welfare	385,247
Judicial	10,655
Cultural and recreation	24,902
	<u>\$ 1,976,125</u>

III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 5 - CAPITAL LEASE

The County entered into a capital lease agreement to acquire \$616,157 in various vehicles and heavy equipment including a fire truck that was acquired at a cost of \$209,154 on behalf of the Fairfield County Fire District (the District), a component unit of the County. The fire truck will be used in the operations of the District.

The entire capital lease obligation of \$616,157 has been recorded in the government-wide financial statements of the County. The District will reimburse the County for a portion of the monthly lease payment estimated to be attributable to the fire truck. As of June 30, 2008, the County recorded a due from the District of \$167,059. Payments on the lease did not begin until fiscal year 2008.

Capital lease machinery and equipment held by the County as of June 30, 2008 is as follows:

Machinery and equipment	\$ 407,003
Less: accumulated depreciation	<u>131,780</u>
Carrying value	<u>\$ 275,223</u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2008 were as follows:

2009	\$ 140,316
2010	140,316
2011	140,316
2012	<u>140,316</u>
Total minimum lease payments	561,264
Less - amount representing interest	<u>57,758</u>
Present value of minimum lease payments	<u>\$ 503,506</u>

Capital lease payable at June 30, 2008 is comprised of the following individual lease:

Lease purchase agreement with a bank entered into July 2006 for \$616,157, collateralized by equipment. Annual payments of \$140,316, including principal and interest at 4.49%. This agreement matures in July 2011.

\$ 503,506

Annual requirements to amortize the capital lease outstanding at June 30, 2008, are as follows:

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 117,709	\$ 22,607	\$ 140,316
2010	122,994	17,322	140,316
2011	128,516	11,800	140,316
2012	<u>134,287</u>	<u>6,029</u>	<u>140,316</u>
	<u>\$ 503,506</u>	<u>\$ 57,758</u>	<u>\$ 561,264</u>

III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 6 - LONG-TERM LIABILITIES

The following is a summary of the changes in general long-term liabilities for the fiscal year ended June 30, 2008:

	Balance, June 30, 2007	Additions	Retirement	Balance, June 30, 2008	Due in less than one year	Due in more than one year
General obligation						
bonds	\$ 4,275,000	\$ -	\$ 920,000	\$ 3,355,000	\$ 920,000	\$ 2,435,000
Notes payable	110,517	-	41,393	69,124	20,960	48,164
Capital lease	616,157	-	112,651	503,506	117,709	385,797
Accrued compensated absences	<u>530,781</u>	<u>25,941</u>	<u>21,581</u>	<u>535,141</u>	<u>25,176</u>	<u>509,965</u>
Total long-term debt	<u>\$ 5,532,455</u>	<u>\$ 25,941</u>	<u>\$ 1,095,625</u>	<u>\$ 4,462,771</u>	<u>\$ 1,083,845</u>	<u>\$ 3,378,926</u>

General obligation bonds consist of the following at June 30, 2008:

\$4,500,000 1996 general obligation bonds due in annual installments of \$200,000 to \$450,000 through March 1, 2011; interest at 5.0% to 7.0%	\$ 1,275,000
\$2,600,000 general obligation bonds due in annual installments of \$520,000 through March 1, 2012; interest at 3.89%	<u>2,080,000</u>
	<u>\$ 3,355,000</u>

The annual requirements to amortize all general obligation bonds outstanding at June 30, 2008, including interest payments over the life of the debt are as follows:

Year Ended June 30	Principal	Interest	Total
2009	\$ 920,000	\$ 144,662	\$ 1,064,662
2010	945,000	104,434	1,049,434
2011	970,000	62,956	1,032,956
2012	<u>520,000</u>	<u>20,283</u>	<u>540,283</u>
	<u>\$ 3,355,000</u>	<u>\$ 332,335</u>	<u>\$ 3,687,335</u>

Notes payable at June 30, 2008 include the following:

\$87,816 note payable due in annual installments of \$5,130 through June 1, 2022; interest at 5.018%	\$ 50,747
\$85,508 note payable due in annual installments of \$19,062 through June 17, 2009; interest at 3.73%	<u>18,377</u>
	<u>\$ 69,124</u>

III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 6 - LONG-TERM LIABILITIES - (Continued)

Future maturities of all notes payable outstanding at June 30, 2008 are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 20,960	\$ 3,232	\$ 24,192
2010	2,713	2,417	5,130
2011	2,849	2,281	5,130
2012	2,992	2,138	5,130
2013	3,142	1,988	5,130
Thereafter	<u>36,468</u>	<u>9,704</u>	<u>46,172</u>
	<u>\$ 69,124</u>	<u>\$ 21,760</u>	<u>\$ 90,884</u>

NOTE 7 - NET ASSETS

Net assets represent the difference between assets and liabilities and were as follows:

Net Assets

Invested in capital assets, net of related debt:

Net capital assets	\$ 14,465,994
General obligation bonds	(3,355,000)
Capital leases	(503,506)
Notes payable	(69,124)
Add: unspent bond proceeds	<u>1,648,016</u>
	<u>12,186,380</u>

Restricted for capital activity and debt service:

Restricted cash and receivables	
Debt service	96,229
Capital improvements	1,648,016
Less: unspent bond proceeds	<u>(1,648,016)</u>
	<u>96,229</u>

Unrestricted

16,576,785

Total net assets

\$ 28,859,394

NOTE 8 - RETIREMENT BENEFITS

Substantially all County employees are members of the South Carolina Retirement System (SCRS) and the South Carolina Police Officer's Retirement System (PORS), two of four defined benefit retirement systems maintained by the Retirement Division of the State Budget and Control Board. Each system publishes its own component unit financial statement report. The System provides retirement, death and disability benefits to State employees, public school employees, and employees of counties, municipalities, and certain other State political subdivisions. The System issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the South Carolina Retirement System and Police Officers' Retirement System. That report may be obtained by writing the South Carolina Retirement System, Post Office Box 11960, Columbia, South Carolina 29211-1960.

