

REPORT ON FINANCIAL STATEMENTS  
OF  
FAIRFIELD COUNTY  
WINNSBORO, SOUTH CAROLINA  
FOR THE YEAR ENDED  
JUNE 30, 2010

FAIRFIELD COUNTY  
WINNSBORO, SOUTH CAROLINA  
Report on Financial Statements  
For the year ended June 30, 2010

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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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fairfield County, South Carolina (the County) as of and for the year ended June 30, 2010, which collectively comprise the basic financial statements 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the primary government of Fairfield County, South Carolina, as of June 30, 2010, 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 22, 2010 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, budgetary comparison information and Schedule of Funding Progress for the Other Post Employment Benefit Plan, 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 schedules, and accompanying Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and accompanying Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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 22, 2010

FAIRFIELD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010

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, 2010. Please read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which immediately follow this section.

STATISTICAL DATA

- Approximately 687 square miles
- Within 30 miles of the geographic center of South Carolina
- Stable population of 23,454
- 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.
- **Net assets** - The County's governmental activities assets exceeded its liabilities at June 30, 2010 by \$35,013,883 (net assets). Of this amount, \$15,693,375 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 \$1,836,666.
- **General fund** - The principal operating fund of the County is the general fund. In fiscal year 2010, general fund revenues and other financing sources, which primarily consisted of property taxes and intergovernmental revenues, were \$22,340,446. Expenditures and net transfers out of the general fund were \$24,949,090. This resulted in a decrease in the fund balance for the year of \$2,608,644.
- **General fund budget** - The general fund actual revenues were greater than the final budget amounts by \$519,559 due primarily to greater than expected collections of sales taxes and intergovernmental revenues. General fund actual expenditures were less than the final budget amounts by \$891,822. 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 \$35,013,883 as of June 30, 2010.

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, 2010 and 2009.

	<u>2010</u>	<u>2009</u>	<u>Percentage Change</u>
Current assets	\$ 26,696,860	\$ 23,319,896	14.5%
Capital assets, net	<u>21,397,536</u>	<u>16,086,375</u>	33.0%
Total assets	<u>48,094,396</u>	<u>39,406,271</u>	22.0%
Current liabilities	3,938,558	3,373,215	16.8%
Long-term liabilities	<u>9,141,955</u>	<u>2,855,839</u>	220.1%
Total liabilities	<u>13,080,513</u>	<u>6,229,054</u>	110.0%
Net assets			
Invested in capital assets, net of related debt	18,771,067	13,366,190	40.4%
Restricted	549,441	240,015	128.9%
Unrestricted	<u>15,693,375</u>	<u>19,571,012</u>	(19.8)%
Total net assets	<u>\$ 35,013,883</u>	<u>\$ 33,177,217</u>	5.5%

**Change in net assets** - The County's total revenues for the fiscal year ended June 30, 2010 were \$30,294,868. The total cost of all programs and services was \$28,458,202. The table below presents a summary of the activity that resulted changes in net assets for the fiscal years ended June 30, 2010 and 2009.

Compared to fiscal year 2009, the County's revenues and expenses increased due primarily to the following:

- **Capital grants and contributions**- The County received approximately \$650,000 from federal sources to construct the Quick Jobs facility.
- **Property and accommodations taxes** - The County increased their property tax millage rate for the 2009 tax year.
- **Investment loss** - The County recorded an approximate \$500,000 loss on investment after agreeing to sell a building previously held for resale.
- **Sale of capital assets** - The County received proceeds of approximately \$278,000 from the sale of capital assets. This amounted to an approximate \$221,000 gain on sale of capital assets.
- **General government** - General government expenses increased by approximately \$2 million due to various building maintenance and improvement projects across the County.
- **Public safety, health and welfare** - EMS expenses have been reclassified in the current year as health and welfare expenses. For the 2010 fiscal year, the EMS fund had expenses of approximately \$4.4 million.

	<u>2010</u>	<u>2009</u>	<u>Percentage Change</u>
Revenues			
Program revenues			
Charges for services	\$ 2,840,618	\$ 2,676,455	6.1%
Operating grants and contributions	2,190,526	2,539,964	(13.8)%
Capital grants and contributions	649,842	-	100.0%
General revenues			
Property and accommodations taxes	21,526,832	21,040,927	2.3%
Sales taxes	1,812,815	1,541,319	17.6%
Investment income (loss)	(403,803)	118,322	(441.3)%
Intergovernmental	1,173,275	1,429,438	(17.9)%
Gain (loss) on sale of capital assets	221,395	(8,233)	2,789.1%
Miscellaneous	<u>283,368</u>	<u>334,734</u>	(15.3)%
Total revenues	<u>30,294,868</u>	<u>29,672,926</u>	2.1%

	<u>2010</u>	<u>2009</u>	<u>Percentage Change</u>
Expenses			
General government	9,778,339	7,778,685	25.7%
Public safety	4,909,822	7,595,626	(35.4)%
Public works and utilities	1,771,468	3,105,084	(42.9)%
Health and welfare	7,162,266	3,419,196	109.5%
Judicial	1,090,759	1,034,854	5.4%
Cultural and recreation	930,955	762,497	22.1%
Non-departmental allocations	2,563,354	2,498,352	2.6%
Interest and fiscal charges	<u>251,239</u>	<u>146,076</u>	72.0%
Total expenses	<u>28,458,202</u>	<u>26,340,370</u>	8.0%
Increase in net assets	<u>\$ 1,836,666</u>	<u>\$ 3,332,556</u>	(44.9)%

**Governmental activities** - The table below presents the cost of the eight major functional activities: general government, public safety, public works, health and welfare, judicial, cultural and recreation, 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	\$ 9,778,339	\$ (7,828,813)
Public safety	4,909,822	(3,434,152)
Public works and utilities	1,771,468	(1,076,850)
Health and welfare	7,162,266	(6,259,019)
Judicial	1,090,759	(525,651)
Cultural and recreation	930,955	(838,138)
Non-departmental allocations	2,563,354	(2,563,354)
Interest and fiscal charges	<u>251,239</u>	<u>(251,239)</u>
Total expenses	<u>\$ 28,458,202</u>	<u>\$ (22,777,216)</u>

The cost of all governmental activities this year was \$28,458,202. Expenses consist primarily of general government, public safety, and health and welfare totaling \$9,778,339, \$4,909,822 and \$7,162,266, respectively. Net cost of governmental activities was \$22,777,216 which was financed by general revenues and beginning net assets. General revenues consist primarily of property and accommodations taxes of \$21,526,832.

#### 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 \$23,442,913. Approximately \$7,299,691 or 31% 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 decrease in fund balance in the general fund for the fiscal year was \$2,608,644 which was the result of normal business operations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets** - As of June 30, 2010, the County had invested \$21,397,536 in capital assets, including land, buildings and improvements, infrastructure, vehicles, computers, and other equipment. Total depreciation expense for the year was \$1,972,392.

The schedule below presents capital asset balances, net of depreciation, for the fiscal year ended June 30, 2010.

Capital assets, not being depreciated	
Land	\$ 2,140,572
Construction in progress	<u>1,390,844</u>
	<u>3,531,416</u>
Capital assets, being depreciated	
Land improvements	21,377,098
Buildings and improvements	13,985,073
Infrastructure	1,106,890
Machinery and equipment	13,140,710
Software	<u>330,159</u>
	49,939,930
Less accumulated depreciation	<u>(32,073,810)</u>
Total capital assets being depreciated, net	<u>17,866,120</u>
Net capital assets	<u><b>\$ 21,397,536</b></u>

**Debt Administration** - At year-end, the County had \$8,240,000 in general obligation bonds and \$262,803 in capital leases of which \$1,098,516 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 40% 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, 2010

