
**Colleton County
Walterboro, South Carolina**

Audited Financial Statements

June 30, 2004

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INDEPENDENT AUDITOR'S REPORT

To Colleton County Council
Walterboro, South Carolina

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the aggregate discretely presented component units except for The Colleton County Commission on Alcohol and Drug Abuse of Colleton County, South Carolina, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Colleton County Commission on Alcohol and Drug Abuse, a discretely presented component unit included in the component unit column. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, on the financial statements, insofar as it relates to the amounts included for this component unit in the component unit column, 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 and OMB Circular A-133 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 the other auditor provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditor, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Colleton County, South Carolina, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, 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 November 12, 2004, on our consideration of Colleton County, South Carolina's internal control over financial reporting and our tests of its compliance with provisions of laws, regulations, contracts and grants. 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 listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Colleton County, South Carolina. The combining financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Damble Livens, Moody, LLC

November 12, 2004

**COLLETON COUNTY
WALTERBORO, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of Colleton County, South Carolina, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Colleton County for the fiscal year ending 6/30/04. Please read this information in conjunction with the detail statements and notes to the financial statements in order to achieve better understanding of the County's financial performance for the fiscal year.

Financial Highlights

- The County's total general fund assets were \$9,813,299 as of June 30, 2004, compared to \$9,775,689 at the end of the previous year.
- The County's total general fund liabilities at 6/30/04 were \$4,148,083 compared to \$4,641,657 at the end of the previous year. The largest portion of this decrease is related to funds due to the School District at 6/30/03 being transferred during the fiscal year ending 6/30/04.
- As of the close of the current fiscal year, Colleton County Governmental Funds reported combined ending fund balances of \$13,366,985. Of this amount \$5,103,216 (38.18%) is unreserved and available for the General Fund governmental operations with \$6,189,648 (46.31%) reserved for future capital equipment, capital projects, and outstanding encumbrances, and \$2,074,121 (15.51%) designated for subsequent years' appropriations in the various County Special Revenue Funds. Colleton County Capital Projects Funds have \$5,259,465 (84.98%) of the fund balance reserved for future capital projects, Debt Service funds have \$267,588 (4.32%) reserved for future General Obligation Bond payments, and the County General Fund has \$562,000 (9.07%) designated for future capital purchases and Other Governmental Funds have \$100,595 (1.63%) designated for outstanding encumbrances at 6/30/04.
- Colleton County's long-term debt position decreased in total (8.67%) during fiscal year ending 6/30/04. Although the County borrowed \$562,000 (2.98% increase over the prior year) for capital lease proceeds, the total outstanding debt decreased (11.65%) directly related to the retirement of the principal portion of outstanding debt during the fiscal year.
- Colleton County's Component Unit, Fire & Rescue Commission long-term debt position increased in total 30.29%. This amount is related to the issuance of \$2.5 million General Obligation Debt on October 15, 2003 (42.25% increase), compensated absences (.38% increase), combined with a net decrease of (12.34%) related to the retirement of the principal portion of outstanding debt during the fiscal year.
- The County's business-type activities, cash position increased 104.75% over the prior fiscal year. This increase is directly related to capital projects deferred until the upcoming fiscal year. County Council also established reserve funds for post-landfill closure costs during fiscal year ending 6/30/04.

- The total fund balance positions for the County Special Revenue Funds increased (27.17%) during fiscal year ending 6/30/04. This increase is directly related to overall increases in revenues across the board in the majority of the County Special Funds.

Overview of the Financial Statements

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

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

Government-wide Financial Statements - Government-wide financial statements are designed to provide readers with a broad overview of the financial position of Colleton County and are similar to financial statements issued in the private sector. They include a Statement of Net Assets and a Statement of Activities. These statements appear on pages 13 to 14 of this report.

Component Units, which are other governmental units over which the County (the 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 reader to address the relative relationship with the Component Units to the primary government. The Component Units to the primary government are the Colleton County Alcohol and Drug Commission, Colleton County Memorial Library, and Colleton Fire and Rescue Commission.

The Statement of Net Assets shows the County's assets less its liabilities at June 30, 2004. 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.

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. Some included items, such as accounts payable or earned but unused vacation leave, will produce changes in cash in a future fiscal period. This report includes all major and non-major funds of the County.

Both statements attempt to distinguish functions of Colleton County Government 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, judicial, public safety, streets and highways, sanitation, recreation and culture, health and human services, intergovernmental, and economic development. Business type activities include the Solid Waste Division Enterprise Fund.

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, Colleton County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Colleton County Government can be divided into three categories: governmental, proprietary and fiduciary.

Governmental Funds – Governmental funds, presented on pages 15 to 18, essentially account for the same functions as those reported under the 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 available resources as well as on the balance of 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 Colleton County Government 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 funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison.

Governmental funds individually presented in Colleton County Government's statements include two major funds, the General Fund and the 2003 Special Source Revenue Bond Capital Projects Fund. Although there are many smaller funds in the Colleton County government reporting system, they have been presented in a total column termed as "other governmental funds". Combining statements for these other governmental funds have been presented on pages 51 to 58 of this report.

Proprietary Funds – Colleton County maintains only one proprietary fund, the Solid Waste Enterprise Fund, shown on pages 19 to 21 of this report.

Enterprise funds report in greater detail, the same information presented as business-type activities in the government-wide statements for the Solid Waste division.

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 Colleton County's own programs. The basic fiduciary fund financial statements can be found on pages 22 and 59 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in both the government-wide and fund financial statements. Notes are presented on pages 25 to 47 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The government-wide statements encompass all the funds of the county, not just the general operational fund. In the case of Colleton County, total assets exceeded liabilities by \$25,264,797 at the close of the June 30, 2004 fiscal year, as compared to \$21,837,601 at June 30, 2003.

- \$18,454,916 (77.28%) represents investment in capital assets (e.g. land, buildings, machinery and equipment) for Governmental Activities, less any related debt used to acquire those assets that is still outstanding at June 30, 2004, as compared to \$16,707,015 (80.81%) at June 30, 2003.

Although the County's investment in 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.

The remaining balance of unrestricted net assets \$5,424,949 (22.72%) may be used to meet the government's ongoing obligation to citizens and creditors at June 30, 2004, as compared to \$3,968,467 (19.19%) at June 30, 2003.

June 30, 2004

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>6/30/2004</u>	<u>6/30/2003</u>	<u>6/30/2004</u>	<u>6/30/2003</u>	<u>6/30/2004</u>	<u>6/30/2003</u>
Current and other assets	\$ 17,981,486	\$ 18,030,994	\$ 1,157,803	\$ 1,009,313	\$ 19,139,289	\$ 19,040,307
Capital Assets	<u>26,342,792</u>	<u>25,572,852</u>	<u>481,256</u>	<u>319,002</u>	<u>26,824,048</u>	<u>25,891,854</u>
Total Assets	44,324,278	43,603,846	1,639,059	1,328,315	45,963,337	44,932,161
Long-term liabilities outstanding	15,261,885	16,899,181	147,869	99,963	15,409,754	16,999,144
Other Liabilities	<u>5,182,528</u>	<u>6,029,183</u>	<u>106,258</u>	<u>66,233</u>	<u>5,288,786</u>	<u>6,095,416</u>
Total Liabilities	20,444,413	22,928,364	254,127	166,196	20,698,540	23,094,560
Net Assets:						
Invest in capital assets, net of related debt	18,454,916	16,707,015	959,459	823,953	19,414,375	17,530,968
Unrestricted	<u>5,424,949</u>	<u>3,968,467</u>	<u>425,473</u>	<u>338,166</u>	<u>5,850,422</u>	<u>4,306,633</u>
Total net assets	\$ 23,879,865	\$ 20,675,482	\$ 1,384,932	\$ 1,162,119	\$ 25,264,797	\$ 21,837,601

• At June 30, 2004, \$8,882,460 is being held by the County as cash and investments to be used for the planned purchase/construction of additional capital assets to provide services to citizens; consequently, these assets are not available for future spending, as compared to \$8,494,053 at June 30, 2003.

