

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF THE
COUNTY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
FOR THE
FISCAL YEAR ENDED
JUNE 30, 2007

J. William Clark
County Administrator

INTRODUCTORY SECTION

COUNTY OF ORANGEBURG
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2007

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page No.</u>
<u>INTRODUCTORY SECTION</u>		
Table of Contents		1 - 4
Letter of Transmittal		5 - 9
Principal Officials		10
Organizational Chart		11
Location Map		12
Certificate of Achievement for Excellence in Financial Reporting		13
 <u>FINANCIAL SECTION</u>		
Report of Independent Certified Public Accountants		14 - 15
Management's Discussion and Analysis		16 - 22
Basic Financial Statements:		
Government-wide Financial Statements		
Statement of Net Assets	A-1	23
Statement of Activities	A-2	24
Fund Financial Statements		
Balance Sheet - Governmental Funds	A-3	25
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	A-4	26
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	A-5	27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	A-6	28
Statement of Fiduciary Net Assets	A-7	29
Notes to Financial Statements		30 - 50
Required Supplementary Information		
General Fund		
Budgetary Comparison Schedule	B-1	51 - 52
Notes to Required Supplementary Information		53
Supplementary Information		
Combining Balance Sheet - Nonmajor Governmental Funds	B-2	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	B-3	55
General Fund		
Comparative Balance Sheets	B-4	56
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance	B-5	57

COUNTY OF ORANGEBURG
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2007

TABLE OF CONTENTS, Continued

	<u>Exhibit</u>	<u>Page No.</u>
<u>FINANCIAL SECTION, Continued</u>		
Supplementary Information		
Special Revenue Funds:		
Combining Balance Sheet	B-6	58 - 60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B-7	61 - 63
Comparative Balance Sheet - Roads and Bridges Maintenance	B-8	64
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Roads and Bridges Maintenance - Budget and Actual	B-9	65
Comparative Balance Sheet - Solid Waste	B-10	66
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Solid Waste - Budget and Actual	B-11	67
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Education	B-12	68
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Accommodations Tax	B-13	69
Schedule of Revenues, Expenditures, and Changes in Fund Balance - New Brookland Lighting Tax District	B-14	70
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Brookdale Lighting Tax District	B-15	71
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Victims Assistance	B-16	72
Schedule of Revenues, Expenditures, and Changes in Fund Balance - E911 Surcharge Fund	B-17	73
Debt Service Fund		
Comparative Balance Sheet	B-18	74
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	B-19	75
Capital Projects Fund		
Combining Balance Sheets	B-20	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B-21	77

COUNTY OF ORANGEBURG
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2007

TABLE OF CONTENTS, Continued

<u>FINANCIAL SECTION, Continued</u>	<u>Exhibit</u>	<u>Page No.</u>
Supplementary Information (Continued)		
Capital Projects Fund (Continued)		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Certificates of Participation	B-22	78
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Projects Sales Tax	B-23	79
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Improvements Fund	B-24	80
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Projects Sales Tax II	B-25	81
Agency Funds		
Combining Statement of Changes in Assets and Liabilities	B-26	82 - 84
Component Units		
Combining Statement of Net Assets	B-27	85
Statement of Activities - Orangeburg County Fire Commission	B-28	86
Statement of Activities - Orangeburg County Public Library	B-29	87
Statement of Activities - Orangeburg-Calhoun Regional Detention Center	B-30	88
Combining Balance Sheet	B-31	89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B-32	90
Schedule Required By State Law		
Schedule of Court Fines and Assessments Activity and Expenditures for Victims' Services	B-33	91
 <u>STATISTICAL SECTION (UNAUDITED)</u>	 <u>Table No.</u>	
Net Assets by Component	1	92
Changes in Net Assets	2	93 - 94
Fund Balances - Governmental Funds	3	95
Changes in Fund Balances - Governmental Funds	4	96
Assessed Value and Actual Value of Taxable Property	5	97
Principal Property Taxpayers	6	98
Property Tax Levies and Collections	7	99
Direct and Overlapping Property Tax Rates	8	100

