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

JUNE 30, 2009

FAIRFIELD COUNTY WINNSBORO, SOUTH CAROLINA

Report on Financial Statements For the year ended June 30, 2009

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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, 2009, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, 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 23, 2009 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with government auditing standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and accompanying Schedule of Expenditures of Federal Awards, listed in the table of contents as other supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and accompanying Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Elliott Davis, LLC

Columbia, South Carolina December 23, 2009

FAIRFIELD COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

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, 2009. Please read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which immediately follow this section.

STATISTICAL DATA

- Approximately 687 square miles
- Within 30 miles of the geographic center of South Carolina
- Stable population of 24,047
- Bordered on the:
 - o South by Richland County whose county seat is Columbia, the state capital
 - o East by the Wateree River
 - o West by the Broad River
 - o North by Chester County
- Highways
 - o Serviced North and South by Interstate 77 and US Highways 321 and 21
 - o Serviced East and West by State Highways 34, 200, 213, 215, and 269
- Rail
 - o Serviced north and south by Norfolk Southern Rail Way
- Air
 - o 5,000-foot runway general aviation airport owned by Fairfield County and operated by a private contractor
- Governed by a 7 person County Council elected on a non-partisan basis from their respective districts. Operating under the State of South Carolina Home Rule, County Council has adopted the Council/Administrator form of government.

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

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

FINANCIAL HIGHLIGHTS

- The County's financial condition has continued to maintain revenues at a relatively constant level over this period.
- The County Administration correctly foresaw a revenue shortfall and developed the 2008-2009 budgets based on a modest millage increase.
- Net assets The County's governmental activities assets exceeded its liabilities at June 30, 2009 by \$33,177,217 (net assets). Of this amount, approximately \$19,571,012 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 \$3,332,556.
- **General fund** The principal operating fund of the County is the general fund. In fiscal year 2009, general fund revenues and other financing sources, which primarily consisted of property taxes, and intergovernmental revenues were \$21,821,479. Expenditures and net transfers out of the general fund were \$18,520,047. This resulted in an increase in the fund balance for the year of \$3,301,432.
- **General fund budget** The general fund actual revenues were greater than the final budget amounts by \$1,363,550 due primarily to greater than expected collections of property taxes and sales taxes. General fund actual expenditures were less than the final budget amounts by \$2,007,296. 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 35.

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 \$33,177,217 as of June 30, 2009.

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, 2009 and 2008.

	2009	2008 (Restated)	Percentage Change
Current assets Capital assets, net	\$ 23,319,896 16,086,375	\$ 21,122,850 15,451,261	10.4% 4.1%
Total assets	39,406,271	36,574,111	7.7%
Current liabilities Long-term liabilities	3,373,215 2,855,839	3,350,524 3,378,926	0.7% (15.5%)
Total liabilities	6,229,054	6,729,450	(7.4%)
Net assets Invested in capital assets, net of related debt Restricted Unrestricted	13,366,190 240,015 19,571,012	13,171,647 96,229 16,576,785	1.5% 149.4% 18.1%
Total net assets	<u>\$ 33,177,217</u>	<u>\$ 29,844,661</u>	11.2%

Change in net assets - The County's total revenues for the fiscal year ended June 30, 2009 were \$29,672,926. The total cost of all programs and services was \$26,340,370. The table below presents a summary of the activity that resulted changes in net assets for the fiscal years ended June 30, 2009 and 2008.

Compared to fiscal year 2008, the County's revenues decreased due primarily to the following:

- **Sale of property** In 2008, the Council sold the Hon Building, resulting in a gain of \$626,360. A similar sale of property was not made during 2009.
- Operating grants and contributions Operating grants and contributions In early 2009, the Fish Hook Housing and Lake Wateree Access grants were completed. These grants had total 2008 revenues of approximately \$913,000.
- **Investment income** Due to current financial market conditions, the County experienced decreases in their rate of interest earned on their deposits.

The County included substantially all of the above revenue decreases in its annual budget for fiscal year 2009. Therefore, expenses as reflected below also decreased as these additional funds were not available for various budgeted projects and County operations.

	2009	2008	Percentage Change
Revenues		(Restated)	<u> </u>
Program revenues		,	
Charges for services	\$ 2,676,455	\$ 3,045,066	(12.1%)
Operating grants and contributions	2,539,964	3,143,084	(19.2%)
Capital grants and contributions	-	150,000	(100.0%)
General revenues			
Property taxes and accommodations taxes	21,040,927	20,020,720	5.1%
Sales taxes	1,541,319	1,376,688	12.0%
Investment income	118,322	373,978	(68.4%)
Intergovernmental	1,429,438	1,487,219	(3.9%)
Gain (loss) on sale of capital assets	(8,233)	626,360	(101.3%)
Miscellaneous	334,734	679,353	(50.7%)
Total revenues	29,672,926	30,902,468	(4.0%)

	2009	2008	Percentage Change
		(Restated)	
Expenses			
General government	7,778,685	7,367,330	5.6%
Public safety	7,595,626	8,128,389	(6.6%)
Public works and utilities	3,105,084	2,567,282	20.9%
Health and welfare	3,419,196	3,894,137	(12.2%)
Judicial	1,034,854	1,010,712	2.4%
Cultural and recreation	762,497	714,152	6.8%
Non-department allocations	2,498,352	2,511,435	(0.5%)
Interest and fiscal charges	146,076	157,321	(7.1%)
Total expenses	26,340,370	26,350,758	0.0%
Increase decrease in net assets	\$ 3,332,556	\$ 4,551,710	(26.8%)

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

		Total	1	Vet (Expense)	
	-	Expenses		Revenue	
General government	\$	7,778,685	\$	(6,965,167)	
Public safety		7,595,626		(6,458,817)	
Public works and utilities		3,105,084		(1,181,508)	
Health and welfare		3,419,196		(2,676,829)	
Judicial		1,034,854		(555,688)	
Cultural and recreation		762,497		(641,514)	
Non-departmental allocations		2,498,352		(2,498,352)	
Interest and fiscal charges		146,076		(146,076)	
Total expenses	<u>\$</u>	26,340,370	<u>\$</u>	(21,123,951)	

The cost of all governmental activities this year was \$26,340,370. Expenses consist primarily of general government, public safety, public works and utilities, and health and welfare totaling \$7,778,685, \$7,595,626, \$3,105,084, and \$3,419,196, respectively. Net cost of governmental activities was \$21,123,951 which was financed by general revenues and beginning net assets. General revenues consist primarily of property and accommodations taxes of \$21,040,927.

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 \$20,602,918. Approximately \$9,968,870 or 48% of the fund balance is unreserved and undesignated and is available for spending at the County's discretion.

The general fund is the principal operating fund of the County. The increase in fund balance in the general fund for the fiscal year was \$3,301,432 which was the result of normal business operations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of June 30, 2009, the County had invested \$16,086,375 in capital assets, including land, buildings and improvements, infrastructure, vehicles, computers, and other equipment. Total depreciation expense for the year was \$2,129,519.

The schedule below presents capital asset balances, net of depreciation, for the fiscal year ended June 30, 2009.

Capital assets, not being depreciated	
Land	\$ 49,558
Construction in progress	79,501
	129,059
Capital assets, being depreciated	
Land improvements	20,860,125
Buildings	13,117,489
Infrastructure	1,106,890
Machinery and equipment	11,640,675
Software	330,159
	47,055,388
Less accumulated depreciation	(31,098,022)
Total capital assets being depreciated, net	15,957,316
Net capital assets	<u>\$ 16,086,375</u>

Debt Administration - At year-end, the County had \$2,435,000 in general obligation bonds and \$385,797 in capital leases of which \$1,067,994 is due within one year.