At the end of the current fiscal year, Colleton 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.

Governmental Activities – Governmental activities account for 94.52% of the total net assets at 6/30/04, as compared to 94.67% at 6/30/03, and 5.48% of the net asset activity is related to the Solid Waste Enterprise Fund, which is presented as business-type activity at 6/30/04, as compared to 5.33% at 6/30/03. This information is further recapped on page 14 of this financial report in the Statement of Activities.

Colleton County, South Carolina
Changes in Net Assets (Recapped)
For the Fiscal year ended June 30, 2004

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Totals</u>	
	<u>6/30/2004</u>	<u>6/30/2003</u>	<u>6/30/2004</u>	<u>6/30/2003</u>	<u>6/30/2004</u>	<u>6/30/2003</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 2,663,975	\$ 2,384,797	\$ 297,286	\$ 306,359	\$ 2,961,261	\$ 2,691,156
Operating grants and contributions	3,181,662	2,572,584	66,405	79,482	3,248,067	2,652,066
Capital Grants and contributions	161,807	1,868,245	-	-	161,807	1,868,245
General Revenues:						
Property Taxes	11,966,283	9,951,293	-	-	11,966,283	9,951,293
Other Taxes	6,694,443	6,092,842	-	-	6,694,443	6,092,842
State Aid to Local subdivisions	1,979,263	1,685,624	-	-	1,979,263	1,685,624
Unrestricted Interest	75,574	123,652	421	343	75,995	123,995
Sale of Capital Assets	7,353	26,775	-	-	7,353	26,775
Misc./Other Income	45,642	16,180	85	-	45,727	16,180
Total Revenue	<u>26,776,002</u>	<u>24,721,992</u>	<u>364,197</u>	<u>386,184</u>	<u>27,140,199</u>	<u>25,108,176</u>
Expenses:						
Program Activities:						
Governmental Activities:						
General Government	5,444,585	5,022,342	-	-	5,444,585	5,022,342
Judicial	1,357,474	1,389,673	-	-	1,357,474	1,389,673
Public Safety	8,580,993	8,167,550	-	-	8,580,993	8,167,550
Streets and Highways	1,860,264	1,723,132	-	-	1,860,264	1,723,132
Recreation and Culture	560,086	481,312	-	-	560,086	481,312
Health and Human Services	964,263	989,243	-	-	964,263	989,243
Economic Development	878,618	270,877	-	-	878,618	270,877
Intergovernmental	889,704	645,194	-	-	889,704	645,194
Interest and fiscal charges	881,022	702,262	-	-	881,022	702,262
Business-type Activities:						
Solid Waste	-	-	1,501,411	1,524,934	1,501,411	1,524,934
Total Expenses	<u>21,417,009</u>	<u>19,391,585</u>	<u>1,501,411</u>	<u>1,524,934</u>	<u>22,918,420</u>	<u>20,916,519</u>
Transfers from primary Government	(1,360,137)	(1,152,072)	1,360,137	1,152,072	-	-
Transfers to Component Unit	(372,608)	(366,390)	-	-	(372,608)	(366,390)
Transfers from Component Unit	-	36,000	-	-	-	36,000
Increase in Net Assets	3,626,248	3,847,945	222,923	13,322	3,849,171	3,861,267
Net assets End of Prior Fiscal Year	<u>20,253,617</u>	<u>16,827,537</u>	<u>1,162,009</u>	<u>1,148,797</u>	<u>21,415,626</u>	<u>17,976,334</u>
Net Assets End of Year	<u>\$ 23,879,865</u>	<u>\$ 20,675,482</u>	<u>\$ 1,384,932</u>	<u>\$ 1,162,119</u>	<u>\$ 25,264,797</u>	<u>\$ 21,837,601</u>

Additional Note on Governmental Activities: The governmental activity listed on the far left hand column as Streets and Highways on the Statement of Activities, page 14 of this report, and the related column titled Capital Grants and Contributions in the amount of \$161,807 is representative of roads paved through State-C Funds, which become assets of the County and subsequently are maintained by the County. This contribution is not a source of revenue for the County, but rather is considered a capital contribution to the Infrastructure Assets of the County.

The County levies a Vehicle User Fee annually through tax appropriations, which is reflected in the General Revenues section at the bottom of the Statement of Activities on page 14. This vehicle user fee is designated to the Roads and Bridges Special Revenue Fund for operations. The General Government contributed a total of \$584,789 for operations to offset the total cost of operations not funded through the vehicle user fee for fiscal year ending 6/30/04.

Required Supplementary Information – Required Supplementary Information includes the Budgetary Comparison Schedule presented on page 48 to 50 of this report. The format presented is required by the Governmental Accounting Standards Board (GASB) Statement 34 and highlights the differences between the budgetary basis of accounting for the County and Generally Accepted Accounting Standards (GAAP).

Financial Analysis of the Government's Funds

As noted earlier, Colleton 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 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.

The following is a recap of the Colleton County's governmental funds reported combined ending fund balances at 6/30/04:

**Colleton County, South Carolina
Governmental Fund Balances
Fiscal Year Ending 6/30/04**

	<u>General</u> <u>6/30/2004</u>	<u>Economic</u> <u>Development</u> <u>and Capital</u> <u>Improvements</u> <u>6/30/2004</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u> <u>6/30/2004</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u> <u>6/30/04</u>	<u>%</u> <u>Total</u>
Reserved					
Encumbrances	\$ -	\$ -	\$ 100,595	\$ 100,595	0.75%
Capital acquisitions	562,000	-	-	562,000	4.20%
Capital projects	-	4,367,567	891,898	5,259,465	39.35%
Debt service	-	-	267,588	267,588	2.00%
Special revenue	-	-	-	-	0.00%
Unreserved	5,103,216	-	-	5,103,216	38.18%
Unreserved, report in nonmajor: Special Revenue Funds	-	-	2,074,121	2,074,121	15.52%
Total Fund Balances:	\$ 5,665,216	\$ 4,367,567	\$ 3,334,202	\$ 13,366,985	

	<u>6/30/2003</u>	<u>6/30/2003</u>	<u>6/30/2003</u>	<u>6/30/03</u>	<u>Total</u>
Reserved					
Encumbrances	\$ -	\$ -	\$ -	-	0.00%
Capital acquisitions	185,358	-	-	185,358	1.39%
Capital projects	-	4,956,613	1,359,404	6,316,017	47.51%
Debt service	-	-	137,257	137,257	1.03%
Special revenue	-	-	76,960	76,960	0.58%
Unreserved	4,948,674	-	-	4,948,674	37.22%
Unreserved, report in nonmajor: Special Revenue Funds	-	-	1,630,380	1,630,380	12.26%
Total Fund Balances:	\$ 5,134,032	\$ 4,956,613	\$ 3,204,001	\$ 13,294,646	

General Fund Budgetary Highlights - Approximately 11% of the County's prior year unreserved fund balance for a total of \$543,494 was appropriated for general fund expenditures during FY04. The County actually did not utilize this fund balance appropriation due to some of the following factors:

- Total revenues exceeded budgeted projections by 5.73% and expenditures were under budget by approximately 1%, resulting in an increase in the unreserved fund balance in the total amount of \$154,542 for fiscal year ending 6/30/04.
- Tax revenue collections exceeded the original amount projected by 7.12%; the largest portion of this increase is related to collections in the Delinquent Tax Office, with a collection rate increase of 9% over the prior year including penalties and interest for a total of \$440,289 over the original budgeted projections.

