

WILLIAMSBURG COUNTY, SOUTH CAROLINA

**AUDITED BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

**FOR THE YEAR ENDED
JUNE 30, 2007**

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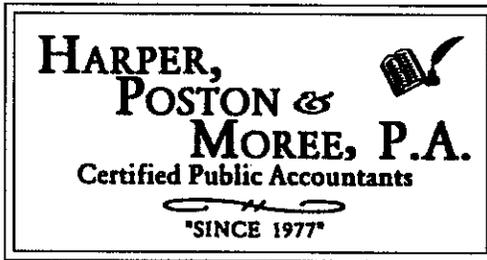
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INDEPENDENT AUDITOR'S REPORT

The Honorable Chairman and
Members of Williamsburg County Council
Kingstree, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for Williamsburg County, South Carolina 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 Williamsburg County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Williamsburg County Alcohol & Drug Abuse Commission special revenue fund, which represents 11 percent and 16 percent, respectively, of the assets and revenues of the other governmental funds. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included in the other governmental fund column for the Williamsburg County Alcohol and Drug Abuse Commission is based solely on the report of the other auditors.

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; and the provisions of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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, and the report of other auditors, provide a reasonable basis for our opinions.

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Williamsburg County, South Carolina as of June 30, 2007, and respective changes in the financial position and cash flows, thereof 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 February 14, 2008 on our consideration of Williamsburg County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements of Williamsburg County, South Carolina. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, in our opinion, based on our report and the report of other auditors, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Harper, Poston & Moree, P.A.

Harper, Poston & Moree, P.A.
Certified Public Accountants

Georgetown, South Carolina
February 14, 2008

Management's Discussion and Analysis

As management of Williamsburg County, South Carolina, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Williamsburg County for the fiscal year ended June 30, 2007. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- ❖ The assets of Williamsburg County exceeded its liabilities at June 30, 2007 by \$32,364 (net assets). Of this amount, \$4,174 may be used to meet the government's ongoing obligations to citizens and creditors.
- ❖ The government's total net assets increased by \$3,332 during the fiscal year ended June 30, 2007 with a \$35 decrease resulting from business-type activities and governmental activities experiencing an increase of \$3,367.
- ❖ As of the close of the current fiscal year, Williamsburg County's governmental funds reported combined ending fund balances of \$9,354. Approximately 34% of this total amount of \$3,198 is available for spending at the government's discretion (unreserved fund balance).
- ❖ As of the close of the current fiscal year, unreserved fund balance for the general fund was \$3,178 or 22% of the total general fund expenditures.
- ❖ Williamsburg County's long-term debt decreased by \$492 (3%) during the current fiscal year. The main component of this decrease is the pay off of certain capital leases in the prior year and the reduction of capital lease purchases in 2007. The Bond Anticipation Note purchased last year was reissued in 2007 with a principal reduction of \$210.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Williamsburg County's basic financial statements which are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements, and
3. Notes to the financial statements

This report also contains other supplementary financial information in addition to the basic financial statements themselves.

Government-wide financial statements. Government-wide financial statements are designed to provide readers with a broad overview of the financial position of Williamsburg County and are similar to private sector financial statements. They include a statement of net assets and a statement of activities. These statements appear on pages 13 and 14 of this report.

Component units, which are other governmental units over which the County (the County Council, acting as a group) can exercise influence and/or may be obligated to provide financial subsidy, are presented as a separate column in the government-wide statements and as combining statements of net assets and of activities in the fund financial statements. The focus of the statements is clearly on the Primary Government and the presentation allows the user to address the relative relationship with the Component Unit. For those readers interested in more information on the component unit, contact information is provided in Note 1. A. on pages 26 and 27 of this report.

The Statement of Net Assets shows the County's assets less its liabilities at June 30, 2007. The difference between these assets and liabilities is reported as net assets. Changes in net assets over time may be helpful in indicating an improving or deteriorating financial position. Some included items, such as accounts payable or earned but unused vacation leave, will produce changes in cash in a future fiscal period.

The Statement of Activities follows the Statement of Net Assets and presents information showing how the net assets changed during the fiscal year. The statement presents all underlying events, which give rise to the change, regardless of the timing of related cash flows.

Both statements attempt to distinguish functions of Williamsburg County that are principally supported by taxes and inter-governmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Governmental activities reported in the statements include general government, public safety, public works, health and welfare, economic development, culture and recreation, and environmental services (landfill). Major business activities include water and sewer, transit system, and a countywide E-911 communication system.

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. Like other state and local governments, Williamsburg County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Williamsburg County can be divided into three categories: governmental, proprietary and fiduciary.

Governmental funds. Governmental funds, presented on pages 15 through 18, essentially account for the same functions as those reported under government-wide statement of net assets and statement of activities. However, this set of financial statements focuses on events that produce near-term inflows and outflows of spendable resources as well as on the balance of spendable resources available at the end of the fiscal year and is a narrower focus than the government-wide financial statements. Such information may be useful in evaluating Williamsburg County's near-term financing requirements and available resources.

By comparing functions between the two sets of statements for governmental funds and governmental activities, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

Governmental funds individually presented in Williamsburg County's statements include four major funds, the General Fund, the Rural Fire Fund, the Landfill Fund, and the Debt Service Fund. The smaller governmental funds in Williamsburg County government are Capital Projects Fund, Federal and State Grant Fund, Road & Bridges Fund, Industrial Park Fund, Sheriff Special Fund and Williamsburg County Alcohol & Drug Abuse Fund. They have been presented in a total column termed as "other governmental funds". Their detail can be reviewed on pages 57 and 58.

Proprietary funds. Williamsburg County maintains and presents proprietary funds for three enterprises, Water and Sewer, Transit Authority and E-911, shown on pages 19 through 23 of this report (A-6 through A-9).

Enterprise funds report in greater detail the same information presented as business-type activities in the government-wide financial statements for Water and Sewer, Transit, and E-911.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Williamsburg County's own programs. The accounting used for fiduciary funds is much like that used for proprietary

funds. The basic fiduciary fund financial statements can be found on pages 24 and 25 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in both government-wide and fund financial statements. Notes are presented on pages 26 through 50.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Williamsburg County, assets exceed liabilities by \$32,364 at the close of the June 30, 2007 fiscal year.

Of this amount, \$23,340 (72%) reflects its investment in capital assets (e.g., land, building, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Williamsburg County uses these capital assets to provide services to its citizens; 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 those liabilities.

An additional portion of the County's net assets, \$3,606 (11%) represents restrictions for Landfill Closure and Post Closure and \$1,245 (3%) represents restrictions for debt service. The remaining balance of the unrestricted net assets is \$4,174 (12%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Williamsburg County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Williamsburg County's Net Assets
June 30, 2007
(Recapped from page 13)**

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Current and other assets | 12,488 | 10,076 | 3,078 | 2,725 | 15,566 | 12,801 |
| Capital assets | 17,560 | 17,806 | 15,263 | 15,567 | 32,823 | 33,373 |
| Total assets | 30,048 | 27,882 | 18,341 | 18,292 | 48,389 | 46,174 |
| Long-term liabilities | | | | | | |
| outstanding | 2,135 | 2,845 | 297 | 171 | 2,432 | 3,016 |
| Other liabilities | 12,834 | 13,326 | 757 | 800 | 13,591 | 14,126 |
| Total liabilities | 14,969 | 16,171 | 1,054 | 971 | 16,023 | 17,142 |
| Net Assets: | | | | | | |
| Invested in capital assets, | | | | | | |
| net of related debt | 8,769 | 8,401 | 14,571 | 14,834 | 23,340 | 23,235 |
| Restricted for Landfill | | | | | | |
| closure and post closure | 3,606 | 3,062 | | | 3,606 | 3,062 |
| Restricted - other | 1,231 | 688 | 14 | 12 | 1,245 | 700 |
| Unrestricted | 1,472 | (440) | 2,701 | 2,475 | 4,173 | 2,035 |
| Total net assets | 15,078 | 11,711 | 17,286 | 17,321 | 32,364 | 29,032 |

Governmental activities. Governmental activities increased the County's net assets by \$3,367. Of this increase, \$635 was monies transferred to the Business-type activities for general operation.

Business-type activities. Business-type activities decreased the County's net assets by \$35, accounting for 1% of the reduction in the government's net assets. Combined increase of Net Assets is \$3,332.

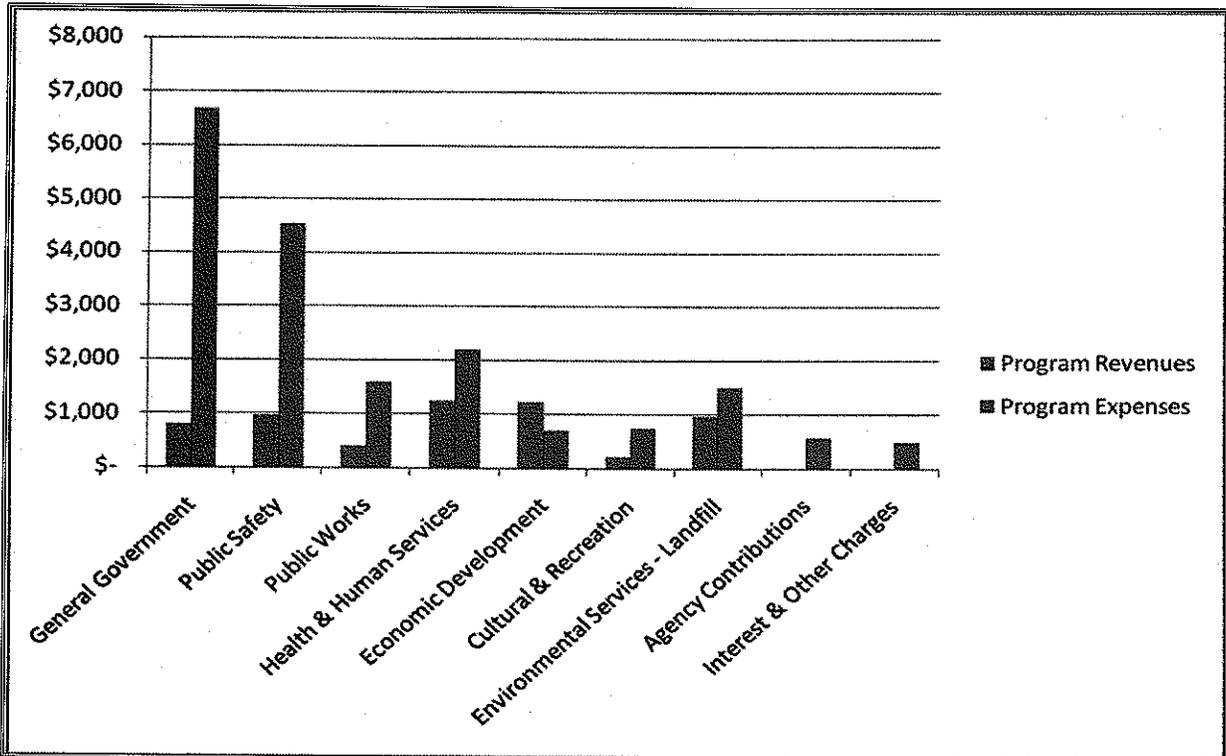
**Williamsburg County, South Carolina
Changes in Net Assets (Recapped)
For the Fiscal Year ended June 30, 2007**

| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------------------|-------------------------|-----------------|--------------------------|-----------------|-----------------|-----------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | 2,950 | 2,748 | 2,063 | 1,972 | 5,014 | 4,720 |
| Operating grants and contributions | 1,881 | 2,871 | 757 | 710 | 2,638 | 3,581 |
| Capital grants and contributions | 982 | 0 | 683 | 350 | 1,664 | 350 |
| General revenues: | | | | | | |
| Property taxes | 11,894 | 9,020 | | | 11,894 | 9,020 |
| Other taxes | 1,994 | 1,861 | | | 1,994 | 1,861 |
| Local government fund | 1,866 | 1,718 | | | 1,866 | 1,718 |
| Other revenue | 1,128 | 733 | | | 1,128 | 733 |
| Investment earnings | 241 | 92 | 58 | 46 | 299 | 138 |
| Total Revenue | <u>22,936</u> | <u>19,043</u> | <u>3,561</u> | <u>3,078</u> | <u>26,497</u> | <u>22,121</u> |
| Expenses: | | | | | | |
| Program Activities: | | | | | | |
| Government Activities: | | | | | | |
| General government | 6,679 | 6,385 | | | 6,679 | 6,385 |
| Public safety | 4,526 | 4,690 | | | 4,526 | 4,690 |
| Public works | 1,578 | 1,491 | | | 1,578 | 1,491 |
| Health and welfare | 2,183 | 2,194 | | | 2,183 | 2,194 |
| Economic development | 692 | 1,112 | | | 692 | 1,112 |
| Culture and recreation | 734 | 998 | | | 734 | 998 |
| Environmental services | 1,488 | 1,616 | | | 1,488 | 1,616 |
| Agency contributions | 566 | 559 | | | 566 | 559 |
| Interest and other charges | 486 | 379 | | | 486 | 379 |
| Business-type activities: | | | | | | |
| Water and Sewer Fund | | | 1,377 | 959 | 1,377 | 959 |
| Transit System | | | 2,052 | 1,971 | 2,053 | 1,971 |
| E-911 Fund | | | 802 | 773 | 802 | 773 |
| Total Expenses | <u>18,933</u> | <u>19,424</u> | <u>4,231</u> | <u>3,703</u> | <u>23,164</u> | <u>23,127</u> |
| Transfers | (635) | (628) | 635 | 628 | - | - |
| Increase in Net Assets | <u>3,367</u> | <u>(1,009)</u> | <u>(35)</u> | <u>3</u> | <u>3,332</u> | <u>(1,006)</u> |
| Net Assets as of 7/1/2006 | 11,711 | 12,720 | 17,321 | 17,318 | 29,032 | 30,038 |
| Net Assets 06/30/2007 | <u>\$15,078</u> | <u>\$11,711</u> | <u>\$17,286</u> | <u>\$17,321</u> | <u>\$32,364</u> | <u>\$29,032</u> |

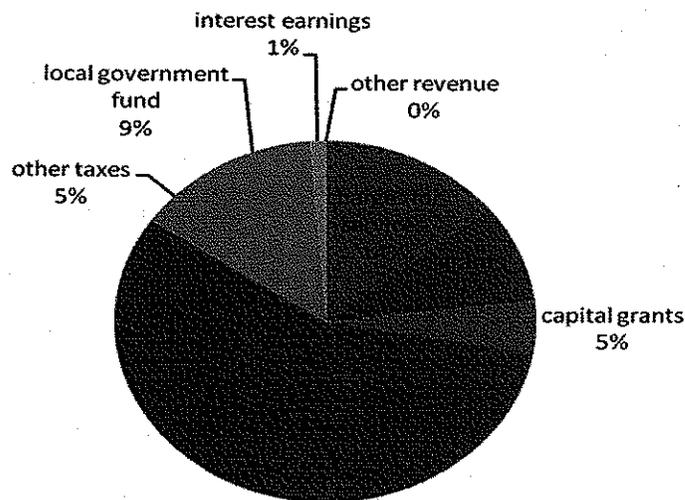
Property tax revenues increased by 24% due partially to an increase in Merchants Inventory and the state allowance for CPI. Increase in grant activity was from a federal grant for the airport. All other revenue sources experienced slight increases in the year giving the combined increase in net assets of \$3,332.

Program revenues are derived directly from the program. They reduce the net cost of the function to be supported from the county's general revenue sources. In 2007 there were no program solely funded by their program revenues.

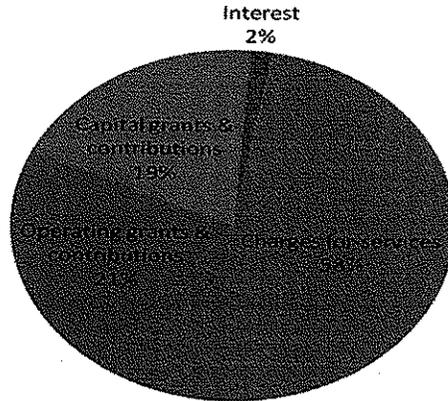
Program Revenues and Expenditures – Governmental Activities



Revenues By Source - Governmental Activities

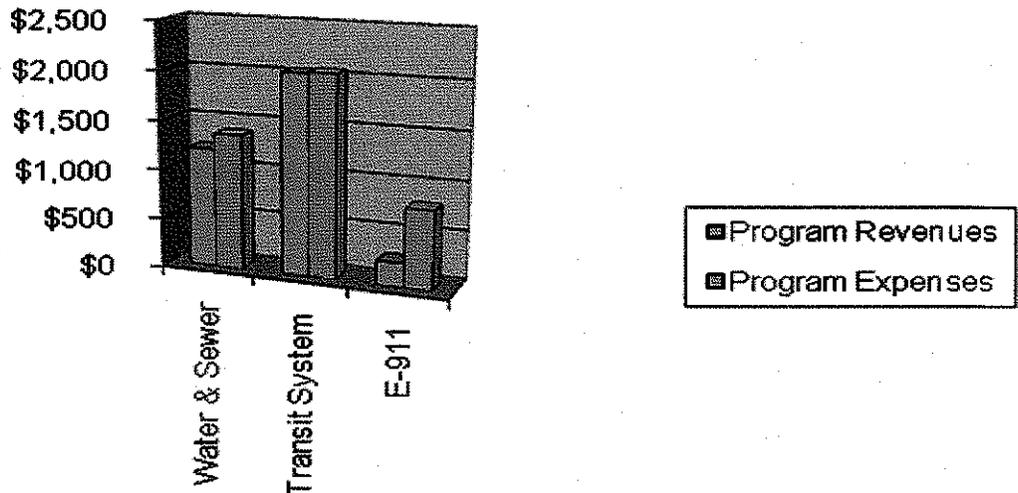


Revenues by Source - Business-type Activities



For the most part, increases in expenses for Business-type funds closely paralleled inflation and growth in the demand for services. Increases in expenses were generated primarily from fuel costs and in the Water and Sewer Authority costs associated with contractual fees. There were transfers of \$635 to the Business Type funds to offset overages in expenditures from grants and various sources.