COUNTY OF ORANGEBURG
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2007

TABLE OF CONTENTS, Continued

<u>STATISTICAL SECTION (UNAUDITED)</u>	<u>Table No.</u>	<u>Page No.</u>
Ratios of Outstanding Debt by Type	9	101
Ratios of General Bonded Debt Outstanding	10	102
Direct and Overlapping Governmental Activities Debt	11	103
Legal Debt Margin	12	104
Demographic and Economic Statistics	13	105
Principal Employers	14	106
Full-Time Equivalent County Government Employees By Function/Program	15	107
Operating Indicators By Function/Program	16	108
Capital Asset Statistics By Function	17	109
 <u>SINGLE AUDIT SECTION</u>		
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		110 - 111
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133		112 - 113
Schedule of Findings and Questioned Costs		114 - 116
Summary Schedule of Prior Audit Findings		117
Schedule of Expenditures of Federal Awards		118

January 30, 2007

Orangeburg County Council and
Citizens of Orangeburg County
Orangeburg, South Carolina

We are pleased to submit this Comprehensive Annual Financial Report of Orangeburg County government for the fiscal year ended June 30, 2007. State statutes require Orangeburg County government to issue annually a report on its financial position and activities, and that this report be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the presented data and the completeness and fairness of this presentation, including all disclosures, rests with the County's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly both the financial position, results of operation and cash flow of the various funds, account groups, and component units of Orangeburg County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

This report presents the financial activity of the County in conformity with accounting principles generally accepted in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, as amended by the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards and the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and schedule of findings and questioned costs are included in the single audit section of this report.

The Reporting Entity

The financial reporting entity (the government) includes all the funds of the primary government, i.e., Orangeburg County, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable and exclusion of which would render the financial statements incomplete or misleading. Orangeburg County, under a Council-Administrator form of government, provides a broad range of services which include:

- Public Safety - Law enforcement, emergency preparedness plans, jail facilities, and fire protection
- Veterans Assistance
- Voter Registration
- Roads and Bridges Maintenance
- Waste Disposal
- Planning/Community Development
- Criminal, Civil, Probate and Family Court Administration
- Public Defender Assistance
- Tax Collection and Dispersal
- Health Services - Emergency medical services, indigent health care, and social services
- Economic Development

Blended component units, although legally separate entities, are in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Orangeburg County COP's (certificates of participation) have been shown in the Debt Service Fund and the Capital Projects Fund. Discretely presented component units are reported separately on the combining balance sheet to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations, and cash flows from those of the primary government. The Orangeburg County Public Library, the Orangeburg-Calhoun Regional Detention Center, and the Orangeburg County Fire District are being reported as discretely presented component units.

Governmental Structure, Local Economic Condition and Outlook

Orangeburg-At-A-Glance - Orangeburg County is located in the south central part of South Carolina, approximately 41 miles south of Columbia, the State Capitol. The County covers about 1,106 square miles, and the soil is generally fertile. Orangeburg County ranks first in the state in cash receipts from sales of crops and livestock. Principal farm commodities include corn, cotton, oats, dairy products, peaches, wheat and soybeans. The population of Orangeburg County is currently 91,028. Orangeburg County is beautifully landscaped with natural beauty, numerous historical buildings, churches, moderate climate and a coveted quality of life. Although once a largely rural and agricultural county, Orangeburg County's competitive posture of an economic base, future infrastructure growth, and community services will lead the county to be the front runner of mega-markets of industrial growth.

Orangeburg County enjoys the availability of four institutions of higher education: Claflin University, Orangeburg-Calhoun Technical Education Center, South Carolina State University, and Southern Methodist College.

The County is served by Interstate Highways 26 and 95; five U.S. highways, and by a network of South Carolina highways.

Orangeburg County's public services are provided by a Council-Administrator form of government, with seven Council members elected county wide, with residency requirements to serve concurrent four-year stagger terms. The County Administrator is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the directors of the government's departments not under the control of elected officials.

Economic Condition and Outlook - There are over one hundred industrial facilities located in Orangeburg County which include plants manufacturing lawn equipment, hand tools, garments, roller bearings, organic chemicals, Teflon tubing, processing systems, fabric printing, chemicals, electrical assembly components, undergarments, wooden products, bakery products, heater wire, cement, various lumber products, power cable, shipping containers, knitting machines, diesel engines, NASCAR race coolers, and numerous other items. The largest industrial facilities in Orangeburg County include the plants of Electrolux (2,200 employees), Koyo Corporation of America (720 employees), Zeus Industrial Products (two plants with (709 employees), Albemarle Corporation (517 employees), Earthgrains (540 employees) and Ambler Industries (490 employees). In addition, the Food Lion distribution center located near the Town of Vance has 800 employees.