- Although the tax revenue collections were up during the fiscal year, Court Fines collected on behalf of the County in both the Magistrates' and Clerk of Court Offices decreased 35.46% over the prior year based on changes in South Carolina State Law resulting in the re-distribution of court fine revenues back to the State Government. This shift in revenues places County employees in the role of collecting revenues on behalf of the State Government.

Expenditures – Total actual expenditures for fiscal year ending 6/30/04 were \$119,240 less than the final amended budget or approximately .64% under budget.

Compliant Fund Balance - The Colleton County Budget Ordinance directs the utilization of a compliant fund balance methodology based on the cash-flow needs of the County in order to operate during the fiscal year prior to the receipt of tax revenues at the beginning of the calendar year. The unreserved fund balance needed for operations is projected annually during the budget process and is monitored during the fiscal year. Based on projected figures for the 6/30/05 budget, the amount needed to sustain operations without borrowing funds is projected to be at a minimum of \$3.6 million or approximately 70% of the total 6/30/04 unreserved fund balance.

Colleton County Government prepares the annual budget for tax revenues on the cash basis of accounting and other revenue projections on the modified accrual basis of accounting with the expenditure portion of the budget presented on the modified accrual basis of accounting.

Capital Asset and Debt Administration

Capital Assets – Colleton County's investment in capital assets for its governmental and business-type activities as of June 30, 2004, amount to \$27,500,595 (net of accumulated depreciation) as compared to \$26,582,165 at June 30, 2003. This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, bridges and easements.

Additional information on the County's capital assets can be found on pages 34 to 37 in the notes to the financial statements.

Debt Administration

Long-term debt – At the fiscal year ending 6/30/04, Colleton County had total debt outstanding of \$17,196,066 compared to fiscal year ending 6/30/03 of \$18,830,432, which represents a decrease of (8.67%) over the prior fiscal year. This decrease is related to the retirement of debt through the payment of the principal portion on the outstanding debt during the fiscal year. Of the \$17,196,066 outstanding at 6/30/04, \$2,749,340 (16%) is representative of notes payable from lease purchase agreements for capital equipment purchases, \$6,449,985 (37.52%) related to General Obligation Bonds Debt, \$3,442,102 (20%) related to Special Source Revenue Debt for the construction of the VA Nursing Home project with the State of South Carolina and \$4,554,639 (26.48%) in Special Source Revenue Bonds for the development of multi-county industrial park off interstate I-95 in Colleton County.

In accordance with State Law, the amount of General Obligation Bonds (GOB) a government entity may issue (without referendum) is equal to 8 percent of its total assessed value. The current General Obligation Bond debt limitation for Colleton County based on information received from the County Auditor related to the 2003 Tax Assessment is \$9,349,535 for fiscal year ending 6/30/04.

The Colleton County Fire and Rescue Commission had total debt outstanding of \$7,662,558 at 6/30/04 related to the construction of new fire stations and acquisition of capital assets to improve the Insurance Service Office (ISO) fire ratings in order to reduce property insurance premiums countywide. The total outstanding debt for the Colleton County Fire and Rescue Commission at 6/30/04 represents a 30% increase over the prior fiscal year ending 6/30/03 outstanding debt of \$5,892,878.

Colleton County currently maintains a Baa1 rating from Moody's and a BBB+ rating from Standard and Poor's based on the latest rating in September 2003. The County will re-apply for bond ratings in the future when new general obligation bonds are issued.

Economic Factors and Next Years Budget - The County has seen stable growth in the vehicle digest over the past two years, which helped to reduce the effect of the vehicle draw-down and reduction of vehicle taxes this year, with an assessment drop from 10.5% to 6% as required by State Law. The Delinquent Tax Office collection rate improved 9% over the prior year, which may indicate improvements within the local economy. These growth indicators have been offset by continued reductions in State shared funds. The new assessments on court fines imposed by the State of South Carolina have negatively impacted the County's portion of court revenues during this fiscal year and have also placed County employees in the role of collecting revenues on behalf of the State Government.

The various Special Revenue Funds of the County have continued to experience positive growth, such as the County Accommodations Tax Fund with a total increase in revenues of 11.33% over the prior year. The revenue generated from this revenue source is used to retire the debt on the Edisto Beach Education and Civic Center facility located in Edisto Beach and remaining funds are used to supplement the City of Edisto Beach with beach re-nourishment projects each fiscal year.

The grant related activity increased 46.68% in the Colleton County Special Revenue Fund over the prior year with the largest portion of the increase being related to the Summer Feeding Program, which increased by 35.52% over the prior year. In addition, the County received new grant funding through the Department of Homeland Security to improve communication resources during post disaster phases throughout the County and increased funding in the Sheriff's Office related to Local Law Enforcement Block Grant (LLEBG) expenditures for the reimbursement of overtime for law enforcement personnel.

The County's Special Source Revenue Bond Fund generated \$162,013 more revenues than the related debt and these funds have been set aside in a Capital Projects Fund in accordance with the bond covenants for future economic development projects. The funds generated from this revenue source are used to pay for the outstanding debt related to the Industrial park project off I-95.

The most innovative move by County Council during the FY04 fiscal year was the placing of all ambulance operations under the Colleton County Fire and Rescue Commission. In addition to providing more comprehensive and efficient service, the increase in available resources will help with the overall Insurance Service Office (ISO) ratings for the County. Because the manpower credit is open ended in the rating process, this innovative move is expected to help produce an improved ISO rating of 5-6 countywide, whereas the prior ratings varied from 5-10 based on the prior rating method.

In addition to the elimination of the County Emergency Medical Services Division and placing the functions under the Fire & Rescue Commission, the capital bond improvements to build new Fire Stations and to provide additional equipment have improved services throughout the County. The County is now able to provide coverage within 5 miles of a Station for 90% of residential & business areas throughout the County, whereas before these improvements, the average coverage area was a 15-mile radius. In

order to achieve an overall rating of 1 under the ISO ratings, the County would have to provide coverage within a 3-mile radius countywide and have a County-wide water system, but the improvement in ratings this fiscal year should aid citizens through lowered insurance premiums. This change is expected to reduce insurance premiums by up to 50% for over 75% of the County's residents. In addition, the increased resources and dual qualified staff are allowing the County to better meet the needs of all citizens now and into the future.

Requests for Information - This financial report is designed to provide a general overview of the County's Finances and to demonstrate the County's accountability for the money it receives. Any questions about this report or request for information may be addressed to Colleton County Finance Director, P.O. Box 157, Walterboro, SC 29488.