Program Revenues and Expenses Business Type Activities



Financial Analysis of the Government's Funds

As noted earlier, Williamsburg County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Williamsburg County's governmental funds reported combined ending fund balances of \$9,354, an increase of \$2,950 (31%) from the previous year.

The general fund is the chief operating fund of the County. At the end of the current fiscal year the total fund balance of \$3,178 for the general fund was unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 22% of total general fund expenditures. The net increase in the fund balance of the general fund was \$1,230 during the current year. There were no Operating Transfers In but Operating transfers (Out) from the general fund were \$635.

The rural fire fund has a total fund balance of \$105, of which all of the fund balance is unrestricted funds.

The debt service fund has a total fund balance of \$2,152, all of which is reserved for the payment of debt service. An increase of \$950 is the result of an increase of taxes collected in fiscal year to pay fiscal year debt payments.

The remaining special revenue funds and capital projects funds have a combined total fund balance of \$3,917. \$361 is reserved for special projects and \$3,606 is reserved for landfill closure costs. The other governmental funds included in the above totals had a combined fund balance of \$644. \$247 is unreserved.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. See pages 19 through 23.

Unrestricted net assets of the Water and Sewer System at the end of the year amounted to \$751 and the Transit System totaled \$2,177. The E-911 Fund experienced a negative unrestricted net asset of \$226, primarily due to the transfers due to the general fund for operating expenses not covered by subscriber fees. The net assets for the Water and Sewer System decreased \$142 due solely to the depreciation of fixed assets, while the net assets of the Transit increased \$209. E-911 experienced a decrease in net assets of \$101 due from decrease in operating revenues and an increase in operating expenses.

General Fund Budgetary Highlights

There was a 17% (\$2,545) increase in appropriations between the original budget and the final amended budget shown on pages 58 and 59 of this report. The major contributor to the increase in revenue was the increase in tax collections, both current and delinquent. This revenue was utilized to offset unforeseen repairs to various buildings and the remainder was used to increase fund balance.

Capital Asset and Debt Administration

Capital assets. Williamsburg County's investment in capital assets for its governmental and business-type activities as of June 30, 2007 amounted to \$3,282 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, and construction in progress. The total decrease in the County's investment in capital assets for the current fiscal year was less than 1%. Both governmental activities and business-type activities experienced a slight decrease due to depreciation.

Major capital assets events during the current year included the following:

- Various capital assets purchased for other departments.
- Land improvements to various facilities.
- Paving of county-owned roads.

Capital Assets for Governmental and Business-type Activities

| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------------|----------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | <u>2007</u> | <u>2006</u> | <u>2007</u> | <u>2006</u> | <u>2007</u> | <u>2006</u> |
| Land | 1,679 | 1,649 | 148 | 148 | 1,827 | 1,797 |
| Land improvements | 2,454 | 3,046 | | | 2,454 | 3,046 |
| Buildings | 3,929 | 4,094 | 44 | 50 | 3,973 | 4,144 |
| Building improvements | 2,421 | 2,451 | 57 | 61 | 2,478 | 2,512 |
| Road & Bridges | 2,438 | 1,289 | | | 2,438 | 1,289 |
| Water Distribution System | | | 13,333 | 13,369 | 13,333 | 13,369 |
| Leasehold improvements | 227 | 250 | | 0 | 227 | 250 |
| Furniture & fixtures | 934 | 924 | 159 | 179 | 1,093 | 1,103 |
| Machinery & equipment | 1,131 | 1,579 | 51 | 67 | 1,182 | 1,646 |
| Automotive equipment | 2,309 | 2,482 | 943 | 1,123 | 3,252 | 3,605 |
| Communication equipment | 37 | 42 | 527 | 570 | 564 | 612 |
| Construction in progress | | - | | | | |
| Total | <u>17,559</u> | <u>17,806</u> | <u>15,262</u> | <u>15,567</u> | <u>32,821</u> | <u>33,373</u> |

Additional information on the County's capital assets can be found in Note 5 on pages 34 through 36 of this report.

Long-term debt. At the end of the current fiscal year, Williamsburg County had total bonded debt outstanding of \$9,508 backed by the full faith and credit of the government.

Williamsburg County Bonded Debt

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|-------------------------|---------------------|--------------------------|-------------------|---------------------|----------------------|
| | <u>2007</u> | <u>2006</u> | <u>2007</u> | <u>2006</u> | <u>2007</u> | <u>2006</u> |
| General obligation bonds | 4,504 | 4,912 | | | 4,504 | 4,912 |
| Unamortized Premium | 22 | 24 | | | 22 | 24 |
| Bond anticipation notes | 1,790 | 2,000 | | | 1,790 | 2,000 |
| Revenue bonds | | | 501 | 506 | 501 | 506 |
| Total bonds payable | <u>6,316</u> | <u>6,936</u> | <u>501</u> | <u>506</u> | <u>6,817</u> | <u>7,442</u> |
| Capital leases | <u>2,499</u> | <u>2,494</u> | <u>192</u> | <u>230</u> | <u>2,691</u> | <u>2,724</u> |
| Total | <u><u>8,815</u></u> | <u><u>9,430</u></u> | <u><u>693</u></u> | <u><u>736</u></u> | <u><u>9,508</u></u> | <u><u>10,166</u></u> |

The County's total bonded debt decreased by \$658 (6%) during the current fiscal year, primarily as a result of the retirement of several capital leases and the reduction of \$210 in principal for the Bond Anticipation Note.

Williamsburg County maintains a 'BBB' rating from Standards & Poor's Rating group and a 'Baa3' rating from Moody's Investors Service for its most recent general obligation bond (2004).

South Carolina statutes limit the amount of general obligation debt a government entity may issue (without referendum) to 8% of its total assessed value. The current general obligation (G.O.) debt limit for Williamsburg County General Fund is \$6,848. The current general obligation bonds subject to the legal debt limitation is \$3,245 for the General Fund. The bonds for the Rural Fire Debt are not considered as part of the County's legal debt limit but are considered as part of the Rural Fire District.

Additional information on the County's long-term debt can be found in note 8 on pages 38 through 41 of this report.

Economic Factors and Next Year's Budgets and Rates

- ❖ The 2007 annual average unemployment rate for Williamsburg County is 9.3%. This represents a reduction in the 10 year average unemployment rate reported previously which was 12.1%.
- ❖ Williamsburg County has received commitments of 5 projects to locate within the county. These projects will create approximately 750 new jobs for the county. The estimated capital investment of these five projects will exceed \$32,000,000.
- ❖ Expansions in companies already located in Williamsburg County are anticipated to create approximately 90 new jobs and increase capital investments to exceed \$6,000,000.
- ❖ In 2007 Williamsburg County constructed a new speculative building in Hemingway, South Carolina.

- ❖ Williamsburg County has currently three industrial parks located in Kingstree, Hemingway and Salters, South Carolina.
- ❖ Williamsburg County passed a balanced budget for the fiscal year 2008, increasing general operating millage by 4.55 mills as allowed by the Local Government Fiscal Authority Act (Act 409 of 1997, as amended. There was no increase in Debt Service millage for fiscal year 2008.
- ❖ There were no rate increases for any of the business-type activities (water and sewer, transit system or E-911).

Requests for Information:

This financial report is designed to provide a general overview of Williamsburg County's finances for all those with an interest in the government's financing. Questions concerning any of the information should be addressed to Phyllis B. Underwood, Williamsburg County Controller, P.O. Box 330, Kingstree, SC 29556.

WILLIAMSBURG COUNTY, SOUTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2007

| ASSETS | PRIMARY GOVERNMENT | | | COMPONENT UNIT |
|---|-------------------------|--------------------------|----------------------|-------------------|
| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL | |
| Cash | \$ 3,233,042 | \$ 1,917,143 | \$ 5,150,185 | \$ 198,109 |
| Investments | 0 | 1,297,569 | 1,297,569 | 0 |
| Accounts Receivable (Net of Allowance for Uncollectibles) | 0 | 39,964 | 39,964 | 0 |
| Court Fines Receivable (Net) | 26,418 | 0 | 26,418 | 0 |
| Taxes Receivable (Net of Allowance for Uncollectibles) | 1,242,220 | 0 | 1,242,220 | 0 |
| Due From Others | 47,469 | 0 | 47,469 | 0 |
| Due From State | 260,952 | 0 | 260,952 | 0 |
| Prepaid Assets | 0 | 224,160 | 224,160 | 0 |
| Other Receivables | 1,760,944 | 279,729 | 2,040,673 | 0 |
| Internal Balances | 754,602 | (754,602) | 0 | 0 |
| Inventories | 34,008 | 48,911 | 82,919 | 0 |
| Deferred Charges | 139,664 | 0 | 139,664 | 0 |
| Interest Receivable | 0 | 10,564 | 10,564 | 0 |
| Temporarily Restricted Assets: | | | | |
| Cash and Investments | 4,988,540 | 14,481 | 5,003,021 | 0 |
| Capital Assets (Net of Accumulated Depreciation): | | | | |
| Land | 1,679,570 | 148,000 | 1,827,570 | 0 |
| Land Improvements | 2,453,780 | 26 | 2,453,806 | 0 |
| Roads & Bridges | 2,438,413 | 0 | 2,438,413 | 0 |
| Buildings | 3,929,119 | 43,819 | 3,972,938 | 0 |
| Building Improvements | 2,421,031 | 56,567 | 2,477,598 | 0 |
| Leasehold Improvements | 227,077 | 0 | 227,077 | 0 |
| Water Distribution System | 0 | 13,333,660 | 13,333,660 | 0 |
| Furniture & Fixtures | 934,182 | 159,140 | 1,093,322 | 80,122 |
| Machinery & Equipment | 1,130,611 | 51,283 | 1,181,894 | 21,562 |
| Automotive Equipment | 2,308,780 | 942,793 | 3,251,573 | 55,732 |
| Communication Equipment | 37,204 | 527,665 | 564,869 | 0 |
| TOTAL ASSETS | \$ 30,047,626 | \$ 18,340,872 | \$ 48,388,498 | \$ 355,525 |
| LIABILITIES | | | | |
| Cash Overdraft | 68,367 | 0 | 68,367 | 0 |
| Accounts Payable | 386,016 | 268,848 | 654,864 | 12,336 |
| Due to Others | 1,120,058 | 0 | 1,120,058 | 0 |
| Accrued Interest Payable | 122,115 | 926 | 123,041 | 0 |
| Accrued Salaries and Related Fringes | 319,499 | 16,309 | 335,808 | 7,183 |
| Deferred Revenue | 118,934 | 0 | 118,934 | 0 |
| Customer Deposits | 0 | 10,620 | 10,620 | 0 |
| Noncurrent Liabilities: | | | | |
| Due Within One Year | 1,733,612 | 67,899 | 1,801,511 | 9,096 |
| Due In More Than One Year | 11,100,819 | 689,845 | 11,790,664 | 0 |
| TOTAL LIABILITIES | \$ 14,969,420 | \$ 1,054,447 | \$ 16,023,867 | \$ 28,615 |
| NET ASSETS | | | | |
| Invested In Capital Assets, Net Of Related Debt Restricted For: | 8,769,246 | 14,570,651 | 23,339,897 | 157,416 |
| Restricted Landfill Closure & Post Closure Costs | 3,606,309 | 0 | 3,606,309 | 0 |
| Restricted Debt | 1,230,336 | 14,481 | 1,244,817 | 0 |
| Unrestricted | 1,472,315 | 2,701,293 | 4,173,608 | 169,494 |
| TOTAL NET ASSETS | \$ 15,078,206 | \$ 17,286,425 | \$ 32,364,631 | \$ 326,910 |

The Accompanying Notes are an Integral Part of this Statement

WILLIAMSBURG COUNTY, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

| FUNCTIONS/PROGRAMS | PROGRAM REVENUES | | | NET REVENUE (EXPENSE) AND CHANGES IN NET ASSETS | | | COMPONENT UNIT | |
|--|------------------|------------------------------------|------------------------------------|---|--------------------------|--------------------------|-----------------|-------|
| | EXPENSES | OPERATING GRANTS AND CONTRIBUTIONS | | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | | | TOTAL |
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | | |
| Primary Government: | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| General Government | \$ 6,679,234 | \$ 409,605 | \$ 384,021 | \$ 0 | \$ (5,885,608) | \$ 0 | \$ (5,885,608) | |
| Public Safety | 4,526,136 | 605,966 | 369,998 | 0 | (3,550,172) | 0 | (3,550,172) | |
| Public Works | 1,578,282 | 394,723 | 6,300 | 0 | (1,177,259) | 0 | (1,177,259) | |
| Health & Human Services | 2,183,041 | 630,016 | 603,309 | 17,999 | (931,717) | 0 | (931,717) | |
| Economic Development | 692,477 | 0 | 323,427 | 890,293 | 521,243 | 0 | 521,243 | |
| Cultural & Recreation | 734,221 | 30,715 | 141,720 | 38,234 | (523,552) | 0 | (523,552) | |
| Environmental Services - Landfill | 1,487,987 | 879,538 | 52,544 | 35,000 | (520,905) | 0 | (520,905) | |
| Agency Contributions | 566,305 | 0 | 0 | 0 | (566,305) | 0 | (566,305) | |
| Interest and Other Charges | 485,522 | 0 | 0 | 0 | (485,522) | 0 | (485,522) | |
| Total Governmental Activities | \$ 18,933,205 | \$ 2,950,563 | \$ 1,881,319 | \$ 981,526 | \$ (13,119,797) | \$ 0 | \$ (13,119,797) | |
| Business-Type Activities: | | | | | | | | |
| Water & Sewer Fund | 1,376,753 | 720,746 | 0 | 496,439 | 0 | (159,568) | (159,568) | |
| Williamsburg County Transit System | 2,052,523 | 1,096,171 | 757,306 | 185,920 | 0 | (13,126) | (13,126) | |
| E-911 Fund | 802,049 | 246,305 | 0 | 0 | 0 | (555,744) | (555,744) | |
| Total Business-Type Activities | \$ 4,231,325 | \$ 2,063,222 | \$ 757,306 | \$ 682,359 | \$ 0 | \$ (728,438) | \$ (728,438) | |
| Total Primary Government | \$ 23,164,530 | \$ 5,013,785 | \$ 2,638,625 | \$ 1,663,885 | \$ (13,119,797) | \$ (728,438) | \$ (13,848,235) | |
| Component Unit | | | | | | | | |
| Williamsburg County Library | \$ 425,335 | \$ 22,574 | \$ 227,763 | \$ 0 | \$ 0 | \$ 0 | \$ (174,998) | |
| Total Component Unit | \$ 425,335 | \$ 22,574 | \$ 227,763 | \$ 0 | \$ 0 | \$ 0 | \$ (174,998) | |
| GENERAL REVENUES | | | | | | | | |
| Taxes | | | | | \$ 11,894,124 | \$ 0 | \$ 11,894,124 | |
| Contributions from Primary Government | | | | | 0 | 0 | 0 | |
| Local Option Sales Tax | | | | | 1,993,683 | 0 | 1,993,683 | |
| Local Government Fund | | | | | 1,865,687 | 0 | 1,865,687 | |
| State Shared Taxes | | | | | 974,818 | 0 | 974,818 | |
| Other State Revenue | | | | | 122,665 | 0 | 122,665 | |
| Interest | | | | | 240,699 | 58,241 | 298,940 | |
| Miscellaneous Revenue | | | | | 30,446 | 0 | 30,446 | |
| Transfers | | | | | (635,374) | 635,374 | 0 | |
| TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS | | | | | \$ 16,486,748 | \$ 693,615 | \$ 17,180,363 | |
| CHANGES IN NET ASSETS | | | | | \$ 3,366,951 | \$ (34,823) | \$ 3,332,128 | |
| NET ASSETS, Beginning of Year | | | | | 11,711,255 | 17,321,248 | 29,032,503 | |
| NET ASSETS, End of Year | | | | | \$ 15,078,206 | \$ 17,286,425 | \$ 32,364,631 | |