Exhibit 1

	Primary Government	Component Units	
	Governmental Activities	Library Commission	Fire District
<b>ASSETS</b>			
Cash and cash equivalents	\$ 22,986,779	\$ 310,344	\$ -
Taxes receivable, net	661,718	-	32,257
Accounts receivable, net	71,096	-	-
Investments	-	12,461	-
Investment - land and building	725,000	-	-
Due from component unit	82,869	-	-
Due from primary government	-	14,307	870,963
Due from other governmental units	2,091,483	-	-
Prepaid items	77,915	-	1,462
Capital assets			
Land	2,140,572	-	-
Construction in progress	1,390,844	-	-
Land improvements	21,377,098	-	-
Buildings	13,985,073	-	-
Infrastructure	1,106,890	-	-
Machinery and equipment	13,140,710	330,206	-
Books	-	1,351,410	-
Software	330,159	-	-
Less accumulated depreciation	<u>(32,073,810)</u>	<u>(1,149,459)</u>	<u>-</u>
Total capital assets net of accumulated depreciation	<u>21,397,536</u>	<u>532,157</u>	<u>-</u>
Total assets	<u>\$ 48,094,396</u>	<u>\$ 869,269</u>	<u>\$ 904,682</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 871,779	\$ -	\$ 10,625
Accrued expenses	729,826	12,068	5,074
Due to tax payers	5,109	-	-
Due to other agencies	313,666	-	-
Due to component units	885,270	-	-
Due to primary government	-	-	82,869
Due to other governmental units	7,694	-	-
Long-term liabilities			
Portion due or payable within one year:			
General obligation bonds	970,000	-	-
Capital lease	128,516	-	-
Accrued compensated absences	26,698	10,429	-
Portion due or payable after one year:			
General obligation bonds	7,270,000	-	-
Capital lease	134,287	-	-
Accrued compensated absences	534,356	13,456	7,100
Other post employment benefit obligation	<u>1,203,312</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>13,080,513</u>	<u>35,953</u>	<u>105,668</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	18,771,067	532,157	-
Restricted for:			
Debt service and capital activity	549,441	157,114	-
Unrestricted	<u>15,693,375</u>	<u>144,045</u>	<u>799,014</u>
Total net assets	<u>\$ 35,013,883</u>	<u>\$ 833,316</u>	<u>\$ 799,014</u>

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

FAIRFIELD COUNTY  
STATEMENT OF ACTIVITIES  
For the fiscal year ended June 30, 2010

Exhibit 2

	Net revenue (expense) and changes in net assets			
	Primary government	Component units		
	Governmental activities	Library Commission	Fire District	
<b>FUNCTIONS/PROGRAMS</b>				
<b>Governmental activities</b>				
General government	\$ 9,778,339	\$ 378,993	\$ 920,691	\$ (7,828,813)
Public safety	4,909,822	1,196,952	278,718	(3,434,152)
Public works and utilities	1,771,468	268,902	425,716	(1,076,850)
Health and welfare	7,162,266	454,265	448,982	(6,259,019)
Judicial	1,090,759	457,773	107,335	(525,651)
Cultural and recreation	930,955	83,733	9,084	(838,138)
Non-departmental allocations	2,563,354	-	-	(2,563,354)
Interest and other charges	251,239	-	-	(251,239)
Total governmental activities	28,458,202	2,840,618	2,190,526	(22,777,216)
<b>Component units</b>				
Library Commission	508,537	13,381	69,851	\$ (425,305)
Fire District	856,505	-	10,414	(846,091)
Total component units	1,365,042	13,381	80,265	(425,305)
<b>Total</b>	<b>\$ 29,823,244</b>	<b>\$ 2,853,999</b>	<b>\$ 2,270,791</b>	<b>\$ (846,091)</b>
<b>General revenues:</b>				
Property taxes				\$ 21,408,873
Sales tax				1,812,815
Accommodations tax				117,959
County appropriations				456,350
Investment income (loss)				(403,803)
Intergovernmental				1,173,275
Gain on sale of capital assets				221,395
Miscellaneous				283,368
Total general revenues				24,613,882
Change in net assets				1,836,666
Net assets, beginning of year				33,177,217
Net assets, end of year				\$ 35,013,883
				\$ 833,316
				\$ 1,084,751

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

**FAIRFIELD COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	General	Capital Improvements FY2010 GO Bonds	W.B. Brown Industrial Park	EMS	Nonmajor Governmental	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 11,669,715	\$ 5,876,334	\$ 546,430	\$ 1,209,734	\$ 3,684,566	\$ 22,986,779
Taxes receivable, net	542,806	-	-	79,235	39,677	661,718
Accounts receivable, net	57,509	-	-	20	13,567	71,096
Investment - land and building	-	-	725,000	-	-	725,000
Due from other funds	287,584	-	-	-	-	287,584
Due from component unit	82,869	-	-	-	-	82,869
Due from other governmental units	1,240,873	393,748	-	-	456,862	2,091,483
Prepaid items	60,535	-	-	196	17,184	77,915
<b>Total assets</b>	<b>\$ 13,941,891</b>	<b>\$ 6,270,082</b>	<b>\$ 1,271,430</b>	<b>\$ 1,289,185</b>	<b>\$ 4,211,856</b>	<b>\$ 26,984,444</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 472,271	\$ 227,459	\$ 346	\$ 54,366	\$ 117,337	\$ 871,779
Accrued expenses	583,383	-	-	118,259	28,184	729,826
Deferred revenue	354,272	-	-	57,525	28,806	440,603
Due to general fund	-	-	-	-	287,584	287,584
Due to tax payers	5,109	-	-	-	-	5,109
Due to other agencies	113,666	-	200,000	-	-	313,666
Due to component units	885,270	-	-	-	-	885,270
Due to other governmental units	7,694	-	-	-	-	7,694
<b>Total liabilities</b>	<b>2,421,665</b>	<b>227,459</b>	<b>200,346</b>	<b>230,150</b>	<b>461,911</b>	<b>3,541,531</b>
Fund balances:						
Reserved for:						
Prepaid items	60,535	-	-	196	17,184	77,915
Debt service	-	-	-	-	383,152	383,152
Capital outlay	-	6,042,623	-	-	-	6,042,623
Unreserved, designated for, reported in:						
General fund	4,160,000	-	-	-	-	4,160,000
Special revenue funds	-	-	-	1,058,839	2,985,401	4,044,240
Capital projects funds	-	-	1,071,084	-	364,208	1,435,292
Unreserved, undesignated for, reported in:						
General fund	7,299,691	-	-	-	-	7,299,691
<b>Total fund balances</b>	<b>11,520,226</b>	<b>6,042,623</b>	<b>1,071,084</b>	<b>1,059,035</b>	<b>3,749,945</b>	<b>23,442,913</b>
<b>Total liabilities and fund balances</b>	<b>\$ 13,941,891</b>	<b>\$ 6,270,082</b>	<b>\$ 1,271,430</b>	<b>\$ 1,289,185</b>	<b>\$ 4,211,856</b>	<b>\$ 26,984,444</b>

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, 2010

Exhibit 4

Total governmental fund balances \$ 23,442,913

**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	\$	2,140,572	
Construction in progress		1,390,844	
Land improvements		21,377,098	
Buildings		13,985,073	
Infrastructure		1,106,890	
Machinery and equipment		13,140,710	
Software		330,159	
Less accumulated depreciation		<u>(32,073,810)</u>	
			21,397,536

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. 440,603

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

Bonds payable		(8,240,000)	
Capital lease		(262,803)	
Accrued compensated absences		(561,054)	
Other post employment benefit obligation		<u>(1,203,312)</u>	
			<u>(10,267,169)</u>

Net assets of governmental activities \$ 35,013,883

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, 2010

	General	Capital Improvements FY2010 GO Bonds	W.B. Brown Industrial Park	EMS	Nonmajor Governmental	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 17,838,040	\$ -	\$ -	\$ 2,338,724	\$ 1,348,895	\$ 21,525,659
Sales tax	1,812,815	-	-	-	-	1,812,815
Intergovernmental	1,173,275	649,842	-	-	2,190,526	4,013,643
Licenses, permits, fines and fees	793,893	-	-	-	220,376	1,014,269
Charges for services	400,423	-	-	1,149,501	276,425	1,826,349
Investment income (loss)	75,064	3,839	(500,892)	-	18,186	(403,803)
Miscellaneous	35,213	100,000	120,000	4,105	24,050	283,368
<b>Total revenues</b>	<b>22,128,723</b>	<b>753,681</b>	<b>(380,892)</b>	<b>3,492,330</b>	<b>4,078,458</b>	<b>30,072,300</b>
<b>EXPENDITURES</b>						
General government	8,097,894	3,154,617	176,922	-	2,180,475	13,609,908
Public safety	4,510,454	-	-	-	364,131	4,874,585
Public works and utilities	1,254,974	55,197	-	-	428,936	1,739,107
Health and welfare	2,586,782	-	-	4,367,992	936,579	7,891,353
Judicial	976,833	-	-	-	72,636	1,049,469
Cultural and recreation	1,315,490	-	-	-	21,047	1,336,537
Non-departmental allocations	2,473,154	-	-	-	90,200	2,563,354
Debt service	-	-	-	-	945,000	945,000
Principal retirement - general obligation bonds	-	-	-	-	251,239	251,239
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>21,215,581</b>	<b>3,209,814</b>	<b>176,922</b>	<b>4,367,992</b>	<b>5,290,243</b>	<b>34,260,552</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>913,142</b>	<b>(2,456,133)</b>	<b>(557,814)</b>	<b>(875,662)</b>	<b>(1,211,785)</b>	<b>(4,188,252)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from general obligation bonds	-	-	-	-	6,750,000	6,750,000
Proceeds from sale of capital assets	211,723	50,000	-	-	16,524	278,247
Transfers in	199,465	8,448,756	100,000	-	2,332,974	11,081,195
Transfers out	(3,932,974)	-	-	-	(7,148,221)	(11,081,195)
<b>Total other financing sources (uses)</b>	<b>(3,521,786)</b>	<b>8,498,756</b>	<b>100,000</b>	<b>-</b>	<b>1,951,277</b>	<b>7,028,247</b>
<b>Net change in fund balances</b>	<b>(2,608,644)</b>	<b>6,042,623</b>	<b>(457,814)</b>	<b>(875,662)</b>	<b>739,492</b>	<b>2,839,995</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>14,128,870</b>	<b>-</b>	<b>1,528,898</b>	<b>1,934,697</b>	<b>3,010,453</b>	<b>20,602,918</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 11,520,226</b>	<b>\$ 6,042,623</b>	<b>\$ 1,071,084</b>	<b>\$ 1,059,035</b>	<b>\$ 3,749,945</b>	<b>\$ 23,442,913</b>