The Town of Santee, located south of Lake Marion, has developed into a resort community. This town is situated adjacent to Interstate 95, and a number of motels, restaurants and other commercial establishments are located around it.

Orangeburg County continues to recruit industry placing a strong emphasis on buyer/supplier networks, retention of existing industries, and recruitment of new industries. A sophisticated marketing plan concentrating on the new County/City Industrial Park was introduced in 2000. Lennox International became the Park's first tenant in July 2000 with more than 65 employees. Operating as Allied Air Enterprises, the company has erected a \$19,000,000 building and has 350 employees. Other additions to the Orangeburg County/City Industrial Park include the DANA Corporation (150 employees), a manufacturer of automobile parts. H.T. Hackney, a distributor of wholesale grocery products (100 employees) and QM Plastics, a Canadian based manufacturer of plastic components (75 employees). In 2007, Allied Air Enterprises completed a \$21,000,000 expansion that created an additional 250 jobs in Orangeburg County.

MAJOR INITIATIVES

Orangeburg County/City Industrial Park - This joint initiative between the County of Orangeburg and the City of Orangeburg cost approximately \$9,000,000, with the total cost being shared equally by the County of Orangeburg and the City of Orangeburg. Assistance has also been received from the Economic Development Administration in the form of a \$1,500,000 grant to assist in the water and sewer infrastructure development at the three quadrants of Interstate 26 and U.S. Highway 301 located adjacent to the park. This greatly augments the industrial park and will allow for commercial development along this busy interstate and will also promote the economic development scheduled for the park. We are attracting many inquiries from businesses about locating in the park. As a result of the initial successes within the Park, a Phase II expansion will be completed in 2008 that will add approximately 220 acres for industrial development.

Lake Marion Regional Water Authority - This joint municipal water system is a regional concept with five counties in the eastern portion of the State of South Carolina where 50,000+ citizens will be served with portable water as well as replacing the individual well system throughout this region. Since this announcement was made last year, the regional water authority has been awarded \$36 million in federal grants to assist in the development and construction of the water treatment plant and transmission lines. The water plant is presently under construction with a projected completion date of March 2008.

Matthews Industrial Park - The Matthews Industrial Park is being developed on approximately 500 acres located at the intersection of US Highways 301 and 176. In addition, an adjacent property consisting of approximately 250 acres will be the site for a regional wastewater treatment facility that will serve the growing demand for wastewater service in this rapidly developing area. The park is expected to be completed in 2008.

Other Developments - In 2007, Jafza International, a subsidiary of Dubai World, acquired approximately 1,300 acres in Orangeburg County near the Town of Santee and the intersection of Interstate Highway 95 and US Highway 301. Jafza International announced plans to develop a \$600 million regional logistics and distribution center that will serve the Southeastern United States.

On November 2, 2004, Orangeburg County citizens voted in a referendum to extend the one-cent Capital Projects Sales Tax for an additional seven years. The referendum was approved by a 68% to 32% margin. The one-cent sales tax will begin being collected in May 2006 and is expected to generate approximately \$71 million for the construction of 108 capital and infrastructure projects. Construction activity is underway and is expected to be completed by 2010.

FINANCIAL INFORMATION

Internal Controls - Orangeburg County Council and Management are responsible for establishing and maintaining internal control designed to ensure that the assets of Orangeburg County are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control should not exceed the benefits likely to be derived. The valuation of costs and benefits requires estimates and judgments by Management.

As a recipient of federal, state and local assistance, the County of Orangeburg is also responsible for ensuring that adequate internal control is in place to guarantee and document compliance with applicable laws and regulations related to these programs. This internal control is subject to periodic evaluation by Management and contracted services on an as-needed basis with outside audit firms.

As a part of the County of Orangeburg's single audit process, described earlier, tests were made of our internal control and of our compliance with applicable laws and regulations, including those related to federal financial assistance programs.