BASIC FINANCIAL STATEMENTS

COLLETON COUNTY, SOUTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2004

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets:				
Cash and cash equivalents	\$ 2,458,444	\$ 648,066	\$ 3,106,510	\$ 986,501
Investments	3,000,000	-	3,000,000	109,349
Restricted:				
Cash and cash equivalents	8,880,742	-	8,880,742	785,272
Investments	1,718	10,000	11,718	-
Receivables (net of allowances for uncollectibles)	3,266,210	30,700	3,296,910	343,435
Internal balances	214,768	(214,768)	-	-
Due from primary government	-	-	-	42,452
Due from component units	141,861	-	141,861	-
Due from external parties	16,485	-	16,485	56,671
Prepaid items	1,258	-	1,258	-
Other assets	-	7,258	7,258	-
Capital assets:				
Land - nondepreciable	5,518,683	157,446	5,676,129	196,179
Buildings and improvements	13,850,688	140,358	13,991,046	2,795,306
Improvements other than buildings	595,454	418,172	1,013,626	50,840
Machinery and equipment	1,420,319	191,263	1,611,582	106,541
Heavy vehicles and equipment	1,925,317	1,192,131	3,117,448	6,508,543
Vehicles	3,130,071	71,892	3,201,963	331,102
Library materials	-	-	-	1,254,107
Infrastructure	6,248,200	-	6,248,200	-
Construction in progress	856,481	138,989	995,470	10,400
Accumulated depreciation	(7,202,421)	(1,152,448)	(8,354,869)	(4,338,218)
Total assets	<u>\$ 44,324,278</u>	<u>\$ 1,639,059</u>	<u>\$ 45,963,337</u>	<u>\$ 9,238,480</u>
Liabilities:				
Cash overdraft	\$ 500,906	\$ -	\$ 500,906	\$ -
Accounts payable	747,039	-	747,039	48,405
Accrued payroll and related liabilities	600,921	5,198	606,119	33,215
Compensated absences payable - current	47,013	1,046	48,059	18,499
Due to primary government	-	-	-	141,861
Due to component units	42,452	-	42,452	-
Due to other governments	228,867	-	228,867	-
Due to external parties	378,933	-	378,933	-
Due to third party	7,289	-	7,289	-
Escheat property	50,594	-	50,594	-
Interest payable	310,650	2,726	313,376	96,084
Deferred revenue	210,883	-	210,883	10,352
Other current liabilities	-	-	-	773
Notes payable - current	202,968	-	202,968	-
General obligation bonds payable - current	767,064	-	767,064	752,200
Revenue bonds payable - current	415,027	-	415,027	-
Capital lease obligations - current	671,922	97,288	769,210	-
Noncurrent liabilities:				
Notes payable	3,239,134	-	3,239,134	-
General obligation bonds payable	5,682,921	-	5,682,921	6,910,358
Revenue bonds payable	4,139,612	-	4,139,612	-
Capital lease obligations	1,874,221	105,910	1,980,131	-
Compensated absences payable	258,997	9,179	268,176	53,693
Accrual for landfill closure	-	32,780	32,780	-
Claims and judgments payable	67,000	-	67,000	-
Total liabilities	<u>20,444,413</u>	<u>254,127</u>	<u>20,698,540</u>	<u>8,065,440</u>
Net Assets:				
Invested in capital assets, net of related debt	18,454,916	959,459	19,414,375	2,448,773
Restricted for:				
Capital projects	-	-	-	463,946
Debt service	-	-	-	289,487
Unrestricted	5,424,949	425,473	5,850,422	(2,029,166)
Total net assets	<u>\$ 23,879,865</u>	<u>\$ 1,384,932</u>	<u>\$ 25,264,797</u>	<u>\$ 1,173,040</u>

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

**COLLETON COUNTY, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities:								
General government	\$ 5,444,585	\$ 545,657	\$ 157,050	\$ -	\$ (4,741,878)	\$ -	\$ (4,741,878)	\$ -
Judicial	1,357,474	101,186	-	-	(1,256,288)	-	(1,256,288)	-
Public safety	8,580,993	2,017,132	1,740,423	-	(4,823,438)	-	(4,823,438)	-
Streets and highways	1,860,264	-	-	161,807	(1,698,457)	-	(1,698,457)	-
Recreation and culture	560,086	-	185,094	-	(374,992)	-	(374,992)	-
Health and human services	964,263	-	385,345	-	(578,918)	-	(578,918)	-
Economic development	878,618	-	713,750	-	(164,868)	-	(164,868)	-
Intergovernmental	889,704	-	-	-	(889,704)	-	(889,704)	-
Interest and fiscal charges	881,022	-	-	-	(881,022)	-	(881,022)	-
	<u>21,417,009</u>	<u>2,663,975</u>	<u>3,181,662</u>	<u>161,807</u>	<u>(15,409,565)</u>	<u>-</u>	<u>(15,409,565)</u>	<u>-</u>
Business-type activities:								
Solid waste	1,497,788	297,286	66,405	-	-	(1,134,097)	(1,134,097)	-
Total primary government	<u>\$ 22,914,797</u>	<u>\$ 2,961,261</u>	<u>\$ 3,248,067</u>	<u>\$ 161,807</u>	<u>\$ (15,409,565)</u>	<u>\$ (1,134,097)</u>	<u>\$ (16,543,662)</u>	<u>\$ -</u>
Component units								
Colleton County Memorial Library	\$ 498,576	\$ 20,780	\$ 95,102	\$ -	-	-	-	\$ (382,694)
Colleton County Fire-Rescue Commission	3,138,356	-	-	314,799	-	-	-	(2,823,557)
Colleton County Commission on Alcohol and Drug Abuse	869,160	136,195	717,335	-	-	-	-	(15,630)
Total component units	<u>\$ 4,506,092</u>	<u>\$ 156,975</u>	<u>\$ 812,437</u>	<u>\$ 314,799</u>	<u>\$ 11,966,283</u>	<u>-</u>	<u>\$ 11,966,283</u>	<u>\$ 2,554,133</u>
General revenues:								
Property taxes								
Colleton County Fire-Rescue Commission					76,708	-	76,708	19,120
Manufacturing tax					721,207	-	721,207	152,829
Homestead tax					121,090	-	121,090	22,260
Motor carrier					1,347,484	-	1,347,484	223,047
Delinquent tax					1,765,523	-	1,765,523	-
Local option sales tax					122,686	-	122,686	-
Fees paid in lieu of taxes					1,979,263	-	1,979,263	-
State aid to local governments					445,445	-	445,445	-
Accommodations tax					620,592	-	620,592	-
Hospitality taxes					806,460	-	806,460	-
Vehicle user fees					667,248	-	667,248	-
Sales tax					75,574	421	75,995	9,346
Unrestricted interest and investment earnings					45,642	85	45,727	5,931
Miscellaneous					-	(3,623)	(3,623)	-
(Loss) on disposal of capital assets					7,353	-	7,353	-
Gain on sale of assets					(1,360,137)	1,360,137	-	-
Transfers from primary government					(372,608)	-	(372,608)	372,608
Transfers (to) component units					19,035,813	1,357,020	20,392,833	3,363,274
Total general revenues and transfers					3,626,248	222,923	3,849,171	14,393
Change in net assets					20,253,617	1,162,009	21,415,626	1,031,647
Net assets - beginning (as restated)					\$ 23,879,865	\$ 1,384,932	\$ 25,264,797	\$ 1,173,040
Net assets - ending								