IV. OTHER INFORMATION

NOTE 8 - RETIREMENT BENEFITS - (Continued)

Title 9 of the South Carolina Code of Laws of 1976 (as amended) prescribes requirements relating to membership, benefits, and employee/employer contributions for each system. The following summarizes the requirements for SCRS and PORS.

SCRS is a cost-sharing multiple-employer pension system that benefits employees of public schools, the State and its political subdivisions. Membership is required as a condition of employment. Both employers and employees must contribute. Employees contribute at 6.5% (6.5% and 6.25% for the years ended June 30, 2007 and 2006, respectively) and employers at 9.06% (8.05% and 7.55% for the years ended June 30, 2007 and 2006, respectively). In addition to the above rates, participating employers of SCRS contribute .15% of payroll to provide group life insurance benefit for their participants. Benefits vest after five years of service. Vested members who retire at age sixty-five or with twenty-eight years of service at any age receive an annual benefit, payable for life. The benefit is based on length of service and on average final compensation, an annualized average of the employee's highest twelve consecutive quarters' compensation. The annual benefit amount is 1.82% of average final compensation times years of credited service. Reduced benefits are payable as early as age sixty.

PORS is a cost-sharing multiple-employer pension system that benefits all full-time County employees whose principal duties are the preservation of public order, protection, or prevention and control of property destruction by fire. Membership is required as a condition of employment. Both employers and employees must contribute. Employees contribute at 6.5% and employers at 10.3%. In addition to the above rates, participating employers of PORS contribute .20% of payroll to provide a group life insurance benefit and another .20% to provide accidental death coverage for their participants. Employees who retire at 55 or with 25 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 2.14% of average final compensation multiplied by the number of years of credited service. Benefits fully vest on reaching 5 years of service.

The SCRS and PORS do not separately measure assets and pension benefit obligations for individuals' employers. Under Title 9 of the South Carolina Code of Laws, the County's liability under the plan is limited to amounts contributed. Accordingly, the County recognizes no contingent liability for unfunded costs associated with participation in the plan.

The State's consulting actuary determines employer contributions for all four systems. The systems use the projected benefit method with entry age normal cost and benefits and allocate pension cost to each year as a level percentage of salary. In determining funding requirements, the actuary uses the same actuarial assumptions as those used to calculate the pension benefit obligation, with the following assumptions: (1) post-retirement benefit increases were projected for retired members and members eligible to retire; and (2) net assets attributable to group life insurance were excluded.

The following provides a summary of the County's retirement plan contributions at June 30, 2008 (includes group life insurance for both plans and accidental death insurance for the Police Plan).

<u>Year Ended</u> <u>June 30,</u>	<u>Plan</u>	<u>Employee</u> <u>Contributions</u>	<u>Employer</u> <u>Contributions</u>	<u>Total</u> <u>Contributions</u>
2008	Regular	\$ 431,943	\$ 614,867	\$ 1,046,810
	Police	171,858	282,904	454,762
2007	Regular	401,809	510,027	911,836
	Police	167,054	274,997	442,051
2006	Regular	383,270	474,352	857,622
	Police	167,288	275,381	442,669

IV. OTHER INFORMATION

NOTE 8 - RETIREMENT BENEFITS - (Continued)

Employees eligible for service retirement may participate in the Teacher and Retiree Incentive Program (TERI). 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 period, they do not make SCRS contributions, do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2006, TERI participants who entered the program before July 1, 2005 do not have to contribute to SCRS as long as they are covered under the TERI program.

NOTE 9 - DEFERRED COMPENSATION/SALARY DEFERRAL PLAN

Several optional deferred compensation plans are available to County employees. Certain employees of Fairfield County have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k) and 403(b) are accounted for as agency funds of the State and included in the Comprehensive Annualized 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) and 403(b) plans are 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 10 - POST RETIREMENT HEALTH INSURANCE BENEFITS

Fairfield County provides post retirement health insurance benefits to certain retired County employees. All former permanent full-time and certain permanent part-time employees of Fairfield County are eligible to receive these benefits upon meeting one or more of the eligibility requirements, such as age, length of service, and hire date. Fairfield County recorded employer contributions expenditures related to these benefits in the amount of approximately \$136,964 for the year ended June 30, 2008.

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and 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.

IV. OTHER INFORMATION - (Continued)

NOTE 12 - 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, 2008, the County incurred costs totaling \$555,917 (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, 2008, the total cost included in the financial statements of Fairfield County was approximately \$215,817.

The County is obligated under certain insurance policies to provide coverages 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.

NOTE 13 - 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 property tax revenues of \$16,530,827 recorded in the general fund in the 2007-2008 fiscal years, \$7,144,815 was generated from SCANA Corporation due to its operation of the VC Summer Nuclear Plant. This represents 43% of total property tax revenues collected. Consequently, the funding of County operations is heavily dependent on property tax revenues collected from SCANA Corporation.

NOTE 14 - INVESTMENT - LAND AND BUILDING

During the fiscal year 2008, the County acquired land for the construction of a building within the W.B. Brown Industrial Park. As of June 30, 2008, the building was substantially completed with project costs totaling \$1,164,134. The County intends to sell the building to a private company which would potentially contribute to the County's property tax base and its overall economic development. As of the date of this report, the building was listed for sale.

Because the building was constructed for future sale rather than for use in County operations, the cost of the land and building as of June 30, 2008 has been reported as an investment and not an addition to capital assets.

NOTE 15 - PRIOR PERIOD ADJUSTMENT

At June 30, 2008, the County reported a refund due to taxpayers in the amount of \$1,237,162. This refund was substantially paid to taxpayers through a credit included in all applicable 2007 tax bills. The credit reduced taxes collected during fiscal year 2007 by \$1,150,776. The reduced collections were recorded as a decrease to property tax revenue for fiscal year 2007 rather than a reduction in the amount due to taxpayers. As a result, the amount due to taxpayers and property tax revenue were overstated and understated, respectively by \$1,150,776 as of and for the year ended June 30, 2007.