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, 2010

Exhibit 6

Total net change in fund balance - governmental funds \$ 2,839,995

**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. 7,340,405

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. (1,972,392)

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	221,395
Proceeds from sale of capital assets	(278,247)
	(56,852)

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. 1,173

Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net assets. (6,750,000)

Repayment of principal on bonds and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,067,994

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

Increase in accrued compensated absences	(28,761)
Increase in other post employment benefit obligation	(604,896)
	(633,657)

Change in net assets of governmental activities \$ 1,836,666

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

FAIRFIELD COUNTY  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2010

Exhibit 7

**ASSETS**

Cash and cash equivalents	\$ 8,426,737
Taxes receivable	<u>851,774</u>
Total assets	<u><u>\$ 9,278,511</u></u>

**LIABILITIES**

Accounts payable	\$ 1,272
Due to individuals	749,810
Due to other governmental units	<u>8,527,429</u>
Total liabilities	<u><u>\$ 9,278,511</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 (County Council) which is governed by state statutes and regulations.

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

**A. Reporting Entity**

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

**Fairfield County Library Commission** - Fairfield County Library Commission (the Library Commission) was established as the designated authority to provide a public library system to the residents of the County.

The County provides the Library Commission with an annual appropriation which is the majority of the Library Commission's operating revenue. County Council appoints members of the Library Commission's Board, which is the Library Commission's governing authority. The Library Commission's Board is responsible for the hiring and termination of management personnel. Accordingly, the Library Commission is considered to be a component unit of the County and its financial position and results of operations have been reported in the financial statements of the County.

**Fairfield County Rural Fire Protection District** - Fairfield County Rural Fire Protection District (the Fire District) was created and established by ordinance as a special tax district within the County for the purpose and function of providing rural fire protection services to all the unincorporated areas of the County. Fairfield County Rural Fire Protection Board (the Fire Board) was established to manage the Fire District with board members appointed by County Council.

Active and qualified volunteer fire departments in the County may contract with the Fire District. Only departments that contract with the Fire District are eligible for any funding material from the County.

The Fire District is required to adhere to all applicable laws, regulations, duties and responsibilities as established by the County ordinance. All purchases must follow the County's procurement policy and be administered by the County's finance and purchasing departments. All capital assets are to be titled in the name of the County.

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:

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

A portion of the general fund fund balance has been 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.

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

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

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

Additionally, the government reports the following nonmajor fund types:

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

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

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

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

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

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

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

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

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

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

Reporting Entity

In accordance with GASB Codification Sec. 2100, 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 also included in this report.

Basis of Accounting

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

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

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

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, 2010, 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Assets, Liabilities and Equity

**Cash and 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. Such investments consist primarily of amounts in the South Carolina local government investment pool. Investments are carried at fair value, which approximates cost.

State statutes authorize the County to invest in:

1. Obligations of the United States and agencies thereof;
2. General obligations of the State of South Carolina or any of its political units;
3. Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) 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.

**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, 2010, 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	\$ 571,375	\$ 83,405	\$ 41,765	\$ 696,545
Accounts	<u>57,509</u>	<u>1,025,674</u>	<u>13,567</u>	<u>1,096,750</u>
Gross	628,884	1,109,079	55,332	1,793,295
Less:				
Allowance - taxes	28,569	4,170	2,088	34,827
Allowance - accounts	<u>-</u>	<u>1,025,654</u>	<u>-</u>	<u>1,025,654</u>
Net receivables	<u>\$ 600,315</u>	<u>\$ 79,255</u>	<u>\$ 53,244</u>	<u>\$ 732,814</u>



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Assets, Liabilities and Equity - (Continued)

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.

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

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

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

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

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

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

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

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

**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.

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

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

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

**Subsequent Events** - In preparing these financial statements, the County's management has evaluated events and transactions for potential recognition through December 22, 2010, the date these financial statements were available for issuance.

## II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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

## III. DETAILED NOTES ON ALL FUNDS

### NOTE 1 - DEPOSITS AND INVESTMENTS

At June 30, 2010, the County's cash and investments included demand deposits and local government pools. The local government investment pool is managed by the State of South Carolina.

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

III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 1 - DEPOSITS AND INVESTMENTS - (Continued)

**Custodial Credit Risk - Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. At June 30, 2010, the carrying amount of the County's deposits was \$27,191,316 and the bank balance was \$27,604,477.

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, 2010, all of the County's bank balance was insured or collateralized.

As of June 30, 2010, the County held the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>
South Carolina local government investment pool	<u>\$ 4,222,200</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, 2010, 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, 2010 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	<u>\$ 287,584</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, 2010 consisted of the following individual amounts:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 199,465
Nonmajor Governmental	General Fund	2,332,974
W.B. Brown Industrial Park Capital Improvements	General Fund	100,000
FY 2010 GO Bonds Capital Improvements	General Fund	1,500,000
FY 2010 GO Bonds	Nonmajor Governmental	<u>6,948,756</u>
		<b><u>\$ 11,081,195</u></b>

NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governments at June 30, 2010 in the governmental type funds consisted of the following:

	<u>State</u>	<u>Federal</u>	<u>Total</u>
General Fund	\$ 1,219,497	\$ 21,376	\$ 1,240,873
Capital Improvements FY 2010 GO Bonds	-	393,748	393,748
Nonmajor Governmental	<u>39,002</u>	<u>417,860</u>	<u>456,862</u>
	<b><u>\$ 1,258,499</u></b>	<b><u>\$ 832,984</u></b>	<b><u>\$ 2,091,483</u></b>

NOTE 4 - CAPITAL ASSETS

**Primary Government**

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2010:

	<u>Balance, June 30, 2009</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance, June 30, 2010</u>
Capital assets, not being depreciated				
Land	\$ 49,558	\$ 2,091,014	\$ -	\$ 2,140,572
Construction in progress	<u>79,501</u>	<u>1,311,343</u>	<u>-</u>	<u>1,390,844</u>
Total capital assets, not being depreciated	<u>129,059</u>	<u>3,402,357</u>	<u>-</u>	<u>3,531,416</u>
Capital assets, being depreciated				
Land improvements	20,860,125	516,973	-	21,377,098
Buildings and improvements	13,117,489	1,145,284	(277,700)	13,985,073
Infrastructure	1,106,890	-	-	1,106,890
Machinery and equipment	11,640,675	2,275,791	(775,756)	13,140,710
Software	<u>330,159</u>	<u>-</u>	<u>-</u>	<u>330,159</u>
Total capital assets, being depreciated	<u>47,055,338</u>	<u>3,938,048</u>	<u>(1,053,456)</u>	<u>49,939,930</u>
Accumulated depreciation	<u>(31,098,022)</u>	<u>(1,972,392)</u>	<u>996,604</u>	<u>(32,073,810)</u>
Total capital assets, being depreciated, net	<u>15,957,316</u>	<u>1,965,656</u>	<u>(56,852)</u>	<u>17,866,120</u>
Net capital assets	<b><u>\$ 16,086,375</u></b>	<b><u>\$ 5,368,013</u></b>	<b><u>\$ (56,852)</u></b>	<b><u>\$ 21,397,536</u></b>