ECONOMIC FACTORS AND BUDGETARY PROJECTIONS

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

REQUEST FOR INFORMATION

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

FAIRFIELD COUNTY STATEMENT OF NET ASSETS JUNE 30, 2009

		Primary				
		Government		Compo	ient Un	its
	C	Sovernmental		Library		
ASSETS		Activities	<u>C</u>	ommission	F	ire District
Cash and cash equivalents	en en	10.545.100	Ф	6 00 5 04	•	
Taxes receivable, net	\$	19,547,192	\$	300,791	\$	
Accounts receivable, net		757,853		-		37,694
Investment - land and building		57,486		-		1,976
Due from component unit		1,225,892		-		-
Due from primary government		124,964		-		-
Due from other governmental units		1 522 041		15,857		656,856
Prepaid items		1,533,941		~		-
Capital assets		72,568		-		550
Land		40.550				
Construction in progress		49,558				-
• -		79,501		76,744		-
Land improvements Buildings		20,860,125		-		•
Infrastructure		13,117,489		-		-
		1,106,890		-		=
Machinery and equipment Books		11,640,675		324,796		-
				1,387,191		-
Software		330,159		-		-
Less accumulated depreciation	-	(31,098,022)		(1,200,134)		
Total capital assets net of accumulated depreciation		16,086,375		588,597		
Total assets	<u>\$</u>	39,406,271	<u>\$</u>	905,245	\$	697,076
LIABILITIES						
Accounts payable	\$	698,767	\$	_	\$	18,262
Accrued expenses		610,395		8,079		4,699
Due to tax payers		5,545		· -		_
Due to other agencies		280,793		-		-
Due to component units		672,713		-		_
Due to primary government		-		-		124,964
Due to other governmental units		9,335				-
Long-term liabilities						
Portion due or payable within one year:						
Compensated absences		27,673		_		_
Capital leases payable		122,994		-		-
Bonds payable		945,000		_		-
Portion due or payable after one year:						
Compensated absences		504,620		22,519		7,897
Capital leases payable		262,803		* .		-,
Bonds payable		1,490,000				-
Other post employment benefit obligation				-		-
		598,416	*******			-
Total liabilities		6,229,054		30,598		155,822
NET ASSETS						
Invested in capital assets, net of related debt Restricted for:		13,366,190		588,597		-
Debt service		240,015		_		
Component units		0,015		159,915		-
Unrestricted	***	19,571,012		126,135		541,254
Total net assets	\$	33,177,217	\$	874,647	\$	541,254

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

FAIRFIELD COUNTY STATEMENT OF ACTIVITIES For the fiscal year ended June 30, 2009

		Program	Program revenues	s	90	Primary government		Compon	Component units	10
		Charges for sales and	Оы	Operating grants and	S S	Governmental		Library		F
Expenses		service	9 00	contributions		activities	රි	Commission		District
\$ 7,778,685 7,595,626 3,105,084 3,419,196 1,034,854 762,497 2,498,352 146,076	<u>دم</u>	322,788 1,078,626 337,623 467,906 381,633 87,879	w	490,730 58,183 1,585,953 274,461 97,533 33,104	ω	(6,965,167) (6,458,817) (1,181,508) (2,676,829) (555,688) (641,514) (2,498,352) (146,076)				
519,973 1,045,986 1,565,959 \$ 27,906,329	8	13,858	45	91,000			s	(415,115)	S	(1,045,986)
General revenues: Property taxes Sales tax Accommodations tax County appropriations Investment income Intergovernmental Loss on sale of capital assets Miscellaneous	ux ons tal asse	ঠ			€	20,917,091 1,541,319 123,836 - 118,322 1,429,438 (8,233)	€9.	459,682 3,335 (1,619)	€9	1,029,147
Total general revenues Change in net assets	enues.					24,456,507		464,432		1,043,077
Net assets, beginning of year, as originally stated	of year,	as originally state	pa			28,859,394		825,330		1,529,430
Restatement Net assets, beginning of year, as restated	of year,	as restated				985,267		825,330		(985,267)
Net assets, end of year					s	33,177,217	59	874,647	S	541,254

Total governmental activities

Total component units

Total

Component units Library Commission Rural Fire District

Non-departmental allocations Interest and other charges

Cultural and recreation

Judicial

FUNCTIONS/PROGRAMS Governmental activities

General government

Public safety
Public works and utilities
Health and welfare

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

FAIRFIELD COUNTY BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2009

Total Governmental Funds	\$ 19,547,192 757,853 57,486 1,225,892 174,999 124,964 1,533,941 1,533,941	\$ 23,494,895	\$ 698,767 610,395 439,430 174,999 5,545 280,793 672,713	2,891,977	209,972 58,118	4,160,000 4,297,510 1,908,448	9,968,870	\$ 23,494,895
Nonmajor Governmental	\$ 2,896,003 47,831 11,422 - - 356,219 21,187	\$ 3,332,662	\$ 148,836 26,449 30,043 174,999	380,327	209,972	_ 2,362,813 379,550	2,952,335	3,332,662
EMS	2,051,076 89,919	2,141,385	50,009	206,688		1,934,697	1,934,697	2,141,385
	S	s l	69					S
W.B. Brown Industrial Park	505,405	1,731,297	2,399	202,399	T I	1,528,898	1,528,898	1,731,297
*	4	∞	₩					S
Capital Improvements GO Bonds	100,612	100,612	42,494	42,494	58,118	i i	58,118	100,612
lmI O	₩	S	69					S
General	13,994,096 620,103 46,064 174,999 124,964 1,177,643 51,070	16,188,939	455,029 483,746 352,908 5,545 80,793 672,713	2,060,069	1 1	4,160,000	9,968,870	16,188,939
	4	S	↔					S

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable Accrued expenses Deferred revenue

Due from component unit
Due from other governmental units

Prepaid items

Total assets

Accounts receivable, net Investment - land and building

Due from other funds

Cash and cash equivalents

Taxes receivable, net

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

Capital projects funds Unreserved, undesignated for, reported in:

Special revenue funds

General fund

Total liabilities and fund balances

Total fund balances

General fund

Unreserved, designated for, reported in:

Capital outlay

Debt service

Fund balances: Reserved for:

Due to other governmental units

Total liabilities

Due to component units

Due to general fund Due to tax payers Due to other agencies

Exhibit 4

\$ 33,177,217

FAIRFIELD COUNTY RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS JUNE 30, 2009

Total governmental fund balances			\$ 20,602,918
Amounts reported for governmental activities in the statement of net assets are different because of the following:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:			
Land	\$	49,558	
Construction in progress		79,501	
Land improvements	2	20,860,125	
Buildings	1	3,117,489	
Infrastructure		1,106,890	
Machinery and equipment	1	1,640,675	
Software		330,159	
Less accumulated depreciation	(3	1,098,022)	
			16,086,375
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.			439,430
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:			
Accrued compensated absences		(532,293)	
Capital leases payable		(385,797)	
Bonds payable	(2,435,000)	
Other post employment benefit obligation	ì	(598,416)	
		<u> </u>	 (3,951,506)

Net assets of governmental activities

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

For the fiscal year ended June 30, 2009

Capital W.B. Brown Total Improvements Industrial GO Bonds Park EMS Governmental Funds		\$ 17,316,219 \$ - \$ - \$ 7,240,968 \$ 1,287,821 \$ - 0.00	170.00%		3,353,364	641,007 - 243,178 884,185			17.179 44.068	000 til	21,820,928 - 3,240,697 4,413,615 29,475,240		5,229,279 1,583,577 38,092 - 1,538,467 8,380,415	2,907,283	058 607 1	763.078	010627		\$70°F	2,498,352	- 520,000		17,533,742 1,583,577 38,092 2,907,283 5,432,839 27,495,533	4,287,186 (1,583,577) (38,092) 333,414 (1,019,224) 1,979,707	į	551	100,000 - 1,058,302	(71,997)	(985,754) - 100,000 (100,000) 986,305 551	3,301,432 (1,583,577) 61,908 233,414 (32,919) 1,980,258		1,927,438 1,641,695 1,466,990 1,701,283 2,985,254 18,622,660
о вудрудиться	KEVENUES	Taxes	Sales tax	Intergovernmental	Thomses memorite flower and these	Lacenses, permits, lines and lees	Charges for services	Investment income	Miscellaneous		Total revenues	EXPENDITURES	General government	Public safety	Public works and utilities	Health and welfare	Judicial	Cultural and recreation	Non-departmental allocations	Debt service	Principal retirement - general obligation bonds	Interest and fiscal charges	Total expenditures	Excess (deficiency) of revenues over (under) expenditures	OTHER FINANCING SOURCES (USES)	Proceeds from sale of capital assets	Transfers in	Transfers out	Total other financing sources (uses)	Net change in fund balances	FUND BALANCES, BEGINNING OF YEAR	