The County has recorded a prior period adjustment related to the above condition to increase net assets and fund balance, respectively, as of June 30, 2007 by \$1,150,776.

FAIRFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the fiscal year ended June 30, 2008

Schedule 1

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 15,683,771	\$ 15,683,771	\$ 16,530,827	\$ 847,056
Sales tax	863,475	863,475	1,376,688	513,213
Intergovernmental	1,178,030	1,178,030	1,487,219	309,189
Licenses, permits, fines and fees	663,000	663,000	853,332	190,332
Charges for services	346,970	346,970	553,438	206,468
Investment income	405,000	405,000	373,978	(31,022)
Miscellaneous	37,281	37,281	210,270	172,989
Total revenues	<u>19,177,527</u>	<u>19,177,527</u>	<u>21,385,752</u>	<u>2,208,225</u>
EXPENDITURES				
General government				
County Council	284,206	284,206	280,933	3,273
County Attorney	110,805	127,491	127,486	5
County Administrator	217,988	219,404	219,394	10
Finance	447,180	479,071	479,063	8
Human resources	239,116	281,711	278,361	3,350
Purchasing	147,615	147,415	141,239	6,176
Data processing	355,292	362,892	352,533	10,359
General operating	2,471,712	1,786,727	1,524,910	261,817
Tax assessor	270,982	284,383	284,367	16
Tax collector	109,878	117,499	117,495	4
Building maintenance	381,252	384,146	383,861	285
Planning and building	237,779	237,154	229,943	7,211
Transit	137,306	137,306	129,629	7,677
Economic development	136,424	135,424	110,435	24,989
Auditor	106,170	106,170	92,924	13,246
Treasurer	128,573	128,573	127,606	967
Voter registration / Election Commission	132,570	167,671	167,665	6
Veterans Affairs	75,183	76,787	76,782	5
Delegation	2,524	2,538	2,538	-
Building improvements	237,500	237,500	82,978	154,522
Airport Commission	47,350	47,350	43,791	3,559
Total general government	<u>6,277,405</u>	<u>5,751,418</u>	<u>5,253,933</u>	<u>497,485</u>
Public safety				
Sheriff	2,629,837	2,778,024	2,769,558	8,466
Detention center	1,520,194	1,555,226	1,555,206	20
Animal control	92,627	114,498	114,485	13
Coroner	55,806	63,956	63,945	11
Total public safety	<u>4,298,464</u>	<u>4,511,704</u>	<u>4,503,194</u>	<u>8,510</u>
Public works and utilities				
Road maintenance division	1,189,888	1,239,431	1,238,835	596
Total public works and utilities	<u>1,189,888</u>	<u>1,239,431</u>	<u>1,238,835</u>	<u>596</u>
Health and welfare				
Fairfield County Department of Social Services	61,600	61,600	60,368	1,232
Emergency medical management	609,359	609,359	586,327	23,032
Solid waste	1,729,019	1,765,992	1,765,557	435
Total health and welfare	<u>2,399,978</u>	<u>2,436,951</u>	<u>2,412,252</u>	<u>24,699</u>

FAIRFIELD COUNTY
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the fiscal year ended June 30, 2008

Schedule 1

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES, Continued				
Judicial				
Probate Judge	138,264	143,949	143,941	8
Clerk of Court	269,015	268,165	251,949	16,216
Family court	114,203	117,576	117,573	3
Magistrates	466,731	466,731	415,588	51,143
Total judicial	<u>988,213</u>	<u>996,421</u>	<u>929,051</u>	<u>67,370</u>
Cultural and recreation				
Recreation association	113,562	113,562	45,232	68,330
Recreation department	530,564	567,493	654,426	(86,933)
Total cultural and recreation	<u>644,126</u>	<u>681,055</u>	<u>699,658</u>	<u>(18,603)</u>
Non-departmental allocations	<u>2,310,042</u>	<u>2,491,136</u>	<u>2,481,005</u>	<u>10,131</u>
Total expenditures	<u>18,108,116</u>	<u>18,108,116</u>	<u>17,517,928</u>	<u>590,188</u>
Excess of revenues over expenditures	1,069,411	1,069,411	3,867,824	2,798,413
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	275,000	275,000	844,913	569,913
Transfers in	-	-	31,843	31,843
Transfers out	(1,369,411)	(1,369,411)	(2,198,090)	(828,679)
Total other financing sources (uses)	<u>(1,094,411)</u>	<u>(1,094,411)</u>	<u>(1,321,334)</u>	<u>(226,923)</u>
Net change in fund balance	<u>(25,000)</u>	<u>(25,000)</u>	<u>2,546,490</u>	<u>2,571,490</u>
FUND BALANCE, BEGINNING OF YEAR, AS ORIGINALLY STATED			7,130,172	
Restatement			<u>1,150,776</u>	
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED			<u>8,280,948</u>	
FUND BALANCE, END OF YEAR			<u>\$ 10,827,438</u>	

FAIRFIELD COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2008

Schedule 2

	Nonmajor Debt Service	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 67,379	\$ 2,475,840	\$ 248,533	\$ 2,791,752
Taxes receivable, net	28,850	-	-	28,850
Accounts receivable, net	-	39,510	-	39,510
Due from other governmental units	-	732,010	60,473	792,483
Prepaid expenses	-	11,255	-	11,255
	\$ 96,229	\$ 3,258,615	\$ 309,006	\$ 3,663,850
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 67,662	\$ 14,407	\$ 82,069
Accrued expenses	-	28,528	-	28,528
Deferred revenue	14,108	3,470	-	17,578
Due to general fund	-	550,421	-	550,421
	14,108	650,081	14,407	678,596
Fund balances:				
Unreserved, undesignated	82,121	2,608,534	294,599	2,985,254
Total fund balances	82,121	2,608,534	294,599	2,985,254
Total liabilities and fund balances	\$ 96,229	\$ 3,258,615	\$ 309,006	\$ 3,663,850

FAIRFIELD COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the year ended June 30, 2008