III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 4 - CAPITAL ASSETS - (Continued)

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

General government	\$ 1,330,310
Public safety	266,039
Public works and utilities	13,955
Health and welfare	342,443
Cultural and recreation	<u>19,645</u>
	<b><u>\$ 1,972,392</u></b>

*Discretely Presented Component Units*

The following is a summary of the changes in capital assets for the Library Commission for the fiscal year ended June 30, 2010:

	Balance, <u>June 30, 2009</u>	<u>Additions</u>	<u>Retirement</u>	Balance <u>June 30, 2010</u>
Capital assets, being depreciated				
Books	\$ 1,387,191	\$ 73,839	\$ (109,620)	\$ 1,351,410
Machinery and equipment	<u>324,796</u>	<u>7,556</u>	<u>(2,146)</u>	<u>330,206</u>
Total capital assets, being depreciated	<u>1,711,987</u>	<u>81,395</u>	<u>(111,766)</u>	<u>1,681,616</u>
Accumulated depreciation				
Books	(904,875)	(44,654)	109,620	(839,909)
Machinery and equipment	<u>(295,259)</u>	<u>(16,437)</u>	<u>2,146</u>	<u>(309,550)</u>
Less accumulated depreciation	<u>(1,200,134)</u>	<u>(61,091)</u>	<u>111,766</u>	<u>(1,149,459)</u>
Net capital assets	<b><u>\$ 511,853</u></b>	<b><u>\$ 20,304</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 532,157</u></b>

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 Fire District, a component unit of the County. The fire truck will be used in the operations of the Fire District.

The entire capital lease obligation of \$616,157 has been recorded in the government-wide financial statements of the County. The Fire 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, 2010, the County recorded a due from the Fire District of \$82,869. Payments on the lease did not begin until fiscal year 2008.

Capital lease machinery and equipment held by the County as of June 30, 2010 is as follows:

Machinery and equipment	\$ 407,003
Less: accumulated depreciation	<u>282,391</u>
Carrying value	<b><u>\$ 124,612</u></b>

III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 5 - CAPITAL LEASE - (Continued)

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2010 were as follows:

2011	\$ 140,316
2012	<u>140,316</u>
Total minimum lease payments	280,632
Less: amount representing interest	<u>17,829</u>
Present value of minimum lease payments	<u><u>\$ 262,803</u></u>

Capital lease payable at June 30, 2010 is comprised of the following individual lease:

Lease purchase agreement with a bank entered into in 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.

\$ 262,803

Annual requirements to amortize the capital lease outstanding at June 30, 2010, are as follows:

Year Ended June 30,	Principal	Interest	Total
2011	\$ 128,516	\$ 11,800	\$ 140,316
2012	<u>134,287</u>	<u>6,029</u>	<u>140,316</u>
	<u><u>\$ 262,803</u></u>	<u><u>\$ 17,829</u></u>	<u><u>\$ 280,632</u></u>

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, 2010:

	Balance, June 30, 2009	Additions	Retirement	Balance, June 30, 2010	Due in less than one year	Due in more than one year
General obligation bonds	\$ 2,435,000	\$ 6,750,000	\$ 945,000	\$ 8,240,000	\$ 970,000	\$ 7,270,000
Capital lease	385,797	-	122,994	262,803	128,516	134,287
Accrued compensated absences	<u>532,293</u>	<u>28,761</u>	<u>-</u>	<u>561,054</u>	<u>26,698</u>	<u>534,356</u>
Total long-term debt	<u><u>\$ 3,353,090</u></u>	<u><u>\$ 6,778,761</u></u>	<u><u>\$ 1,067,994</u></u>	<u><u>\$ 9,063,857</u></u>	<u><u>\$ 1,125,214</u></u>	<u><u>\$ 7,938,643</u></u>

General obligation bonds consist of the following at June 30, 2010:

\$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%

\$ 450,000

\$2,600,000 general obligation bonds due in annual installments of \$520,000 through March 1, 2012; interest at 3.89%

1,040,000

### III. DETAILED NOTES ON ALL FUNDS - (Continued)

#### NOTE 6 - LONG-TERM LIABILITIES - (Continued)

\$6,750,000 general obligation bonds due in annual installments of \$170,000 to \$955,000 through March 1, 2020; interest at 3.2% to 4.3%	<u>6,750,000</u>
	<b><u>\$ 8,240,000</u></b>

The annual requirements to amortize all general obligation bonds outstanding at June 30, 2010, including interest payments over the life of the debt are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 970,000	\$ 362,141	\$ 1,332,141
2012	690,000	319,413	1,009,413
2013	715,000	293,745	1,008,745
2014	740,000	268,005	1,008,005
2015	765,000	239,885	1,004,885
2016-2020	<u>4,360,000</u>	<u>666,125</u>	<u>5,026,125</u>
	<b><u>\$ 8,240,000</u></b>	<b><u>\$ 2,149,314</u></b>	<b><u>\$ 10,389,314</u></b>

#### 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:	
Capital assets, net of accumulated depreciation	\$ 21,397,536
General obligation bonds	(8,240,000)
Capital lease	(262,803)
Add: unspent bond proceeds	<u>5,876,334</u>
	<u>18,771,067</u>
Restricted for debt service and capital activity:	
Debt service	383,152
Capital improvements	6,042,623
Less: unspent bond proceeds	<u>(5,876,334)</u>
	<u>549,441</u>
Unrestricted	<u>15,693,375</u>
Total net assets	<b><u>\$ 35,013,883</u></b>

### IV. OTHER INFORMATION

#### 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 - (Continued)**

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% for the year ended June 30, 2010 (6.5% for the years ended June 30, 2009 and 2008) and employers at 9.24% for the year ended June 30, 2010 (9.24% and 9.06% for the years ended June 30, 2009 and 2008, 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 10.65%. 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, 2010 (includes group life insurance for both plans and accidental death insurance for the Police Plan).

<u>Year Ended June 30,</u>	<u>Plan</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Total Contributions</u>
2010	Regular	\$ 473,272	\$ 689,306	\$ 1,162,578
	Police	173,578	298,285	471,863
2009	Regular	\$ 449,629	\$ 652,568	\$ 1,102,197
	Police	173,263	294,551	467,814
2008	Regular	\$ 431,943	\$ 614,867	\$ 1,046,810
	Police	171,858	282,904	454,762

#### 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 the 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 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

**Plan Description** - The County's policy is to provide post-retirement health, life and dental care benefits as follows: substantially all employees who retire under the State's retirement plans are eligible to continue their coverage with the County paying 100% of the premium for those with 25 or more years of service and 50% of the premium for those with 15 years to 25 years of service. If an employee retires with 5 years, but fewer than 15 years, of earned service credit, the retiree pays the full premium.

**Funding Policy** - The contribution requirements of plan members and the County are established and may be amended by the County. The required contribution is currently based on pay-as-you-go financing requirements. For the year ended June 30, 2010, the County recognized approximately \$238,600 in expenditures for current healthcare premiums.

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

IV. OTHER INFORMATION - (Continued)

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) - (Continued)

Normal cost for current year	\$ 416,375
Amortization of unamortized accrued liability	<u>428,121</u>
Annual Required Contribution (ARC)	844,496
Interest on net OPEB obligation	23,900
Adjustment to annual required contribution	<u>(24,900)</u>
Annual OPEB cost	843,496
Contributions made	<u>(238,600)</u>
Increase in net OPEB obligation	604,896
Net obligation, beginning of year	<u>598,416</u>
Net obligation, end of year	<u>\$ 1,203,312</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2010 and 2009 fiscal years were as follows:

Fiscal Year <u>Ending</u>	Annual <u>OPEB Cost</u>	Percentage of Annual OPEB Cost <u>Contributed</u>	Net OPEB <u>Obligation</u>
2009	\$ 812,016	26.30%	\$ 598,416
2010	843,496	28.29%	1,203,312

**Funded Status and Funding Progress** - As of January 1, 2009, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$9,887,275, resulting in an unfunded actuarial accrued liability (UAAL) of the same amount. The covered payroll (annual payroll of active employees covered by the plan) for the 2010 fiscal year was \$9,775,387, and the ratio of the UAAL to the covered payroll was 101%.

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

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

In the January 1, 2009 actuarial valuation, the projected unit credit method was used and the study was based on a closed group. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the blended rate of the expected long-term investment returns on plan assets on the County's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10.00% in 2009 decreasing to the ultimate rate of 5.50% in 2016. Also, the actuarial assumptions included a 2.50% annual salary rate increase and 2.5% for an annual inflation rate. The UAAL is being amortized via the level percentage method which amortizes the UAAL as a constant percent of payroll over a 30 year period. The remaining amortization period at June 30, 2010 was 28 years.