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

Exhibit 6

For the fiscal year ended June 30, 2009

Total net change in fund balance - governmental funds	\$ 1,980,258
Amounts reported for governmental activities in the statement of activities are different because of the following:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	2,773,417
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.	(2,129,519)
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.	
Loss on sale of capital assets Proceeds from sale of capital assets	(8,233) (551) (8,784)
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.	205,919
Repayment of principal on bonds, notes payable, and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	1,106,833
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.	
Decrease in accrued compensated absences Increase in other post employment benefit obligation	2,848 (598,416)
Change in net assets of governmental activities	\$ 3,332,556

Exhibit 7

FAIRFIELD COUNTY STATEMENT OF FIDUCIARY NET ASSETS JUNE 30, 2009

ASSETS

Cash and cash equivalents	\$	8,877,848				
Taxes receivable		966,604				
Due from other governmental units		869				
Total assets	\$	9,845,321				
LIABILITIES						
Accounts payable	\$	176				
Due to individuals		706,948				
Due to other governments/governmental agencies	· · · · · · · · · · · · · · · · · · ·	9,138,197				
Total liabilities	\$	9,845,321				

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

A. Reporting Entity

Discretely Presented Component Units - Using the criteria of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the County has two discretely presented component units and all have a June 30 fiscal year end.

<u>Fairfield County Library Commission</u> - 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.

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.

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

The government reports the following major governmental funds:

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

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

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

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

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

Additionally, the government reports the following nonmajor fund types:

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

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

The *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.

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

Reporting Entity

In accordance with Governmental Accounting Standards Board Statement Number 14, this report includes all funds, account groups, organizations, institutions, agencies, departments and offices that are not legally separate from the County. Legally separate entities, referred to as component units, are 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 No. 33, Accounting and Financial Reporting for Non-Exchange Transactions, to account for non-exchange revenues. Nonexchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: delinquent taxes collected within 60 days of fiscal year end, sales tax, grants, interest, fees and charges for service.

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

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2009, but which have not met the revenue recognition criteria, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

D. Assets, Liabilities and Equity

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

State statutes authorize the County to invest in:

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

D. Assets, Liabilities and Equity - (Continued)

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

At June 30, 2009, 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:

					No	n Major				
	(General		General		EMS	Gov	ernmental	 Total	
Taxes	\$	689,003	\$	99,910	\$	53,146	\$ 842,059			
Accounts		46,064		914,121		11,422	 971,607			
Gross		735,067		1,014,031		64,568	1,813,666			
Less:										
Allowance - taxes		68,900		9,991		5,315	84,206			
Allowance - accounts				914,121		_	 914,121			
Net receivables	<u>\$</u>	666,167	\$	89,919	\$	59,253	\$ 815,339			

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

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

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

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

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

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

D. Assets, Liabilities and Equity - (Continued)

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Equity - (Continued)

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

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

Property Taxes - The County follows Governmental Accounting Standards Board (GASB) Statement Number 33, *Accounting and Financial Reporting for Non-exchange Transactions* to account for non-exchange revenues that primarily consist of imposed non-exchange revenues or ad valorem taxes. Under the standard, a receivable is recorded when an enforceable legal claim for property taxes has arisen and revenue is recognized when the resources are available.

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

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

- 1) Prior to the first 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.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, (Continued)

- 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, 2009, 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.

<u>Custodial Credit Risk - Deposits</u> - Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. At June 30, 2009, the carrying amount of the County's deposits was \$20,677,652 and the bank balance was \$20,893,605.

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, 2009, all of the County's bank balance was insured or collateralized.

As of June 30, 2009, the County held the following investments:

Investment Type Fair
Value Maturities

South Carolina local government investment pool \$ 7,747,388 N/A

<u>Interest Rate Risk</u> - 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.

NOTE 1 - DEPOSITS AND INVESTMENTS - (Continued)

<u>Credit Risk</u> - The County has no investment policy that would further limit its investment choices other than State law. As of June 30, 2009, 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

<u>Concentration of Credit Risk</u> - 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, 2009 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental	\$ 174,999

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

Any transactions to transfer revenues from the fund budgeted to receive them to the fund budgeted to expend them are reported as transfers from and to other funds. Total transfers during the year ended June 30, 2009 consisted of the following individual amounts:

Transfer In Fund	Transfer Out Fund		Amount
General Fund	Nonmajor Governmental	\$	71,997
General Fund	EMS		100,000
Nonmajor Governmental	General Fund		1,058,302
W.B. Brown Industrial Park	General Fund		100,000
		\$	1,330,299

NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governments at June 30, 2009 in the governmental type funds consisted of the following:

	State		Federal	 Total	
General Fund	\$ 1,177,643	\$	_	\$ 1,177,643	
EMS	79		-	79	
Nonmajor Governmental	90,119		266,100	 356,219	
	<u>\$ 1,267,841</u>	<u>\$</u>	<u> 266,100</u>	\$ 1,533,941	

NOTE 4 - CAPITAL ASSETS

Primary Government

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2009:

	Balan									Balance,
	June 30	, 2008	F	Restatement_		Additions	I	Retirement		ine 30, 2009
Capital assets, not being depreciated Land Construction in progress		49,558 <u>36,340</u>	\$	- H =	\$	- 1,561,255	\$	(2,618,094)	\$	49,558 79,501
Total capital assets, not being depreciated	1,1	85,898		-		1,561,255		(2,618,094)		129,059
Capital assets, being depreciated Land improvements Buildings Infrastructure Machinery and equipment Software	11,3 1,1 7,7	10,206 50,219 06,890 88,787 30,159		58,373 - - 2,894,848		1,091,546 1,781,670 - 957,040		(14,400)		20,860,125 13,117,489 1,106,890 11,640,675 330,159
Total capital assets, being depreciated		<u>86,261</u>		2,953,221		3,830,256		(14,400)		47,055,338
Accumulated depreciation	(27,0	06 <u>,165</u>)		(1,967,954)		(2,129,519)		5,616		(31,098,022)
Total capital assets, being depreciated, net	13,2	80,096		985,267		1,700,737		(8,784)		15,957,316
Net capital assets	<u>\$ 14,4</u>	<u>65,994</u>	\$	985,267	<u>\$</u>	3,261,992	<u>\$</u>	(2,626,878)	<u>\$</u>	16,086,375
						0.11				

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

General government	\$	1,622,730
Public safety		241,934
Public works and utilities		13,240
Health and welfare		243,012
Cultural and recreation		8,603
	•	2 129 519

NOTE 4 - CAPITAL ASSETS - (Continued)

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, 2009:

,	Balance, June 30, 2008	Additions	Retirement	Balance June 30, 2009	
Capital assets, not being depreciated Construction in progress	\$ 76,744	\$	\$	\$ 76,744	
Capital assets, being depreciated Books Machinery and equipment	1,348,057 323,901	73,714 4,944	(34,580) (4,049)	1,387,191 324,796	
Total capital assets, being depreciated	1,671,958	78,658	(38,629)	1,711,987	
Accumulated depreciation Books Machinery and equipment	(889,707) (273,677)	(49,748) (24,012)	34,580 2,430	(904,875) (295,259)	
Less accumulated depreciation	(1,163,384)	(73,760)	37,010	(1,200,134)	
Total capital assets, being depreciated, net	508,574	4,898	(1,619)	511,853	
Net capital assets	\$ 585,318	<u>\$4,898</u>	<u>\$(1,619)</u>	\$ 588,597	

The following is a summary of the changes in capital assets for the Fire District for the fiscal year ended June 30, 2009:

J.									
	Balance, me 30, 2008		Restatement		Additions		Retirement	_Ju	Balance, ne 30, 2009
Capital assets, being depreciated Machinery and equipment Land improvements	\$ 2,894,848 58,37 <u>3</u>	\$	(2,894,848) (58,373)	\$	-	\$	-	\$	<u>-</u>
Total capital assets, being depreciated	 2,953,221	_	(2,953,221)				-		•
Accumulated depreciation Machinery and equipment Land improvements	 (1,963,089) (4,865)		1,963,089 4,865	_	- -	***************************************	<u>-</u>		-
Less accumulated depreciation	 (1,967,954)		1,967,954	_					_
Net capital assets	\$ 985,267	<u>\$</u>	(985,267)	<u>\$</u>	- Jen	<u>\$_</u>	-	\$	ber

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, 2009, the County recorded a due from the Fire District of \$124,964. Payments on the lease did not begin until fiscal year 2008.