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

COLLETON COUNTY, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

	General	Economic Development and Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 2,458,444	\$ -	\$ -	\$ 2,458,444
Investments-unrestricted	3,000,000	-	-	3,000,000
Restricted:				
Cash and cash equivalents	832,589	4,399,050	3,649,103	8,880,742
Investments	1,718	-	-	1,718
Receivables (net of allowances for uncollectibles)	2,773,651	-	492,559	3,266,210
Due from other funds	587,293	-	52,737	640,030
Due from component units	141,861	-	-	141,861
Due from external parties	16,485	-	-	16,485
Prepaid items	1,258	-	-	1,258
Total assets	\$ 9,813,299	\$ 4,399,050	\$ 4,194,399	\$ 18,406,748
Liabilities and Fund Balances				
Liabilities:				
Cash overdraft	\$ 500,906	\$ -	\$ -	\$ 500,906
Accounts payable	565,695	31,483	149,861	747,039
Accrued payroll and related liabilities	591,869	-	9,052	600,921
Due to other funds	51,209	-	374,053	425,262
Due to component units	32,100	-	10,352	42,452
Due to other governments	228,867	-	-	228,867
Due to third parties	7,289	-	-	7,289
Due to external parties	378,933	-	-	378,933
Escheat property	50,594	-	-	50,594
Deferred revenue	1,740,621	-	316,879	2,057,500
Total liabilities	4,148,083	31,483	860,197	5,039,763
Fund Balances:				
Reserved for:				
Encumbrances	-	-	100,595	100,595
Capital acquisitions	562,000	-	-	562,000
Capital projects	-	4,367,567	891,898	5,259,465
Debt service	-	-	267,588	267,588
Unreserved	5,103,216	-	-	5,103,216
Unreserved, reported in nonmajor:				
Designated for subsequent years' appropriation	-	-	2,074,121	2,074,121
Total fund balances	5,665,216	4,367,567	3,334,202	13,366,985
Total liabilities and fund balances	\$ 9,813,299	\$ 4,399,050	\$ 4,194,399	\$ 18,406,748

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

COLLETON COUNTY, SOUTH CAROLINA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2004

Total governmental fund balances		\$ 13,366,985
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		26,342,792
Other long-term assets are not available to pay for current period expenditures and therefore are deferred on the funds:		
Property taxes:		
General fund	1,195,677	
Debt service fund	<u>105,996</u>	1,301,673
Charges for services:		
General fund		544,944
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.		
Notes payable	(3,442,102)	
General obligation bonds	(6,449,985)	
Revenue bonds	(4,554,639)	
Lease payable	(2,546,143)	
Compensated absences	(306,010)	
Claims and judgments payable	(67,000)	
Accrued interest payable	<u>(310,650)</u>	
Total		<u>(17,676,529)</u>
Net assets of governmental activities		<u>\$ 23,879,865</u>

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

COLLETON COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	General	Economic Development and Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 14,582,186	\$ -	\$ 3,844,725	\$ 18,426,911
Licenses and permits	545,657	-	-	545,657
Fines and fees	712,026	-	441,477	1,153,503
Intergovernmental	1,979,263	-	3,290,935	5,270,198
Charges for services	624,887	-	-	624,887
Interest	32,636	31,398	11,541	75,575
Other	39,417	-	13,011	52,428
Total revenues	<u>18,516,072</u>	<u>31,398</u>	<u>7,601,689</u>	<u>26,149,159</u>
Expenditures:				
Current:				
General government	5,012,742	-	213,860	5,226,602
Judicial	1,336,388	-	-	1,336,388
Public safety	6,821,787	-	2,020,897	8,842,684
Streets and highways	75,199	-	1,310,174	1,385,373
Recreation and culture	281,398	-	267,080	548,478
Health and human services	445,875	-	423,445	869,320
Economic development	136,125	620,444	67	756,636
Intergovernmental	590,600	-	937,854	1,528,454
Capital outlay	-	-	639,960	639,960
Debt service:				
Principal retirement	768,208	-	1,428,159	2,196,367
Interest and fiscal charges	48,627	-	809,298	857,925
Total expenditures	<u>15,516,949</u>	<u>620,444</u>	<u>8,050,794</u>	<u>24,188,187</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,999,123</u>	<u>(589,046)</u>	<u>(449,105)</u>	<u>1,960,972</u>
Other financing sources (uses):				
Capital lease proceeds	562,000	-	-	562,000
Operating transfers in	18,744	-	1,908,567	1,927,311
Operating transfers (out)	<u>(2,404,655)</u>	<u>-</u>	<u>(1,332,757)</u>	<u>(3,737,412)</u>
Total other financing sources (uses)	<u>(1,823,911)</u>	<u>-</u>	<u>575,810</u>	<u>(1,248,101)</u>
Net change in fund balances	1,175,212	(589,046)	126,705	712,871
Fund balances at beginning of year (as restated)	<u>4,490,004</u>	<u>4,956,613</u>	<u>3,207,497</u>	<u>12,654,114</u>
Fund balances at end of year	<u>\$ 5,665,216</u>	<u>\$ 4,367,567</u>	<u>\$ 3,334,202</u>	<u>\$ 13,366,985</u>

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

COLLETON COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2004

Net change in fund balances - total governmental funds \$ 712,871

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

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 as depreciation expense. Donated assets are recorded in the Statement of Activities, whereas in the governmental funds, they are not. This is the amount by which capital outlays and donated assets exceeded depreciation in the current period.

Capital asset additions	3,450,936	
Donated assets	161,807	
Depreciation expense	<u>(1,366,225)</u>	2,246,518

In the Statement of Activities, the gain on disposal of capital assets is reported. Conversely, governmental funds do not report any gain or loss on disposal of capital assets.

Cost of capital assets	(1,525,792)	
Accumulated depreciation	<u>35,000</u>	(1,490,792)

Because some revenues will not be collected for several months after the County's fiscal year ends, they are not considered "available" revenues in the governmental funds. Similarly, other revenues that do not provide current financial resources are not reported as revenues in the fund.

Property taxes	124,543	
Charges for services	<u>340,493</u>	465,036

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and does not result in an expense in the Statement of Activities.

2,196,367

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in the governmental funds, interest is expensed when due.

(23,094)

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.

Compensated absences payable		3,986
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Transfer of debt related to purchase of capital assets to business-type activities

77,356

In the Statement of Activities, debt proceeds are capitalized, whereas in the governmental funds, debt proceeds are recognized as other financing sources.

(562,000)

Change in net assets of governmental activities

\$ 3,626,248

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

COLLETON COUNTY, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2004

	Enterprise Fund
<u>Assets</u>	
Current assets:	
Cash and investments	\$ 658,066
Receivables (net of allowance for uncollectibles)	30,700
Other assets	7,258
Total current assets	696,024
Noncurrent assets:	
Capital assets:	
Land - nondepreciable	157,446
Buildings and improvements	140,358
Construction in progress	138,989
Improvements other than buildings	418,172
Machinery and equipment	191,263
Heavy vehicles and equipment	1,192,131
Vehicles	71,892
Less accumulated depreciation	(1,152,448)
Total noncurrent assets	1,157,803
Total assets	\$ 1,853,827
<u>Liabilities</u>	
Current liabilities:	
Accrued salaries and benefits	\$ 5,198
Compensated absences	1,046
Accrued interest	2,726
Capital leases payable	97,288
Due to other funds	214,768
Total current liabilities	321,026
Noncurrent liabilities:	
Compensated absences	9,179
Accrual for landfill closure	32,780
Capital leases payable	105,910
Total noncurrent liabilities	147,869
Total liabilities	468,895
<u>Net Assets</u>	
Invested in capital assets, net of related debt	959,459
Unrestricted	425,473
Total net assets	\$ 1,384,932

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

COLLETON COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2004

	Enterprise Fund
Operating revenues:	
Charges for services	\$ 297,286
Operating grants	66,405
Total operating revenues	363,691
Operating expenses:	
Salaries	451,033
Other employee benefits	117,906
Health insurance	34,731
Retirement	18,784
Depreciation	170,737
Supplies	13,685
Insurance	20,959
Provision for uncollectible accounts	20,668
Tipping fees	307,461
Professional fees	33,020
Other expenses	90,890
Landfill closure expense	3,499
Utilities	20,613
Gasoline	57,742
Repairs and maintenance	127,323
Total operating expenses	1,489,051
Loss from operations	(1,125,360)
Nonoperating revenue (expenses):	
Interest income	421
Other income	85
Loss on sale of capital asset	(3,623)
Interest expense	(8,737)
Total nonoperating revenues (expenses)	(11,854)
Loss before transfers	(1,137,214)
Transfer in	1,360,137
Change in net assets	222,923
Total net assets - beginning (as restated)	1,162,009
Total net assets - ending	\$ 1,384,932