Budgeting Controls - In addition to the aforementioned internal control, Orangeburg County government maintains budgetary controls. The object of these controls are to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Orangeburg County Council. Activities of the general fund, eight of the twenty special revenue funds, the debt service fund, and one capital projects fund are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the departmental level within each fund. The government also maintains an encumbrance accounting system as one method of maintaining budgetary control. Encumbered amounts lapse at year end. However, outstanding encumbrances are re-appropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the County of Orangeburg continues to meet its responsibility for sound financial management.

Cash Management - The management of cash and investments is the responsibility of the County Treasurer. A negotiated rate of interest is paid daily on cash held in checking accounts. Other investments are made in U.S. Government Agency Securities and/or certificates of deposit. All investments are made in compliance with S.C. Codes 6-5-10 and 12-45-220.

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 as well as job-related illnesses and accidents. The County pays premiums to a public entity risk pool for workers' compensation insurance and to the State Insurance Reserve Fund for all other forms of coverage. The County employs a full-time Risk Manager to administer its workers' compensation and loss prevention programs.

OTHER INFORMATION

Independent Audit - South Carolina's state statutes require an annual audit by independent certified public accountants. The firm of Elliott Davis, LLC provided audit services for the County of Orangeburg for the fiscal year ended June 30, 2007. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1984 and the related U.S. Office of Management and Budget's Circular A-133. Generally accepted auditing standards and the standards set forth in the General Accounting Office's *Governmental Auditing Standards* were used by the auditors in conducting the engagement. The auditor's reports on the general purpose financial statements and combining of individual fund statements and schedules are included in the financial section of this report. The auditor's reports on internal control and compliance with applicable laws and regulations can be found in the single audit section of this report.

Awards - The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Orangeburg for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2006. This was the nineteenth consecutive year that the County of Orangeburg has received this prestigious award. In order to be awarded a Certificate of Achievement, the County of Orangeburg published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements.

In addition, the County was selected to receive three prestigious civic awards for the fiscal year ending June 30, 2007. The County was honored by The National Association of Counties with five 2007 Achievement Awards, and recognized by The S.C. Association of Counties with the J. Mitchell Graham award for excellence in governmental service. The County also received the prestigious All-America City designation from The National Civic League in 2005. Only ten communities nationwide received this award.

Acknowledge - The timely preparation of the CAFR could not have been accomplished without the efficient services of the entire staffs of the Finance department, the County Treasurer, the Administration, and the special assistance provided by our independent audit firm, Elliott Davis, LLC, CPA's. We would like to express our appreciation to all staff members of these departments who assisted and contributed to the preparation of this report. Due credit also should be given to the Chairman and members of the Orangeburg County Council for their interest and support in planning and conducting the operations of the government in a responsible and progressive manner.

Respectfully submitted,

J. William Clark
County Administrator

Deborah F. Cherry
Comptroller

COUNTY OF ORANGEBURG, SOUTH CAROLINA

PRINCIPAL OFFICIALS
For the year ended June 30, 2007

MEMBERS OF COUNTY COUNCIL

Harry F. Wimberly, Chairman - County #3
Janie Cooper, Vice-Chairman - County #5
Clyde B. Livingston, Councilman - County #6
Heyward H. Livingston, Councilman - County #4
Johnny Ravenell, Councilman - County #2
Willie B. Owens, Councilman - County #7
Johnnie L. Wright, Sr., Councilman - County #1