NOTE 5 - CAPITAL LEASE - (Continued)

Capital lease machinery and equipment held by the County as of June 30, 2009 is as follows:

Machinery and equipment	\$	407,003
Less: accumulated depreciation	##.W.	207,086
Carrying value	<u>\$</u>	199,917

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2009 were as follows:

2010 2011	Þ	140,316 140,316
2012 Total minimum lease payments		140,316 420,948
Less - amount representing interest Present value of minimum lease payments		35,151 385,797

Capital lease payable at June 30, 2009 is comprised of the following individual lease:

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

385,797

Annual requirements to amortize the capital lease outstanding at June 30, 2009, are as follows:

Year Ended June 30,	 <u>Principal</u>]	nterest	Total		
2010 2011 2012	\$ 122,994 128,516 134,287	\$	17,322 11,800 6,029	\$	140,316 140,316 140,316	
	\$ 385,797	<u>\$</u>	35,151	<u>\$</u>	420,948	

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, 2009:

Constant all least an	Balance, June 30, 2008 Add		Additions Retirement		Balance, June 30, 2009		Due in less than one year		Due in more than one year			
General obligation bonds	Ф	3,355,000	P		\$	(920,000)	e	2,435,000	ď	945,000	ø	1 400 000
Notes payable	Φ	69,124	Ф	-	Ф	(69,124)	Ф	2,433,000	Ф		\$	1,490,000
Capital lease		503,506		-		(09,124) $(117,709)$		385,797		- 122,994		262,803
Accrued compensated		202,200		-		(117,709)		363,797		122,994		202,803
absences		535,141		27,986		(30,834)		532,293		27,673		504.620
Total long-term debt	•	4,462,771	•	27,986	Φ.	(1,137,667)	•	2 252 000	e e	1,095,667	σ.	2 257 422
rotar long-term debt	<u>.D</u>	4,404,771	<u>.D</u>	47,900	D	(1,13/,00/)	<u>D</u>	<u>3,353,090</u>	D	1,095,007	₽	2,257,423

General obligation bonds consist of the following at June 30, 2009:

\$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%

\$ 875,000

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

1,560,000

\$ 2,435,000

The annual requirements to amortize all general obligation bonds outstanding at June 30, 2009, including interest payments over the life of the debt are as follows:

Year Ended June 30	<u>Principal</u>	Interest	Total
2010 2011 2012	\$ 945,000 970,000 520,000	\$ 104,434 62,956 20,283	\$ 1,049,434 1,032,956 540,283
	\$ 2,435,000	<u>\$ 187,673</u>	\$ 2,622,673

NOTE 7 - NET ASSETS

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

Net Assets		
Invested in capital assets, net of related debt:		
Net capital assets	\$	16,086,375
General obligation bonds		(2,435,000)
Capital leases		(385,797)
Add: unspent bond proceeds	_	100,612
		13,366,190
Restricted for capital activity and debt service:		
Restricted cash and receivables		
Debt service		240,015
Capital improvements		100,612
Less: unspent bond proceeds		(100,612)
		240,015
Unrestricted		19,571,012
Total net assets	<u>\$</u>	33,177,217

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.

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.

IV. OTHER INFORMATION

NOTE 8 - RETIREMENT BENEFITS - (Continued)

SCRS is a cost-sharing multiple-employer pension system that benefits employees of public schools, the State and its political subdivisions. Membership is required as a condition of employment. Both employers and employees must contribute. Employees contribute at 6.5% (6.5% for the years ended June 30, 2008 and 2007, respectively) and employers at 9.24% (9.06% and 8.05% for the years ended June 30, 2008 and 2007, 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, 2009 (includes group life insurance for both plans and accidental death insurance for the Police Plan).

Year Ended June 30,	Plan		Employee Contributions		1 2			<u>C</u> c	Total ontributions
2009	Regular Police	\$	449,629 173,263	\$	652,568 294,551	\$	1,102,197 467,814		
2008	Regular Police		431,943 171,858		614,867 282,904		1,046,810 454,762		
2007	Regular Police		401,809 167,054		510,027 274,997		911,836 442,051		

IV. OTHER INFORMATION

NOTE 8 - RETIREMENT BENEFITS - (Continued)

Employees eligible for service retirement may participate in the Teacher and Retiree Incentive Program (TERI). TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the period, they do not make SCRS contributions, do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2006, TERI participants who entered the program before July 1, 2005 do not have to contribute to SCRS as long as they are covered under the TERI program.

NOTE 9 - DEFERRED COMPENSATION/SALARY DEFERRAL PLAN

Several optional deferred compensation plans are available to County employees. Certain employees of Fairfield County have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k) and 403(b) are accounted for as agency funds of the State and included in the Comprehensive Annualized Financial Report of the State of South Carolina. Employees may withdraw the current value of their contributions when they terminate County employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

Compensation deferred under the Section 401(k) and 403(b) plans are placed in trust for the contributing employee. The State has no liability for losses under the plans. Under the Section 457 plan, all deferred compensation plan amounts and earnings remain assets of the State subject to the claims of the employer's general creditors, one of whom is the employee participant. It is unlikely, however, that the State would ever use plan assets to satisfy claims of the State's general creditors. The portion of assets of the Section 457 plan to which the State has access is disclosed in its financial report.

NOTE 10 - 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, 2009, the County recognized approximately \$213,600 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 Statement 45. 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 Amortization of unamortized accrued liability	\$ 400,361 411,655
Annual Required Contribution (ARC) Interest on net OPEB obligation Adjustment to annual required contribution	812,016
Annual OPEB cost Contributions made	812,016 (213,600)
Increase in net OPEB obligation Net obligation, beginning of year	598,416
Net obligation, end of year	<u>\$ 598,416</u>

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

		Percentage	
Fiscal		of Annual	
Year	Annual	OPEB Cost	Net OPEB
Ending	OPEB Cost	Contributed	Obligation
2009	\$ 812,016	26.30%	\$ 598,416

Funded Status and Funding Progress - As of January 1, 2009, the most recent actuarial valuation date, the plan was 0.0% funded. 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) was \$9,609,888, and the ratio of the UAAL to the covered payroll was 103%.

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. 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. The remaining amortization period at June 30, 2009 was 30 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, 2009, the County incurred costs totaling \$581,669 (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, 2009, the total cost included in the financial statements of Fairfield County was approximately \$274,191.

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

NOTE 13 - ECONOMIC DEPENDENCY

The County received a substantial portion of its property tax revenues from a single taxpayer, South Carolina Electric and Gas (SCANA Corporation). Of the total tax revenues of \$17,316,219 recorded in the general fund for the year ended June 30, 2009, \$6,766,539 was generated from SCANA Corporation due to its operation of the VC Summer Nuclear Plant. This represents 39% of total tax revenues collected. Consequently, the funding of County operations is heavily dependent on property tax revenues collected from SCANA Corporation.

NOTE 14 - INVESTMENT - LAND AND BUILDING

During the fiscal year 2008, the County acquired land for the construction of a building within the W.B. Brown Industrial Park. As of June 30, 2009, the building was substantially completed with an appraised value of \$1,326,000. The County intends to sell the building to a private company which would potentially contribute to the County's property tax base and its overall economic development. As of the date of this report, the building was listed for sale.

Because the building was constructed for future sale rather than for use in County operations, the cost of the land and building as of June 30, 2009 has been reported as an investment and not an addition to capital assets.

IV. OTHER INFORMATION - (Continued)

NOTE 15 - PRIOR PERIOD RESTATEMENT

All capital assets of the Fire District are owned by the County pursuant to the County ordinance which created the Fire District. Accordingly, all capital assets previously recorded on the Fire District's financial statements have been restated to be properly reflected within the County's financial statements. The total cost and accumulated depreciation of the assets were \$2,953,221 and \$1,967,954, respectively, at June 30, 2008.