Schedule 3

	Nonmajor Debt Service	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 1,113,488	\$ 100,793	\$ -	\$ 1,214,281
Intergovernmental	-	1,776,803	1,366,280	3,143,083
Licenses, permits, fines and fees	-	273,873	-	273,873
Charges for services	-	347,321	-	347,321
Miscellaneous	-	168,112	-	168,112
	<u>1,113,488</u>	<u>2,666,902</u>	<u>1,366,280</u>	<u>5,146,670</u>
EXPENDITURES				
General government	-	1,145,680	5,590	1,151,270
Public safety	-	163,028	-	163,028
Public works and utilities	-	913,263	1,366,280	2,279,543
Health and welfare	-	923,169	-	923,169
Judicial	-	90,844	-	90,844
Cultural and recreation	-	108,017	-	108,017
Non-departmental allocations	-	96,916	-	96,916
Debt service				
Principal retirement - general obligation bonds	920,000	-	-	920,000
Interest and fiscal charges	157,321	-	-	157,321
	<u>1,077,321</u>	<u>3,440,917</u>	<u>1,371,870</u>	<u>5,890,108</u>
Excess (deficiency) of revenues over (under) expenditures	<u>36,167</u>	<u>(774,015)</u>	<u>(5,590)</u>	<u>(743,438)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	7,736	-	7,736
Transfers in	-	973,090	300,000	1,273,090
Transfers out	-	(31,843)	-	(31,843)
	<u>-</u>	<u>948,983</u>	<u>300,000</u>	<u>1,248,983</u>
Net change in fund balances	36,167	174,968	294,410	505,545
FUND BALANCES, BEGINNING OF YEAR	<u>45,954</u>	<u>2,433,566</u>	<u>189</u>	<u>2,479,709</u>
FUND BALANCES, END OF YEAR	<u>\$ 82,121</u>	<u>\$ 2,608,534</u>	<u>\$ 294,599</u>	<u>\$ 2,985,254</u>

FAIRIFIELD COUNTY
COMPARATIVE BALANCE SHEETS
GENERAL FUND

Schedule 4

	JUNE 30,	
	2008	2007 (Restated)
ASSETS		
Cash and cash equivalents	\$ 10,637,006	\$ 7,918,733
Taxes receivable, net	423,400	363,865
Accounts receivable, net	124,518	133,156
Due from other funds	550,421	1,047,394
Due from component unit	167,059	209,154
Due from other governmental units	693,932	647,826
Prepaid expenses	139,694	64,111
Total assets	\$ 12,736,030	\$ 10,384,239
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 393,443	\$ 380,303
Accrued expenses	402,631	432,239
Deferred revenue	185,793	90,755
Due to tax payers	7,182	86,386
Due to other agencies	241,201	43,848
Due to component units	666,710	1,046,068
Due to other governmental units	11,632	23,692
Total liabilities	1,908,592	2,103,291
Fund balances:		
Unreserved, designated for	4,160,000	4,160,000
Unreserved, undesignated	6,667,438	4,120,948
Total fund balances	10,827,438	8,280,948
Total liabilities and fund balances	\$ 12,736,030	\$ 10,384,239

FAIRFIELD COUNTY
 COMPARATIVE SCHEDULE OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE
 GENERAL FUND

Schedule 5

	For the years ended	
	June 30,	
	2008	2007 (Restated)
REVENUES		
Taxes	\$ 16,530,827	\$ 15,393,695
Sales tax	1,376,688	1,353,685
Intergovernmental	1,487,219	1,452,787
Licenses, permits, fines and fees	853,332	875,443
Charges for services	553,438	576,126
Investment income	373,978	576,506
Miscellaneous	210,270	146,950
Total revenues	21,385,752	20,375,192
EXPENDITURES		
General government	5,253,933	5,073,537
Public safety	4,503,194	4,420,583
Public works and utilities	1,238,835	1,097,052
Health and welfare	2,412,252	2,815,188
Judicial	929,051	874,429
Cultural and recreation	699,658	289,299
Non-departmental allocations	2,481,005	1,671,364
Total expenditures	17,517,928	16,241,452
Excess revenues over expenditures	3,867,824	4,133,740
OTHER FINANCING SOURCES (USES)		
Dissolution of recreation commission component unit	-	398,114
Capital leases issued	-	390,645
Proceeds from sale of capital assets	844,913	-
Transfers in	31,843	117,515
Transfers out	(2,198,090)	(1,410,713)
Total other financing uses	(1,321,334)	(504,439)
Net change in fund balances	2,546,490	3,629,301
FUND BALANCE, JULY 1	8,280,948	4,651,647
FUND BALANCE, JUNE 30	\$ 10,827,438	\$ 8,280,948

FAIRFIELD COUNTY
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2008

	Tourism Promotion	Tourism Related	Airport	Transit System	Sheriff Seizure
ASSETS					
Cash and cash equivalents	\$ 23,401	\$ 15,826	\$ 16,134	\$ 120,500	\$ 10,495
Due from other governmental units	-	-	6,732	91,833	-
Accounts receivable, net	-	-	-	-	-
Prepaid expenses	-	-	-	52	-
Total assets	<u>\$ 23,401</u>	<u>\$ 15,826</u>	<u>\$ 22,866</u>	<u>\$ 212,385</u>	<u>\$ 10,495</u>
LIABILITIES					
Accounts payable	-	-	\$ 3,989	\$ 15,275	-
Accrued expenses	-	-	-	20,334	-
Deferred revenue	-	-	-	3,470	-
Due to general fund	-	-	-	-	-
Total liabilities	-	-	<u>3,989</u>	<u>39,079</u>	-
FUND BALANCE					
Unreserved, undesignated	<u>23,401</u>	<u>15,826</u>	<u>18,877</u>	<u>173,306</u>	<u>10,495</u>
Total fund balance	<u>23,401</u>	<u>15,826</u>	<u>18,877</u>	<u>173,306</u>	<u>10,495</u>
Total liabilities and fund balance	<u>\$ 23,401</u>	<u>\$ 15,826</u>	<u>\$ 22,866</u>	<u>\$ 212,385</u>	<u>\$ 10,495</u>