The Accompanying Notes are an Integral Part of this Statement

WILLIAMSBURG COUNTY, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

| ASSETS | GENERAL FUND | RURAL FIRE FUND | LANDFILL FUND | DEBT SERVICE FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|---------------------|--------------------|---------------------|-------------------------|--------------------------------|--------------------------------|
| Cash | \$ 2,732,037 | \$ 133,091 | \$ 28,905 | \$ 117 | \$ 338,892 | \$ 3,233,042 |
| Cash Restricted | 162,154 | 0 | 3,596,050 | 1,230,336 | 0 | 4,988,540 |
| Court Fines Receivable (Net of Allowance) | 26,418 | 0 | 0 | 0 | 0 | 26,418 |
| Due from Others | 47,469 | 0 | 0 | 0 | 0 | 47,469 |
| Taxes Receivable (Net of Allowance) | 826,417 | 84,600 | 121,838 | 209,365 | 0 | 1,242,220 |
| Other Receivables | 801,241 | 0 | 197,433 | 0 | 762,270 | 1,760,944 |
| Due from State Government | 260,952 | 0 | 0 | 0 | 0 | 260,952 |
| Inventory | 0 | 0 | 0 | 0 | 34,008 | 34,008 |
| Due from Other Funds | 623,718 | 0 | 0 | 853,486 | 0 | 1,477,204 |
| TOTAL ASSETS | \$ 5,480,406 | \$ 217,691 | \$ 3,944,226 | \$ 2,293,304 | \$ 1,135,170 | \$ 13,070,797 |
| LIABILITIES AND FUND BALANCE | | | | | | |
| LIABILITIES | | | | | | |
| Cash Overdraft | 0 | 0 | 0 | 0 | 68,367 | 68,367 |
| Accounts Payable | 95,068 | 0 | 750 | 0 | 290,198 | 386,016 |
| Due to Other Funds | 0 | 44,947 | 559,533 | 0 | 118,122 | 722,602 |
| Due to Others | 1,120,058 | 0 | 0 | 0 | 0 | 1,120,058 |
| Accrued Wages & Benefits Payable | 297,778 | 4,391 | 2,887 | 0 | 14,443 | 319,499 |
| Deferred Revenue | 789,460 | 62,549 | 107,725 | 140,974 | 0 | 1,100,708 |
| TOTAL LIABILITIES | \$ 2,302,364 | \$ 111,887 | \$ 670,895 | \$ 140,974 | \$ 491,130 | \$ 3,717,250 |
| FUND BALANCE | | | | | | |
| Reserved for Debt Service | 0 | 0 | 0 | 2,152,330 | 0 | 2,152,330 |
| Reserved for Inventory | 0 | 0 | 0 | 0 | 34,008 | 34,008 |
| Reserved for Closure Costs | 0 | 0 | 3,606,309 | 0 | 0 | 3,606,309 |
| Reserved for Special Projects | 0 | 0 | 0 | 0 | 361,346 | 361,346 |
| Reserved for Capital Projects | 0 | 0 | 0 | 0 | 1,759 | 1,759 |
| Unreserved | 3,178,042 | 105,804 | (332,978) | 0 | 246,927 | 3,197,795 |
| TOTAL FUND BALANCE | \$ 3,178,042 | \$ 105,804 | \$ 3,273,331 | \$ 2,152,330 | \$ 644,040 | \$ 9,353,547 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 5,480,406 | \$ 217,691 | \$ 3,944,226 | \$ 2,293,304 | \$ 1,135,170 | \$ 13,070,797 |

The Accompanying Notes are an Integral Part of this Statement

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007**

Amounts reported for governmental activities in the statement of net assets are different because :

| | |
|---|-----------------------------|
| Ending fund balances - governmental funds balance sheet | \$ 9,353,547 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 17,559,767 |
| Other long-term assets, such as property taxes, court fines, and ambulance fees are not available to pay for current period expenditures and, therefore, are deferred in the funds. | 981,774 |
| Long-term liabilities, including bonds payable (net of premiums and issuance costs), capital leases, compensated absences, and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds. | <u>(12,816,882)</u> |
| Net assets of governmental activities | \$ <u>15,078,206</u> |

The Accompanying Notes are an Integral Part of this Statement

WILLIAMSBURG COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| REVENUES | GENERAL FUND | RURAL FIRE FUND | LANDFILL FUND | DEBT SERVICE FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|----------------------|--------------------|---------------------|---------------------|--------------------------|--------------------------|
| Taxes | \$ 11,329,830 | \$ 648,442 | \$ 0 | \$ 0 | \$ 315,102 | \$ 14,589,529 |
| Fees, Licenses & Permits | 105,553 | 0 | 503,767 | 2,296,155 | 428,001 | 1,037,321 |
| Intergovernmental Revenue | 2,811,128 | 0 | 0 | 0 | 1,910,907 | 4,722,035 |
| Charges for Services | 798,003 | 0 | 329,364 | 0 | 0 | 1,127,367 |
| Fines & Forfeitures | 630,465 | 0 | 0 | 0 | 0 | 630,465 |
| Miscellaneous Revenues | 405,319 | 32,850 | 160,101 | 7,329 | 38,930 | 644,529 |
| TOTAL REVENUES | \$ 16,080,298 | \$ 681,292 | \$ 993,232 | \$ 2,303,484 | \$ 2,692,940 | \$ 22,751,246 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General Government | 6,478,237 | 0 | 0 | 0 | 109,862 | 6,588,099 |
| Public Safety | 3,203,873 | 601,005 | 0 | 0 | 35,125 | 3,840,003 |
| Public Works | 0 | 0 | 0 | 0 | 941,609 | 941,609 |
| Health and Human Services | 1,291,546 | 0 | 0 | 0 | 741,430 | 2,032,976 |
| Cultural and Recreational | 501,053 | 0 | 0 | 0 | 116,235 | 617,288 |
| Economic Development | 181,408 | 0 | 0 | 0 | 337,791 | 519,199 |
| Environmental Services - Landfill | 807,083 | 0 | 283,249 | 0 | 8,968 | 1,099,300 |
| Other | 566,305 | 0 | 0 | 0 | 0 | 566,305 |
| Capital Outlay: | | | | | | |
| General Government | 96,362 | 0 | 0 | 0 | 0 | 96,362 |
| Public Safety | 457,010 | 0 | 0 | 0 | 0 | 457,010 |
| Health and Human Services | 192,985 | 0 | 0 | 0 | 17,999 | 210,984 |
| Economic Development | 0 | 0 | 0 | 0 | 970,393 | 970,393 |
| Cultural and Recreational | 40,156 | 0 | 0 | 0 | 38,234 | 78,390 |
| Environmental Services - Landfill | 23,525 | 0 | 0 | 0 | 35,000 | 58,525 |
| Debt Service: | | | | | | |
| Principal | 0 | 0 | 0 | 1,328,132 | 1,826 | 1,329,958 |
| Interest | 35,940 | 0 | 0 | 421,851 | 34 | 457,825 |
| Bond Issuance Costs | 10,000 | 0 | 0 | 6,978 | 0 | 16,978 |
| TOTAL EXPENDITURES | \$ 13,885,483 | \$ 601,005 | \$ 283,249 | \$ 1,756,961 | \$ 3,354,506 | \$ 19,881,204 |
| EXCESS REVENUES OVER EXPENDITURES | \$ 2,194,815 | \$ 80,287 | \$ 709,983 | \$ 546,523 | \$ (661,566) | \$ 2,870,042 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | 0 | 0 | 0 | 403,842 | 809,854 | 1,213,696 |
| Transfers (Out) | (1,680,310) | (94,500) | (74,260) | 0 | 0 | (1,849,070) |
| Lease Purchase Proceeds | 715,000 | 0 | 0 | 0 | 0 | 715,000 |
| TOTAL OTHER FINANCING SOURCES (USES) | \$ (965,310) | \$ (94,500) | \$ (74,260) | \$ 403,842 | \$ 809,854 | \$ 79,626 |
| EXCESS REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) | \$ 1,229,505 | \$ (14,213) | \$ 635,723 | \$ 950,365 | \$ 148,288 | \$ 2,949,668 |
| FUND BALANCE, Beginning of Year | 1,948,537 | 120,017 | 2,637,608 | 1,201,965 | 495,752 | 6,403,879 |
| FUND BALANCE, End of Year | \$ 3,178,042 | \$ 105,804 | \$ 3,273,331 | \$ 2,152,330 | \$ 644,040 | \$ 9,353,547 |

The Accompanying Notes are an Integral Part of this Statement

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

Amounts reported for governmental activities in the statement of activities are different because:

| | | |
|--|-----------|-------------------------|
| Net change in fund balances - total governmental funds | \$ | 2,949,668 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is the amount by which depreciation expense exceeded capital outlay in the current period. | | (246,140) |
| Revenues in the statement of activities, such as property taxes, ambulance fees and police fines that will not be collected for several months after year end and do not provide for current financial resources, are not reported as revenues in the funds. | | 184,284 |
| The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | 631,936 |
| Some expenses reported in the statement of activities, such as compensated absences, accrued interest, and amortization of bond premiums and issuance costs, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | (152,797) |
| Change in net assets of governmental activities | \$ | <u>3,366,951</u> |

The Accompanying Notes are an Integral Part of this Statement

WILLIAMSBURG COUNTY, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

| | BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS | | | |
|---|--|--|----------------------|----------------------|
| | WATER & SEWER FUND | WILLIAMSBURG COUNTY TRANSIT SYSTEM FUND | E911 FUND | TOTAL |
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash | \$ 816,251 | \$ 799,615 | \$ 301,277 | \$ 1,917,143 |
| Investments | 0 | 1,297,569 | 0 | 1,297,569 |
| Restricted Cash & Investments | 14,481 | 0 | 0 | 14,481 |
| Inventory | 0 | 48,911 | 0 | 48,911 |
| Accrued Interest Receivable | 0 | 10,564 | 0 | 10,564 |
| Accounts Receivable, Net of Allowance | 15,504 | 24,460 | 0 | 39,964 |
| Prepaid Assets | 0 | 224,160 | 0 | 224,160 |
| Receivable - Other | 0 | 266,368 | 13,361 | 279,729 |
| TOTAL CURRENT ASSETS | \$ 846,236 | \$ 2,671,647 | \$ 314,638 | \$ 3,832,521 |
| PROPERTY, PLANT, AND EQUIPMENT | | | | |
| Land | \$ 120,000 | \$ 28,000 | \$ 0 | \$ 148,000 |
| Water & Sewer System | 14,837,973 | 0 | 0 | 14,837,973 |
| Furniture and Fixtures | 0 | 0 | 315,917 | 315,917 |
| Machinery and Equipment | 0 | 452,203 | 675,542 | 1,127,745 |
| Vehicles | 0 | 2,798,617 | 0 | 2,798,617 |
| Buildings & Improvements | 0 | 171,094 | 110,102 | 281,196 |
| Land Improvements | 0 | 13,444 | 0 | 13,444 |
| Less: Accumulated Depreciation | (1,504,313) | (2,412,385) | (343,241) | (4,259,939) |
| NET PROPERTY, PLANT, AND EQUIPMENT | \$ 13,453,660 | \$ 1,050,973 | \$ 758,320 | \$ 15,262,953 |
| TOTAL ASSETS | \$ 14,299,896 | \$ 3,722,620 | \$ 1,072,958 | \$ 19,095,474 |

The Accompanying Notes are an Integral Part of this Statement

WILLIAMSBURG COUNTY, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

| | BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS | | | |
|--|--|--|----------------------|----------------------|
| | WATER & SEWER FUND | WILLIAMSBURG COUNTY TRANSIT SYSTEM FUND | E911 FUND | TOTAL |
| LIABILITIES | | | | |
| SHORT-TERM LIABILITIES | | | | |
| Accounts Payable | \$ 33,441 | \$ 231,929 | \$ 3,478 | \$ 268,848 |
| Accrued Payroll and Benefits | 1,779 | 3,335 | 11,195 | 16,309 |
| Due to Other Funds | 29,391 | 226,799 | 498,412 | 754,602 |
| Compensated Absences Payable | 1,663 | 8,236 | 9,061 | 18,960 |
| Bonds Payable - RDA | 5,514 | 0 | 0 | 5,514 |
| Capital Leases Payable | 0 | 0 | 43,605 | 43,605 |
| Accrued Interest Payable | 926 | 0 | 0 | 926 |
| Customer Deposits | 10,620 | 0 | 0 | 10,620 |
| TOTAL SHORT-TERM LIABILITIES | \$ 83,334 | \$ 470,299 | \$ 565,751 | \$ 1,119,384 |
| LONG-TERM LIABILITIES | | | | |
| Compensated Absences Payable | 3,378 | 24,707 | 18,397 | 46,482 |
| Capital Leases Payable | 0 | 0 | 148,172 | 148,172 |
| Bonds Payable - RDA | 495,011 | 0 | 0 | 495,011 |
| TOTAL LONG-TERM LIABILITIES | \$ 498,389 | \$ 24,707 | \$ 166,569 | \$ 689,665 |
| TOTAL LIABILITIES | \$ 581,723 | \$ 495,006 | \$ 732,320 | \$ 1,809,049 |
| NET ASSETS | | | | |
| Invested in Capital Assets, Net of Related Debt | 12,953,135 | 1,050,973 | 566,543 | 14,570,651 |
| Restricted for Debt Service | 14,481 | 0 | 0 | 14,481 |
| Unrestricted | 750,557 | 2,176,641 | (225,905) | 2,701,293 |
| TOTAL NET ASSETS | \$ 13,718,173 | \$ 3,227,614 | \$ 340,638 | \$ 17,286,425 |

The Accompanying Notes are an Integral Part of this Statement

WILLIAMSBURG COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS | | | |
|--|--|---|----------------------|-----------------------|
| | WATER & SEWER FUND | WILLIAMSBURG COUNTY TRANSIT SYSTEM | E911 FUND | TOTAL |
| OPERATING REVENUES | | | | |
| Charges for Services | \$ 720,746 | \$ 1,096,171 | \$ 246,305 | \$ 2,063,222 |
| TOTAL OPERATING REVENUES | \$ 720,746 | \$ 1,096,171 | \$ 246,305 | \$ 2,063,222 |
| OPERATING EXPENSES | | | | |
| Cost of Sales & Services | 533,889 | 514,949 | 129,759 | 1,178,597 |
| Personnel & Benefits | 108,305 | 1,106,071 | 574,382 | 1,788,758 |
| Administration | 182,296 | 229,132 | 16,637 | 428,065 |
| Depreciation | 529,481 | 202,371 | 71,545 | 803,397 |
| TOTAL OPERATING EXPENSES | \$ 1,353,971 | \$ 2,052,523 | \$ 792,323 | \$ 4,198,817 |
| OPERATING INCOME (LOSS) | \$ (633,225) | \$ (956,352) | \$ (546,018) | \$ (2,135,595) |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Investment Income | 17,575 | 38,879 | 1,787 | 58,241 |
| Interest Expense | (22,782) | 0 | (9,726) | (32,508) |
| CDBG Block Grant | 496,439 | 0 | 0 | 496,439 |
| Government Subsidies | 0 | 943,226 | 0 | 943,226 |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | \$ 491,232 | \$ 982,105 | \$ (7,939) | \$ 1,465,398 |
| NET INCOME (LOSS) BEFORE TRANSFERS | \$ (141,993) | \$ 25,753 | \$ (553,957) | \$ (670,197) |
| TRANSFERS | | | | |
| Transfers In (Out) | 0 | 182,906 | 452,468 | 635,374 |
| TOTAL TRANSFERS | \$ 0 | \$ 182,906 | \$ 452,468 | \$ 635,374 |
| NET INCOME (LOSS) | \$ (141,993) | \$ 208,659 | \$ (101,489) | \$ (34,823) |
| NET ASSETS, Beginning of Year | 13,860,166 | 3,018,955 | 442,127 | 17,321,248 |
| NET ASSETS, End of Year | \$ 13,718,173 | \$ 3,227,614 | \$ 340,638 | \$ 17,286,425 |