The County has recorded a prior period restatement related to the above condition to increase capital assets and net assets invested in capital assets, respectively, as of June 30, 2008 by \$985,267.

NOTE 16 - SUBSEQUENT EVENT

County Council approved the issuance of general obligation bonds (the Bonds) in the amount of \$6.75 million. The Bonds are due with interest only payments for the first two years and the first principal payment commencing on March 1, 2012. The proceeds from the sale of the bonds will be used on capital expenditures for the benefit of the County. The County anticipates the Bonds to be issued on December 29, 2009.

FAIRFIELD COUNTY BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) GENERAL FUND

For the fiscal year ended June 30, 2009

	Budgeter	d Amounts		Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 16,584,682	\$ 16,584,682	\$ 17,316,219	\$ 731,537
Sales tax	864,000	864,000	1,541,319	677,319
Intergovernmental	1,486,000	1,486,000	1,429,438	(56,562)
Licenses, permits, fines and fees	775,721	775,721	641,007	(134,714)
Charges for services	357,450	357,450	496,136	138,686
Investment income	339,500	339,500	118,322	(221,178)
Miscellaneous	50,025	50,025	278,487	228,462
Total revenues	20,457,378	20,457,378	21,820,928	1,363,550
EXPENDITURES				
General government				
County Council	289,237	289,237	266,898	22,339
County Attorney	116,152	164,668	164,137	531
County Administrator	233,365	233,365	226,041	7,324
Finance	490,422	569,573	541,804	27,769
Human resources	265,678	334,334	331,536	2,798
Purchasing	150,387	150,387	124,759	25,628
Data processing	396,770	396,770	338,111	58,659
General operating	2,851,831	2,306,765	1,255,134	· ·
Tax assessor	294,815	* . *		1,051,631
Tax collector	· ·	317,546	289,251	28,295
	112,759	118,714	115,094	3,620
Building maintenance	429,541	467,569	454,751	12,818
Planning and building	243,343	243,343	234,326	9,017
Transit	128,895	134,314	133,066	1,248
Economic development	143,485	143,485	114,316	29,169
Auditor	108,137	108,137	102,381	5,756
Treasurer	131,905	143,926	139,280	4,646
Voter registration / Election Commission	133,689	155,467	145,310	10,157
Veterans Affairs	87,832	87,832	79,994	7,838
Delegation	2,579	2,587	2,586	1
Building improvements	258,500	258,500	119,804	138,696
Airport Commission	47,350	50,707	50,700	7
Total general government	6,916,672	6,677,226	5,229,279	1,447,947
Public safety				
Sheriff	2,767,162	2,767,162	2,665,236	101,926
Detention center	1,598,983	1,624,256	1,595,493	28,763
Animal control	162,306	176,493	173,251	3,242
Coroner	72,623	72,623	63,428	9,195
Total public safety	4,601,074	4,640,534	4,497,408	143,126
Public works and utilities				
Road maintenance division	_	_	57,000	(\$7 000)
Water projects	1,243,153	1 259 725		(57,000)
		1,258,735	1,246,578	12,157
Total public works and utilities	1,243,153	1,258,735	1,303,578	(44,843)
Health and welfare				
Fairfield County Department of Social Services	60,100	63,264	63,261	3
Emergency medical management	670,733	673,930	586,240	87,690
Solid waste	2,015,848	2,047,507	1,781,975	265,532
Total health and welfare	2,746,681	2,784,701	2,431,476	353,225

FAIRFIELD COUNTY BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) GENERAL FUND

For the fiscal year ended June 30, 2009

	Budgeted A	mounts		Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES, Continued				
Judicial				
Probate Judge	148,086	148,928	147,144	1,784
Clerk of Court	275,673	275,673	254,821	20,852
Family court	114,453	116,332	114,836	1,496
Magistrates	450,883	450,883	425,119	25,764
Total judicial	989,095	991,816	941,920	49,896
Cultural and recreation				
Recreation	698,767	694,221	661,709	32,512
Museum	66,488	67,445	64,220	3,225
Total cultural and recreation	765,255	761,666	725,929	35,737
Non-departmental allocations	2,279,108	2,426,360	2,404,152	22,208
Total expenditures	19,541,038	19,541,038	17,533,742	2,007,296
Excess of revenues over expenditures	916,340	916,340	4,287,186	3,370,846
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	20,000	20,000	551	(19,449)
Transfers in	100,000	100,000	171,997	71,997
Transfers out	(1,171,596)	(1,171,596)	(1,158,302)	13,294
Total other financing sources (uses)	(1,051,596)	(1,051,596)	(985,754)	65,842
Net change in fund balance	(135,256)	(135,256)	3,301,432	3,436,688
FUND BALANCE, BEGINNING OF YEAR			10,827,438	
FUND BALANCE, END OF YEAR			\$ 14,128,870	

FAIRFIELD COUNTY SCHEDULE OF FUNDING PROGRESS FOR THE OTHER POST EMPLOYMENT BENEFIT PLAN JUNE 30, 2009

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%

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

		Jonmajor Debt Service		Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds		Total Nonmajor overnmental Funds
ASSETS							
Cash and cash equivalents	\$	192,143	\$	2,321,207	\$ 382,653	\$	2,896,003
Taxes receivable, net		47,831		-	-		47,831
Accounts receivable, net		-		9,723	1,699		11,422
Due from other governmental units		41		354,169	2,009		356,219
Prepaid items		-		21,187	 -		21,187
Total assets	\$	240,015	<u>\$</u>	2,706,286	\$ 386,361	\$	3,332,662
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	-	\$	142,025	\$ 6,811	\$	148,836
Accrued expenses		-		26,449	_	1,4500	26,449
Deferred revenue		30,043		· -	-		30,043
Due to general fund		· · · · · · · · · · · · · · · · · · ·		174,999	 -		174,999
Total liabilities	_	30,043		343,473	 6,811		380,327
Fund balances:							
Reserved for debt service		209,972		-	-		209,972
Unreserved, designated for, reported in:							,
Special revenue funds		-		2,362,813	-		2,362,813
Capital projects funds		-		-	 379,550		379,550
Total fund balances		209,972	_	2,362,813	 379,550		2,952,335
Total liabilities and fund balances	\$	240,015	<u>\$</u>	2,706,286	\$ 386,361	\$	3,332,662

FAIRFIELD COUNTY COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

For the year ended June 30, 2009

DEMENATO		Nonmajor Debt Service	S R	onmajor Special evenue Funds		Ionmajor Capital Project Funds		Total Nonmajor vernmental Funds
REVENUES	Ф	1 100 00=	Φ.	00.004	45			
Taxes	\$	1,193,927	\$	93,894	\$	-	\$	1,287,821
Intergovernmental		-		980,145		1,559,819		2,539,964
Licenses, permits, fines and fees		•		243,178		-		243,178
Charges for services		-		298,584		-		298,584
Miscellaneous		-		42,369		1,699		44,068
Total revenues		1,193,927		1,658,170		1,561,518		4,413,615
EXPENDITURES								
General government		-		1,538,467		-		1,538,467
Public safety		-		139,739		-		139,739
Public works and utilities		-		133,283		1,576,567		1,709,850
Health and welfare		-		763,078		_		763,078
Judicial		-		66,800		-		66,800
Cultural and recreation		-		54,629		-		54,629
Non-departmental allocations Debt service		-		94,200		-		94,200
Principal retirement - general obligation bonds		920,000		_		_		920,000
Interest and fiscal charges		146,076		-		-	_	146,076
Total expenditures		1,066,076		2,790,196		1,576,567		5,432,839
Excess (deficiency) of revenues								
over (under) expenditures		127,851		1,132,026)		(15,049)		(1,019,224)
OTHER FINANCING SOURCES (USES)								
Transfers in		-		958,302		100,000		1,058,302
Transfers out		-		(71,997)		-		(71,997)
Total other financing sources (uses)		-		886,305		100,000		986,305
Net change in fund balances		127,851		(245,721)		84,951		(32,919)
FUND BALANCES, BEGINNING OF YEAR		82,121	2	2,608,534		294,599		2,985,254
FUND BALANCES, END OF YEAR	<u>\$</u>	209,972	\$ 2	2,362,813	\$	379,550	\$	2,952,335