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

**COLLETON COUNTY, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	Enterprise Fund
Cash flows from operating activities:	
Cash received from customers	\$ 338,235
Cash payments to suppliers for goods and services	(843,114)
Cash payments to employees for services	(444,674)
Cash received from operating grant	66,405
Net cash provided by (used in) operating activities	(883,148)
Cash flows from noncapital financing activities:	
Operating transfers from other funds	1,360,137
Other income	86
Intergovernmental receipts (disbursements)	117,576
Net cash provided by (used in) noncapital financing activities	1,477,799
Cash flows from capital and related financing activities:	
Additional long term debt	172,709
Principal payments on long term debt	(95,353)
Acquisition of capital assets	(332,240)
Sale of capital assets	9,390
Interest paid	(8,022)
Net cash provided by (used in) capital and related financing activities	(253,516)
Cash flows from investing activities:	
Interest received	421
Net cash provided by (used in) investing activities	421
Net increase in cash and cash equivalents	341,556
Cash and cash equivalents - beginning of year	316,510
Cash and cash equivalents - end of year	\$ 658,066
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (1,125,360)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	170,737
Provision for landfill closure	3,499
Provision for uncollectible accounts	20,668
Changes in assets and liabilities:	
(Increase) in accounts receivable	(2,008)
Decrease in other assets	42,957
Increase in accrued payroll	3,630
Increase in compensated absences payable	2,729
Total adjustments	242,212
Net cash provided by (used in) operating activities	\$ (883,148)

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

COLLETON COUNTY, SOUTH CAROLINA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2004

Assets:	
Cash and cash equivalents	\$ 7,255,544
Investments	5,000,000
Due from other governments	4,551
Due from third parties	150
Due from primary government	<u>378,934</u>
Total assets	<u>\$ 12,639,179</u>
Liabilities:	
Cash overdraft	\$ 21
Due to third parties	12,622,672
Due to primary government	<u>16,486</u>
Total liabilities	<u>\$ 12,639,179</u>

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

COLLETON COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2004

	Colleton County Memorial Library	Colleton County Fire-Rescue Commission	Colleton County Commission on Alcohol and Drug Abuse	Total
Assets:				
Cash and cash equivalents	\$ 8,452	\$ 689,235	\$ 288,814	\$ 986,501
Investments	-	-	109,349	109,349
Restricted:				
Cash and cash equivalents	-	785,272	-	785,272
Receivables (net of allowances for uncollectibles)	-	269,307	74,128	343,435
Due from primary government	15,246	27,206	-	42,452
Due from external parties	-	56,671	-	56,671
Capital assets:				
Land - nondepreciable	-	196,179	-	196,179
Buildings and improvements	119,026	2,676,280	-	2,795,306
Improvements other than buildings	-	50,840	-	50,840
Machinery and equipment	55,572	50,969	-	106,541
Heavy vehicles and equipment	62,736	6,445,807	-	6,508,543
Vehicles	14,190	254,850	62,062	331,102
Library materials	1,254,107	-	-	1,254,107
Construction in progress	-	10,400	-	10,400
Accumulated depreciation	(1,176,797)	(3,110,785)	(50,636)	(4,338,218)
Total assets	<u>\$ 352,532</u>	<u>\$ 8,402,231</u>	<u>\$ 483,717</u>	<u>\$ 9,238,480</u>
Liabilities:				
Accounts payable	\$ -	\$ 38,622	\$ 9,783	\$ 48,405
Accrued payroll and related liabilities	4,894	28,321	-	33,215
Compensated absences payable - current	1,541	10,250	6,708	18,499
Due to primary government	1,993	67,759	72,109	141,861
Interest payable	-	96,084	-	96,084
Deferred revenue	10,352	-	-	10,352
Other current liabilities	-	773	-	773
General obligation bonds payable - current	-	752,200	-	752,200
Noncurrent liabilities:				
General obligation bonds payable	-	6,910,358	-	6,910,358
Compensated absences payable	10,550	36,480	6,663	53,693
Total liabilities	<u>29,330</u>	<u>7,940,847</u>	<u>95,263</u>	<u>8,065,440</u>
Net Assets:				
Invested in capital assets, net of related debt	328,834	2,108,513	11,426	2,448,773
Restricted for:				
Capital projects	-	413,946	50,000	463,946
Debt service	-	289,487	-	289,487
Unrestricted	(5,632)	(2,350,562)	327,028	(2,029,166)
Total net assets	<u>\$ 323,202</u>	<u>\$ 461,384</u>	<u>\$ 388,454</u>	<u>\$ 1,173,040</u>

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

**COLLETON COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2004**

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Colleton County Memorial Library	Colleton County Fire-Rescue Commission	Colleton County Commission on Alcohol and Drug Abuse	Total
Colleton County Memorial Library	\$ 498,576	\$ 95,102	\$ -	\$ (382,694)	\$ -	\$ -	\$ (382,694)
Governmental activities:							
Recreation and culture	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Colleton County Fire-Rescue Commission	\$ -	\$ -	\$ 314,799	\$ -	\$ (2,823,557)	\$ -	\$ (2,823,557)
Governmental activities:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Colleton County Commission on Alcohol and Drug Abuse	\$ 869,160	\$ 717,335	\$ -	\$ -	\$ -	\$ (15,630)	\$ (15,630)
Governmental activities:							
Health and human services	\$ 4,506,092	\$ 812,437	\$ 314,799	\$ -	\$ -	\$ -	\$ (3,221,881)
Total component units							
General revenues:							
Property taxes					2,554,133	-	2,554,133
Manufacturing tax					19,120	-	19,120
Homestead tax					152,829	-	152,829
Motor carrier					22,260	-	22,260
Delinquent tax					223,047	-	223,047
Miscellaneous					8,551	1,380	9,931
Interest				65	5,994	3,287	9,346
Transfers from primary government				372,608	-	-	372,608
Total general revenues and transfers				372,673	2,985,934	4,667	3,363,274
Change in net assets				(10,021)	162,377	(10,963)	141,393
Net assets - beginning				333,223	299,007	399,417	1,031,647
Net assets - ending				\$ 323,202	\$ 461,384	\$ 388,454	\$ 1,173,040

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

COLLETON COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

Colleton County (the "County") complies with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The County's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and governmental and business-type activities, and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. During June 1999, the GASB issued GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments*, which provides for substantial changes in financial reporting and accounting, including the use of full accrual accounting for certain statements, new terms, depreciation of capital assets, and presentation of management's discussion and analysis. Colleton County implemented GASB Statement No. 34 for the fiscal year ending June 30, 2003.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remaining notes are organized to provide explanations, including required disclosures, of Colleton County's financial activities for the fiscal year ended June 30, 2004.

B. Financial Reporting Entity

The State of South Carolina established the County under the provisions of the South Carolina Home Rule Act. Colleton County operates under the Council-Administrator form of government and provides the following areas of services: general administrative, judicial, public safety, streets and highways, sanitation, recreation and culture, health and human services, economic development, 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 to be financially accountable or for which exclusion of a component unit would render the financial statements incomplete or misleading.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, *The Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which defines a primary government as an entity with a governing body elected in a general election, and which is legally separate and fiscally independent. Any entity, which does not meet the above criteria, is potentially a component unit of a primary government.