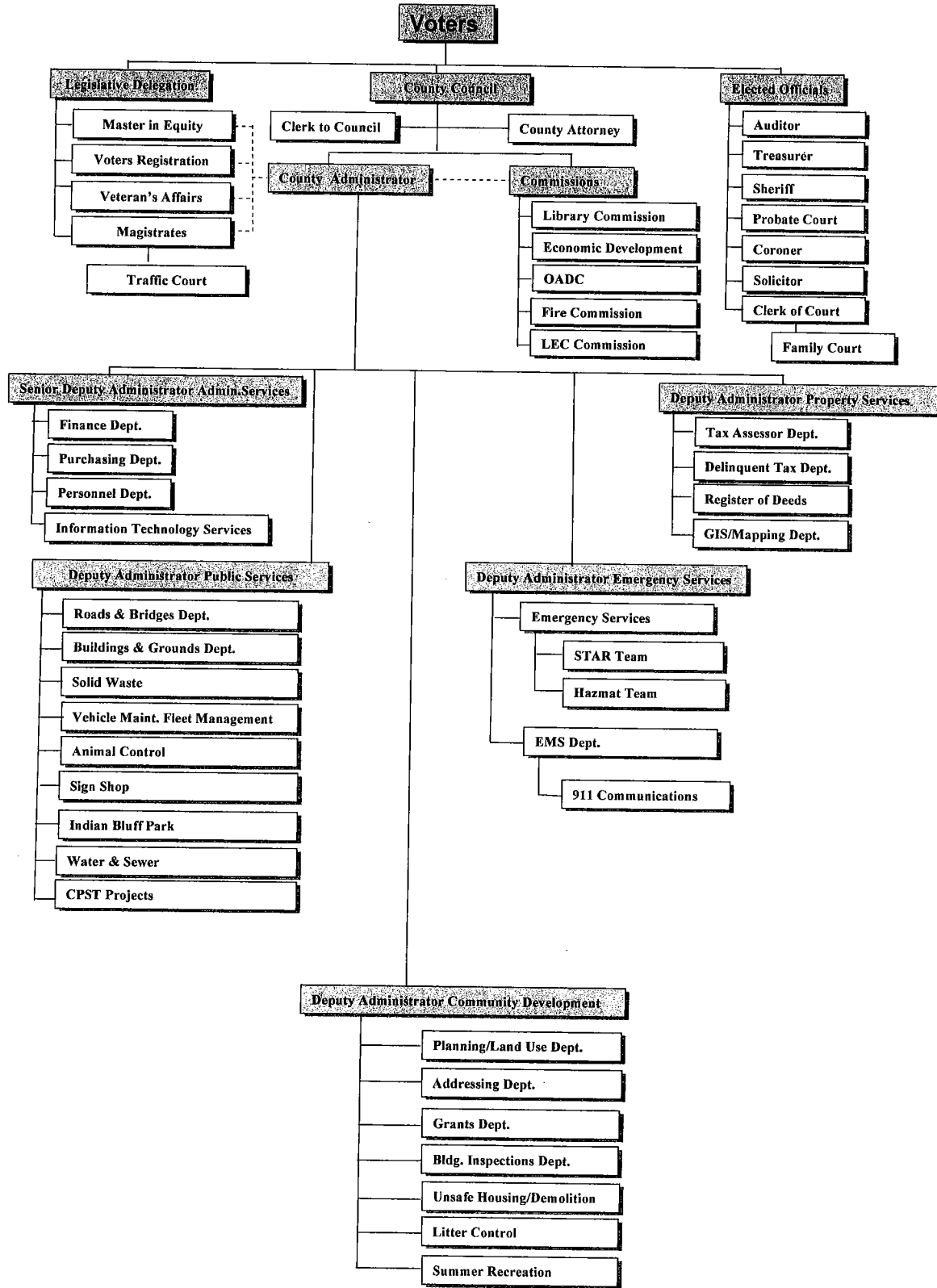
ELECTED OFFICIALS

Roger Cleckley, Auditor
Samuetta V. Marshall, Coroner
Lisa Mizell, Clerk of Court
Pandora Jones-Glover, Probate Judge
Larry Williams, Sheriff
David Pascoe, Solicitor
J. Steve Summers, Treasurer