FAIRFIELD COUNTY
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2008

	Railroad Track Maintenance	Clerk of Court Incentive	Clerk of Court	Victim Assistance	Fish Hook Housing
ASSETS					
Cash and cash equivalents	\$ 20,400	\$ 55,712	\$ -	\$ 213,424	\$ -
Due from other governmental units	-	814	24,768	-	12,141
Accounts receivable, net	-	-	-	630	-
Prepaid expenses	2,400	-	5,017	156	-
Total assets	<u>\$ 22,800</u>	<u>\$ 56,526</u>	<u>\$ 29,785</u>	<u>\$ 214,210</u>	<u>\$ 12,141</u>
LIABILITIES					
Accounts payable	\$ -	\$ 941	\$ 13,690	\$ 282	\$ 10,958
Accrued expenses	-	-	1,285	1,997	-
Deferred revenue	-	-	-	-	-
Due to general fund	-	-	14,810	-	1,183
Total liabilities	-	941	29,785	2,279	12,141
FUND BALANCE					
Unreserved, undesignated	22,800	55,585	-	211,931	-
Total fund balance	<u>22,800</u>	<u>55,585</u>	<u>-</u>	<u>211,931</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 22,800</u>	<u>\$ 56,526</u>	<u>\$ 29,785</u>	<u>\$ 214,210</u>	<u>\$ 12,141</u>

FAIRFIELD COUNTY
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2008

	Vehicle Replacement	Capital Improvement	911 Tariff	Litter Control	County Donations
ASSETS					
Cash and cash equivalents	\$ 1,038,787	\$ 916,344	\$ 23,872	\$ 1,452	\$ 5,731
Due from other governmental units	-	-	-	-	-
Accounts receivable, net	7,736	-	12,294	-	-
Prepaid expenses	-	-	1,997	-	-
Total assets	<u>\$ 1,046,523</u>	<u>\$ 916,344</u>	<u>\$ 38,163</u>	<u>\$ 1,452</u>	<u>\$ 5,731</u>
LIABILITIES					
Accounts payable	\$ 17	\$ 10,764	\$ 1,425	\$ 82	\$ 1,218
Accrued expenses	-	-	-	1,370	-
Deferred revenue	-	-	-	-	-
Due to general fund	-	-	-	-	-
Total liabilities	<u>17</u>	<u>10,764</u>	<u>1,425</u>	<u>1,452</u>	<u>1,218</u>
FUND BALANCE					
Unreserved, undesignated	<u>1,046,506</u>	<u>905,580</u>	<u>36,738</u>	<u>-</u>	<u>4,513</u>
Total fund balance	<u>1,046,506</u>	<u>905,580</u>	<u>36,738</u>	<u>-</u>	<u>4,513</u>
Total liabilities and fund balance	<u>\$ 1,046,523</u>	<u>\$ 916,344</u>	<u>\$ 38,163</u>	<u>\$ 1,452</u>	<u>\$ 5,731</u>

FAIRFIELD COUNTY
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2008

	Workforce Investment Act	Lake Waterec Access	Railroad Upgrade	Justice Assistance Grant	Grant Subfunds	Totals
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 13,762	\$ 2,475,840
Due from other governmental units	63,486	439,631	40,012	15,283	37,310	732,010
Accounts receivable, net	-	15,000	-	-	3,850	39,510
Prepaid expenses	1,633	-	-	-	-	11,255
Total assets	<u>\$ 65,119</u>	<u>\$ 454,631</u>	<u>\$ 40,012</u>	<u>\$ 15,283</u>	<u>\$ 54,922</u>	<u>\$ 3,258,615</u>
LIABILITIES						
Accounts payable	\$ 3,750	\$ 3,248	\$ -	\$ -	\$ 2,023	\$ 67,662
Accrued expenses	2,321	-	-	-	1,221	28,528
Deferred revenue	-	-	-	-	-	3,470
Due to general fund	59,048	420,085	40,012	15,283	-	550,421
Total liabilities	<u>65,119</u>	<u>423,333</u>	<u>40,012</u>	<u>15,283</u>	<u>3,244</u>	<u>650,081</u>
FUND BALANCE						
Unreserved, undesignated	-	31,298	-	-	51,678	2,608,534
Total fund balance	-	<u>31,298</u>	-	-	<u>51,678</u>	<u>2,608,534</u>
Total liabilities and fund balance	<u>\$ 65,119</u>	<u>\$ 454,631</u>	<u>\$ 40,012</u>	<u>\$ 15,283</u>	<u>\$ 54,922</u>	<u>\$ 3,258,615</u>

FAIRFIELD COUNTY
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS

For the fiscal year ended June 30, 2008

	Tourism Promotion	Tourism Related	Airport	Transit System	Sheriff Seizure
REVENUES					
Taxes	\$ 31,830	\$ 68,963	\$ -	\$ -	\$ -
Intergovernmental	-	-	13,404	180,386	227
Licenses, permits, fines and fees	-	-	-	-	-
Charges for services	-	-	-	341,421	-
Miscellaneous	-	-	-	446	268
Total revenues	<u>31,830</u>	<u>68,963</u>	<u>13,404</u>	<u>522,253</u>	<u>495</u>
EXPENDITURES					
General government	-	-	14,163	-	-
Public safety	-	-	-	-	23,593
Public works and utilities	-	-	-	-	-
Health and welfare	-	-	-	669,652	-
Judicial	-	-	-	-	-
Cultural and recreation	-	-	-	-	-
Non-departmental allocations	25,000	71,916	-	-	-
Total expenditures	<u>25,000</u>	<u>71,916</u>	<u>14,163</u>	<u>669,652</u>	<u>23,593</u>
Excess (deficiency) of revenues over (under) expenditures	6,830	(2,953)	(759)	(147,399)	(23,098)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	146,041	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	146,041	-
Net change in fund balance	6,830	(2,953)	(759)	(1,358)	(23,098)
FUND BALANCE (DEFICIT), JULY 1	<u>16,571</u>	<u>18,779</u>	<u>19,636</u>	<u>174,664</u>	<u>33,593</u>
FUND BALANCE, JUNE 30	<u>\$ 23,401</u>	<u>\$ 15,826</u>	<u>\$ 18,877</u>	<u>\$ 173,306</u>	<u>\$ 10,495</u>