FAIRIFIELD COUNTY COMPARATIVE BALANCE SHEETS GENERAL FUND

	JUI	NE 30,
	2009	2008
ASSETS		
Cash and cash equivalents	\$ 13,994,096	\$ 10,637,00
Taxes receivable, net	620,103	423,40
Accounts receivable, net	46,064	124,51
Due from other funds	174,999	550,42
Due from component unit	124,964	167,05
Due from other governmental units	1,177,643	693,93
Prepaid items	51,070	139,69
Total assets	<u>\$ 16,188,939</u>	\$ 12,736,03
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 455,029	\$ 393,44
Accrued expenses	483,746	402,63
Deferred revenue	352,908	185,79
Due to tax payers	5,545	7,182
Due to other agencies	80,793	241,20
Due to component units	672,713	666,71
Due to other governmental units	9,335	11,632
Total liabilities	2,060,069	1,908,592
Fund balances:		
Unreserved, designated	4,160,000	4,160,000
Unreserved, undesignated	9,968,870	6,667,438
Total fund balances	14,128,870	10,827,438
Total liabilities and fund balances	\$ 16,188,939	\$ 12,736,030

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

nded
J

	Ju	ne 30,
	2009	2008
REVENUES		
Taxes	\$ 17,316,219	\$ 16,530,827
Sales tax	1,541,319	1,376,688
Intergovernmental	1,429,438	1,487,219
Licenses, permits, fines and fees	641,007	853,332
Charges for services	496,136	553,438
Investment income	118,322	373,978
Miscellaneous	278,487	210,270
iviiscendiicous		210,270
Total revenues	21,820,928	21,385,752
EXPENDITURES		
General government	5,229,279	5,253,933
Public safety	4,497,408	4,503,194
Public works and utilities	1,303,578	1,238,835
Health and welfare	2,431,476	2,412,252
Judicial	941,920	929,051
Cultural and recreation	725,929	699,658
Non-departmental allocations	2,404,152	2,481,005
Total expenditures	17,533,742	17,517,928
Excess revenues over expenditures	4,287,186	3,867,824
OTHER FINANCING SOURCES (USES)		
Proceeds from sale of capital assets	551	844,913
Transfers in	171,997	31,843
Transfers out	(1,158,302)	(2,198,090)
Total other financing uses	(985,754)	(1,321,334)
Net change in fund balances	3,301,432	2,546,490
FUND BALANCE, JULY 1	10,827,438	8,280,948
FUND BALANCE, JUNE 30	<u>\$ 14,128,870</u>	<u>\$ 10,827,438</u>

FAIRFIELD COUNTY COMBINING BALANCE SHEET SPECIAL REVENUE FUNDS JUNE 30, 2009

	T Pr	Tourism Promotion		Tourism Related		Airport		Transit System		Sheriff Seizure
ASSETS Cash and cash equivalents Due from other governmental units Accounts receivable, net	S	28,051	↔	13,370	↔	- 88,130 -	S	87,260 78,925	€	6,976
Prepaid items Total assets	w	28,051	S	13,370	8	88,130	69	72	8	6,976
LIABILITIES Accounts payable Accrued expenses Due to general fund	89	1 1 1	8	2,500	\$	78,074	8	13,417	8	1 1 1
Total liabilities		1		2,500		79,899		32,089		1
FUND BALANCE Unreserved, designated		28,051		10,870		8,231		134,168		6,976
Total fund balance		28,051		10,870		8,231		134,168		6,976
Total liabilities and fund balance	S	28,051	S	13,370	S	88,130	S	166,257	∞	926,9

FAIRFIELD COUNTY COMBINING BALANCE SHEET SPECIAL REVENUE FUNDS JUNE 30, 2009

	Rail	Railroad Track	0	Clerk of Court				Victim		Sheriff COP
	Ms	Maintenance	ol In	Incentive	Clerk	Clerk of Court	7	Assistance		Grant
ASSETS										
Cash and cash equivalents	69	29,245	69	57,139	89	1	59	228,239	69	•
Due from other governmental units		1		1,182		8,313		•		1
Accounts receivable, net		,		•		1		ı		1
Prepaid items		2,564		1		5,531		9	j	Ų
Total assets	S	31,809	S	58,321	S	13,844	S	228,245	S	1
LIABILITIES										
Accounts payable	S	1	S		S	175	€9	293	\$	•
Accrued expenses		i		•		1,312		2,136		•
Due to general fund		-		1		12,357		l		1
Total liabilities		1				13,844		2,429		\$
FUND BALANCE										
Unreserved, designated		31,809		58,321		1		225,816		8
Total fund balance		31,809		58,321		•		225,816		t
Total liabilities and fund balance	S	31,809	∽	58,321	ø	13,844	S	228,245	S	J

FAIRFIELD COUNTY COMBINING BALANCE SHEET SPECIAL REVENUE FUNDS JUNE 30, 2009

Sheriff Seizure	6,976	926'9	· · · ·		6,976	
 		. 11	,	61	v . ∞l ∞l	
Transit System	87,260 78,925 -	166,257	13,417	32,089	134,168	
	60	8	€		0.0	
Airport	88,130	88,130	78,074	79,899	8,231	
	€9	89	€9			
Tourism Related	13,370	13,370	2,500	2,500	10,870	
	↔	∞	69			
Tourism Promotion	28,051	28,051	1 1		28,051	
T Pr	∽	9	S			
	ASSETS Cash and cash equivalents Due from other governmental units Accounts receivable, net Prepaid items	Total assets	LIABILITIES Accounts payable Accrued expenses Due to general fund	Total liabilities	FUND BALANCE Unreserved, designated Total fund balance	

COMBINING BALANCE SHEET SPECIAL REVENUE FUNDS JUNE 30, 2009 FAIRFIELD COUNTY

Clerk of Sheriff Railroad Track Court Court Assistance Grant	\$ 29,245 \$ 57,139 \$ - \$ 228,239 \$ - - 1,182 8,313	\$ 31,809 \$ 58,321 \$ 13,844 \$ 228,245 \$ -	\$ - \$ 175 \$ 293 \$ - - 1,312 2,136 - - 12,357	13,844 2,429	31,809 58,321 - 225,816	31,809 - 225,816 -
	ASSETS Cash and cash equivalents Due from other governmental units Accounts receivable, net Prepaid items	Total assets	LIABILITIES Accounts payable Accrued expenses Due to general fund	Total liabilities	FUND BALANCE Unreserved, designated	Total fund balance

FAIRFIELD COUNTY COMBINING BALANCE SHEET SPECIAL REVENUE FUNDS JUNE 30, 2009

I	6	es il	1	1	21	611	1
County	4,812	4,812	F 1 1	2	4,812	4,812	4,812
	↔	S	↔				8
911 Tariff	198,345 - 272 3,067	201,684	141	141	201,543	201,543	201,684
	⇔	S	↔			İ	↔
Capital Improvement	846,991	847,626	14,913	14,913	832,713	832,713	847,626
Im	↔	S	€				8
Vehicle Replacement	761,633	761,633	28	28	761,605	761,605	761,633
Rep	S	S	∽				S
Fish Hook Housing	1 1 1 1	۱,	1 T 1	I	1	1	E
Fist	€9	S	8				S
	ASSETS Cash and cash equivalents Due from other governmental units Accounts receivable, net Prepaid items	Total assets	LIABILITIES Accounts payable Accrued expenses Due to general fund	Total liabilities	FUND BALANCE Unreserved, designated	Total fund balance	Total liabilities and fund balance

FAIRFIELD COUNTY COMBINING BALANCE SHEET SPECIAL REVENUE FUNDS JUNE 30, 2009

	s Totals		S	20,790 354,169	9,451 9,723	21,187	89,387 \$ 2,706,286		3,848 \$ 142,025	1.098 26.449	26,543	31,489		57,898 2,362,813	57,898 2,362,813		89,387 \$ 2,706,286
	Grant Subfunds		\$ 55	50	O,		\$		€		26	31		57	57		S
Justice	Assistance Grant		ı	24,223	1	1 /2	24,223		ī	,	24,223	24,223		1	•		24,223
			S				S		S							(69
	Railroad Upgrade		J	40,012	ř	ı	40,012		Ĺ	ï	40,012	40,012		1	ī		40,012
			S				89		∽							6	A
	Lake Wateree Access		ı	25,766	,	1	25,766		i	ı	25,766	25,766		,		i e	72,766
	Lak		↔				69		⇔							e	<i>A</i>
Workforce	Investment Act		,	66,828	1	9,312	76,140		28,636	3,231	44,273	76,140		1	,	2.5	/6,140
W	vu]		65				89		89							6	A
		ASSETS	Cash and cash equivalents	Due from other governmental units	Accounts receivable, net	Prepaid items	Total assets	LIABILITIES	Accounts payable	Accrued expenses	Due to general fund	Total liabilities	FUND BALANCE	Unreserved, designated	Total fund balance	Total lightlists and Good Latence	Total Habilities and Tund balance