#### IV. OTHER INFORMATION - (Continued)

##### 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.

##### 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, 2010, the County incurred costs totaling \$642,312 (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, 2010, the total cost included in the financial statements of Fairfield County was approximately \$277,850.

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.

As of June 30, 2010, the County has outstanding construction contracts of \$1,078,896.

##### 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 tax revenues of \$17,838,040 recorded in the general fund for the year ended June 30, 2010, \$7,189,501 was generated from SCANA Corporation due to its operation of the VC Summer Nuclear Plant. This represents 40% of total tax revenues collected for the general fund. Consequently, the funding of County operations is heavily dependent on property tax revenues collected from SCANA Corporation.

##### NOTE 14 - INVESTMENT - LAND AND BUILDING

During fiscal year 2008, the County acquired land for the construction of a building within the W.B. Brown Industrial Park at a cost of \$1,225,892. During November 2010, the County agreed to sell the building to a private company for \$725,000. The County has recorded the difference between the original cost and the sales price as investment loss in the current fiscal year.

FAIRFIELD COUNTY  
 BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)  
 GENERAL FUND  
 For the fiscal year ended June 30, 2010

Schedule 1

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 18,718,351	\$ 18,717,168	\$ 17,838,040	\$ (879,128)
Sales tax	864,000	864,000	1,812,815	948,815
Intergovernmental	861,000	861,000	1,173,275	312,275
Licenses, permits, fines and fees	633,921	633,921	793,893	159,972
Charges for services	357,450	357,450	400,423	42,973
Investment income	125,000	125,000	75,064	(49,936)
Miscellaneous	50,625	50,625	35,213	(15,412)
Total revenues	<u>21,610,347</u>	<u>21,609,164</u>	<u>22,128,723</u>	<u>519,559</u>
<b>EXPENDITURES</b>				
General government				
County Council	289,243	303,366	303,357	9
County Attorney	153,989	288,577	287,842	735
County Administrator	236,631	239,740	239,734	6
Finance	505,867	545,801	545,486	315
Human resources	297,965	353,361	353,262	99
Purchasing	143,107	143,107	124,813	18,294
Data processing	396,690	396,690	359,759	36,931
General operating	3,015,684	2,442,909	1,459,985	982,924
Tax assessor	365,853	367,195	348,038	19,157
Tax collector	112,613	134,439	134,432	7
Building maintenance	450,284	534,862	534,752	110
Planning and building	320,120	331,120	265,774	65,346
Transit	129,109	136,283	136,277	6
Economic development	143,942	143,942	128,013	15,929
Auditor	109,987	109,987	104,858	5,129
Treasurer	131,418	133,368	130,754	2,614
Voter registration / Election Commission	135,433	154,969	154,959	10
Veterans Affairs	87,746	87,746	80,463	7,283
Delegation	2,579	2,587	2,586	1
Building improvements	1,378,500	1,378,500	2,282,120	(903,620)
Airport Commission	48,150	48,150	48,146	4
Airport T-Hangers	-	-	72,484	(72,484)
Total general government	<u>8,454,910</u>	<u>8,276,699</u>	<u>8,097,894</u>	<u>178,805</u>
Public safety				
Sheriff	2,743,554	2,743,554	2,696,026	47,528
Detention center	1,592,202	1,592,202	1,538,347	53,855
Animal control	174,278	207,443	206,264	1,179
Coroner	78,822	90,801	69,817	20,984
Total public safety	<u>4,588,856</u>	<u>4,634,000</u>	<u>4,510,454</u>	<u>123,546</u>
Public works and utilities				
Water projects	-	-	65,000	(65,000)
Road maintenance division	1,245,520	1,245,520	1,189,974	55,546
Total public works and utilities	<u>1,245,520</u>	<u>1,245,520</u>	<u>1,254,974</u>	<u>(9,454)</u>
Health and welfare				
Fairfield County Department of Social Services	60,100	67,164	67,160	4
Emergency medical management	663,786	663,786	640,812	22,974
Solid waste	2,063,171	2,063,171	1,878,810	184,361
Total health and welfare	<u>2,787,057</u>	<u>2,794,121</u>	<u>2,586,782</u>	<u>207,339</u>

FAIRFIELD COUNTY  
 BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)  
 GENERAL FUND  
 For the fiscal year ended June 30, 2010

Schedule 1

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES, Continued</b>				
Judicial				
Probate Judge	149,272	149,272	145,821	3,451
Clerk of Court	269,005	278,002	277,985	17
Family court	114,049	120,302	120,299	3
Magistrates	440,837	441,174	432,728	8,446
Total judicial	<u>973,163</u>	<u>988,750</u>	<u>976,833</u>	<u>11,917</u>
Cultural and recreation				
Recreation	1,617,696	1,617,696	1,255,335	362,361
Museum	64,166	64,166	60,155	4,011
Total cultural and recreation	<u>1,681,862</u>	<u>1,681,862</u>	<u>1,315,490</u>	<u>366,372</u>
Non-departmental allocations	<u>2,377,218</u>	<u>2,486,451</u>	<u>2,473,154</u>	<u>13,297</u>
Total expenditures	<u>22,108,586</u>	<u>22,107,403</u>	<u>21,215,581</u>	<u>891,822</u>
Excess of revenues over expenditures	(498,239)	(498,239)	913,142	1,411,381
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	5,000	5,000	211,723	206,723
Transfers in	-	-	199,465	199,465
Transfers out	(4,191,244)	(4,191,244)	(3,932,974)	258,270
Total other financing sources (uses)	<u>(4,186,244)</u>	<u>(4,186,244)</u>	<u>(3,521,786)</u>	<u>664,458</u>
Net change in fund balance	<u>(4,684,483)</u>	<u>(4,684,483)</u>	<u>(2,608,644)</u>	<u>2,075,839</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>14,128,870</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 11,520,226</u>	

FAIRFIELD COUNTY  
 BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)  
 EMS  
 For the fiscal year ended June 30, 2010

Schedule 2

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,273,142	\$ 2,273,142	\$ 2,338,724	\$ 65,582
Charges for services	795,577	795,577	1,149,501	353,924
Miscellaneous	12,000	12,000	4,105	(7,895)
Total revenues	<u>3,080,719</u>	<u>3,080,719</u>	<u>3,492,330</u>	<u>411,611</u>
<b>EXPENDITURES</b>				
Health and welfare				
Compensation and benefits	2,281,920	2,281,920	2,605,702	(323,782)
Operating expenditures	536,599	536,599	565,830	(29,231)
Capital outlay	838,393	838,393	1,196,460	(358,067)
Total health and expenditures	<u>3,656,912</u>	<u>3,656,912</u>	<u>4,367,992</u>	<u>(711,080)</u>
Excess of revenues over expenditures	<u>(576,193)</u>	<u>(576,193)</u>	<u>(875,662)</u>	<u>(299,469)</u>
Net change in fund balance	<u>(576,193)</u>	<u>(576,193)</u>	<u>(875,662)</u>	<u>(299,469)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>1,934,697</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u><u>\$ 1,059,035</u></u>	

FAIRFIELD COUNTY  
 SCHEDULE OF FUNDING PROGRESS FOR THE OTHER  
 POST EMPLOYMENT BENEFIT PLAN  
 JUNE 30, 2010

Schedule 3

Fiscal Year	Actuarial Valuation Date	Employer Contributions to the Retiree Health Plan	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Simplified Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
2009	1/1/2009	\$ -	\$ -	\$ 9,887,275	\$ 9,887,275	0%	\$ 9,609,888	103%
2010	1/1/2009	-	-	9,887,275	9,887,275	0%	9,775,387	101%



FAIRFIELD COUNTY  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2009

Schedule 4

	Nonmajor Debt Service	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 372,281	\$ 2,951,051	\$ 361,234	\$ 3,684,566
Taxes receivable, net	39,677	-	-	39,677
Accounts receivable, net	-	13,567	-	13,567
Due from other governmental units	-	451,145	5,717	456,862
Prepaid items	-	17,184	-	17,184
	<b>\$ 411,958</b>	<b>\$ 3,432,947</b>	<b>\$ 366,951</b>	<b>\$ 4,211,856</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ 114,594	\$ 2,743	\$ 117,337
Accrued expenses	-	28,184	-	28,184
Deferred revenue	28,806	-	-	28,806
Due to general fund	-	287,584	-	287,584
	28,806	430,362	2,743	461,911
Fund balances:				
Reserved for:				
Prepaid items	-	17,184	-	17,184
Debt service	383,152	-	-	383,152
Unreserved, designated for, reported in:				
Special revenue funds	-	2,985,401	-	2,985,401
Capital projects funds	-	-	364,208	364,208
	383,152	3,002,585	364,208	3,749,945
	<b>\$ 411,958</b>	<b>\$ 3,432,947</b>	<b>\$ 366,951</b>	<b>\$ 4,211,856</b>