FAIRFIELD COUNTY
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
 SPECIAL REVENUE FUNDS
 For the fiscal year ended June 30, 2008

	Railroad Track Maintenance	Clerk of Court Incentive	Clerk of Court	Victim Assistance	Fish Hook Housing
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	11,145	97,528	-	371,414
Licenses, permits, fines and fees	-	-	-	71,546	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	-	11,145	97,528	71,546	371,414
EXPENDITURES					
General government	-	-	-	-	401,163
Public safety	-	-	-	82,341	-
Public works and utilities	-	-	-	-	-
Health and welfare	-	-	-	-	-
Judicial	-	11,952	78,892	-	-
Cultural and recreation	4,550	-	-	-	-
Non-departmental allocations	-	-	-	-	-
Total expenditures	4,550	11,952	78,892	82,341	401,163
Excess (deficiency) of revenues over (under) expenditures	(4,550)	(807)	18,636	(10,795)	(29,749)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	15,000	-	-	-	29,749
Transfers out	-	-	(31,843)	-	-
Total other financing sources (uses)	15,000	-	(31,843)	-	29,749
Net change in fund balance	10,450	(807)	(13,207)	(10,795)	-
FUND BALANCE (DEFICIT), JULY 1	12,350	56,392	13,207	222,726	-
FUND BALANCE, JUNE 30	\$ 22,800	\$ 55,585	\$ -	\$ 211,931	\$ -

FAIRFIELD COUNTY
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
 SPECIAL REVENUE FUNDS
 For the fiscal year ended June 30, 2008

	Vehicle Replacement	Capital Improvement	911 Tariff	Litter Control	County Donations
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Licenses, permits, fines and fees	-	-	202,077	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	2,520
Total revenues	-	-	202,077	-	2,520
EXPENDITURES					
General government	214,330	306,851	-	-	-
Public safety	-	-	-	-	1,668
Public works and utilities	-	-	-	17,062	-
Health and welfare	-	-	165,339	4,551	-
Judicial	-	-	-	-	-
Cultural and recreation	-	-	-	-	-
Non-departmental allocations	-	-	-	-	-
Total expenditures	214,330	306,851	165,339	21,613	1,668
Excess (deficiency) of revenues over (under) expenditures	(214,330)	(306,851)	36,738	(21,613)	852
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	7,736	-	-	-	-
Transfers in	-	691,800	-	21,613	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	7,736	691,800	-	21,613	-
Net change in fund balance	(206,594)	384,949	36,738	-	852
FUND BALANCE (DEFICIT), JULY 1	1,253,100	520,631	-	-	3,661
FUND BALANCE, JUNE 30	\$ 1,046,506	\$ 905,580	\$ 36,738	\$ -	\$ 4,513

FAIRFIELD COUNTY
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
 SPECIAL REVENUE FUNDS

For the fiscal year ended June 30, 2008

	Workforce Investment Act	Lake Wateree Access	Railroad Upgrade	Justice Assistance Grant	Grant Subfunds	Totals
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,793
Intergovernmental	183,310	697,871	46,897	15,283	159,338	1,776,803
Licenses, permits, fines and fees	-	-	-	-	250	273,873
Charges for services	-	-	-	-	5,900	347,321
Miscellaneous	1,298	155,000	-	-	8,580	168,112
Total revenues	184,608	852,871	46,897	15,283	174,068	2,666,902
EXPENDITURES						
General government	188,602	-	-	-	20,571	1,145,680
Public safety	-	-	-	15,283	40,143	163,028
Public works and utilities	-	887,781	-	-	8,420	913,263
Health and welfare	-	-	-	-	83,627	923,169
Judicial	-	-	-	-	-	90,844
Cultural and recreation	-	-	46,897	-	56,570	108,017
Non-departmental allocations	-	-	-	-	-	96,916
Total expenditures	188,602	887,781	46,897	15,283	209,331	3,440,917
Excess (deficiency) of revenues over (under) expenditures	(3,994)	(34,910)	-	-	(35,263)	(774,015)
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	-	-	-	-	-	7,736
Transfers in	3,994	34,910	-	-	29,983	973,090
Transfers out	-	-	-	-	-	(31,843)
Total other financing sources (uses)	3,994	34,910	-	-	29,983	948,983
Net change in fund balance	-	-	-	-	(5,280)	174,968
FUND BALANCE (DEFICIT), JULY 1						
	-	31,298	-	-	56,958	2,433,566
FUND BALANCE, JUNE 30						
	\$ -	\$ 31,298	\$ -	\$ -	\$ 51,678	\$ 2,608,534

FAIRFIELD COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2008

Schedule 8

	Road Improvement Program	Capital Project McMaster	Total Nonmajor Capital Project Funds
ASSETS			
Cash and cash equivalents	\$ 53,932	\$ 194,601	\$ 248,533
Due from other governmental units	60,473	-	60,473
Total assets	\$ 114,405	\$ 194,601	\$ 309,006
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 14,216	\$ 191	\$ 14,407
Total liabilities	14,216	191	14,407
Fund balances:			
Unreserved, undesignated	100,189	194,410	294,599
Total fund balances	100,189	194,410	294,599
Total liabilities and fund balances	\$ 114,405	\$ 194,601	\$ 309,006

FAIRFIELD COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 For the year ended June 30, 2008

