

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

J. William Clark  
County Administrator

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**Comprehensive Annual Financial Report**  
**For the fiscal year ended June 30, 2007**

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January 30, 2007

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

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

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

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

### **The Reporting Entity**

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

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

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

### **Governmental Structure, Local Economic Condition and Outlook**

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

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

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

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

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

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

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

## **MAJOR INITIATIVES**

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

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

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

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

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

## FINANCIAL INFORMATION

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

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

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

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

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

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

**Risk Management** - The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions as well as job-related illnesses and accidents. The County pays premiums to a public entity risk pool for workers' compensation insurance and to the State Insurance Reserve Fund for all other forms of coverage. The County employs a full-time Risk Manager to administer its workers' compensation and loss prevention programs.

## OTHER INFORMATION

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

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

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

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

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

Respectfully submitted,

J. William Clark  
County Administrator

Deborah F. Cherry  
Comptroller