A component unit is a legally separate entity for which a primary government is financially accountable by virtue of the fact that it both appoints the governing board and is able to impose its will on the component unit, or the fact that it provides financial benefits or imposes a financial burden on the primary government.

Based upon the aforementioned criteria, the County has determined Colleton County Memorial Library, Colleton County Fire-Rescue Commission, and Colleton County Commission on Alcohol and Drug Abuse to be discretely presented component units. The discretely presented component units were included since they are fiscally dependent upon the County for the annual appropriations, approval of annual operating budgets, and authorization of general obligation debt issues. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County. Blended component units, although legally separate entities, are in substance, part of the government's operation; therefore data from these units are combined with data of the primary government. Each discretely presented

COLLETON COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

component unit has a June 30 year-end. Separate financial statements for these component units may be obtained from each entity's management.

Discretely Presented Component Units

Colleton County Memorial Library
600 Hampton Street
Walterboro, SC 29488

Colleton County Council appoints the eleven members of the library's governing board. Colleton County Council can significantly influence the library's operations and it provides substantial financial support.

Colleton County Fire-Rescue Commission
113 Mable T. Willis Boulevard
Walterboro, SC 29488

Colleton County Council selects the five members of the Fire-Rescue Commission from the ten members presented by the Fire Control Board, an advisory board comprised of a member from each of the participating fire departments. The County Council approves the budget, sets the tax levy, and retains control of all assets purchased with such taxes. At the fiscal year ended June 30, 2004, there were no legally separate non-profit fire stations under the Commission.

Colleton County Commission on Alcohol and Drug Abuse
1439 Thunderbolt Drive
Walterboro, SC 29488

The Commission operates under a Governing Board composed of nine Colleton County residents appointed by the Colleton County Council. The Commission is financially dependent on the County. The County Council approves the budget and can significantly influence the decisions of the Commission.

Blended Component Units

Colleton County Development Board

This entity is legally separate from the County and is governed by a seven-member board appointed by Colleton County Council. For financial reporting purposes, the Board is reported as if it is part of the County's operations because all fiscal and hiring matters are subject to the authority of Colleton County Council.

Colleton County Advisory/Planning Commission

This entity does not have separate corporate powers from the County and thus is included in the County's operations.

C. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. The accounts of the County and its component units are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purposes and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and

COLLETON COUNTY, SOUTH CAROLINA
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managerial requirements. There are three categories of funds: governmental, proprietary, and fiduciary.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities for the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues of the County, with certain limited exceptions.

The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements

The County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds and presented in a single column. Fiduciary funds are reported by type.

The government has the following fund types:

Governmental Funds are used to account for general governmental activities. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Major Governmental funds of the County include the following:

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

The *Economic Development and Capital Improvements Fund* accounts for the acquisition of fixed assets or construction of major capital projects.

Proprietary Funds are accounted for on the flow of economic resources measurements focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The government applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. Proprietary funds include enterprise funds, which are used to account for those operations that are financed and operated in a manner similar to private business. Enterprise funds are used by entities when they have decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. In enterprise funds a fee is charged to external users. This fund consists of the County's refuse collection and disposal services. Depreciation is calculated using the straight-line method.

COLLETON COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations (e.g. refuse collection and disposal service). Operating grants received are also classified as operating revenues.

For purposes of the statement of cash flows, Proprietary Funds consider all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Fiduciary Funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the government holds for others in an agency capacity. The County's only fiduciary funds are agency funds.

D. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resource management focus. All assets and liabilities associated with the operation of the County are included on the statement of net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

E. Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide, proprietary, and fiduciary fund financial statements are prepared using the accrual basis of accounting. Governmental fund financial statements are prepared using the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise from the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party receives and gives up essentially equal value, is recorded on the accrual basis when the exchange occurs. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For the County, property tax revenues are considered available if they are collected within 60 days after year-end. A one-year availability is used for recognition of all other governmental fund revenues

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met. Eligibility requirements include timing, matching and expenditure requirements.

COLLETON COUNTY, SOUTH CAROLINA
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Under the modified accrual basis of accounting, revenue from non-exchange transactions must be available in order to be recognized.

Revenue sources that are considered to be both measurable and available at year-end include: property taxes collected within 60 days of year-end, sales taxes, service charges, rental income, accommodation fees, intergovernmental revenues and interest income.

Deferred Revenue

Deferred revenue arises when assets are received and recognized prior to revenue recognition criteria being satisfied. In governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

Expenses/Expenditures

Expenses are recognized at the time they are incurred under the accrual basis of accounting.

Expenditures are recognized when the related fund liability is incurred, except for interest on general long-term debt, which is recognized when due, and certain absences, claims, and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

F. Assets, Liabilities and Equity

1. Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments.

State statutes authorize the entities to invest in the following:

1. Obligations of the United States and agencies thereof;
2. General obligations of the State of South Carolina or any of its political units;
3. Savings and loan associations deposits to the extent insured by the Federal Deposit Insurance Corporation;
4. No load open and closed-end portfolios of certain investment companies with issues of the U.S. Government;
5. Certificates of deposit and repurchase agreements collateralized by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, or a market value not less than the amount of the certificate of deposit so secured, including interest.

Investments may be stated at cost, amortized cost, or fair value. Non-participating interest-earning investment contracts, such as bank certificates of deposit whose terms are not affected by changes in market rates, are stated at cost. Money market investments and participating interest-earning investments contracts that have a remaining maturity at the time of purchase of one year or less are stated at amortized cost, provided that fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments including commercial paper, bankers' acceptances, and U.S. Treasury and agency obligations. Interest-earning investment contracts are contracts that a government enters into with a financial institution or other financial services company for which it receives, directly or indirectly, interest payments. Participating interest-earning investments contracts, that have a remaining maturity at the time of purchase of more than one year, and open-end mutual funds, are stated at fair value. Participating interest-earning investment contracts are investments whose value is affected by market (interest rate) changes. Fair value is based on quoted market prices.

COLLETON COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

2. 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 "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent 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 statements as "internal balances".

All trade and property tax receivables are shown net of allowance for uncollectible amounts. The allowance for trade accounts receivables is computed based upon an estimate of collections within each aging category. The allowance for property taxes receivable is based upon a composite average of each delinquent tax year's collections to outstanding balance at the beginning of the fiscal year. The County bills and collects property taxes for itself and all other taxing entities within the county. Property taxes are recognized in the period in which they are levied and available for financing current expenditures. Property taxes receivable represents delinquent real and personal taxes for the past ten years, less an allowance for amounts estimated to be uncollectible. All net property taxes receivable at year-end, except those collected within 60 days, are recorded as deferred revenue and thus not recognized as revenue until collected in the governmental funds.

Taxes on real property and certain personal property attach as an enforceable lien on the property as of January 1. Taxes are levied and billed the following September on all property other than vehicles and are payable without penalty until January 15 of the following year. Penalties are assessed on unpaid taxes on the following dates: January 16 - three percent, February 1 - an additional seven percent, and March 16 an additional five percent. On March 16, the property tax bills are turned over to the delinquent tax office and the properties are subject to sale. Taxes on licensed motor vehicles are levied during the month when the taxpayer's vehicle license registration is up for renewal. The County must provide proof of payment to the South Carolina Department of Transportation before the agency will renew the taxpayer's vehicle license.

The County charges a user fee to real property owners and certain commercial and governmental entities providing revenues for a portion of the County's solid waste collection and disposal effort (e.g., incineration, landfill and recycling). Tipping fees charged to certain commercial and governmental entities are also included. Annual charges to real property owners are billed in the fall for the subsequent calendar year, but are recognized in the full year of billing. An allowance for uncollectible accounts is established based upon a historical estimate of the collections within each customer category: residential, commercial, governmental or housing agencies.