The Accompanying Notes are an Integral Part of this Statement

WILLIAMSBURG COUNTY, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS | | | |
|---|--|--|----------------------|-----------------------|
| | WATER & SEWER FUND | WILLIAMSBURG COUNTY TRANSIT SYSTEM FUND | E911 FUND | TOTAL |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash Received from Customers | \$ 720,995 | \$ 1,145,484 | \$ 246,785 | \$ 2,113,264 |
| Cash Payments to Suppliers for Goods and Services | (768,831) | (579,881) | (143,547) | (1,492,259) |
| Cash Payments to and for Employee's Benefit | (105,522) | (1,106,715) | (572,551) | (1,784,788) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ (153,358) | \$ (541,112) | \$ (469,313) | \$ (1,163,783) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Operating Grants | 0 | 708,480 | 0 | 708,480 |
| Customer Deposits | 9,900 | 0 | 0 | 9,900 |
| Payments Received from Other Funds | 0 | 182,906 | 588,525 | 771,431 |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | \$ 9,900 | \$ 891,386 | \$ 588,525 | \$ 1,489,811 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Capital Grants Received | 496,439 | 0 | 0 | 496,439 |
| Property, Plant and Equipment Additions | (494,380) | (4,558) | 0 | (498,938) |
| Principal Payment Revenue Bonds | (5,820) | 0 | 0 | (5,820) |
| Principal Payment Capital Leases | 0 | 0 | (37,950) | (37,950) |
| Interest Paid | (22,666) | 0 | (9,726) | (32,392) |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | \$ (26,427) | \$ (4,558) | \$ (47,676) | \$ (78,661) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of Certificates of Deposit | 0 | (29,053) | 0 | (29,053) |
| Interest Received (Reinvested) | 17,575 | 32,537 | 1,787 | 51,899 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | \$ 17,575 | \$ 3,484 | \$ 1,787 | \$ 22,846 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | \$ (152,310) | \$ 349,200 | \$ 73,323 | \$ 270,213 |
| CASH AND CASH EQUIVALENTS, Beginning of Year | 983,042 | 450,415 | 227,954 | 1,661,411 |
| CASH AND CASH EQUIVALENTS, End of Year | \$ 830,732 | \$ 799,615 | \$ 301,277 | \$ 1,931,624 |
| CASH AND CASH EQUIVALENTS, End of Year | | | | |
| Cash | 816,251 | 799,615 | 301,277 | 1,917,143 |
| Cash Restricted | 14,481 | 0 | 0 | 14,481 |
| TOTAL CASH AND CASH EQUIVALENTS, End of Year | \$ 830,732 | \$ 799,615 | \$ 301,277 | \$ 1,931,624 |

The Accompanying Notes are an Integral Part of this Statement

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

| | BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS | | | |
|---|--|--|----------------------|-----------------------|
| | WATER & SEWER FUND | WILLIAMSBURG COUNTY TRANSIT SYSTEM FUND | E911 FUND | TOTAL |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | | | |
| Operating Income (Loss) | \$ (633,225) | \$ (956,352) | \$ (546,018) | \$ (2,135,595) |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | | | |
| Depreciation | 529,481 | 202,371 | 71,545 | 803,397 |
| (Increase) Decrease in Accounts and Other Receivables | (774) | 49,313 | 480 | 49,019 |
| (Increase) Decrease in Inventory | 0 | 7,398 | 0 | 7,398 |
| (Increase) Decrease in Prepaid Items | 0 | (224,160) | 0 | (224,160) |
| Increase (Decrease) in Due to General Fund | 1,346 | 217,446 | 0 | 218,792 |
| Increase (Decrease) in Accounts Payable | (52,969) | 163,516 | 2,849 | 113,396 |
| Increase (Decrease) in Due to Others | 0 | 642 | 0 | 642 |
| Increase (Decrease) in Salaries and Compensated Absences Payable | 2,783 | (1,286) | 1,831 | 3,328 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ (153,358) | \$ (541,112) | \$ (469,313) | \$ (1,163,783) |

WILLIAMSBURG COUNTY, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

| | <u>AGENCY FUNDS</u> | <u>REVOLVING LOAN TRUST FUND</u> | <u>TOTAL</u> |
|--|----------------------------|--|----------------------------|
| ASSETS | | | |
| Cash | \$ 1,419,621 | \$ 598,352 | \$ 2,017,973 |
| Note Receivable | <u>0</u> | <u>216,939</u> | <u>216,939</u> |
| TOTAL ASSETS | \$ <u>1,419,621</u> | \$ <u>815,291</u> | \$ <u>2,234,912</u> |
| LIABILITIES | | | |
| Due to Other Taxing Units | 326,167 | 0 | 326,167 |
| Due to Estate & Trust Beneficiaries | 552,006 | 0 | 552,006 |
| Due to Others | 159,345 | 0 | 159,345 |
| Due to Bidders & Redeemers of Land Sales | 260,295 | 0 | 260,295 |
| Due to Fine Recipients and Bond Payors | 72,652 | 0 | 72,652 |
| Due to Support Recipients | 13,844 | 0 | 13,844 |
| Due to Seized Asset Recipient | <u>35,312</u> | <u>0</u> | <u>35,312</u> |
| TOTAL LIABILITIES | \$ <u>1,419,621</u> | \$ <u>0</u> | \$ <u>1,419,621</u> |
| NET ASSETS | | | |
| Held in Trust for Other Purposes | <u>\$ 0</u> | <u>\$ 815,291</u> | <u>\$ 815,291</u> |

The Accompanying Notes are an Integral Part of this Statement

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

| | REVOLVING LOAN TRUST FUND |
|--|--|
| ADDITIONS | |
| Revolving Loan Payments & Earnings | \$ <u>8,500</u> |
| TOTAL ADDITIONS | \$ <u>8,500</u> |
| DEDUCTIONS | |
| Economic Development Loans & Disbursements | <u>19,200</u> |
| TOTAL DEDUCTIONS | \$ <u>19,200</u> |
| CHANGE IN NET ASSETS | \$ (10,700) |
| NET ASSETS, Beginning of Year | <u>825,991</u> |
| NET ASSETS, End of Year | \$ <u><u>815,291</u></u> |

The Accompanying Notes are an Integral Part of this Statement

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Williamsburg County, South Carolina have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

The State of South Carolina established the County under the provisions of the South Carolina Home Rule Act. Williamsburg County operates under the Council - Supervisor form of government and provides the following services: general administrative services, public safety, courts, highways and streets, sanitation, health and human services, culture and recreation programs, public improvements and other miscellaneous services. As required by generally accepted accounting principles, these financial statements present the County and its component units, entities for which the County is considered financially accountable or for which exclusion of a component unit would render the financial statements incomplete or misleading. The County's combined financial statements include the accounts of all County Operations and those organizations that meet the criteria pursuant to Governmental Accounting Board Statement No. 14, "The Financial Reporting Entity."

- A. The organization is legally separate.
- B. The County holds the corporate powers of the organization.
- C. The County appoints a voting majority of the organization.
- D. The County is able to impose its will on the organization.
- E. The organization has the potential to impose a financial benefit or burden on the County.
- F. There is fiscal dependency by the organization on the County.

Based upon the aforementioned criteria, the County has included Williamsburg County Library as a discretely presented component unit. The discretely presented component unit is included since it is fiscally dependent upon the County for the annual appropriations, approval of annual operating budgets, and the authorization of general obligation debt issues. A discretely presented component unit is reported in a separate column in the combined financial statements to emphasize that they are legally separate from the County. The discretely presented component unit has a June 30 year-end. Separate financial statements for this component unit may be obtained from the entity's management.

Discretely Presented Component Unit

Williamsburg County Library
215 North Jackson
Kingstree, SC 29556
Telephone (843) 355-9486

The South Carolina Legislature created the Williamsburg County Library System in 1967 as part of Williamsburg County Government. Its purpose is to provide library services to the citizens of Williamsburg County and bookmobile services to the rural areas of the County. The library operates under a nine member Board of Trustees that is appointed by the County Council. In addition to providing significant annual appropriations to finance the operations of the Library, County Council approves its budget and all general obligation debt.

B. Government-Wide and Fund Financial Statements

The financial statement presentation for the County meets the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The financial statement presentation provides a comprehensive, entity-wide perspective of the County's net assets, revenues, expenses and changes in net assets and cash flows that replaces the fund-group perspective previously required.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been eliminated from the statement of activities. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County reports the following major governmental funds:

General Fund: The general fund is the primary operating fund of the County. The general fund accounts for all financial resources except those that are required to be reported in another fund.

Rural Fire Fund: The rural fire fund is a special revenue fund which accounts for the rural fire district revenues and expenditures.

Landfill Fund: The landfill fund is a special revenue fund which accounts for the proceeds of specific revenue sources that are collected for the purpose of providing landfill services to Williamsburg County. The landfill fund is responsible for collecting required funds for the closure and postclosure costs of the landfill.

Debt Service Fund: The debt service fund accounts for proceeds that are restricted for the purpose of debt payments.

The County reports the following major proprietary funds:

Water & Sewer (Enterprise Fund): The water & sewer fund is used to account for the cost of providing water & sewer services to unincorporated areas of the County.

Williamsburg County Transit System: The Williamsburg County Transit System fund is used to account for the cost of providing transportation services to the citizens of Williamsburg County.

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E 911 Fund: The E911 Fund is used to account for the cost of providing emergency services to the citizens of Williamsburg County.

Additionally, the County reports the following fund types:

Agency Fund: This fund is used to report resources held by the County in a custodial capacity as an agent on behalf of others and does not involve the measurement of results of operation.

Private-Purpose Trust Fund: This fund is used to account for resources legally held in trust for revolving loans. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services for water and sewer fees, the revenues received for operating the Williamsburg County Transit System, and the revenues received for operating the E-911 fund. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposit collaterally secured, and repurchase agreements secured by the foregoing obligations.

The County's cash investment objectives are preservation of capital, liquidity and yield. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," all investments are reported at their fair values. The County has no investments at this time reported at amortized cost.

The County has certain funds invested with the South Carolina State Treasurer's Office, which established the South Carolina Local Government Investment Pool Fund (the "Pool") pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00.

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

F. Receivables

All accounts and property tax receivables are shown at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. This amount is determined by analyzing the percentage of receivables that was not collected in prior years.

Property taxes for real property and personal property except motor vehicles are due without penalties by January 15th of each fiscal year. Uncollected taxes and penalties are considered delinquent on March 15th. Property taxes for motor vehicles are due in the month in which the state motor vehicle license will be renewable. Property tax revenues are recognized in accordance with imposed nonexchange transactions in accordance with GASB No. 33.

G. Inventories

The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. The amount of inventories on hand at year end for the governmental fund types consist of gasoline and diesel fuel. Inventories are valued at cost using the average cost method.

H. Restricted Assets

Certain assets of landfill revenue, debt service, and enterprise funds are classified as restricted on the balance sheet because their use is limited to specific purposes for which the funds were received.

I. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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.

Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure was subject to an extended implementation period. The County restated beginning net assets during the current year to implement the retroactive infrastructure provisions of GASB 34.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Construction in progress represents funds expended for construction of capital assets which have not been placed into service yet.

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant, and equipment of the County are depreciated using the straight line method over the following estimated useful lives:

| <u>Asset</u> | <u>Years</u> |
|-------------------------|--------------|
| Land Improvements | 15-20 |
| Buildings | 30-40 |
| Building Improvements | 15-40 |
| Leasehold Improvements | 15-20 |
| Furniture & Fixtures | 3-15 |
| Machinery & Equipment | 5-15 |
| Vehicles | 3-10 |
| Communication Equipment | 15 |
| Infrastructure | 20 |

Depreciation for capital assets that can be specifically identified with a function is included in the direct expenses for that function.

J. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Deferred Revenues

Deferred revenues arise when a potential revenue does not meet the criteria for recognition in the current period. In subsequent periods, when revenue recognition criteria are met, the government has a legal claim to the resources, or the revenue has been earned, the liability is removed and revenue is recognized.

L. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium, discount, and deferred refunding costs. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Nonexchange Transactions

The standards established by GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", provide accounting and reporting for the following four categories of nonexchange transactions: 1) Derived tax revenues, 2) Imposed nonexchange revenues, 3) Government-mandated nonexchange transactions, and 4) Voluntary nonexchange transactions. Nonexchange transactions involve financial or capital resources in which the government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange.

Assets from Derived Tax Revenues are recognized when the underlying exchange has occurred or when the resources are received, whichever first. Revenues are recognized when the underlying exchange has occurred and resources are available to the government.

Assets from Imposed Nonexchange Revenues are recognized when an enforceable legal claim has arisen or when resources are received, whichever occurs first. Revenues are recognized when resources are required to be used or the first period that use is permitted. Resources must also be available to the government.

Assets, liabilities, revenues, and expenditures from Government-Mandated and Voluntary Nonexchange Transactions are generally recognized when all eligibility requirements have been met.

Resources received before the eligibility requirements are fulfilled are reported as deferred revenues. Eligibility requirements can include one or more of the following:

1. The recipient has the characteristics specified by the provider.
2. Time requirements specified by the provider have been met.
3. The provider offers resources on a reimbursement basis and allowable costs have been incurred under the applicable program.
4. The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred.

N. Net Assets/Fund Balances

The County's net assets in the government-wide financial statements and proprietary fund financial statements are classified as follows:

Invested in Capital Assets, Net of Related Debt: This represents the County's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted Net Assets: Restricted expendable net assets include resources in which the County is legally or contractually obligated to spend in accordance with restrictions imposed by third parties.

Unrestricted Net Assets: Unrestricted net assets represent resources derived from ad valorem taxes, earnings on investments, state/local grants, fees, and shared revenues.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 2 - DEPOSITS AND INVESTMENTS

At year end, the County had the following investments:

| Investment Type | Fair Value |
|----------------------------------|----------------------------|
| Local Government Investment Pool | \$ <u>2,672,224</u> |
| Total Investments | \$ <u><u>2,672,224</u></u> |

Interest rate risk is the risk that a change in interest rate will cause the fair value of a government's financial instruments to drop or will negatively affect the government's cash flows. The County's investment policy does not address interest rate risk.

Credit risk is the risk that the counterparty will not meet its obligations. The County's investment policy does not address credit risk but limits its investments to obligations of the United States and its agencies, general obligations of South Carolina and its political subdivisions, savings and loan associations if their deposits are insured by an agency of the federal government, certificates of deposits insured by obligations of the United States or general obligation bonds of the State of South Carolina or its political subdivisions, and repurchase agreements when collateralized by United States obligations.

Concentration of credit risk - the County's investment policy does not address concentration of credit risk. The County has 100% of its investments in Federal Home Loan Bank Bonds and Federal Home Mortgage Notes.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to the County. The County's investment policy requires deposits to be insured by the federal government or its agencies or collateralized by the federal government or its agencies. As of June 30, 2007, the County's bank balance was \$12,338,604 and the carrying value was \$10,724,029. Of the bank balance \$12,338,604, the amount that was exposed to custodial credit risk totaled \$11,053,849. Deposits totaling \$5,762,283 were uninsured and collateralized with securities held by the pledging financial institution or its agent but not in the County's name. The bank balance of \$4,863,038 was uninsured and collateralized with securities held by the pledging financial institution or its agent in the County's name. Bank deposits totaling \$428,528 were uninsured and uncollateralized.

Custodial credit risk - Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investment balance of \$2,672,224 as of June 30, 2007, was not exposed to custodial credit risk as it is an asset backed security.

The deposit and investment policy of the County adheres to State statutes and prudent business practice. Deposits of the governmental funds are either maintained in demand deposits or savings accounts, certificates of deposits, or repurchase agreements. The uncollateralized bank balance of \$428,528 was in violation of the State statute and the policy of the County.

Reconciliation of Cash and Investments to Fund Financial Statements

| | |
|---------------------------------|-----------------------------|
| Cash and Investments | |
| Cash and Investments | \$ 8,465,727 |
| Restricted Cash and Investments | 5,003,021 |
| Cash Overdraft | (68,367) |
| Total Cash and Investments | \$ <u><u>13,400,381</u></u> |
| Petty Cash | \$ 4,128 |
| Deposits Carrying Value | 10,724,029 |
| Investments | 2,672,224 |
| Total Cash and Investments | \$ <u><u>13,400,381</u></u> |

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Component Unit Cash and Investments

The carrying value of deposits for Williamsburg County Library totaled \$207,584, of which \$80,217 were uninsured and collateralized with securities held by the pledging financial institution or its agent but not in the County's name. The rest is insured by the Federal Depositors Insurance Corporation.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2007 consist of the following:

| | Governmental-Type Activities | Business-Type Activities | Total |
|-----------------------------|---------------------------------|-----------------------------|---------------------|
| Taxes Receivable, Net | \$ 1,242,220 | \$ 0 | \$ 1,242,220 |
| Accounts Receivable, Net | 0 | 39,964 | 39,964 |
| Due From Others | 47,469 | 0 | 47,469 |
| Due From State Government | 260,952 | 0 | 260,952 |
| Court Fines Receivable, Net | 26,418 | 0 | 26,418 |
| Interest Receivable | 0 | 10,564 | 10,564 |
| Other Receivables | 1,760,944 | 279,729 | 2,040,673 |
| Total Receivables | \$ 3,338,003 | \$ 330,257 | \$ 3,668,260 |

Taxes receivable in the governmental activities are reported net of allowance for uncollectible tax of \$524,017. Court fines receivable are reported net of an allowance for uncollectible fines of \$39,626 in the governmental activities. Ambulance fees are reported net of an allowance for uncollectible fees of \$813,065. Accounts receivable in the business-type activities have been reported net of allowance for uncollectible accounts of \$8,574.

Property taxes receivable that do not meet the availability requirement have been recorded as deferred revenue.

NOTE 4 - RESTRICTED ASSETS

The County has recorded cash and investments as restricted in the amount of \$4,988,540 in the governmental funds for special fees collected to fund the closure and post-closure cost of the landfill in the amount of \$3,596,050 and \$1,230,336 received by the debt service fund to meet debt service reserve requirements. The County has recorded cash and investments of \$162,154 as restricted for lease purchases. The restricted cash in the business-type activities is the required restriction for debt service for outstanding Rural Development Bonds.