Schedule 9

	<u>Road Improvement Program</u>	<u>Capital Project McMaster</u>	<u>Total Nonmajor Capital Project Funds</u>
REVENUES			
Intergovernmental	\$ 1,366,280	\$ -	\$ 1,366,280
Total revenues	<u>1,366,280</u>	<u>-</u>	<u>1,366,280</u>
EXPENDITURES			
General government	-	5,590	5,590
Public works and utilities	<u>1,366,280</u>	<u>-</u>	<u>1,366,280</u>
Total expenditures	<u>1,366,280</u>	<u>5,590</u>	<u>1,371,870</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(5,590)</u>	<u>(5,590)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>100,000</u>	<u>200,000</u>	<u>300,000</u>
Total other financing sources (uses)	<u>100,000</u>	<u>200,000</u>	<u>300,000</u>
Net change in fund balances	100,000	194,410	294,410
FUND BALANCES, BEGINNING OF YEAR	<u>189</u>	<u>-</u>	<u>189</u>
FUND BALANCES, END OF YEAR	<u>\$ 100,189</u>	<u>\$ 194,410</u>	<u>\$ 294,599</u>

FAIRFIELD COUNTY
 SCHEDULE OF REVENUES AND EXPENDITURES
 AND CHANGES IN FUND BALANCE
 TRANSIT SYSTEM
 For the fiscal year ended June 30, 2008

Schedule 10

REVENUES

Federal	\$ 129,148
State	51,238
Medicaid collections	331,212
Farebox	4,470
Contract	5,739
Other	<u>446</u>
Total revenues	<u>522,253</u>

EXPENDITURES

Administration	
Salaries and fringe benefits	111,158
Consulting	400
Printing and binding	222
Office supplies	282
Travel	99
Utilities	6,073
Insurance	10,714
Telephone	4,030
Equipment maintenance	1,622
Rental	118
Other	<u>341</u>
Total administration	<u>135,059</u>
Operations	
Salaries and fringe benefits	134,581
Vehicle services	1,016
Other supplies	85,344
Insurance	5,976
Medical fees	98
Rental	<u>2,426</u>
Total operations	<u>229,441</u>
Medicaid	
Salaries and fringe benefits	211,673
Consulting	15,793
Printing and binding	134
Other supplies	3,616
Insurance	6,272
Telephone	1,609
Medical fees	334
Rental	63,801
Other	<u>1,920</u>
Total medicaid	<u>305,152</u>
Total expenditures	<u>669,652</u>
(Deficiency) of revenues over expenditures	<u>(147,399)</u>

FAIRFIELD COUNTY
SCHEDULE OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
TRANSIT SYSTEM
For the fiscal year ended June 30, 2008

Schedule 10

OTHER FINANCING SOURCES	
Transfer in	<u>146,041</u>
Total other financing sources	<u>146,041</u>
Net change in fund balance	(1,358)
FUND BALANCE, JULY 1	<u>174,664</u>
FUND BALANCE, JUNE 30	<u>\$ 173,306</u>

FAIRFIELD COUNTY
 SCHEDULE OF COURT FINES, SURCHARGES AND ASSESSMENT ACTIVITY
 VICTIMS SERVICE FUNDS
 For the fiscal year ended June 30, 2008

Schedule 11

COURT FINES	
Collected	\$ 323,420
Retained by County	48,429
	<u>274,991</u>
COURT ASSESSMENTS	
Collected	46,114
Retained by County	22,159
	<u>23,955</u>
COURT SURCHARGES	
Collected	18,319
Retained by County	13,522
	<u>4,797</u>
VICTIMS SERVICES	
Court assessments	62,678
Court surcharges	8,868
Allocated to Victims Services	71,546
Victims Services expenditures	82,341
Deficiency of revenues under expenditures	(10,795)
FUND BALANCE, JUNE 30, 2007	<u>222,726</u>
FUND BALANCE, JUNE 30, 2008	<u><u>\$ 211,931</u></u>

FAIRFIELD COUNTY
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2008

Schedule 12

Assessed value (1)		<u>\$ 125,018,779</u>
Debt limit - 8% of assessed value (2)		\$ 10,001,502
Amount of debt applicable to debt limit (3):		
Total bonded debt	\$ 3,355,000	
Less: Debt service funds available	82,121	
Total debt applicable to debt limit		<u>3,272,879</u>
Legal debt margin		<u>\$ 6,728,623</u>

NOTES:

- (1) The assessed valuation shown is the assessed value at December 31, 2006 used for 2007 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

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 the financial statements of the governmental activities, 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, 2008, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 1, 2008. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2008-1 and 2008-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider one of the significant deficiencies described above to be a material weakness. The material weakness is described in the accompanying schedule of findings and questioned costs as item 2008-2.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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 that is required to be reported under *Government Auditing Standards*.

This report is intended for the information of the County Council, management, federal awarding agencies, and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

Elliott Davis, LLC

Columbia, South Carolina
December 1, 2008

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Fairfield County Council
Fairfield County
Winnsboro, South Carolina

COMPLIANCE

We have audited the compliance of Fairfield County (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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 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. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

INTERNAL CONTROL OVER COMPLIANCE

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the County Council, management and federal and state awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

Elliott Davis, LLC

Columbia, South Carolina
December 1, 2008

FAIRFIELD COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the year ended June 30, 2008

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

- | | |
|---|-------------|
| (a.) Type of auditors' report: | Unqualified |
| (b.) Internal control over financial reporting: | |
| 1) Material weaknesses identified: | One |
| 2) Significant deficiencies identified that are not considered to be material weaknesses: | One |
| (c.) Noncompliance material to financial statements: | None noted |

Federal Awards

- | | |
|---|-------------|
| (a.) Internal control over major programs: | |
| 1) Material weaknesses identified: | None noted |
| 2) Significant deficiencies identified that are not considered to be material weaknesses: | None noted |
| (b.) Type of auditors' report issued on compliance for major programs: | Unqualified |
| (c.) Audit findings that are required to be reported in accordance with Section 510(a) of Circular A-133: | None noted |
| (d.) Identification of major program: | |

CFDA Numbers

Name of federal program or cluster

14.228
17.258

Fish Hook Road Housing Rehabilitation Project
Workforce Investment Act - Adult

- | | |
|---|-----------|
| (e.) Dollar threshold used to distinguish between type A and type B Programs: | \$300,000 |
| (f.) Auditee qualified as low risk auditee? | No |

FAIRFIELD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2008

II. FINDINGS RELATING TO THE BASIC FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*:

2008-1 Financial System Environment

Significant Deficiency

Condition: The following control deficiencies were noted in connection with information technology (IT) security features surrounding the County's general ledger system:

- Users are not required to periodically change their passwords
- Users are not required to set passwords with a minimum number of characters
- Access to the County's general ledger is not sufficiently limited. Sixty-seven of the 175 user identifications (ID's) existing in the County's general ledger system have "all object" access which is the most extensive access level.