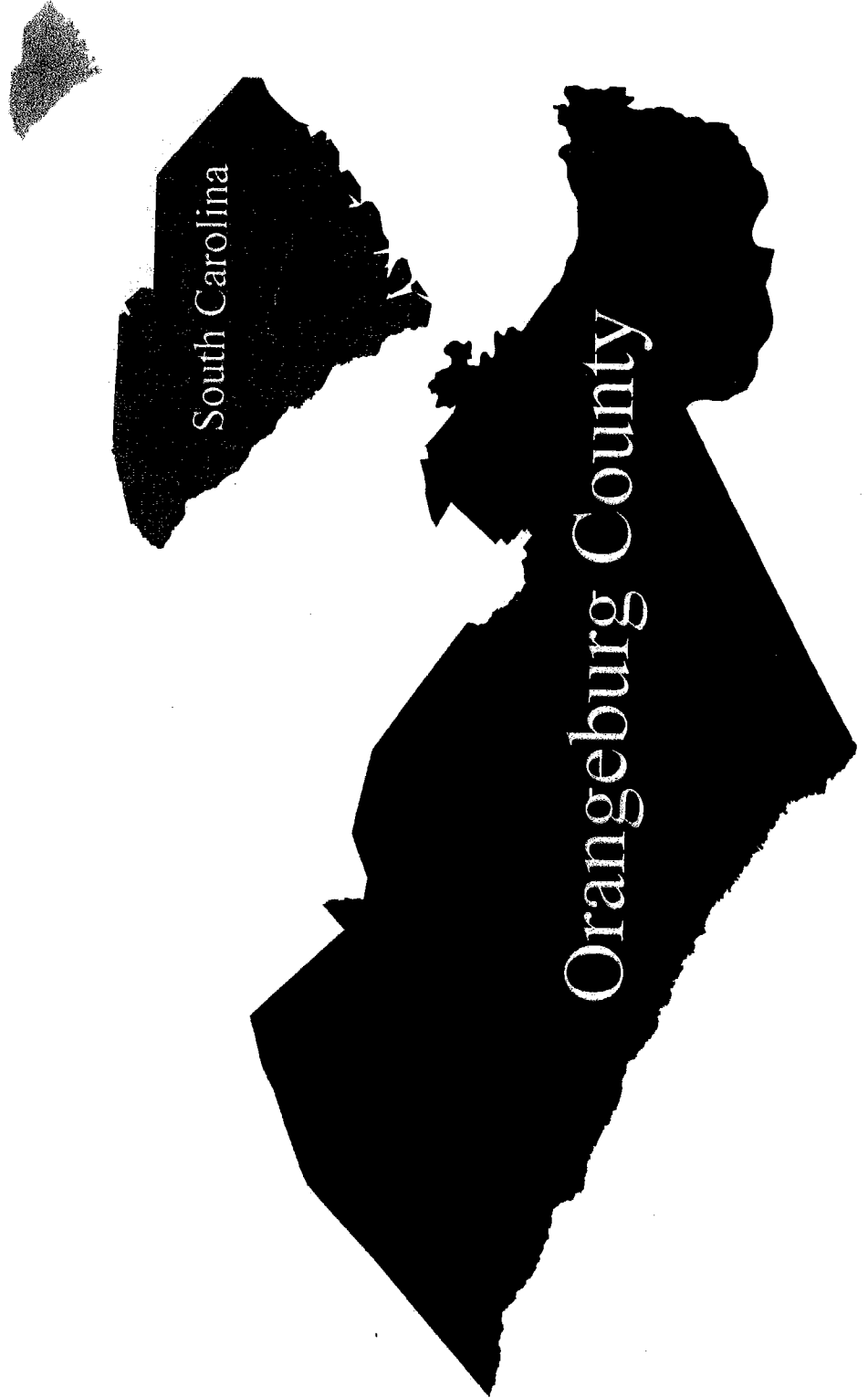
APPOINTED OFFICIALS

J. William Clark, County Administrator
Timothy E. Maybank, Senior Deputy County Administrator
Marion Lloyd, Deputy County Administrator
John Smith, Deputy County Administrator
Earl Whalen, Deputy County Administrator
D'Anne Haydel, County Attorney
Gloria Breland, Finance Director
Deborah S. Cherry, Comptroller
Harold Young, Deputy County Administrator

County of Orangeburg Organization Chart



Orangeburg County Location Map



Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Orangeburg
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emery