FAIRFIELD COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the year ended June 30, 2010

Schedule 5

	Nonmajor Debt Service	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 1,260,584	\$ 88,311	\$ -	\$ 1,348,895
Intergovernmental	-	1,780,585	409,941	2,190,526
Licenses, permits, fines and fees	-	220,376	-	220,376
Charges for services	-	276,425	-	276,425
Investment income	18,071	115	-	18,186
Miscellaneous	-	24,050	-	24,050
	<u>1,278,655</u>	<u>2,389,862</u>	<u>409,941</u>	<u>4,078,458</u>
<b>EXPENDITURES</b>				
General government	-	2,114,734	65,741	2,180,475
Public safety	-	364,131	-	364,131
Public works and utilities	-	23,063	405,873	428,936
Health and welfare	-	936,579	-	936,579
Judicial	-	72,636	-	72,636
Cultural and recreation	-	21,047	-	21,047
Non-departmental allocations	-	90,200	-	90,200
Debt service				
Principal retirement - general obligation bonds	945,000	-	-	945,000
Interest and fiscal charges	251,239	-	-	251,239
	<u>1,196,239</u>	<u>3,622,390</u>	<u>471,614</u>	<u>5,290,243</u>
Excess (deficiency) of revenues over (under) expenditures	<u>82,416</u>	<u>(1,232,528)</u>	<u>(61,673)</u>	<u>(1,211,785)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from general obligation bonds	6,750,000	-	-	6,750,000
Proceeds from sale of capital assets	-	16,524	-	16,524
Transfers in	-	2,225,351	107,623	2,332,974
Transfers out	(6,659,236)	(369,575)	(119,410)	(7,148,221)
	<u>90,764</u>	<u>1,872,300</u>	<u>(11,787)</u>	<u>1,951,277</u>
Net change in fund balances	173,180	639,772	(73,460)	739,492
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>209,972</u>	<u>2,362,813</u>	<u>437,668</u>	<u>3,010,453</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 383,152</u>	<u>\$ 3,002,585</u>	<u>\$ 364,208</u>	<u>\$ 3,749,945</u>

FAIRIFIELD COUNTY  
COMPARATIVE BALANCE SHEETS  
GENERAL FUND

Schedule 6

	JUNE 30,	
	2010	2009
<b>ASSETS</b>		
Cash and cash equivalents	\$ 11,669,715	\$ 13,994,096
Taxes receivable, net	542,806	620,103
Accounts receivable, net	57,509	46,064
Due from other funds	287,584	174,999
Due from component unit	82,869	124,964
Due from other governmental units	1,240,873	1,177,643
Prepaid items	60,535	51,070
Total assets	<b>\$ 13,941,891</b>	<b>\$ 16,188,939</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ 472,271	\$ 455,029
Accrued expenses	583,383	483,746
Deferred revenue	354,272	352,908
Due to tax payers	5,109	5,545
Due to other agencies	113,666	80,793
Due to component units	885,270	672,713
Due to other governmental units	7,694	9,335
Total liabilities	2,421,665	2,060,069
Fund balances:		
Reserved for prepaid items	60,535	-
Unreserved, designated	4,160,000	4,160,000
Unreserved, undesignated	7,299,691	9,968,870
Total fund balances	11,520,226	14,128,870
Total liabilities and fund balances	<b>\$ 13,941,891</b>	<b>\$ 16,188,939</b>

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

Schedule 7

	For the years ended	
	June 30,	
	2010	2009
<b>REVENUES</b>		
Taxes	\$ 17,838,040	\$ 17,316,219
Sales tax	1,812,815	1,541,319
Intergovernmental	1,173,275	1,429,438
Licenses, permits, fines and fees	793,893	641,007
Charges for services	400,423	496,136
Investment income	75,064	118,322
Miscellaneous	35,213	278,487
Total revenues	22,128,723	21,820,928
<b>EXPENDITURES</b>		
General government	8,097,894	5,229,279
Public safety	4,510,454	4,497,408
Public works and utilities	1,254,974	1,303,578
Health and welfare	2,586,782	2,431,476
Judicial	976,833	941,920
Cultural and recreation	1,315,490	725,929
Non-departmental allocations	2,473,154	2,404,152
Total expenditures	21,215,581	17,533,742
Excess revenues over expenditures	913,142	4,287,186
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from sale of capital assets	211,723	551
Transfers in	199,465	171,997
Transfers out	(3,932,974)	(1,158,302)
Total other financing uses	(3,521,786)	(985,754)
Net change in fund balances	(2,608,644)	3,301,432
<b>FUND BALANCE, BEGINNING OF YEAR</b>	14,128,870	10,827,438
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 11,520,226</b>	<b>\$ 14,128,870</b>

FAIRFIELD COUNTY  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2010

	Tourism Promotion	Tourism Related	Airport	Transit System	Sheriff Seizure
<b>ASSETS</b>					
Cash and cash equivalents	\$ 29,939	\$ 9,593	\$ 7,170	\$ 101,966	\$ 14,903
Due from other governmental units	-	-	37,205	72,184	-
Accounts receivable, net	-	-	-	281	-
Prepaid items	-	-	-	55	-
Total assets	<u>\$ 29,939</u>	<u>\$ 9,593</u>	<u>\$ 44,375</u>	<u>\$ 174,486</u>	<u>\$ 14,903</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 2,500	\$ 24,830	\$ 1,758	\$ -
Accrued expenses	-	-	-	18,898	-
Due to general fund	-	-	-	-	-
Total liabilities	-	2,500	24,830	20,656	-
<b>FUND BALANCE</b>					
Reserved for prepaid items	-	-	-	55	-
Unreserved, designated	29,939	7,093	19,545	153,775	14,903
Total fund balance	29,939	7,093	19,545	153,830	14,903
Total liabilities and fund balance	<u>\$ 29,939</u>	<u>\$ 9,593</u>	<u>\$ 44,375</u>	<u>\$ 174,486</u>	<u>\$ 14,903</u>

FAIRFIELD COUNTY  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2010

	Railroad Track Maintenance	Clerk of Court Incentive	Clerk of Court	Victim Assistance	Fish Hook Housing
<b>ASSETS</b>					
Cash and cash equivalents	\$ 39,043	\$ 65,177	-	\$ 204,649	\$ 5,870
Due from other governmental units	-	1,347	7,953	-	-
Accounts receivable, net	-	-	-	-	-
Prepaid items	-	-	6,199	6	-
Total assets	<u>\$ 39,043</u>	<u>\$ 66,524</u>	<u>\$ 14,152</u>	<u>\$ 204,655</u>	<u>\$ 5,870.00</u>
<b>LIABILITIES</b>					
Accounts payable	-	-	\$ 175	-	-
Accrued expenses	-	-	1,720	2,469	-
Due to general fund	-	-	12,257	-	-
Total liabilities	-	-	14,152	2,469	-
<b>FUND BALANCE</b>					
Reserved for prepaid items	-	-	6,199	6	-
Unreserved, designated	39,043	66,524	(6,199)	202,180	5,870
Total fund balance	39,043	66,524	-	202,186	5,870
Total liabilities and fund balance	<u>\$ 39,043</u>	<u>\$ 66,524</u>	<u>\$ 14,152</u>	<u>\$ 204,655</u>	<u>\$ 5,870</u>

FAIRFIELD COUNTY  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2010

	Vehicle Replacement	Capital Improvement	911 Tariff	County Donations	Workforce Investment Act
<b>ASSETS</b>					
Cash and cash equivalents	\$ 597,238	\$ 1,505,891	\$ 319,530	\$ 6,312	\$ -
Due from other governmental units	-	-	-	-	57,596
Accounts receivable, net	-	-	8,418	-	-
Prepaid items	-	1,036	6,382	-	3,397
<b>Total assets</b>	<b>\$ 597,238</b>	<b>\$ 1,506,927</b>	<b>\$ 334,330</b>	<b>\$ 6,312</b>	<b>\$ 60,993</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 32	\$ 19,234	\$ 1,799	\$ -	\$ 5,884
Accrued expenses	-	-	-	-	3,795
Due to general fund	-	-	-	-	51,314
<b>Total liabilities</b>	<b>32</b>	<b>19,234</b>	<b>1,799</b>	<b>-</b>	<b>60,993</b>
<b>FUND BALANCE</b>					
Reserved for prepaid items	-	1,036	6,382	-	3,397
Unreserved, designated	597,206	1,486,657	326,149	6,312	(3,397)
<b>Total fund balance</b>	<b>597,206</b>	<b>1,487,693</b>	<b>332,531</b>	<b>6,312</b>	<b>-</b>
<b>Total liabilities and fund balance</b>	<b>\$ 597,238</b>	<b>\$ 1,506,927</b>	<b>\$ 334,330</b>	<b>\$ 6,312</b>	<b>\$ 60,993</b>