Criteria: Internal controls over IT Systems should be in place and operating effectively as part of the County's overall internal control over financial reporting.

Effect: Users of the general ledger system may have access to functions that do not match their training, experience and job responsibilities.

Recommendation: Security features surrounding the County's general ledger system should be strengthened to include the following:

- The County's password policy should be revised to require that users (1) periodically change their passwords, and (2) utilize a minimum number of characters when setting passwords.
- Access to the County's general ledger should be limited according to a user's training, experience and job responsibilities.
- A periodic review should be performed to ensure that a user's level of access is conducive to his or her training, experience, and job responsibilities.

2008-2 Reconciliation of General Ledger Accounts

Material Weakness

Condition: At June 30, 2006, the County reported a refund due to taxpayers in the amount of \$1,237,162. This refund was substantially paid to taxpayers through a credit included in all applicable 2007 tax bills. This credit reduced taxes collected during fiscal year 2007 by \$1,150,776. The reduced collections were recorded as a decrease to property tax revenue for fiscal year 2007 rather than a reduction in the amount due to taxpayers. As a result, the amount due to taxpayers and property tax revenue were overstated and understated, respectively by \$1,150,776 as of and for the year ended June 30, 2007.

In addition, we noted an agency fund bank account that was not recorded in the general ledger.

FAIRFIELD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2008

2008-2 Reconciliation of General Ledger Accounts (Continued)

Criteria: Sufficient monitoring of existing bank accounts and general ledger balance sheet accounts.

Effect: Fund balance in the County's general fund was understated by a material amount as of June 30, 2007. Also, bank activity and a reconciled carrying balance related to the above mentioned bank account were not recorded in the general ledger.

Recommendation: As part of its monthly general ledger closing process, the County should review all balance sheet accounts in each of its funds to ensure that all account balances are properly reconciled to supporting detail and adjusted as necessary.

Also, all bank and investment accounts in the name of the County should be reconciled to the general ledger on a monthly basis.

III. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS

NONE

FAIRFIELD COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2008

FINDINGS - FINANCIAL STATEMENTS AUDIT

2007-1 Preparation of Financial Statements

Significant Deficiency

Condition: In May 2006, the AICPA issued Statement on Auditing Standards No. 112, *Communicating Internal Control Related Matters Identified in an Audit*. This standard, which became effective for the County's 2007 financial statement audit, emphasizes the need for the County to have internal controls over financial reporting in place that will provide reasonable assurance that the County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). In order for these controls to be effective, County personnel needs to take a more active role in preparing the County's financial statements in accordance with GAAP.

Corrective Action Taken: Management was an active participant and producer of the current year financial statements and related note disclosures.

2007-2 Bank Accounts and Transfers

Material Weakness

Condition: The Treasurer's office maintains multiple bank accounts for individual funds and performs more bank transfers than are necessary to accurately record cash receipts and disbursements on a monthly basis.

Corrective Action Taken: The Treasurer's Office closed three bank accounts during the current year.

2007-3 Material Weakness

Condition: The County's EMS fund has been incorrectly classified as an agency fund in prior period financial statements.

Corrective Action Taken: Management has stated they have fully reviewed all funds' nature and activity and noted they are properly disclosed within the financial statements.

FAIRFIELD COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the fiscal year ended June 30, 2008

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT		
Passed through S.C. Department of Commerce Fish Hook Road Housing Rehabilitation	14.228	\$ <u>156,726</u>
Total U.S. Department of Housing & Urban Development		<u>156,726</u>
U.S. DEPARTMENT OF TRANSPORTATION		
Passed through Urban Mass Transit Administration S.C. Department of Highways & Public Transportation Federal Transit Capital and Operating Assistance	20.507	129,148
Passed through Federal Aviation Administration S.C. Department of Commerce/Division of Aeronautics Airport Improvement Program	20.106	<u>14,163</u>
Total U.S. Department of Transportation		<u>143,311</u>
U.S. DEPARTMENT OF JUSTICE		
Passed through S.C. Law Enforcement Division Sheriff JAG Grant	16.738	<u>15,283</u>
Total U.S. Department of Justice		<u>15,283</u>
U.S. DEPARTMENT OF LABOR		
Passed through S.C. Employment Security Commission Workforce Investment Act-Adult	17.258	149,874
Workforce Investment Act-Dislocated Workers	17.260	<u>33,436</u>
Total U.S. Department of Labor		<u>183,310</u>
U.S. DEPARTMENT OF AGRICULTURE		
National Forest Funds	10.670	<u>36,113</u>
Total U.S. Department of Agriculture		<u>36,113</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY		
Passed through S.C. Adjutant General's Office Emergency Management Performance Grant	97.042	14,356
Emergency Management Planning Grant	97.042	<u>12,179</u>
Total Federal Emergency Management Agency		<u>26,535</u>
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION		
Passed through S.C. Budget and Control Board, Office of Geodetic Survey Geodetic surveys and services	11.400	<u>3,000</u>
Total National Oceanic and Atmospheric Administration		<u>3,000</u>
INSTITUTE FOR MUSEUM AND LIBRARY SERVICES		
Museum for America	45.301	<u>24,565</u>
Total Institute for Museum and Library Services		<u>24,565</u>
Total federal awards (accrual basis of accounting)		<u>\$ 588,843</u>