Executive Director

FINANCIAL SECTION

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Orangeburg County
Orangeburg County Council
Orangeburg, 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 Orangeburg County as of and for the year ended June 30, 2007 which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Orangeburg County as of June 30, 2007, 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 a report dated January 30, 2008, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Budgetary Comparison Information, as listed in the Table of Contents, is not a required part of the basic financial statements but are supplementary information required by the 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basis financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables as listed in the Table of Contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements 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 presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Columbia, South Carolina
January 30, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Orangeburg County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2007. Please read it in conjunction with the transmittal letter at the front of this report and the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The County's assets exceeded its liabilities at June 30, 2007 by \$85.4 million (net assets). Of this amount \$9 million (unrestricted net assets) may be used to meet the government's ongoing obligations.
- The County repaid \$10.3 million of bond, note and capital lease obligations during the year.
- The County's total net assets decreased \$151,000 over the course of this year's operations.
- During the year, the County's general fund balance was decreased \$2.5 million.
- The general fund actual revenues were \$657,237 less than budgeted. However, general fund expenditures were \$2.6 million less than budgeted.
- At the end of the current fiscal year, unreserved general fund balance was \$6.3 million or 18 percent of general fund expenditures and other uses for the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts - *management's discussion and analysis* (this section), the *basic financial statements, required supplementary information*, and an optional section that presents *combining statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the County government, reporting the County's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services like public safety were financed in the *short term* as well as what remains for future spending.
 - *Fiduciary fund* statements provide information about resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that of the proprietary funds.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, each of which are added together and presented in single columns in the basic financial statements.

Figure A-1 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Figure A-1
Major Features of County of Orangeburg's Government-wide and Fund Financial Statements**

	Fund Statements		
	Government-wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire County government (except Fiduciary funds) and the County's component units	The activities of the County that are not proprietary or fiduciary, such as police, fire, and parks	Instances in which the County is the agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All agency assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's *net assets* and how they have changed. Net assets - the difference between the County's assets and liabilities - is one way to measure the County's financial health, or *position*.

- Over time, increases or decreases in the County's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County you need to consider additional non-financial factors such as changes in the County's property tax base and the condition of the County's roads.
- *Governmental activities* - Most of the County's basic services are included here, such as the police, fire, public works, and parks departments, and general administration. Property taxes and state and federal grants finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the County's most significant *funds* - not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The County Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The County has two kinds of funds:

- *Governmental funds* - Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Fiduciary funds* - The County acts as agent, or *fiduciary*, for other entities resources. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net assets

The County's net assets remained relatively flat, increasing only \$714 thousand or .8% between fiscal years 2006 and 2007 - ending at approximately \$85.4 million. (See Table A-1.)

Table A-1
County of Orangeburg's Net Assets
(in thousands of dollars)

	Governmental Activities		Total Percentage Change
	2007	2006	2006-2007
Current and other assets	\$ 124,189	\$ 65,206	90.5%
Capital assets	68,294	58,256	17.2%
Total assets	192,483	123,462	55.9%
Long-term debt	90,478	24,488	287.4%
Other liabilities	16,617	14,302	7.7%
Total liabilities	107,095	38,790	176.1%
Net assets			
Invested in capital assets, net of related debt	43,346	51,620	(16.0)%
Restricted	33,054	21,648	38.3%
Unrestricted	8,989	11,406	(22.0)%
Total net assets	\$ 85,389	\$ 84,674	.8%

Changes in net assets. The County's total revenues increased by 3.7 percent to \$60.7 million. (See Table A-2.) Approximately 45 percent of the County's revenue comes from property taxes and 16 percent comes from capital projects sales tax. Approximately 18 percent comes from fees charged for services, and 17 percent is from state and federal aid.

The total cost of all programs, services and capital improvements increased approximately \$5.6 million or 10.3 percent. The County's expenses cover a range of services, with about 33 percent related to public safety and 24 percent related to public works.

Table A-2 and the narrative that follows consider the operations of governmental activities.

GOVERNMENTAL ACTIVITIES

Revenues for the County's governmental activities increased 3.7 percent, while total expenses increased 10.3 percent. The 3.7 percent increase in total revenues was primarily attributable to fees charged for services of approximately \$10.8 million compared to \$8.7 million in the prior year.