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

| Governmental Activities: | Beginning Balance (As Restated) | Increases | Decreases | Ending Balance |
|--|---------------------------------------|-----------------------|-------------|------------------------|
| Capital Assets, not being Depreciated | | | | |
| Land | \$ 1,649,570 | \$ 30,000 | \$ 0 | \$ 1,679,570 |
| Total, not being Depreciated | \$ 1,649,570 | \$ 30,000 | \$ 0 | \$ 1,679,570 |
| Capital Assets, being Depreciated: | | | | |
| Land Improvements | \$ 3,192,524 | \$ 970,393 | \$ 0 | \$ 4,162,917 |
| Road and Bridges | 3,398,352 | 38,234 | 0 | 3,436,586 |
| Buildings | 6,054,653 | 0 | 0 | 6,054,653 |
| Building Improvements | 4,512,144 | 105,072 | 0 | 4,617,216 |
| Leasehold Improvements | 417,342 | 0 | 0 | 417,342 |
| Furniture & Fixtures | 1,544,305 | 70,427 | 0 | 1,614,732 |
| Machinery & Equipment | 2,924,001 | 0 | 0 | 2,924,001 |
| Automotive Equipment | 7,055,674 | 657,538 | 0 | 7,713,212 |
| Communication Equipment | 72,718 | 0 | 0 | 72,718 |
| Total, being Depreciated | \$ 29,171,713 | \$ 1,841,664 | \$ 0 | \$ 31,013,377 |
| Less Accumulated Depreciation for: | | | | |
| Land Improvements | \$ (1,495,550) | \$ (213,587) | \$ 0 | \$ (1,709,137) |
| Road and Bridges | (760,493) | (237,680) | 0 | (998,173) |
| Buildings | (1,960,942) | (164,592) | 0 | (2,125,534) |
| Building Improvements | (2,060,977) | (135,208) | 0 | (2,196,185) |
| Leasehold Improvements | (167,306) | (22,959) | 0 | (190,265) |
| Furniture & Fixtures | (620,286) | (60,264) | 0 | (680,550) |
| Machinery & Equipment | (1,345,007) | (448,383) | 0 | (1,793,390) |
| Automotive Equipment | (4,574,149) | (830,283) | 0 | (5,404,432) |
| Communication Equipment | (30,666) | (4,848) | 0 | (35,514) |
| Total Accumulated Depreciation | \$ (13,015,376) | \$ (2,117,804) | \$ 0 | \$ (15,133,180) |
| Total, being Depreciated, Net | \$ 16,156,337 | \$ (276,140) | \$ 0 | \$ 15,880,197 |
| Total Governmental Activities, Net | \$ 17,805,907 | \$ (246,140) | \$ 0 | \$ 17,559,767 |

Capital Asset additions in the governmental funds totaled \$1,871,644, and the current year depreciation expense totaled \$2,117,804.

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 5 - CAPITAL ASSETS (CONTINUED)

| Business-Type Activities: | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|--------------|--------------|-------------------|
| Capital Assets, not being Depreciated: | | | | |
| Land | \$ 148,000 | \$ 0 | \$ 0 | \$ 148,000 |
| Total, not being Depreciated | \$ 148,000 | \$ 0 | \$ 0 | \$ 148,000 |
| Capital Assets, being Depreciated: | | | | |
| Land Improvements | \$ 13,444 | \$ 0 | \$ 0 | \$ 13,444 |
| Buildings | 193,726 | 0 | 0 | 193,726 |
| Building Improvements | 87,470 | 0 | 0 | 87,470 |
| Water Distribution System | 14,334,996 | 502,977 | 0 | 14,837,973 |
| Furniture & Fixtures | 315,917 | 0 | 0 | 315,917 |
| Machinery & Equipment | 489,854 | 4,558 | (7,113) | 487,299 |
| Automotive Equipment | 3,460,749 | 0 | (662,132) | 2,798,617 |
| Communication Equipment | 640,446 | 0 | 0 | 640,446 |
| Total, being Depreciated | \$ 19,536,602 | \$ 507,535 | \$ (669,245) | \$ 19,374,892 |
| Less Accumulated Depreciation for: | | | | |
| Land Improvements | \$ (13,364) | \$ (54) | \$ 0 | \$ (13,418) |
| Buildings | (144,131) | (5,776) | 0 | (149,907) |
| Building Improvements | (26,256) | (4,647) | 0 | (30,903) |
| Water Distribution System | (966,234) | (538,079) | 0 | (1,504,313) |
| Furniture & Fixtures | (137,132) | (19,645) | 0 | (156,777) |
| Machinery & Equipment | (422,382) | (20,747) | 7,113 | (436,016) |
| Automotive Equipment | (2,337,606) | (180,350) | 662,132 | (1,855,824) |
| Communication Equipment | (70,085) | (42,696) | 0 | (112,781) |
| Total Accumulated Depreciation | \$ (4,117,190) | \$ (811,994) | \$ 669,245 | \$ (4,259,939) |
| Total, being Depreciated, Net | \$ 15,419,412 | \$ (304,459) | \$ 0 | \$ 15,114,953 |
| Total Business-Type Activities, Net | \$ 15,567,412 | \$ (304,459) | \$ 0 | \$ 15,262,953 |

The capital asset additions of business-type activities totaled \$507,535 and depreciation expense in business-type activities totaled \$803,397 of which \$8,597 were assets that were fully depreciated that were omitted on previous years financial statements.

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the following functions:

Governmental Activities:

| | | |
|--|--------|----------------------|
| General Government | \$ | 90,815 |
| Public Safety | | 694,283 |
| Public Works | | 633,637 |
| Health and Human Services | | 146,404 |
| Economic Development | | 172,415 |
| Environmental Services - Landfill | | 263,969 |
| Cultural and Recreation | | <u>116,281</u> |
| Total Depreciation Expense - Governmental Activities | \$ | <u>2,117,804</u> |

Business-Type Activities:

| | | |
|---|----|----------------|
| Water & Sewer Fund | \$ | 529,481 |
| Williamsburg County Transit System | | 202,371 |
| E 911 Fund | | <u>71,545</u> |
| Total Depreciation Expense - Business-Type Activities | \$ | <u>803,397</u> |

Component Units:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| Capital assets being depreciated | | | | |
| Vehicles | \$ 131,600 | \$ 0 | \$ 0 | \$ 131,600 |
| Computer Equipment | 159,338 | 21,913 | 0 | 181,251 |
| Furniture & Fixtures | 124,436 | 65,000 | 0 | 189,436 |
| Total capital assets being depreciated | <u>\$ 415,374</u> | <u>\$ 86,913</u> | <u>\$ 0</u> | <u>\$ 502,287</u> |
| Less: Accumulated Depreciation | <u>(314,222)</u> | <u>(30,649)</u> | <u>0</u> | <u>(344,871)</u> |
| Net capital assets being depreciated | <u>\$ 101,152</u> | <u>\$ 56,264</u> | <u>\$ 0</u> | <u>\$ 157,416</u> |

Depreciation Expense was charged to the component unit as follows:

| | | |
|-----------------------|----|---------------|
| Cultural & Recreation | \$ | <u>30,649</u> |
|-----------------------|----|---------------|

Total assets purchased under capital leases are as follows:

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> |
|--------------------------------|------------------------------------|----|-------------------------------------|
| Asset Cost | \$ 3,987,323 | \$ | 537,734 |
| Less: Accumulated Depreciation | <u>(1,859,462)</u> | | <u>(71,698)</u> |
| Totals | <u>\$ 2,127,861</u> | \$ | <u>466,036</u> |

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. At June 30, 2007, interfund receivables and payables resulting from various interfund transactions were as follows. All balances are expected to be repaid within the following year.

| | Due From Other Funds | Due To Other Funds |
|--------------------------|-------------------------|-----------------------|
| General Fund | \$ 623,718 | \$ 0 |
| Rural Fire Fund | 0 | 44,947 |
| Landfill Fund | 0 | 559,533 |
| Other Governmental Funds | 0 | 118,122 |
| Debt Service Fund | 853,486 | 0 |
| Enterprise Funds | 0 | 754,602 |
| Totals | \$ 1,477,204 | \$ 1,477,204 |

NOTE 7 - CAPITAL LEASES

The County's governmental activities have eight (8) lease purchase agreements and its business-type activities have one (1) lease purchase agreement. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007, are as follows:

| | Governmental Activities | Business-Type Activities | Total |
|------------------------------------|----------------------------|-----------------------------|--------------|
| 2008 | \$ 1,017,722 | \$ 52,010 | \$ 1,069,732 |
| 2009 | 747,984 | 52,010 | 799,994 |
| 2010 | 581,139 | 52,010 | 633,149 |
| 2011 | 340,697 | 52,010 | 392,707 |
| 2012 | 0 | 4,334 | 4,334 |
| Total Minimum Lease Payments | \$ 2,687,542 | \$ 212,374 | \$ 2,899,916 |
| Less: Amount Representing Interest | (190,637) | (20,597) | (211,234) |
| Totals | \$ 2,496,905 | \$ 191,777 | \$ 2,688,682 |

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 8 - LONG-TERM DEBT

Following is a summary of changes in long-term liabilities during the year ended June 30, 2007:

| Governmental Activities: | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|----------------------------|----------------------|---------------------|-----------------------|----------------------|------------------------|
| Bonds Payable: | | | | | |
| General Obligation Bonds | \$ 4,911,666 | \$ 0 | \$ (408,050) | \$ 4,503,616 | \$ 360,280 |
| Plus Unamortized Premium | 23,864 | 0 | (1,705) | 22,159 | 0 |
| Bond Anticipation Notes | 2,000,000 | 0 | (210,000) | 1,790,000 | 226,287 |
| Total Bonds Payable | \$ 6,935,530 | \$ 0 | \$ (619,755) | \$ 6,315,775 | \$ 586,567 |
| Landfill Closure Cost | 3,488,344 | 117,965 | 0 | 3,606,309 | 117,965 |
| Capital Leases | 2,493,813 | 715,000 | (711,908) | 2,496,905 | 925,220 |
| Compensated Absences | 408,307 | 415,442 | (408,307) | 415,442 | 103,860 |
| Totals | \$ 13,325,994 | \$ 1,248,407 | \$ (1,739,970) | \$ 12,834,431 | \$ 1,733,612 |

| Business-Type Activities: | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---------------------------|----------------------|------------------|---------------------|-------------------|------------------------|
| Revenue Bonds | \$ 506,345 | \$ 0 | \$ (5,820) | \$ 500,525 | \$ 5,514 |
| Capital Leases | 229,727 | 0 | (37,950) | 191,777 | 43,425 |
| Compensated Absences | 63,597 | 65,442 | (63,597) | 65,442 | 18,960 |
| Totals | \$ 799,669 | \$ 65,442 | \$ (107,367) | \$ 757,744 | \$ 67,899 |

On September 1, 2004, Williamsburg County issued General Obligation Bonds of \$3,275,000 which include a current refunding of the Rural Fire Bonds of 1990, General Obligation Bonds of 1990, General Obligation Bonds of 1994, and General Obligation Bonds of 1996. The bonds were refunded at book value. The bonds are not considered as part of the County's legal debt limit as the Rural Fire Bonds are part of the Rural Fire District.

Annual debt service requirements to maturity for obligations outstanding at June 30, 2007 are as follows:

General Obligation Bonds of 2004 (Issued 9/1/04)
Maturity Date September 1, 2020

| Fiscal Year Ending | Interest Rate | Balance | Principal | Interest Sept. 1 | Interest March 1 | Total Annual Payments |
|--------------------------|------------------|--------------|---------------------|---------------------|---------------------|-----------------------------|
| 2008 | 3.00% | \$ 2,650,000 | \$ 115,000 | \$ 50,016 | \$ 50,016 | \$ 215,032 |
| 2009 | 3.00% | 2,535,000 | 125,000 | 48,291 | 48,291 | 221,582 |
| 2010 | 3.00% | 2,410,000 | 130,000 | 46,260 | 46,260 | 222,520 |
| 2011 | 3.25% | 2,280,000 | 140,000 | 44,147 | 44,148 | 228,295 |
| 2012 | 3.25% | 2,140,000 | 150,000 | 41,698 | 41,697 | 233,395 |
| 2013-2017 | 3.50%-4.00% | 1,990,000 | 1,160,000 | 156,574 | 156,574 | 1,473,148 |
| 2018-2020 | 4.00%-4.10% | 830,000 | 830,000 | 33,827 | 33,826 | 897,653 |
| Totals | | | \$ 2,650,000 | \$ 420,813 | \$ 420,812 | \$ 3,491,625 |

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 8 - LONG-TERM DEBT (CONTINUED)

General Obligation Bonds of 1998 (Issued 06/01/98)
Maturity Date June 1, 2013

| Fiscal Year Ending | Interest Rate | Balance | Principal | Interest December 1 | Total Annual Payments |
|--------------------------|------------------|------------|-------------------|------------------------|-----------------------------|
| 2008 | 5.50% | \$ 398,616 | \$ 65,280 | \$ 23,584 | \$ 88,864 |
| 2009 | 5.50% | 333,336 | 66,665 | 18,500 | 85,165 |
| 2010 | 5.50% | 266,671 | 66,665 | 14,800 | 81,465 |
| 2011 | 5.50% | 200,006 | 66,665 | 11,100 | 77,765 |
| 2012 | 5.50% | 133,341 | 66,665 | 7,400 | 74,065 |
| 2013 | 5.50% | 66,676 | 66,676 | 3,703 | 70,379 |
| Totals | | | <u>\$ 398,616</u> | <u>\$ 79,087</u> | <u>\$ 477,703</u> |

General Obligation Bonds of 1999 (Issued 07/18/99)
Maturity Date July 18, 2014

| Fiscal Year Ending | Interest Rate | Balance | Principal | Interest December 1 | Interest June 1 | Total Annual Payments |
|--------------------------|------------------|--------------|---------------------|------------------------|--------------------|-----------------------------|
| 2008 | 4.400% | \$ 1,455,000 | \$ 180,000 | \$ 32,555 | \$ 32,555 | \$ 245,110 |
| 2009 | 4.400% | 1,275,000 | 185,000 | 28,595 | 28,595 | 242,190 |
| 2010 | 4.400% | 1,090,000 | 200,000 | 24,525 | 24,525 | 249,050 |
| 2011 | 4.400% | 890,000 | 205,000 | 20,025 | 20,025 | 245,050 |
| 2012 | 4.400% | 685,000 | 215,000 | 15,413 | 15,412 | 245,825 |
| 2013-2014 | 4.400% | 470,000 | 470,000 | 15,975 | 15,975 | 501,950 |
| Totals | | | <u>\$ 1,455,000</u> | <u>\$ 137,088</u> | <u>\$ 137,087</u> | <u>\$ 1,729,175</u> |

Bond Anticipation Loans (Issued 6/8/06)

| Fiscal Year Ending | Interest Rate | Balance | Principal | Interest March 29 | Total Annual Payments |
|--------------------------|------------------|--------------|---------------------|----------------------|-----------------------------|
| 2008 | 4.05% | \$ 1,790,000 | \$ 226,287 | \$ 72,495 | \$ 298,782 |
| 2009 | 4.05% | 1,563,713 | 235,452 | 63,330 | 298,782 |
| 2010 | 4.05% | 1,328,261 | 244,988 | 53,795 | 298,783 |
| 2011 | 4.05% | 1,083,273 | 254,910 | 43,873 | 298,783 |
| 2012 | 4.05% | 828,363 | 265,234 | 33,549 | 298,783 |
| 2013-2014 | 4.05% | 563,129 | 563,129 | 34,437 | 597,566 |
| Totals | | | <u>\$ 1,790,000</u> | <u>\$ 301,479</u> | <u>\$ 2,091,479</u> |

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 8 - LONG-TERM DEBT (CONTINUED)

The legal debt limit for the County is eight per centum of the assessed valuation of the taxable property in the County. Based on the 2007 assessed valuation of \$85,595,695 the legal debt limit is approximately \$6,847,656. At June 30, 2007, the County has general obligation bonds outstanding of \$3,245,000 subject to the legal debt limit.