FAIRFIELD COUNTY  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2010

	Justice Assistance Grant	Buffer Zone Protection Program	Grant Subfunds	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	-	\$ 43,770	\$ 2,951,051
Due from other governmental units	110,228	139,000	25,632	451,145
Accounts receivable, net	-	-	4,868	13,567
Prepaid items	-	-	109	17,184
Total assets	<u>\$ 110,228</u>	<u>\$ 139,000</u>	<u>\$ 74,379</u>	<u>\$ 3,432,947</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 54,884	-	\$ 3,498	\$ 114,594
Accrued expenses	-	-	1,302	28,184
Due to general fund	55,344	139,000	29,669	287,584
Total liabilities	<u>110,228</u>	<u>139,000</u>	<u>34,469</u>	<u>430,362</u>
<b>FUND BALANCE</b>				
Reserved for prepaid items	-	-	109	17,184
Unreserved, designated	-	-	39,801	2,985,401
Total fund balance	<u>-</u>	<u>-</u>	<u>39,910</u>	<u>3,002,585</u>
Total liabilities and fund balance	<u>\$ 110,228</u>	<u>\$ 139,000</u>	<u>\$ 74,379</u>	<u>\$ 3,432,947</u>



FAIRFIELD COUNTY  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
 NONMAJOR SPECIAL REVENUE FUNDS  
 For the fiscal year ended June 30, 2010

	Tourism Promotion	Tourism Related	Airport	Transit System	Sheriff Seizure
<b>REVENUES</b>					
Taxes	\$ 27,888	\$ 60,423	\$ -	\$ -	\$ -
Intergovernmental	-	-	590,845	327,091	7,812
Licenses, permits, fines and fees	-	-	-	-	-
Charges for services	-	-	-	268,293	-
Investment income	-	-	-	-	115
Miscellaneous	-	-	-	-	-
Total revenues	<u>27,888</u>	<u>60,423</u>	<u>590,845</u>	<u>595,384</u>	<u>7,927</u>
<b>EXPENDITURES</b>					
General government	-	-	579,531	-	-
Public safety	-	-	-	-	-
Public works and utilities	-	-	-	-	-
Health and welfare	-	-	-	741,772	-
Judicial	-	-	-	-	-
Cultural and recreation	-	-	-	-	-
Non-departmental allocations	26,000	64,200	-	-	-
Total expenditures	<u>26,000</u>	<u>64,200</u>	<u>579,531</u>	<u>741,772</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	1,888	(3,777)	11,314	(146,388)	7,927
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	-	-	-	4,218	-
Transfers in	-	-	-	161,832	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,050</u>	<u>-</u>
Net change in fund balance	1,888	(3,777)	11,314	19,662	7,927
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>28,051</u>	<u>10,870</u>	<u>8,231</u>	<u>134,168</u>	<u>6,976</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 29,939</u>	<u>\$ 7,093</u>	<u>\$ 19,545</u>	<u>\$ 153,830</u>	<u>\$ 14,903</u>

**FAIRFIELD COUNTY**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the fiscal year ended June 30, 2010**

	Railroad Track Maintenance	Clerk of Court Incentive	Clerk of Court	Victim Assistance	Fish Hook Housing
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	8,203	99,132	-	5,870
Licenses, permits, fines and fees	-	-	-	41,826	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>8,203</b>	<b>99,132</b>	<b>41,826</b>	<b>5,870</b>
<b>EXPENDITURES</b>					
General government	-	-	-	-	-
Public safety	-	-	-	65,456	-
Public works and utilities	-	-	-	-	-
Health and welfare	-	-	-	-	-
Judicial	-	-	72,636	-	-
Cultural and recreation	7,766	-	-	-	-
Non-departmental allocations	-	-	-	-	-
<b>Total expenditures</b>	<b>7,766</b>	<b>-</b>	<b>72,636</b>	<b>65,456</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	(7,766)	8,203	26,496	(23,630)	5,870
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	15,000	-	-	-	-
Transfers out	-	-	(26,496)	-	-
<b>Total other financing sources (uses)</b>	<b>15,000</b>	<b>-</b>	<b>(26,496)</b>	<b>-</b>	<b>-</b>
Net change in fund balance	7,234	8,203	-	(23,630)	5,870
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>31,809</b>	<b>58,321</b>	<b>-</b>	<b>225,816</b>	<b>-</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 39,043</b>	<b>\$ 66,524</b>	<b>\$ -</b>	<b>\$ 202,186</b>	<b>\$ 5,870</b>

FAIRFIELD COUNTY  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
 NONMAJOR SPECIAL REVENUE FUNDS  
 For the fiscal year ended June 30, 2010

	Vehicle Replacement	Capital Improvement	911 Tariff	County Donations	Workforce Investment Act
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	29,500	66,688	-	275,574
Licenses, permits, fines and fees	-	-	178,400	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	10,112	-	-	1,500	41
<b>Total revenues</b>	<b>10,112</b>	<b>29,500</b>	<b>245,088</b>	<b>1,500</b>	<b>275,615</b>
<b>EXPENDITURES</b>					
General government	531,817	670,841	-	-	304,909
Public safety	-	-	-	-	-
Public works and utilities	-	-	-	-	-
Health and welfare	-	-	114,100	-	-
Judicial	-	-	-	-	-
Cultural and recreation	-	-	-	-	-
Non-departmental allocations	-	-	-	-	-
<b>Total expenditures</b>	<b>531,817</b>	<b>670,841</b>	<b>114,100</b>	<b>-</b>	<b>304,909</b>
Excess (deficiency) of revenues over (under) expenditures	(521,705)	(641,341)	130,988	1,500	(29,294)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	12,306	-	-	-	-
Transfers in	345,000	1,639,400	-	-	29,294
Transfers out	-	(343,079)	-	-	-
<b>Total other financing sources (uses)</b>	<b>357,306</b>	<b>1,296,321</b>	<b>-</b>	<b>-</b>	<b>29,294</b>
Net change in fund balance	(164,399)	654,980	130,988	1,500	-
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>761,605</b>	<b>832,713</b>	<b>201,543</b>	<b>4,812</b>	<b>-</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 597,206</b>	<b>\$ 1,487,693</b>	<b>\$ 332,531</b>	<b>\$ 6,312</b>	<b>\$ -</b>

FAIRFIELD COUNTY  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
 NONMAJOR SPECIAL REVENUE FUNDS  
 For the fiscal year ended June 30, 2010

	Justice Assistance Grant	Buffer Zone Protection Program	Grant Subfunds	Totals
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ 88,311
Intergovernmental	86,005	139,000	144,865	1,780,585
Licenses, permits, fines and fees	-	-	150	220,376
Charges for services	-	-	8,132	276,425
Investment income	-	-	-	115
Miscellaneous	-	-	12,397	24,050
<b>Total revenues</b>	<u>86,005</u>	<u>139,000</u>	<u>165,544</u>	<u>2,389,862</u>
<b>EXPENDITURES</b>				
General government	-	-	27,636	2,114,734
Public safety	92,568	139,000	67,107	364,131
Public works and utilities	-	-	23,063	23,063
Health and welfare	-	-	80,707	936,579
Judicial	-	-	-	72,636
Cultural and recreation	-	-	13,281	21,047
Non-departmental allocations	-	-	-	90,200
<b>Total expenditures</b>	<u>92,568</u>	<u>139,000</u>	<u>211,794</u>	<u>3,622,390</u>
Excess (deficiency) of revenues over (under) expenditures	(6,563)	-	(46,250)	(1,232,528)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	-	16,524
Transfers in	6,563	-	28,262	2,225,351
Transfers out	-	-	-	(369,575)
<b>Total other financing sources (uses)</b>	<u>6,563</u>	<u>-</u>	<u>28,262</u>	<u>1,872,300</u>
Net change in fund balance	-	-	(17,988)	639,772
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>57,898</u>	<u>2,362,813</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,910</u>	<u>\$ 3,002,585</u>