FAIRFIELD COUNTY
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
For the fiscal year ended June 30, 2009

	Tourism Promotion	sm tion	Tol	Tourism Related	Airport	II.	Transit System		Sheriff Seizure	ļ
REVENUES										
Taxes	8	29,650	89	64,244	S	ı	€9	· ·	-	
Intergovernmental		:				116,359	157	157,769	1	
Licenses, permits, fines and fees		1		r				1	1	
Charges for services		ı		, į		ı	297	297,184	1	
Miscellaneous								,	139	ام
Total revenues		29,650		64,244		116,359	45	454,953	139	61
EXPENDITURES										
General government		1			_	127,005		ı	•	
Public safety		•		1		. '		,	3.658	~
Public works and utilities		•		Ì				1	, '	
Health and welfare				,		ı	93(630,672	1	
Judicial		r		ı		•		ı	•	
Cultural and recreation		,		ı		,		1	1	
Non-departmental allocations		25,000		69,200		۱			•	
Total expenditures		25,000		69,200		127,005	93(630,672	3,658	αl
Excess (deficiency) of revenues over (under) expenditures		4,650		(4,956)		(10,646)	(175	(175,719)	(3.519)	6
OTHER FINANCING SOURCES (USES)									,	
Transfers in		r		•		,	136	136,581	1	
Transfers out						,			•	1
Total other financing sources (uses)				1			136	136,581	1	ı
Net change in fund balance		4,650		(4,956))	(10,646)	(35	(39,138)	(3,519)	<u> </u>
FUND BALANCE, JULY 1		23,401		15,826		18,877	173	173,306	10,495	101
FUND BALANCE, JUNE 30	S	28,051	89	10,870	S	8,231	\$ 134	134,168	926'9	ارخد

FAIRFIELD COUNTY
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
For the fiscal year ended June 30, 2009

	Railroad Track Maintenance	ack ice	Clerk of Court Incentive	of tive	Clerk o	Clerk of Court	V.	Victim Assistance	\$ 0 B	Sheriff COP Grant
REVENUES Taxes Intergovernmental Licenses, permits, fines and fees Charges for services Miscellaneous	S		8	12,053	€	85,480	€9	77,644	€9	4,886
Total revenues		ا ا		12,053		85,480		77,644		4,886
EXPENDITURES General government Public safety		, ,		1 1		1 1		. 63,759		4,886
Public works and utilities		1 .		1		•		4		Ē
rteautt and Wellare Judicial		. 1		9,317		57,483		3 I		t I
Cultural and recreation Non-departmental allocations	ζ,	5,991		1 1				, ,		
Total expenditures	V	5,991		9,317		57,483		63,759		4,886
Excess (deficiency) of revenues over (under) expenditures	\$)	(5,991)		2,736		27,997		13,885		•
OTHER FINANCING SOURCES (USES) Transfers in Transfers out	15	15,000				(27,997)		1 1		1 1
Total other financing sources (uses)	15	15,000		,		(27,997)		1		1
Net change in fund balance	5	6006		2,736		ı		13,885		1
FUND BALANCE, JULY 1		22,800		55,585		1		211,931		i
FUND BALANCE, JUNE 30	\$ 31	31,809	S	58,321	S	1	S	225,816	S	-

FAIRFIELD COUNTY
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
For the fiscal year ended June 30, 2009

	Fish Hook Housing	Vehicle Replacement	Capital Improvement	911 Tariff	County Donations
REVENUES					
Taxes	59	S	· ·	· 8	· ·
Intergovernmental	64,180	ı	29,500	84,430	•
Licenses, permits, fines and fees	•	: Va		165,284	,
Charges for services	,	ı	,	'	•
Miscellaneous	3	12,055	*	96	795
Total revenues	64,180	12,055	29,500	249,810	795
EXPENDITURES					
General government	66,730	453,056	577,167	,	•
Public safety		. '	. '	,	496
Public works and utilities	*		•	1) } •
Health and welfare	1	,	,	85.005	1
Judicial		ı	,	1	,
Cultural and recreation	ı	ı		,	•
Non-departmental allocations	1		•	1	
Total expenditures	66,730	453,056	577,167	85,005	496
Excess (deficiency) of revenues					
over (under) expenditures	(2,550)	(441,001)	(547,667)	164,805	299
OTHER FINANCING SOURCES (USES)					
Transfers in	2,550	156,100	518,800	•	i
Transfers out	1	1	(44,000)		
Total other financing sources (uses)	2,550	156,100	474,800	1	\$
Net change in fund balance	1	(284,901)	(72,867)	164,805	299
FUND BALANCE, JULY 1	i	1,046,506	905,580	36,738	4,513
FUND BALANCE, JUNE 30	, S	\$ 761,605	\$ 832,713	\$ 201,543	\$ 4,812

FARFIELD COUNTY
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
For the fiscal year ended June 30, 2009

	•	Workforce					•	Justice				
		Investment	Lake	Lake Wateree	₩;	Railroad	As	Assistance		Grant		
		Act	¥	Access	⊃	Upgrade		Grant	Σ.	Subfunds		Totals
REVENUES												
Taxes	S	,	64)	6,	↔	:1	S	ı	69	,	643	93.894
Intergovernmental		249,402		26,134		1		24,223		125.729		980,145
Licenses, permits, fines and fees		ı		1		,		. 1		250		243,178
Charges for services		ı		1		d		d		1,400		298,584
Miscellaneous	Ì	334		1		•		-		28,950		42,369
Total revenues		249,736		26,134		1		24,223		156,329		1,658,170
EXPENDITURES												
General government		268,536		1		,		Ĺ		45,973		1,538,467
Public safety		ı		1		ı		24,223		42,717		139,739
Public works and utilities		ı		133,283		i		1		1		133,283
Health and welfare		i		ý		•				47,401		763,078
Judicial		1		,		ı		,		•		66,800
Cultural and recreation		1		è		•		Ĩ		48,638		54,629
Non-departmental allocations		1		•		•		1		1		94,200
Total expenditures		268,536		133,283		-		24,223		184,729		2,790,196
Excess (deficiency) of revenues over (under) expenditures		(18 800)		(107 149)						(00,400)		(1 132 036)
OTHER FINANCING SOLIBCES (JISES)		(222(22)		(2) 75 (2)						(*0°+0°)		(1,132,020)
Transfers in		18,800		75,851		ı		r		34,620		958.302
Transfers out		•		1		-		1				(71,997)
Total other financing sources (uses)		18,800		75,851		•		,		34,620		886,305
Net change in fund balance		ı		(31,298)		ı		i,		6,220		(245,721)
FUND BALANCE, JULY 1		1		31,298		e .		•		51,678		2,608,534
FUND BALANCE, JUNE 30	S	1	S		S	1	8	1	€9	57,898	S	2,362,813

FAIRFIELD COUNTY COMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECT FUNDS JUNE 30, 2009

						Total
		Road		Capital	N	lonmajor
	Imp	rovement		Project	Cap	ital Project
	P	rogram	N	1cMaster		Funds
ASSETS						
Cash and cash equivalents	\$	88,243	\$	294,410	\$	382,653
Accounts receivable, net		1,699		-		1,699
Due from other governmental units		2,009				2,009
Total assets	\$	91,951	<u>\$</u>	294,410	\$	386,361
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$	6,811	\$	-	\$	6,811
Total liabilities		6,811		-		6,811
Fund balances:						
Unreserved, designated		85,140		294,410		379,550
Total fund balances		85,140		294,410		379,550
Total liabilities and fund balances	\$	91,951	\$	294,410	\$	386,361