Revenue Bonds of 2002 (Issued 05/17/02)
Maturity February 17, 2045

| Fiscal Year Ending | Interest Rate | Balance | Principal | Interest | Total Annual Payments |
|--------------------------|------------------|------------|-------------------|-------------------|-----------------------------|
| 2008 | 4.50% | \$ 465,026 | \$ 5,098 | \$ 21,362 | \$ 26,460 |
| 2009 | 4.50% | 459,928 | 5,331 | 21,129 | 26,460 |
| 2010 | 4.50% | 454,597 | 5,577 | 20,883 | 26,460 |
| 2011 | 4.50% | 449,020 | 5,833 | 20,627 | 26,460 |
| 2012 | 4.50% | 443,187 | 6,101 | 20,359 | 26,460 |
| 2013-2017 | 4.50% | 437,086 | 34,976 | 97,324 | 132,300 |
| 2018-2022 | 4.50% | 402,110 | 43,783 | 88,517 | 132,300 |
| 2023-2027 | 4.50% | 358,327 | 54,806 | 77,494 | 132,300 |
| 2028-2032 | 4.50% | 303,521 | 68,607 | 63,693 | 132,300 |
| 2033-2037 | 4.50% | 234,914 | 85,882 | 46,418 | 132,300 |
| 2038-2042 | 4.50% | 149,032 | 107,507 | 24,793 | 132,300 |
| 2043-2045 | 4.50% | 41,525 | 41,525 | 14,706 | 56,231 |
| Totals | | | <u>\$ 465,026</u> | <u>\$ 517,305</u> | <u>\$ 982,331</u> |

Revenue Bonds of 2002 (Issued 05/17/02)
Maturity February 17, 2042

| Fiscal Year Ending | Interest Rate | Balance | Principal | Interest | Total Annual Payments |
|--------------------------|------------------|-----------|------------------|------------------|-----------------------------|
| 2008 | 4.50% | \$ 35,499 | \$ 416 | \$ 1,612 | \$ 2,028 |
| 2009 | 4.50% | 35,083 | 435 | 1,593 | 2,028 |
| 2010 | 4.50% | 34,648 | 455 | 1,573 | 2,028 |
| 2011 | 4.50% | 34,193 | 476 | 1,552 | 2,028 |
| 2012 | 4.50% | 33,717 | 498 | 1,530 | 2,028 |
| 2013-2017 | 4.50% | 33,219 | 2,853 | 7,287 | 10,140 |
| 2018-2022 | 4.50% | 30,366 | 3,571 | 6,569 | 10,140 |
| 2023-2027 | 4.50% | 26,795 | 4,470 | 5,670 | 10,140 |
| 2028-2032 | 4.50% | 22,325 | 5,596 | 4,544 | 10,140 |
| 2033-2037 | 4.50% | 16,729 | 7,005 | 3,135 | 10,140 |
| 2038-2042 | 4.50% | 9,724 | 9,724 | 1,914 | 11,638 |
| Totals | | | <u>\$ 35,499</u> | <u>\$ 36,979</u> | <u>\$ 72,478</u> |

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 8 - LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize bond anticipation notes, general obligation and revenue bonds, and capital leases, as of June 30, 2007 are as follows:

| | <u>Governmental Activities</u> | | | <u>Business-Type Activities</u> | | |
|-----------|--------------------------------|---------------------|----------------------|---------------------------------|-------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2008 | \$ 1,511,787 | \$ 353,723 | \$ 1,865,510 | \$ 48,939 | \$ 31,559 | \$ 80,498 |
| 2009 | 1,303,817 | 291,886 | 1,595,703 | 51,408 | 29,090 | 80,498 |
| 2010 | 1,191,953 | 241,004 | 1,432,957 | 54,204 | 26,294 | 80,498 |
| 2011 | 996,260 | 194,330 | 1,190,590 | 56,531 | 23,967 | 80,498 |
| 2012 | 696,899 | 155,169 | 852,068 | 10,915 | 21,907 | 32,822 |
| 2013-2017 | 2,259,805 | 383,238 | 2,643,043 | 37,829 | 104,611 | 142,440 |
| 2018-2022 | 830,000 | 67,653 | 897,653 | 47,354 | 95,086 | 142,440 |
| 2023-2027 | 0 | 0 | 0 | 59,276 | 83,164 | 142,440 |
| 2028-2032 | 0 | 0 | 0 | 74,203 | 68,237 | 142,440 |
| 2033-2037 | 0 | 0 | 0 | 92,887 | 49,553 | 142,440 |
| 2038-2042 | 0 | 0 | 0 | 117,231 | 26,707 | 143,938 |
| 2043-2045 | 0 | 0 | 0 | 41,525 | 14,706 | 56,231 |
| Totals | <u>\$ 8,790,521</u> | <u>\$ 1,687,003</u> | <u>\$ 10,477,524</u> | <u>\$ 692,302</u> | <u>\$ 574,881</u> | <u>\$ 1,267,183</u> |

NOTE 9 - OPERATING LEASES

The County was engaged in a 2-year noncancelable operating lease of an office building used for social services, which expired in November 2007 at a monthly lease payment of \$13,500. Rental expense associated with the lease for the year ended June 30, 2007 is \$162,000 and is reflected by the County as current-general government expenditures. The County is currently continuing to rent the office building used for social services in the amount of \$13,500 per month on a month-by-month basis.

NOTE 10 - CONTINGENCIES

Grants: Amounts received or receivable from grantor agencies in previous years are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, could become a liability to the general fund or other applicable funds.

Litigation: As of June 30, 2007, actions have been alleged against the County in which it has denied liability. Any liability would be covered by the Insurance Reserve Fund up to the policy limit. The outcome or the amount of recovery, if any, cannot be predicted with certainty. Accordingly, no liability has been recorded.

Unemployment Compensation: The County makes payments to the South Carolina Employment Security Commission on a reimbursement basis for costs incurred in the administration of the state unemployment compensation statutes. Claims incurred but not reported at June 30, 2007 are not determinable.

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 10 - CONTINGENCIES (CONTINUED)

Other Commitments: County Council approved a loan of \$150,000 from the revolving loan fund to the Williamsburg County Development Corporation to purchase a building, which will be a no interest, no recourse lease purchase transaction consisting of 100 payments at \$1,500 per month. Should the Corporation default on its loan payment to the revolving loan fund, the building will revert back to Williamsburg County.

NOTE 11 - INTERFUND TRANSFER RECONCILIATION

Transfers are used to move certain revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations. Transfers between the County's various funds are generally made to fund Council approved projects. A schedule of transfers is as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|---|---------------------|----------------------|
| General Fund | \$ 0 | \$ 1,680,310 |
| Rural Fire Fund | 0 | 94,500 |
| Landfill Fund | 0 | 74,260 |
| Debt Service Fund | 403,842 | 0 |
| Other Governmental Funds | 809,854 | 0 |
| Williamsburg County Transit Enterprise Fund | 182,906 | 0 |
| E-911 Enterprise Fund | 452,468 | 0 |
| Totals | <u>\$ 1,849,070</u> | <u>\$ 1,849,070</u> |

NOTE 12 - DEFERRED COMPENSATION PLAN

Williamsburg County offers its employees two deferred compensation plans complying with IRC 457 and IRC 401(k). These plans are available to all County employees through the South Carolina State Treasurer's Office. The plans offer a variety of investment choices to the participant. The deferred compensation cannot be withdrawn by the participant until separation of employment, retirement, death, disability or an approved hardship.

In 1996, Congress passed new legislation to govern IRC Section 457 plans. Specifically, the new legislation concludes that a plan shall not be treated as an eligible deferred compensation plan unless all assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries. During the year ended June 30, 1999, the South Carolina Deferred Compensation Commission modified their plan to comply with the new legislative requirements.

Governmental Accounting Standards Board's Statement No. 32 was issued to address the financial reporting ramifications of the new federal legislation and states that a fiduciary relationship must exist for a governmental entity to report the balances and transactions related to the plan in its financial statements. According to the provisions of the statement, it was determined that a fiduciary relationship did not exist for the County's IRC Section 457 plan, and likewise, its balance has not been recorded in the County's financial statements.

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

Williamsburg County contributes to the South Carolina Retirement System (SCRS) and to the Police Officers Retirement System (PORS). Title 9-1-480 Code of Laws of South Carolina, 1976 (as amended), states that all eligible persons, except those specifically excluded, shall become members of SCRS or PORS as a condition of their employment. The responsibility for administration of the system is assigned by law to the State Budget & Control Board.

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

SCRS and PORS are both maintained as a cost-sharing multiple-employer Public Employees Retirement System (PERS).

Generally all full-time employees who are responsible for the preservation of the public order are members of the PORS; the remaining County employees are members of the SCRS.

South Carolina Retirement System (SCRS): Covered general County employees participate in the SCRS, a cost-sharing, multiple-employer, defined benefit pension plan. The SCRS provides retirement and disability benefits, with cost of living adjustments on an ad hoc basis, life insurance benefits, and survivor benefits. Member employees currently contribute 6.50% of their annual compensation. The employer contribution is 8.20% of the total membership's annual compensation; included is the entire cost of group life insurance for covered employees at the rate of .15%.

Employees attaining the age of 65 or having 28 years of credited service are entitled to 1.82% of average final compensation. Other available benefits include group life insurance coverage after one year's membership, (immediate coverage if death is job related), disability coverage after five years' membership (immediate coverage if job related), vesting rights after five years' membership (with survivor allowance after 15 years creditable service or age 65). Benefit provisions are established under the authority of Title 9 of the SC Code of Laws.

The benefits at retirement are determined by the following formula: 1.82% of an employee's average final compensation multiplied by the number of years of credited service.

Police Officers Retirement System (PORS): Covered County employees (i.e. whose principal duties are the preservation of public order) are required to participate in the PORS, a cost-sharing, multiple-employer, defined benefit pension plan. The PORS provides both retirement and death benefits on an employee and employer contribution basis. Member employees currently contribute 6.5% of their annual compensation. The employer contribution is 10.7% of the total membership's annual compensation; included is the entire cost of group life insurance for covered employees at the rate of .20% and the entire cost of accidental death for covered employees at the rate of .20%. As a member of the PORS an employee can elect to retire after reaching age 55 with at least five years of credited service, or 25 years of service credit regardless of age. Another option available is when an employee has completed five years of credited service prior to age 55, they can retire yet defer their retirement allowance until they reach age 55. Other benefits include disability coverage after five years membership (immediate coverage if job related), group life insurance coverage after one year of credited service (immediate coverage if job related), accidental death program allowing a monthly pension equal to 50% of the member's budgeted compensation at the time of death, and vesting rights after five years membership. Benefit provisions are established under the authority of Title 9 of the SC Code of Laws.

The benefits at retirement are determined by the following formula: 2.14% of an employee's average final compensation multiplied by the number of years of credited service.

For fiscal year ended June 30, 2007:

| Primary Government | Payroll | | Contributions | | |
|--------------------|--------------|------------|---------------|--------------|--|
| | Covered | Employee | Employer | Total | |
| SCRS | \$ 5,454,194 | \$ 354,523 | \$ 447,244 | \$ 801,767 | |
| PORS | 2,135,283 | 138,793 | 228,475 | 367,268 | |
| Totals | \$ 7,589,477 | \$ 493,316 | \$ 675,719 | \$ 1,169,035 | |

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

| Component Unit | Payroll Covered | Contributions | | |
|-------------------|--------------------|------------------|------------------|------------------|
| | | Employee | Employer | Total |
| SCRS | \$ 170,889 | \$ 11,108 | \$ 13,757 | \$ 24,865 |
| Totals | <u>\$ 170,889</u> | <u>\$ 11,108</u> | <u>\$ 13,757</u> | <u>\$ 24,865</u> |

Funding Policy: Both employers and employees are required to contribute to the plans under authority of Title 9 of the South Carolina Code of Laws. Employee required contributions to the plans are as follows:

| | |
|---------------|-----------------|
| SCRS | 6.50% of Salary |
| PORS Class II | 6.50% of Salary |

Employers are required to contribute at the following actuarially determined rates:

| | |
|-----------------------|-------|
| SCRS Local Government | 8.05% |
| PORS Class II | 10.3% |

In addition to the above rates participating employers of the South Carolina Retirement System contribute .15% of payroll to provide a group life insurance benefit for their participants.

Participating employers under the Police Officer Retirement System also contribute .2% of payroll to provide a group life insurance benefit and .2% of payroll to provide an accidental death benefit for their participants. All employers contribute at the actuarially required contribution rates.

Three Year Trend Information:

| Primary Government Fiscal Year Ended | SCRS Annual Employer Contribution | PORS Annual Employer Contribution | Percentage Contributed For Current Year |
|---|---|---|---|
| 06/30/07 | \$447,244 | \$228,475 | 100% |
| 06/30/06 | \$421,521 | \$222,159 | 100% |
| 06/30/05 | \$361,844 | \$196,722 | 100% |

| Component Unit Fiscal Year Ended | SCRS Annual Employer Contribution | Percentage Contributed For Current Year |
|---|---|---|
| 06/30/07 | \$13,757 | 100% |
| 06/30/06 | \$12,436 | 100% |
| 06/30/05 | \$12,033 | 100% |

All contributions were equal to the required contributions for each year.

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Ten-year historical trend information presenting the SCRS and PORS progress in accumulating sufficient assets to pay benefits when due is presented in the Component Unit Financial Report issued annually by the South Carolina Retirement Systems. A Comprehensive Annual Financial Report containing financial statements and required supplemental information for the South Carolina Retirement System and Police Officer Retirement System is issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, SC 29211-1960.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not make SCRS contributions, do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits.

NOTE 14 - SOLID WASTE MUNICIPAL LANDFILL

The Resource Conservation And Recovery Act ("RCRA"), the federal regulations which address solid waste landfill closure, was amended with more stringent closure requirements for landfills that operate beyond October 1993. The South Carolina Solid Waste Policy and Management Act of 1991 set forth certain requirements for landfills. Pursuant to the Act, South Carolina Department of Health and Environmental Control promulgated regulations establishing performance standards for the closure and post closure care of landfills. Chapter 61-107.258.60 Subpart F establishes the criteria for closure and post-closure care of landfills in South Carolina.

State and federal laws and regulations require that Williamsburg County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of the landfill closure and post closure care costs is based on the amount of landfill used during the year. The estimated liability for landfill closure and post closure care costs has a balance of \$3,606,309 as of June 30, 2007 which is based on 89.75% usage of the old landfill.

| | <u>Beginning</u> | <u>Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending</u> |
|--|------------------|----------------|------------------|--------------------|---------------|
| Estimated Liability for Closure & Post Closure | Balance | Additions | Retirements | Balance | Balance |
| Landfill | \$ 3,488,344 | \$ 117,965 | \$ 0 | \$ 3,606,309 | \$ 3,606,309 |

The estimated closure and post closure cost of the landfill of \$4,018,035 is based on the amount that would be paid if all equipment, facilities, and service required to close, monitor, and maintain the landfill were acquired as of June 30, 2007. However, the actual cost of closure and post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The South Carolina Department of Health and Environmental Control (SCDHEC) has issued a permit to operate a sanitary landfill.

Williamsburg County is required by State and federal laws and regulations to make annual contributions to finance closure and post closure care. The County is in compliance with those requirements, and at June 30, 2007, investments of \$3,596,050 (fair value) are held for these purposes. These investments are held by the County and are presented on the County's Balance Sheet of Governmental Funds as Restricted cash and investments in the Landfill special revenue fund.

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 15 - DEFERRED REVENUE

Deferred revenue in the general fund represents current year taxes which do not meet the availability criteria for recognition of \$574,444 and deferred court fines of \$23,026, deferred grant funds of \$118,935 and deferred ambulance fees of \$73,055.

Deferred revenue in the landfill special revenue funds represents current year taxes which do not meet the availability criteria for revenue recognition of \$107,725.

Deferred revenue in the debt service fund of \$140,974 represents taxes receivable which do not meet the availability criteria for revenue recognition.

Deferred revenue in the rural fire fund represents current year taxes which do not meet the availability criteria for revenue recognition of \$62,549.

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The following Enterprise Funds have been created to provide various services to the general public:

Water & Sewer Fund- established to account for the operation of the County's water & sewer services.

Williamsburg County Transit Authority - established to account for transportation services provided to the general public.

E 911 Fund - established to account for the operation of the County's E-911 operations.

Segment information for these Enterprise Funds is summarized below for the year ended June 30, 2007:

| | Water & Sewer Fund | Williamsburg County Transit System | E-911 Fund |
|---|-----------------------|--|---------------|
| Operating Revenues | \$ 720,746 | \$ 1,096,171 | \$ 246,305 |
| Depreciation | 529,481 | 202,371 | 71,545 |
| Operating Income (Loss) | (633,225) | (956,352) | (792,323) |
| Interfund Transfers | 0 | 182,906 | 452,468 |
| Non-Operating Revenues (Expenses) | 491,232 | 982,105 | (7,939) |
| Net Income (Loss) | (141,993) | 208,659 | (101,489) |
| Property, Plant and Equipment | | | |
| Net Additions | 502,978 | (664,687) | 0 |
| Net Working Capital | 762,902 | 2,201,348 | (251,113) |
| Total Assets | 14,299,896 | 3,722,620 | 1,072,958 |
| Bonds and Other Long-Term Liabilities Payable | | | |
| from Revenues | 498,389 | 24,707 | 166,569 |
| Total Net Assets | 13,718,173 | 3,227,614 | 340,638 |

NOTE 17 - RISK MANAGEMENT

The County and its component unit are exposed to various risks of loss and pay insurance premiums to certain State agencies and commercial insurers to cover risks that may occur in normal operations. Management believes such coverage is sufficient to preclude any significant losses for the covered risk. The County has not had a significant reduction in insurance in the last three years and has not had claims in excess of coverage in the last three years.

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 17 - RISK MANAGEMENT (CONTINUED)

Several State funds accumulate assets and the State itself assumes substantially all risks for the following:

1. Claims of State employees for unemployment compensation benefits (Employment Security Commission).
2. Claims of covered employees for workers compensation benefits for job-related illnesses or injuries (State Accident Fund).
3. Claims of covered public employees for long-term disability and group-life insurance benefits (Retirement Systems).

NOTE 18 - RELATED PARTY TRANSACTIONS

Williamsburg County Development Corporation is a non-profit organization and was established as a certified development company in accordance with Title V of the Small Business Investment Act of 1958, as amended. The County's accountability for this organization does not extend beyond the initial appointments to the Corporation's board. The County Supervisor and Chairman of County Council are members of this board.