Table A-2
Changes in County of Orangeburg's Net Assets
(in thousands of dollars)

	Governmental Activities		Total Percentage Change
	2007	2006	2006-2007
Revenues			
Program revenues			
Charges for services	\$ 10,769	\$ 8,682	24.0%
Grants and contributions	4,779	3,919	22.0%
Capital grants	177	-	- %
General revenues			
Property taxes	27,591	26,844	2.8%
Other taxes	9,601	9,072	5.8%
Intergovernmental	5,528	5,023	10.0%
Other	<u>2,256</u>	<u>4,967</u>	(54.6)%
Total revenues	60,701	58,507	3.7%
Expenses			
General government	9,020	8,774	2.8%
Judicial	3,490	3,234	7.9%
Public works	14,888	11,647	27.8%
Public safety	20,071	17,167	16.9%
Social and health	2,483	4,217	(41.1)%
Sanitation	5,117	5,009	2.2%
Culture and recreation	3,986	4,056	(1.7)%
Interest and fiscal charges	<u>1,797</u>	<u>1,086</u>	65.5%
Total expenses	<u>60,852</u>	<u>55,190</u>	10.6%
Increase in net assets	<u>\$ (151)</u>	<u>\$ 3,317</u>	(104.6)%

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$106.8 million, an increase of \$58.7 million in comparison with the prior year. Approximately 8.8 percent of this total amount (\$9.4 million) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to pay debt service (\$6.9 million) or to fund capital asset projects for County facilities or infrastructure improvements (\$90.5 million).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$6.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance to total fund expenditures. Unreserved fund balance represents approximately 16 percent of total general fund expenditures.

The fund balance of the County's general fund decreased by \$2.5 million during the current fiscal year. Key factors in this decrease are as follows:

- Property tax revenues remained relatively flat, increasing by only \$37 thousand or less than .01%.
- Expenditures increased \$2.2 million or 7.9% due primarily to salary increases.

The debt service fund had a total fund balance of \$207,000, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund (including restatement) was \$9.5 million.

The County's two capital projects sales tax funds had a total combined fund balance of \$92.6 million. Approximately \$6.9 million of this amount is reserved for the payment of debt service. The remaining \$85.7 million is reserved to improve, repair and construct infrastructure in the County. The net combined increase in fund balances during the current year was \$71.3 million. The County issued approximately \$64.2 million in capital project sales tax revenue bonds during fiscal year 2007. Various capital projects were funded during the year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were approximately \$2.4 million increase in appropriations:

Actual general fund expenditures were \$2.6 million below budget amounts. This is primarily the result of general government other expenditures which were approximately \$4.2 million less than the budget amounts.

Resources available for appropriation were \$657 thousand greater than budgeted amount as follows:

- Other revenues were \$750 thousand less than budgeted.
- Property taxes were \$353 thousand less than budgeted.
- Emergency medical service revenues were \$800 thousand greater than budgeted.
- Interest on investments were \$336 thousand greater than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2007, the County had invested \$68.3 million (net of accumulated depreciation) in a broad range of capital assets. (See Table A-3.) This amount represents a net increase (including restatements, additions and deductions) of \$10 million, or 17 percent, over last year.

Table A-3
County of Orangeburg's Capital Assets
(net of depreciation, in thousands of dollars)

	Governmental Activities		Total
	2007	2006	Percentage Change
			2006-2007
Land	\$ 3,779	\$ 3,509	7.7%
Construction in progress	2,869	3,633	(21.0)%
Buildings and improvements	45,811	35,613	(28.6)%
Furniture, fixtures and equipment	39,437	50,108	(21.3)%
Infrastructure	33,579	30,636	9.6%
Accumulated depreciation	(57,181)	(65,243)	(12.4)%
	\$ 68,294	\$ 58,256	17.2%

This year's major capital asset additions included:

- \$2.2 million in additions of infrastructure
- \$11.9 million in net additions of equipment, buildings, and improvements.
- \$2.8 thousand in net additions related to construction in progress.

More detailed information about the County's capital assets is presented in Notes 1 and 2 to the financial statements.

Long-term Debt

At year-end the County had \$86.6 million in bonds, notes, and capital lease obligations outstanding - an increase of 271% over last year - as shown in Table A-4. This increase is due primarily to the County issuing approximately \$64.2 million in revenue bonds during fiscal year 2007. More detailed information about the County's long-term liabilities is presented in Note 6 to the financial statements.

The state limits the amount of general obligation debt the County can issue to 8 percent of the assessed value of all taxable property within the County's legal limits. Our outstanding debt is significantly below this limit - which is currently \$18.4 million as reflected in Table 12 of this report.