FAIRFIELD COUNTY COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR CAPITAL PROJECT FUNDS

For the year ended June 30, 2009

	Road Improvement Program	Capital Project McMaster	Total Nonmajor Capital Project Funds
REVENUES			
Intergovernmental	\$ 1,559,819	\$ -	\$ 1,559,819
Miscellaneous	1,699		1,699
Total revenues	1,561,518		1,561,518
EXPENDITURES			
Public works and utilities	1,576,567		1,576,567
Total expenditures	1,576,567		1,576,567
Excess (deficiency) of revenues			
over (under) expenditures	(15,049)	-	(15,049)
OTHER FINANCING SOURCES (USES)			
Transfers in	•	100,000	100,000
Total other financing sources (uses)		100,000	100,000
Net change in fund balances	(15,049)	100,000	84,951
FUND BALANCES, BEGINNING OF YEAR	100,189	194,410	294,599
FUND BALANCES, END OF YEAR	\$ 85,140	\$ 294,410	\$ 379,550

FAIRFIELD COUNTY SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE TRANSIT SYSTEM

For the fiscal year ended June 30, 2009

REVENUES		
Federal	\$	129,148
State		28,621
Medicaid collections		285,936
Farebox		5,549
Contract		5,699
Total revenues		454,953
EXPENDITURES		
Administration		
Salaries and fringe benefits		112,629
Printing and binding		241
Office supplies		610
Other supplies		13
Utilities		6,322
Insurance		5,282
Telephone		4,015
Equipment maintenance		1,106
Rental		87
Other		(3,022)
Total administration		127,283
Operations		
Salaries and fringe benefits		137,374
Vehicle services		3,451
Equipment Maintenance		261
Other supplies		68,433
Medical fees		264
Rental		2,148
Total operations	,	211,931
Medicaid		
Salaries and fringe benefits		221,632
Other supplies		3,260
Telephone		1,222
Medical fees		235
Rental		65,109
Total medicaid		291,458
Total expenditures		630,672
(Deficiency) of revenues over expenditures		(175,719)
OTHER FINANCING SOURCES		
Transfer in		136,581
Total other financing sources		136,581
Net change in fund balance		(39,138)
FUND BALANCE, JULY 1		173,306
FUND BALANCE, JUNE 30	\$	134,168
2 01.12 201.12 201.12 20	Φ	134,100

FAIRFIELD COUNTY

SCHEDULE OF COURT FINES, SURCHARGES AND ASSESSMENT ACTIVITY VICTIMS SERVICE FUNDS

For the fiscal year ended June 30, 2009

COURT FINES	
Collected	\$ 551,648
Retained by County	206,426
	345,222
COURT ASSESSMENTS	
Collected	117,092
Retained by County	43,433
	73,659
COURT SURCHARGES	
Collected	175,594
Retained by County	103,323
	72,271
VICTIMS SERVICES	
Court assessments	70,706
Court surcharges	6,938
Allocated to Victims Services	77,644
Victims Services expenditures	63,759
Excess of revenues over expenditures	13,885
FUND BALANCE, JUNE 30, 2008	211,931
FUND BALANCE, JUNE 30, 2009	<u>\$ 225,816</u>

FAIRFIELD COUNTY COMPUTATION OF LEGAL DEBT MARGIN JUNE 30, 2009

Assessed value (1)		\$ 122,338,070
Debt limit - 8% of assessed value (2)		\$ 9,787,046
Amount of debt applicable to debt limit (3): Total bonded debt Less: Debt service funds available	\$ 2,435,000 209,972	
Total debt applicable to debt limit		 2,225,028
Legal debt margin		\$ 7,562,018

NOTES:

- (1) The assessed valuation shown is the assessed value at December 31, 2007 used for 2008 property tax computations.
- (2) The legal debt limit is controlled by Article X, Section 14 of the Constitution of the State of South Carolina.
- 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.





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, 2009, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 23, 2009. 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 control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

The County's response to the findings identified in our audit are described in the accompanying summary schedule of prior audit findings. We did not audit the County's response and, accordingly, we express no opinion on it.

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 23, 2009



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

Fairfield County Council Fairfield County Winnsboro, South Carolina

COMPLIANCE

We have audited the compliance of Fairfield County (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. 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, 2009.

INTERNAL CONTROL OVER COMPLIANCE

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

Ellist Davis, LLC

Columbia, South Carolina December 23, 2009

FAIRFIELD COUNTY SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the year ended June 30, 2009

I. SUMMARY OF AUDITORS' RESULTS

Fina	ncial Statements		
(a.)	Type of auditors' report:		Unqualified
(b.)	o.) Internal control over financial reporting:		
	 Material weaknesses identified: Significant deficiencies identified that 	t are not	None noted
	considered to be material weaknesses:		None noted
(c.)	(c.) Noncompliance material to financial statements:		None noted
Fede	eral Awards		
(a.)	Internal control over major programs:		
	1) Material weaknesses identified:		None noted
	 Significant deficiencies identified that are not considered to be material weaknesses: 		None noted
(b.)	b.) Type of auditors' report issued on compliance for major programs:		Unqualified
(c.)	(c.) Audit findings that are required to be reported in accordance with Section 510(a) of Circular A-133:		None noted
(d.)	Identification of major program:		
	CFDA Numbers	Name of federal program or cluster	
		Federal Transit Capital and Operating A Workforce Investment Act - Cluster	ssistance

(e.) Dollar threshold used to distinguish between type A and type B Programs:

(f.) Auditee qualified as low risk auditee?

\$300,000

No

FAIRFIELD COUNTY SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the year ended June 30, 2009

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 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended June 30, 2009

FINDINGS - FINANCIAL STATEMENTS AUDIT

2008-1 Financial System Environment

Significant Deficiency

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

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

Corrective Action Taken: During fiscal year 2009, the County has migrated their general ledger and other financial packages to the .NET environment. Management has stated that the three conditions noted above have been addressed and corrected in the .NET environment and are as follows:

- Users are periodically required to change passwords (every 90 days)
- Users are required to have a alpha-numeric password
- Users have restricted access to the general ledger based upon job roles

2008-2 Reconciliation of General Ledger Accounts

Material Weakness

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

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

Corrective Action Taken: Management has stated they have fully reviewed the accounts associated with the above condition and noted they were properly corrected in the fiscal year 2008 financial statements.

FAIRFIELD COUNTY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the fiscal year ended June 30, 2009

	Federal CFDA	Total
Federal Grantor/Pass-Through Grantor/Program Title	Number	Expenditures
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT Passed through S.C. Department of Commerce Fish Hook Road Housing Rehabilitation	14.228	\$ 64,180
Total U.S. Department of Housing & Urban Development		64,180
U.S. DEPARTMENT OF TRANSPORTATION Passed through Urban Mass Transit Administration S.C. Department of Highways & Public Transportation		
Federal Transit Capital and Operating Assistance Passed through Federal Aviation Administration S.C. Department of Commerce/Division of Aeronautics	20.507	129,148
Airport Improvement Program	20.106	113,284
Total U.S. Department of Transportation		242,432
U.S. DEPARTMENT OF JUSTICE		
Passed through S.C. Law Enforcement Division Edward Byrne Memorial Justice Assistance Grant	16.738	24,223
Total U.S. Department of Justice		24,223
U.S. DEPARTMENT OF LABOR Passed through S.C. Employment Security Commission Workforce Investment Act - Adult Workforce Investment Act - Dislocated Workers	17.258	171,420
	17.260	77,982
Total Workforce Investment Act - Cluster		249,402
Total U.S. Department of Labor		249,402
U.S. DEPARTMENT OF AGRICULTURE National Forest Funds	10.670	32,561
Total U.S. Department of Agriculture		32,561
FEDERAL EMERGENCY MANAGEMENT AGENCY Passed through S.C. Adjutant General's Office	07.040	0.7.070
Emergency Management Performance and Planning Grant	97.042	35,373
Total Federal Emergency Management Agency		35,373
INSTITUTE FOR MUSEUM AND LIBRARY SERVICES Museum for America	45.301	6,328
Total Institute for Museum and Library Services		6,328
Total federal awards (accrual basis of accounting)		\$ 654,499