Williamsburg County and the Town of Kingstree entered into an intergovernmental agreement in July 1999 to build a new library building. The building is used by the Library Commission, owned by the Town, and is leased indefinitely to the County for \$1 annually.

NOTE 19 - FUND BALANCE RESERVATIONS AND DESIGNATIONS

The following is a list of all reserves by the County and a brief description of each:

Reserve for Debt Service - an account used to restrict the fund balance of funds collected for the repayment of debts.

Reserve for Closure Costs - an account used to segregate a portion of fund balance to indicate funds collected to fund the closure and postclosure costs of the landfill does not represent available, spendable resources even though it is a component of current assets.

Reserve for Special Projects - an account used to segregate a portion of fund balance to indicate funds collected in these funds are restricted for specific purposes.

Reserve for Inventory - an account used to segregate a portion of fund balance to indicate that these funds do not represent available, spendable resources even though it is a component of current assets.

Reserved for Capital Projects - an account used to segregate a portion of fund balance to indicate that these funds are restricted for specific purposes.

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 20 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government wide statement of net assets. One element of that reconciliation explains that "capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The details of this \$17,559,767 are as follows:

| | | |
|--|----|---------------------|
| Capital Assets | \$ | 32,692,947 |
| Accumulated Depreciation | | <u>(15,133,180)</u> |
| Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities | \$ | <u>17,559,767</u> |

Another element of that reconciliation is that "other long-term assets, such as property taxes, court fines, and ambulance fees are not available to pay for current period expenditures and, therefore, are deferred in the fund financial statements." The details of this \$981,774 are as follows:

| | | |
|--|----|----------------|
| Property Taxes deferred in Governmental Fund Statement | \$ | 885,693 |
| Ambulance fees deferred in Governmental Fund Statement | | 73,055 |
| Court Fines deferred in Governmental Fund Statement | | <u>23,026</u> |
| Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities | \$ | <u>981,774</u> |

Another element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this (\$12,816,882) are as follows:

| | | |
|--|----|---------------------|
| Bonds Payable | \$ | (6,293,616) |
| Less: Deferred charge for issuance cost (to be amortized over life of debt) | | 139,664 |
| Plus: Issuance premium (to be amortized as interest expense) | | (22,159) |
| Accrued Interest Payable | | (122,115) |
| Capital Leases Payable | | (2,496,905) |
| Municipal Solid Waste Landfill Closure | | |
| postclosure cost accrual | | (3,606,309) |
| Compensated Absences | | <u>(415,442)</u> |
| Net adjustment to decrease fund balance - total governmental funds to arrive at net assets - governmental activities | \$ | <u>(12,816,882)</u> |

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

**NOTE 20 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED)**

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this (\$246,140) are as follows:

| | | |
|--|----|--------------------|
| Capital Outlay | \$ | 1,871,664 |
| Depreciation Expense | | <u>(2,117,804)</u> |
| Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | \$ | <u>(246,140)</u> |

Another element of that reconciliation explains that "Revenues in the statement of activities, such as property taxes and police fines that will not be collected for several months after year-end and do not provide for current financial resources, are not reported as revenues in the funds." The details of that element are as follows:

| | | |
|--|----|----------------|
| Police Fines | \$ | (48,576) |
| Ambulance Fees | | 73,055 |
| Property Taxes | | <u>159,805</u> |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | \$ | <u>184,284</u> |

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$631,936 are as follows:

| | | |
|--|----|----------------|
| Debt issued or incurred: | | |
| Lease Purchase Obligation Proceeds | \$ | (715,000) |
| Debt Issuance Costs (Ban Renewal) | | 16,978 |
| Principal repayments: | | |
| General obligation debt | | 618,050 |
| Capital lease | | <u>711,908</u> |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | \$ | <u>631,936</u> |

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

**NOTE 20 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED)**

Another element of that reconciliation states that "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 governmental funds." The details of this (\$152,797) are as follows:

| | |
|--|----------------------------|
| Compensated absences | \$ (7,135) |
| Accrued Interest | (6,257) |
| Municipal Solid Waste Closure Postclosure Cost Accrual | (117,965) |
| Amortization of issuance costs | (23,145) |
| Amortization of bond premium | <u>1,705</u> |
| Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | \$ <u><u>(152,797)</u></u> |

**REQUIRED SUPPLEMENTARY INFORMATION
WILLIAMSBURG COUNTY, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007**

| | <u>BUDGETED AMOUNTS</u> | | | <u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u> |
|-------------------------------|-------------------------|----------------------|----------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | |
| REVENUES | | | | |
| Taxes | \$ 9,385,700 | \$ 11,329,829 | \$ 11,329,830 | \$ 1 |
| Fees, Licenses, & Permits | 140,000 | 105,553 | 105,553 | 0 |
| Fines & Forfeitures | 548,000 | 630,465 | 630,465 | 0 |
| Charges for Services | 648,104 | 798,003 | 798,003 | 0 |
| Intergovernmental Revenue | 2,621,709 | 2,811,129 | 2,811,128 | (1) |
| Other Revenues | 198,430 | 405,319 | 405,319 | 0 |
| TOTAL REVENUE | \$ 13,541,943 | \$ 16,080,298 | \$ 16,080,298 | \$ 0 |
| EXPENDITURES | | | | |
| County Council | 173,043 | 186,558 | 185,203 | 1,355 |
| Supervisor's Office | 388,866 | 405,798 | 400,331 | 5,467 |
| Council Discretionary | 40,000 | 36,261 | 30,788 | 5,473 |
| County Attorney | 50,373 | 86,989 | 77,927 | 9,062 |
| Treasurer | 182,966 | 186,121 | 168,429 | 17,692 |
| Building & Grounds | 509,880 | 552,805 | 547,577 | 5,228 |
| Community Buildings | 94,827 | 100,834 | 100,351 | 483 |
| Health Department | 71,535 | 92,118 | 91,945 | 173 |
| Auditor | 145,063 | 147,241 | 139,984 | 7,257 |
| Tax Assessor | 379,400 | 380,387 | 328,420 | 51,967 |
| Tax Collector | 101,190 | 111,836 | 110,981 | 855 |
| Probate Judge | 139,824 | 208,301 | 208,206 | 95 |
| Clerk of Court | 484,793 | 664,085 | 659,634 | 4,451 |
| Magistrate | 227,397 | 257,641 | 247,548 | 10,093 |
| Hemingway Magistrate | 37,416 | 43,007 | 42,636 | 371 |
| Victim Advocates | 26,746 | 25,684 | 25,457 | 227 |
| Other Magistrates | 158,148 | 160,370 | 156,440 | 3,930 |
| Coroner | 80,817 | 122,627 | 122,522 | 105 |
| Civil Defense | 56,204 | 42,958 | 39,911 | 3,047 |
| Veterans Affairs Office | 63,712 | 64,086 | 63,922 | 164 |
| Department of Social Services | 60,296 | 70,316 | 66,897 | 3,419 |
| Aeronautics Commission | 24,790 | 53,980 | 52,454 | 1,526 |
| Development Board | 128,155 | 129,656 | 128,954 | 702 |
| Voter Registration | 71,226 | 75,293 | 73,567 | 1,726 |
| General Election Expenses | 35,454 | 67,085 | 57,957 | 9,128 |
| Solid Waste Disposal | 213,251 | 221,352 | 214,652 | 6,700 |
| Grant Administration | 54,671 | 54,671 | 54,391 | 280 |
| Tax Forms & Printing | 37,918 | 41,777 | 37,225 | 4,552 |
| Employee Benefits | 1,442,286 | 2,112,228 | 1,931,716 | 180,512 |
| Other Expenses | 778,346 | 679,271 | 598,169 | 81,102 |
| Summer Intern Program | 22,176 | 24,670 | 22,774 | 1,896 |
| Circuit Court Judge | 1,460 | 1,917 | 1,903 | 14 |
| Building Code Enforcement | 106,483 | 118,628 | 111,231 | 7,397 |
| Public Defender | 29,948 | 29,948 | 29,399 | 549 |
| Victim Advocates | 32,371 | 35,125 | 35,114 | 11 |

**REQUIRED SUPPLEMENTARY INFORMATION
WILLIAMSBURG COUNTY, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007**

| EXPENDITURES (CONTINUED) | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|-----------------------|----------------------|----------------------|---|
| | ORIGINAL | FINAL | | |
| Sheriff | \$ 1,522,869 | \$ 2,235,474 | \$ 2,225,225 | \$ 10,249 |
| Detention Center | 1,150,421 | 1,391,073 | 1,330,922 | 60,151 |
| Parole & Corrections | 600 | 623 | 622 | 1 |
| Solicitor's Office | 69,000 | 69,000 | 69,000 | 0 |
| Emergency Medical Services | 1,152,840 | 1,374,526 | 1,325,689 | 48,837 |
| Environmental Services | 149,603 | 164,603 | 160,460 | 4,143 |
| Social Service Agencies | 106,107 | 106,107 | 106,107 | 0 |
| Agencies | 344,398 | 344,398 | 344,398 | 0 |
| Senior Citizens | 115,800 | 115,800 | 115,800 | 0 |
| Recreation Department | 422,521 | 565,051 | 541,209 | 23,842 |
| Debt Service | 25,000 | 35,940 | 35,940 | 0 |
| Recycling Centers | 432,760 | 483,237 | 455,496 | 27,741 |
| Bond Issuance Costs | 0 | 10,000 | 10,000 | 0 |
| TOTAL EXPENDITURES | \$ 11,942,950 | \$ 14,487,456 | \$ 13,885,483 | \$ 601,973 |
| EXCESS OF REVENUES OVER EXPENDITURES | \$ 1,598,993 | \$ 1,592,842 | \$ 2,194,815 | \$ 601,973 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In (Out) | (1,598,993) | (1,710,397) | (1,680,310) | 30,087 |
| Lease Purchase Proceeds | 0 | 715,000 | 715,000 | 0 |
| TOTAL OTHER FINANCING SOURCES (USES) | \$ (1,598,993) | \$ (995,397) | \$ (965,310) | \$ 30,087 |
| EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) | \$ 0 | \$ 597,445 | \$ 1,229,505 | \$ 632,060 |
| FUND BALANCE, Beginning of Year | | | 1,948,537 | |
| FUND BALANCE, End of Year | | | \$ 3,178,042 | |

**REQUIRED SUPPLEMENTARY INFORMATION
WILLIAMSBURG COUNTY, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE
LANDFILL FUND
FOR THE YEAR ENDED JUNE 30, 2007**

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u> |
|---|-------------------------|--------------------|---------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | |
| REVENUES | | | | |
| Fees, Licenses & Permits | \$ 516,000 | \$ 503,787 | \$ 503,767 | \$ (20) |
| Charges for Services | 320,000 | 329,364 | 329,364 | 0 |
| Other Revenues | 19,700 | 160,101 | 160,101 | 0 |
| TOTAL REVENUES | \$ 855,700 | \$ 993,252 | \$ 993,232 | \$ (20) |
| EXPENDITURES | | | | |
| Environmental Services | 781,440 | 920,705 | 283,249 | 637,456 |
| TOTAL EXPENDITURES | \$ 781,440 | \$ 920,705 | \$ 283,249 | \$ 637,456 |
| EXCESS REVENUES OVER EXPENDITURES | \$ 74,260 | \$ 72,547 | \$ 709,983 | \$ 637,436 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers (Out) | (74,260) | (72,547) | (74,260) | (1,713) |
| TOTAL OTHER FINANCING SOURCES (USES) | \$ (74,260) | \$ (72,547) | \$ (74,260) | \$ (1,713) |
| EXCESS REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) | \$ 0 | \$ 0 | \$ 635,723 | \$ 635,723 |
| FUND BALANCE, Beginning of Year | | | 2,637,608 | |
| FUND BALANCE, End of Year | | | \$ 3,273,331 | |

**REQUIRED SUPPLEMENTARY INFORMATION
WILLIAMSBURG COUNTY, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE
RURAL FIRE FUND
FOR THE YEAR ENDED JUNE 30, 2007**

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|---------------------------|---------------------------|---------------------------|---|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Taxes | \$ 541,000 | \$ 648,442 | \$ 648,442 | \$ 0 |
| Other Revenues | <u>20,700</u> | <u>32,850</u> | <u>32,850</u> | <u>0</u> |
| TOTAL REVENUES | \$ <u>561,700</u> | \$ <u>681,292</u> | \$ <u>681,292</u> | \$ <u>0</u> |
| EXPENDITURES | | | | |
| Public Safety | <u>531,076</u> | <u>592,265</u> | <u>601,005</u> | <u>(8,740)</u> |
| TOTAL EXPENDITURES | \$ <u>531,076</u> | \$ <u>592,265</u> | \$ <u>601,005</u> | \$ <u>(8,740)</u> |
| EXCESS REVENUES OVER EXPENDITURES | \$ <u>30,624</u> | \$ <u>89,027</u> | \$ <u>80,287</u> | \$ <u>(8,740)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers (Out) | <u>(30,624)</u> | <u>(89,027)</u> | <u>(94,500)</u> | <u>(5,473)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | \$ <u>(30,624)</u> | \$ <u>(89,027)</u> | \$ <u>(94,500)</u> | \$ <u>(5,473)</u> |
| EXCESS REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) | \$ <u>0</u> | \$ <u>0</u> | \$ (14,213) | \$ <u>(14,213)</u> |
| FUND BALANCE, Beginning of Year | | | <u>120,017</u> | |
| FUND BALANCE, End of Year | | | <u>\$ 105,804</u> | |

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Legal budgets are adopted for the following major governmental funds: General Fund, Landfill Fund, Federal and State Grant Fund, and Rural Fire Fund.

The budget is prepared by the County Supervisor and the Budget Director and approved by the County Council. The appropriated budget is prepared by fund, function, department, activity and object and can be amended throughout the year by County Council approval. The County Supervisor may make transfers of appropriations within a function. Transfers of appropriations between funds require the approval of the County Council. The legal level of budgetary control is the fund level.

The budgetary calendar is as follows:

February 17 - Packets distributed to elected officials, department heads, agency directors, and contribution agencies.

March 17 - All packets returned to Budget Director.

March 26 - County Supervisor, Budget Director and Clerk to Council submit computerized budget worksheets and department budgets to County Supervisor, Finance Committee and County Council.

Prior to June 30 - County Supervisor prepares a budget and submits it to County Council for approval. County Council holds hearings to obtain taxpayers' comments.

June 30 - Budget is legally adopted by ordinance.

June 30 - Final budget distributed to libraries, banks, etc.

NOTE 2 - BUDGETED APPROPRIATIONS EXCEEDED

The County's actual expenditures in the Rural Fire Fund exceeded the budgeted expenditures by \$8,740.