FAIRFIELD COUNTY  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECT FUNDS  
 JUNE 30, 2010

Schedule 10

	Road Improvement Program	Capital Project McMaster	Capital Improvements FY2008 GO Bonds	Total Nonmajor Capital Project Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 86,234	\$ 275,000	\$ -	\$ 361,234
Due from other governmental units	5,717	-	-	5,717
Total assets	<b>\$ 91,951</b>	<b>\$ 275,000</b>	<b>\$ -</b>	<b>\$ 366,951</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 2,743	\$ -	\$ -	\$ 2,743
Total liabilities	2,743	-	-	2,743
Fund balances:				
Unreserved, designated	89,208	275,000	-	364,208
Total fund balances	89,208	275,000	-	364,208
Total liabilities and fund balances	<b>\$ 91,951</b>	<b>\$ 275,000</b>	<b>\$ -</b>	<b>\$ 366,951</b>

FAIRFIELD COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECT FUNDS  
 For the year ended June 30, 2010

Schedule 11

	Road Improvement Program	Capital Project McMaster	Capital Improvements FY2008 GO Bonds	Total Nonmajor Capital Project Funds
<b>REVENUES</b>				
Intergovernmental	\$ 409,941	\$ -	\$ -	\$ 409,941
Total revenues	<u>409,941</u>	<u>-</u>	<u>-</u>	<u>409,941</u>
<b>EXPENDITURES</b>				
General government	-	-	65,741	65,741
Public works and utilities	405,873	-	-	405,873
Total expenditures	<u>405,873</u>	<u>-</u>	<u>65,741</u>	<u>471,614</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,068</u>	<u>-</u>	<u>(65,741)</u>	<u>(61,673)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	100,000	7,623	107,623
Transfers out	-	(119,410)	-	(119,410)
Total other financing sources (uses)	<u>-</u>	<u>(19,410)</u>	<u>7,623</u>	<u>(11,787)</u>
Net change in fund balances	4,068	(19,410)	(58,118)	(73,460)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>85,140</u>	<u>294,410</u>	<u>58,118</u>	<u>437,668</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 89,208</u>	<u>\$ 275,000</u>	<u>\$ -</u>	<u>\$ 364,208</u>

FAIRFIELD COUNTY  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
TRANSIT SYSTEM  
For the fiscal year ended June 30, 2010

Schedule 12

**REVENUES**

Federal	\$	287,184
State		39,907
Medicaid collections		256,865
Farebox		<u>11,428</u>
Total revenues		<u>595,384</u>

**EXPENDITURES**

Administration		
Salaries and fringe benefits		118,183
Consulting		175
Printing and binding		426
Office supplies		886
Travel		1,142
Utilities		6,847
Insurance		6,145
Telephone		3,962
Rental		126
Other		<u>35</u>
Total administration		<u>137,927</u>

Operations

Salaries and fringe benefits		43,107
Vehicle services		5,528
Other supplies		73,796
Medical fees		98
Rental		1,058
Other		<u>2,876</u>

Total operations		<u>126,463</u>
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Medicaid

Salaries and fringe benefits		209,373
Other supplies		6,738
Telephone		1,896
Medical fees		261
Rental		18,628
Other		<u>307</u>

Total medicaid		<u>237,203</u>
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FAIRFIELD COUNTY  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 TRANSIT SYSTEM  
 For the fiscal year ended June 30, 2010

Schedule 12

**EXPENDITURES, continued**

Capital		
Equipment		157,227
Salaries and fringe benefits		80,993
Other supplies		758
Rental		1,075
Other		<u>126</u>
Total capital		<u>240,179</u>
Total expenditures		<u>741,772</u>
(Deficiency) of revenues over expenditures		<u>(146,388)</u>

**OTHER FINANCING SOURCES**

Proceeds from sale of capital assets		4,218
Transfer in		<u>161,832</u>
Total other financing sources		<u>166,050</u>
Net change in fund balance		19,662

**FUND BALANCE, BEGINNING OF YEAR** 134,168

**FUND BALANCE, END OF YEAR** \$ 153,830



FAIRFIELD COUNTY  
 SCHEDULE OF COURT FINES, SURCHARGES AND ASSESSMENT ACTIVITY  
 VICTIMS ASSISTANCE  
 For the fiscal year ended June 30, 2010

Schedule 13

<b>COURT FINES</b>	
Collected	\$ 297,002
Retained by County	<u>161,003</u>
	<u>135,999</u>
<b>COURT ASSESSMENTS</b>	
Collected	291,435
Retained by County	<u>21,614</u>
	<u>269,821</u>
<b>COURT SURCHARGES</b>	
Collected	20,212
Retained by County	<u>20,212</u>
	<u>-</u>
<b>VICTIMS ASSISTANCE</b>	
Court assessments	21,614
Court surcharges	<u>20,212</u>
Allocated to Victims Assistance	41,826
Victims Assistance expenditures	<u>65,456</u>
Excess of expenditures over revenues	(23,630)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>225,816</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 202,186</u></u>

FAIRFIELD COUNTY  
 COMPUTATION OF LEGAL DEBT MARGIN  
 JUNE 30, 2010

Schedule 14

Assessed value (1)		<u>\$ 123,073,089</u>
Debt limit - 8% of assessed value (2)		\$ 9,845,847
Amount of debt applicable to debt limit (3):		
Total bonded debt	\$ 8,240,000	
Less: Debt service funds available	383,152	
Total debt applicable to debt limit		<u>7,856,848</u>
Legal debt margin		<u>\$ 1,988,999</u>

NOTES:

- (1) The assessed valuation shown is the assessed value at December 31, 2008 used for 2009 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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Fairfield County, South Carolina (the County) as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 22, 2010. 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.

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

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

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 22, 2010



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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, 2010. 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, 2010.

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

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 22, 2010

FAIRFIELD COUNTY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the year ended June 30, 2010

**I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

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

**Federal Awards**

- (a.) Internal control over major programs:
  - 1) Material weaknesses identified: None reported
  - 2) Significant deficiencies identified that are not considered to be material weaknesses: None reported
- (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 reported
- (d.) Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of federal program or cluster</u>
14.228	Community Development Block Grants
20.509	Formula Grants for Other than Urbanized Areas - ARRA
20.106	Airport Improvement Program

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



FAIRFIELD COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2010

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

NONE REPORTED

III. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS

NONE REPORTED

FAIRFIELD COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the fiscal year ended June 30, 2010

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Passed through South Carolina Department of Commerce		
Community Development Block Grants	14.228	<u>649,842</u>
Total U.S. Department of Housing and Urban Development		<u>649,842</u>
U.S. DEPARTMENT OF TRANSPORTATION		
Passed through the South Carolina Department of		
Highways & Public Transportation		
Federal Transit Formula Grants	20.507	129,148
Formula Grants for Other Than Urbanized Areas - ARRA	20.509	158,036
Passed through the South Carolina Department of		
Commerce/Division of Aeronautics		
Airport Improvement Program	20.106	<u>575,963</u>
Total U.S. Department of Transportation		<u>863,147</u>
U.S. DEPARTMENT OF JUSTICE		
Passed through South Carolina Law Enforcement Division		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	24,644
Edward Byrne Memorial Justice Assistance Grant Program/ Grants to Units of Local Government - ARRA	16.804	<u>61,361</u>
Total U.S. Department of Justice		<u>86,005</u>
U.S. DEPARTMENT OF HOMELAND SECURITY		
Passed through South Carolina Law Enforcement Division		
Buffer Zone Protection Program	97.078	<u>139,000</u>
Total U.S. Department of Homeland Security		<u>139,000</u>
U.S. DEPARTMENT OF LABOR		
Passed through South Carolina Employment Security Commission		
Workforce Investment Act - Adult Program	17.258	204,736
Workforce Investment Act - Dislocated Workers	17.260	70,754
Workforce Investment Act - Youth Activities - ARRA	17.259	<u>84</u>
Total Workforce Investment Act - Cluster		<u>275,574</u>
Total U.S. Department of Labor		<u>275,574</u>
U.S. DEPARTMENT OF AGRICULTURE		
National Forest Funds	10.672	<u>29,305</u>
Total U.S. Department of Agriculture		<u>29,305</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY		
Passed through South Carolina Adjutant General's Office		
Emergency Management Performance Grants	97.042	<u>39,331</u>
Total Federal Emergency Management Agency		<u>39,331</u>
Total federal awards (accrual basis of accounting)		<u>\$ 2,082,204</u>