WILLIAMS COUNTY, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2007

| ASSETS | CAPITAL PROJECTS FUND | SPECIAL REVENUE FUNDS | | | | TOTAL |
|---------------------|-----------------------|------------------------------|----------------------|----------------------|----------------------|---------------------|
| | | FEDERAL AND STATE GRANT FUND | ROADS & BRIDGES FUND | INDUSTRIAL PARK FUND | SHERIFF SPECIAL FUND | |
| Cash | \$ 0 | \$ 0 | \$ 25,890 | \$ 213,004 | \$ 4,440 | \$ 338,892 |
| Other Receivables | 0 | 510,906 | 72,362 | 148,342 | 0 | 762,270 |
| Inventory | 0 | 0 | 34,008 | 0 | 0 | 34,008 |
| TOTAL ASSETS | \$ 0 | \$ 510,906 | \$ 132,260 | \$ 361,346 | \$ 4,440 | \$ 1,135,170 |

LIABILITIES AND FUND BALANCE

| LIABILITIES | SPECIAL REVENUE FUNDS | | | | TOTAL | |
|----------------------------------|------------------------------|----------------------|----------------------|----------------------|------------------|--------------------------------------|
| | FEDERAL AND STATE GRANT FUND | ROADS & BRIDGES FUND | INDUSTRIAL PARK FUND | SHERIFF SPECIAL FUND | | WILLIAMS COUNTY ALCOHOL & DRUG ABUSE |
| Cash Overdraft | 0 | 0 | 0 | 0 | 0 | 68,367 |
| Accounts Payable | 0 | 7,661 | 0 | 0 | 802 | 290,198 |
| Due to Other Funds | 0 | 0 | 0 | 0 | 13,746 | 118,122 |
| Accrued Wages & Benefits Payable | 0 | 9,155 | 0 | 0 | 0 | 14,443 |
| TOTAL LIABILITIES | \$ 0 | \$ 16,816 | \$ 0 | \$ 0 | \$ 14,548 | \$ 491,130 |

FUND BALANCE

| | | | | | | |
|-------------------------------|-------------|-------------------|-------------------|-----------------|-------------------|-------------------|
| Reserved for Inventory | 0 | 34,008 | 0 | 0 | 0 | 34,008 |
| Reserved for Special Projects | 0 | 0 | 361,346 | 0 | 0 | 361,346 |
| Reserved for Capital Projects | 0 | 0 | 0 | 0 | 1,759 | 1,759 |
| Unreserved | 0 | 81,436 | 0 | 4,440 | 109,911 | 246,927 |
| TOTAL FUND BALANCE | \$ 0 | \$ 115,444 | \$ 361,346 | \$ 4,440 | \$ 111,670 | \$ 644,040 |

TOTAL LIABILITIES AND FUND BALANCE

| | | | | | | |
|---|-------------|-------------------|-------------------|-----------------|-------------------|---------------------|
| TOTAL LIABILITIES AND FUND BALANCE | \$ 0 | \$ 132,260 | \$ 361,346 | \$ 4,440 | \$ 126,218 | \$ 1,135,170 |
|---|-------------|-------------------|-------------------|-----------------|-------------------|---------------------|

WILLIAMSBURG COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | SPECIAL REVENUE FUNDS | | | | | WILLIAMSBURG COUNTY ALCOHOL & DRUG ABUSE FUND | TOTAL |
|---|-----------------------|------------------------------|----------------------|-----------------------|----------------------|---|--------------|
| | CAPITAL PROJECTS FUND | FEDERAL AND STATE GRANT FUND | ROADS & BRIDGES FUND | INDUSTRIAL PARKS FUND | SHERIFF SPECIAL FUND | | |
| REVENUES | | | | | | | |
| Taxes | \$ 0 | \$ 0 | \$ 0 | \$ 315,102 | \$ 0 | \$ 0 | \$ 315,102 |
| Fees, Licenses & Permits | 0 | 0 | 394,723 | 0 | 0 | 33,278 | 428,001 |
| Intergovernmental Revenue | 0 | 1,505,848 | 0 | 0 | 0 | 405,059 | 1,910,907 |
| Miscellaneous Revenues | 295 | 0 | 173 | 10,690 | 23,561 | 4,211 | 38,930 |
| TOTAL REVENUES | \$ 295 | \$ 1,505,848 | \$ 394,896 | \$ 325,792 | \$ 23,561 | \$ 442,548 | \$ 2,692,940 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General Government | 6,078 | 103,784 | 0 | 0 | 0 | 0 | 109,862 |
| Public Works | 0 | 6,300 | 935,309 | 0 | 0 | 0 | 941,609 |
| Public Safety | 0 | 0 | 0 | 0 | 35,125 | 0 | 35,125 |
| Health and Human Services | 0 | 187,116 | 0 | 0 | 0 | 554,314 | 741,430 |
| Environmental Services | 0 | 8,968 | 0 | 0 | 0 | 0 | 8,968 |
| Economic Development | 0 | 0 | 0 | 337,791 | 0 | 0 | 337,791 |
| Cultural & Recreation | 0 | 116,235 | 0 | 0 | 0 | 0 | 116,235 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Health and Human Services | 0 | 17,999 | 0 | 0 | 0 | 0 | 17,999 |
| Economic Development | 0 | 970,393 | 0 | 0 | 0 | 0 | 970,393 |
| Cultural & Recreation | 0 | 38,234 | 0 | 0 | 0 | 0 | 38,234 |
| Environmental Services | 0 | 35,000 | 0 | 0 | 0 | 0 | 35,000 |
| Debt Service: | | | | | | | |
| Principal | 0 | 0 | 0 | 0 | 0 | 1,826 | 1,826 |
| Interest | 0 | 0 | 0 | 0 | 0 | 34 | 34 |
| TOTAL EXPENDITURES | \$ 6,078 | \$ 1,484,029 | \$ 935,309 | \$ 337,791 | \$ 35,125 | \$ 556,174 | \$ 3,354,506 |
| EXCESS REVENUES OVER EXPENDITURES | (5,783) | 21,819 | (540,413) | (11,999) | (11,564) | (113,626) | (661,566) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers In | 0 | 0 | 688,115 | 0 | 0 | 121,739 | 809,854 |
| TOTAL OTHER FINANCING SOURCES (USES) | \$ 0 | \$ 0 | \$ 688,115 | \$ 0 | \$ 0 | \$ 121,739 | \$ 809,854 |
| EXCESS REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) | \$ (5,783) | \$ 21,819 | \$ 147,702 | \$ (11,999) | \$ (11,564) | \$ 8,113 | \$ 148,288 |
| FUND BALANCE, Beginning of Year | 5,783 | 29,321 | (32,258) | 373,345 | 16,004 | 103,557 | 495,752 |
| FUND BALANCE, End of Year | \$ 0 | \$ 51,140 | \$ 115,444 | \$ 361,346 | \$ 4,440 | \$ 111,670 | \$ 644,040 |

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS & SURCHARGES
FOR THE YEAR ENDED JUNE 30, 2007**

FINES AND FEES STATE PORTION

| | |
|--|-------------------|
| Public Defender Application Fees | \$ 1,520 |
| Marriage License Fee | 4,020 |
| Circuit/Family Court Motion Fees | 16,575 |
| Family/Alimony/Child Support Fees | 85,498 |
| Circuit/Family Court Fines & Fees | 2,047 |
| Circuit/Family Court Filing Fees | 32,770 |
| Circuit/Family Court Filing Fees Increase \$50 | 30,150 |
| Magistrate Filing Assessment Civil - \$25 | 11,875 |
| Magistrate Filing Assessment Civil - \$10 | 3,920 |
| Total State Portion Fines & Fees | <u>\$ 188,375</u> |

DUI/DUS/BUI - ASSESSMENTS/SURCHARGES/PULLOUT

| | |
|-------------------------------------|------------------|
| Magistrates' Court DUS DPS Pullout | 10,702 |
| Magistrates' DUI Assessment | 200 |
| General Sessions DUI Surcharge | 0 |
| Magistrates' Court DUI Surcharge | 1,662 |
| General Sessions DUI DPS Pullout | 159 |
| Magistrates' Court DUI DPS Pullout | 1,696 |
| Total DUI Assessments State Portion | <u>\$ 14,419</u> |

SURCHARGES STATE PORTION

| | |
|---|------------------|
| General Sessions Court Drug Surcharge | 2,173 |
| Magistrates' Court Drug Surcharge | 5,491 |
| General Sessions Law Enforcement Surcharge | 1,847 |
| Magistrates' Court Law Enforcement Surcharges | 81,242 |
| | <u>\$ 90,753</u> |

OTHER ASSESSMENTS STATE PORTION

| | |
|---------------------------------------|-------------------|
| General Sessions Court | 6,666 |
| Magistrates' Court | 213,739 |
| Total Other Assessments State Portion | <u>\$ 220,405</u> |

VICTIM'S ASSISTANCE ASSESSMENTS COUNTY PORTION

| | |
|----------------------------------|------------------|
| General Sessions Court | 1,746 |
| Magistrates' Court | 27,128 |
| Total Assessments County Portion | <u>\$ 28,874</u> |

SURCHARGES COUNTY PORTION

| | |
|---------------------------------|------------------|
| General Sessions Court | 5,504 |
| Magistrates' Court | 18,051 |
| Total Surcharges County Portion | <u>\$ 23,555</u> |

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

| | FEDERAL CFDA NUMBER | PASS THROUGH GRANTOR/AGENCY NUMBER | EXPENDITURES |
|---|------------------------------------|---|---------------------|
| HEALTH AND HUMAN SERVICES | | | |
| Passed Through S.C. Department of Social Services | | | |
| Family Court | 93.563 | G-05SC4004 | \$ 115,242 |
| Clerk of Court | 93.563 | G-05SC4004 | 12,672 |
| IV-D Incentives | 93.563 | G-05SC4004 | 33,151 |
| Family Preservation | 93.556 | N/A | 2,708 |
| Temporary Assistance of Needy Families | 93.558 | N/A | 55,739 |
| Child Support Enforcement IVD | 93.563 | N/A | 47 |
| Child Welfare Services - State Grant | 93.645 | N/A | 3,643 |
| Title IV-E Foster Care | 93.658 | N/A | 10,152 |
| Social Services Block Grant | 93.667 | N/A | 13,592 |
| Child Care Development Grant | 93.575 | N/A | 341 |
| Passed Through Centers for Medicare & Medicaid Medicaid Programs | | | |
| | 93.778 | N/A | 18,357 |
| Passed Through State of S.C. Department of Alcohol & Drug Abuse | | | |
| Alcohol & Drug Abuse Grants | 93.959 | N/A | 165,578 |
| HOUSING AND URBAN DEVELOPMENT | | | |
| Passed Through S.C. Department of Commerce | | | |
| Client Logic | 14.228 | 4-N-00-006 | 1,077 |
| Nesmith Water II | 14.228 | 4-CI-05-014 | 496,439 |
| HOMELAND SECURITY | | | |
| Passed Through SLED | | | |
| LEMPG | 97.042 | 6EMPG01 | 19,276 |
| LEMPG | 97.042 | 7EMPG01 | 97,188 |
| Citizens Corp | 97.004 | 5CC02 | 13,304 |
| DEPARTMENT OF TRANSPORTATION | | | |
| Passed Through S.C. Department of Aeronautics | | | |
| Airport Improvement Program | 20.106 | 3-45-0033-07 | 6,500 |
| Airport Improvement Program | 20.106 | 3-45-0033-007 | 883,793 |
| Passed Through State of S.C. Department of Transportation | | | |
| Rural Transportation | 20.509 | MT-710R6-14 | 475,001 |
| Rural Transportation | 20.509 | MT-710C6-83 | 185,920 |

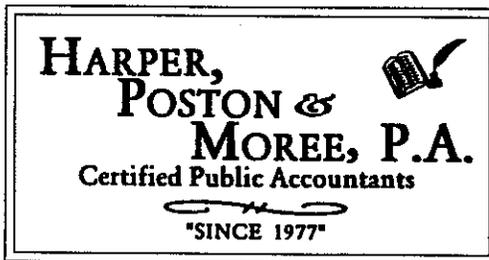
**WILLIAMSBURG COUNTY, SOUTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2007**

| | FEDERAL CFDA NUMBER | PASS THROUGH GRANTOR/AGENCY NUMBER | EXPENDITURES |
|--|------------------------------------|---|-----------------------------------|
| INSTITUTE OF MUSEUM AND LIBRARY SERVICE | | | |
| Materials Enhancement Grant | 45.301 | CL-00-05-0015.05 | \$ 22,680 |
| DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT | | | |
| Passed Through State of S.C. | | | |
| Summer Feeding Program | 10.559 | SF-110 | 154,536 |
| USDA Food Nutrition Services - Food Stamps | 10.561 | N/A | <u>35,687</u> |
| TOTALS | | | \$ <u><u>2,822,623</u></u> |

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the grant activity of the Williamsburg County, South Carolina and is presented on the modified accrual basis of accounting. The information is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented on, or used in the preparation of, the basic financial statements.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Chairman and
Members of Williamsburg County Council
Kingstree, South Carolina

We have audited the financial statements of the governmental activities, the business - type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for Williamsburg County as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 14, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of Williamsburg County Alcohol & Drug Abuse Commission's special revenue fund, as described in our report on Williamsburg County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements

on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Williamsburg County'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 Williamsburg County's financial statements that is more than inconsequential will not be prevented or detected by Williamsburg County's internal control. We consider the deficiencies 2007- B1 through 2007- B4 described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the 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 or 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 Williamsburg County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as 2007-B5.

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of Williamsburg County, in a separate letter dated February 14, 2008.

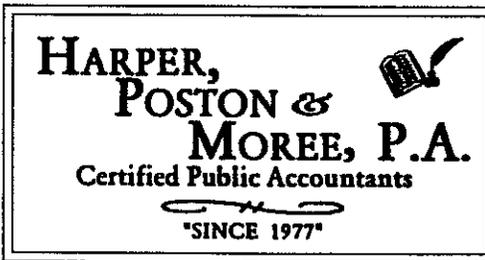
Williamsburg County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, others within the organization, County Council, and 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.

Harper, Poston & Moree, P.A.

Harper, Poston & Moree, P.A.
Certified Public Accountants

Georgetown, South Carolina
February 14, 2008



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

The Honorable Chairman and
Members of Williamsburg County Council
Kingstree, South Carolina

Compliance

We have audited the compliance of Williamsburg County, South Carolina 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, 2007. Williamsburg County's major federal programs are identified in the summary of auditor's 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 Williamsburg County's management. Our responsibility is to express an opinion on the Williamsburg 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 State, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Williamsburg County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Williamsburg County's compliance with those requirements.

In our opinion, Williamsburg County, South Carolina 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, 2007.

Internal Control Over Compliance

The management of the Williamsburg County, South Carolina 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 Williamsburg 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 the 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 that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, County Council, 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.

Harper, Poston & Moree, P.A.

Harper, Poston & Moree, P.A.
Certified Public Accountants

Georgetown, South Carolina
February 14, 2008

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

A - SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Williamsburg County, South Carolina.
2. Four significant deficiencies were disclosed during the audit of the basic financial statements, of which none were considered material weaknesses, as reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. One instance of non-compliance was disclosed during the audit of the financial statements.
4. No significant deficiencies were disclosed during the audit of the major federal award programs as reported in the Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Williamsburg County expresses an unqualified opinion.
6. Audit findings relative to major federal award programs for Williamsburg County are reported in part C of this schedule.
7. The programs tested as major programs included:

| <u>Program</u> | <u>CDFA Number</u> |
|-----------------------------------|--------------------|
| Community Development Block Grant | 14.228 |
| Rural Transportation Grant | 20.509 |
| Airport Improvement Program | 20.106 |

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Williamsburg County, South Carolina was not determined to be a low risk auditee.

B - FINDINGS - FINANCIAL STATEMENT AUDIT

Significant Deficiencies:

Finding 2007-B1: Financial statement and note disclosure preparation

Condition: The County does not have a staff that can prepare the year end financial statements and required note disclosures in house.

Criteria: The County should have a staff that has the ability to prepare the year end financial statements and required note disclosures.

Cause: Lack of trained personnel.

Effect: Significant Deficiency in internal controls.

Recommendation: We recommend that the staff be provided training in financial statement preparation and note disclosure.

WILLIAMSBURG COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

B - FINDINGS - FINANCIAL STATEMENT AUDIT (CONTINUED)

Management Response: Management concurs with this recommendation

Finding 2007-B2: Procurement Policy

Condition: Our audit disclosed that funds expended from bank accounts held at the department level did not follow the County procurement policy.

Criteria: Procurement policies established in the County must be followed by all departments.

Cause: Human error.

Effect: The County has established procurement policies to help monitor the fiscal activity of the County. Without departmental compliance with the County's procurement policy, internal controls over expenditures are weakened.

Recommendation: The County should ensure that all expenditures comply with the County procurement policy.

Management Response: Elected officials who manage individual bank accounts will be urged to follow procurement policies established by County Council.

Finding 2007-B3: Grant Administration

Condition: Our audit disclosed several grants that were not administered by the grant administration department. The grants were handled by various departments and did not receive the oversight of the Grant Administration Department.

Criteria: The County should consistently provide oversight to all grant fund revenues and expenditures to assure compliance with applicable grant requirements.

Cause: Human error.

Effect: Internal controls over grant fund revenues and expenditures were weakened.

Recommendation: We recommend that the grant department provide oversight over grant funds to assure compliance with funding requirements.

Management Response: The Williamsburg County Administrative and Financial Procedures Manual addressed the overall process for grant administration. All grants are to be submitted to Grants Administration, prior to application, for submission to the County Council Finance Committee and County Council for approval.

Finding 2007-B4: Fixed Asset Accounting

Condition: Assets requiring capitalization were not consistently coded to a capital outlay account.

Criteria: The County's depreciation schedules should report the asset, its expected life, prior year's depreciation, current year depreciation, and the total accumulated depreciation. Assets that are to be capitalized should be recorded in capital asset accounts.

Cause: Human error.

Effect: Internal controls over fixed asset reporting were weakened.

Recommendation: We recommend that the County record capital expenditures in capital expenditure accounts to prevent errors and omissions.

Management Response: Management concurs with this recommendation.

WILLIAMSBURG COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

B - FINDINGS - FINANCIAL STATEMENT AUDIT (CONTINUED)

Noncompliance:

Finding 2007-B5: Collateralization of Deposits and Investments

Finding: Adequate collateralization was not pledged by financial institutions to insure balances in excess of FDIC limits.

Criteria: State law mandates collateral be maintained on uninsured balances at financial institutions.

Cause: Human error.

Effect: Risk of loss of uninsured balances.

Recommendation: Management should periodically review pledged collateral to ensure all funds are collateralized.

Management response: We will monitor securities pledged to insure account balances.

C - QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

None Noted.

**WILLIAMSBURG COUNTY, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007**

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Finding 03-04 Sub-Recipient Monitoring

Condition: The Williamsburg County Grants Department has not properly monitored their sub-recipient.

Recommendation: Begin monitoring the sub-recipient as outlined under the Federal Guidelines.

Current Status: The condition has been resolved.

Finding 2006 C-2 Unrecorded Grant Activity

Condition: Our audit disclosed several grants that were not recorded on the County's financial statements. The grants were maintained and administered by Waccamaw Regional Council of Governments.

Recommendation: Require that Waccamaw Regional Council of Governments provide adequate documentation to facilitate proper grant reporting.

Current Status: This deficiency has been resolved.