3. Restricted Assets

Certain assets of the County's debt service, derived from proceeds of various General Obligation Bonds and Revenue Bonds, are set aside for their repayment by the Trustee for specific purposes. These assets are classified as restricted assets on the balance sheet in both the government-wide and fund financial statements because their use is limited by applicable bond covenants.

4. Capital Assets

Capital assets include property, plant, equipment and infrastructure assets such as roads and bridges, and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as those with an initial individual cost greater than \$5,000 and an estimated useful life of more than one year. Purchased or constructed capital assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at their estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized by governmental or business-type activities.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

All capital assets, except for land, are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Buildings	45
Building Improvements	10
Improvements other than Buildings	10
Heavy Vehicles and Equipment	10
Vehicles	5
Law Enforcement Vehicles	3
Airplanes	6
Office and Computer Equipment	5
Fire/Medical Equipment	5
Communications Equipment	20
Library Materials	5
Paved Roads	20
Radio and Fire Towers	10

5. Long-Term Obligations

In the government-wide financial statements and the proprietary fund type 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 are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable premiums and discounts. 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 issuance costs during the current period. Bond proceeds are reported as an "other financing source", net of the applicable premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. 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 it is the County's policy to record the cost of sick leave only when it is paid. No benefits vest upon termination. All vacation pay is recorded when accrued by the employee in the government-wide statements. The amounts attributable to governmental funds are charged to expense and a corresponding liability in the applicable fund. The estimated liabilities include required salary-related payments.

7. Fund Equity

In the fund financial statements, reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use

**COLLETON COUNTY, SOUTH CAROLINA
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either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

9. Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the County's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

II. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits are categorized into these three categories of credit risk:

- (1) Insured or collateralized with securities held by the County or its agent in the County's name.
- (2) Collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.
- (3) Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the County's name.

The following represents the allocation of deposits by risk category for the primary government and its component units as of June 30, 2004:

	Carrying Amount	Bank Balance	Category		
			1	2	3
Primary government:	<u>\$ 11,987,252</u>	<u>\$ 11,697,528</u>	<u>\$ 4,711,935</u>	<u>\$ 4,299,050</u>	<u>\$ 2,686,543</u>
Component units:					
Fire-Rescue Commission	1,474,507	1,481,712	978,411	-	503,301
Library Commission	8,452	11,344	11,344	-	-
Alcohol and Drug Abuse	<u>288,814</u>	<u>312,033</u>	<u>100,000</u>	-	<u>212,033</u>
Total component units	<u>1,771,773</u>	<u>1,805,089</u>	<u>1,089,755</u>	-	<u>715,334</u>
Total reporting entity	<u>\$ 13,759,025</u>	<u>\$ 13,502,617</u>	<u>\$ 5,801,690</u>	<u>\$ 4,299,050</u>	<u>\$ 3,401,877</u>

Investments are categorized into these three categories of credit risk:

- (1) Insured or registered, with securities held by the County or its agent in the County's name.
- (2) Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the County's name.
- (3) Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the County's name.

COLLETON COUNTY, SOUTH CAROLINA
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The following represents the allocation of investments by risk category for the primary government and its component units as of June 30, 2004:

	Category			Carrying Amount	Fair Value
	1	2	3		
Primary government:	\$ 10,000	\$ -	\$ 3,001,742	\$ 3,011,718	\$ 3,011,742
Component unit:					
Alcohol and Drug Abuse	100,000	-	9,349	109,349	109,349
Total reporting entity	<u>\$ 110,000</u>	<u>\$ -</u>	<u>\$ 3,011,091</u>	<u>\$ 3,121,067</u>	<u>\$ 3,121,091</u>

A reconciliation of cash and investment as shown on the Statement of Net Assets for the primary government and the component units follows:

Carrying amount of deposits – primary government	\$ 11,987,252
Carrying amount of deposits – component units	1,771,773
Carrying amount of investments – primary government	3,011,718
Carrying amount of investments – component units	<u>109,349</u>
Total carrying amount of cash and investments	<u>\$ 16,880,092</u>
Cash	\$ 4,093,011
Investments	3,109,349
Restricted assets – cash	9,666,014
Restricted assets – investments	<u>11,718</u>
Total carrying amount of cash and investments	<u>\$ 16,880,092</u>

B. Receivables

Receivables as of June 30, 2004, including the applicable allowance for uncollectible accounts, are as follows:

	Governmental Funds			Total Primary Government
	General	Nonmajor Governmental Funds	Proprietary	
Receivables:				
Property taxes	\$ 1,371,243	\$ 124,477	\$ -	\$ 1,495,720
Other taxes	-	136,262	-	136,262
Intergovernmental	1,149,277	248,935	-	1,398,212
Accounts	724,522	-	55,795	780,317
Other	975	2,478	500	<u>3,953</u>
Gross receivables	<u>3,246,017</u>	<u>512,152</u>	<u>56,295</u>	<u>3,814,464</u>
Less allowance for uncollectibles:				
Property taxes	215,834	19,593	-	235,427
Accounts	256,532	-	25,595	<u>282,127</u>
Gross allowance	<u>472,366</u>	<u>19,593</u>	<u>25,595</u>	<u>517,554</u>
Net total receivable	<u>\$ 2,773,651</u>	<u>\$ 492,559</u>	<u>\$ 30,700</u>	<u>\$ 3,296,910</u>

COLLETON COUNTY, SOUTH CAROLINA
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	Component Units			Total
	Memorial Library	Fire-Rescue Commission	Alcohol and Drug Abuse	
Receivables:				
Property taxes	\$ -	\$ 319,615	\$ -	\$ 319,615
Intergovernmental	-	-	-	-
Accounts	-	-	43,012	43,012
Other	-	-	35,886	35,886
Gross receivables	-	319,615	78,898	398,513
Less allowance for uncollectibles:				
Property taxes	-	50,308	-	50,308
Accounts	-	-	4,770	4,770
Gross allowance	-	50,308	-	55,078
Net total receivable	<u>\$ -</u>	<u>\$ 269,307</u>	<u>\$ 74,128</u>	<u>\$ 343,435</u>

C. Capital Assets

Primary government capital asset activity for the year ended June 30, 2004 was as follows:

	Balance as restated June 30, 2003	Additions	Deletions	Balance June 30, 2004
Governmental Activities:				
<u>Capital assets not being depreciated</u>				
Land	\$ 1,085,864	\$ -	\$ -	\$ 1,085,864
Land – infrastructure	4,417,905	14,914	-	4,432,819
Construction in progress	1,726,829	620,444	1,490,792	856,481
Total not being depreciated	<u>7,230,598</u>	<u>635,358</u>	<u>1,490,792</u>	<u>6,375,164</u>
<u>Capital assets being depreciated</u>				
Buildings and improvements	11,879,757	1,970,931	-	13,850,688
Improvements other than buildings	595,454	-	-	595,454
Machinery and equipment	1,072,698	347,621	-	1,420,319
Heavy vehicles and equipment	1,960,317	-	35,000	1,925,317
Vehicles	2,618,131	511,940	-	3,130,071
Infrastructure	6,101,307	146,893	-	6,248,200
Total being depreciated	<u>24,227,664</u>	<u>2,977,385</u>	<u>35,000</u>	<u>27,170,049</u>
Less accumulated depreciation:				
Buildings and improvements	1,793,556	284,502	-	2,078,058
Improvements other than buildings	286,590	51,103	-	337,693
Machinery and equipment	140,407	177,130	-	317,537
Heavy vehicles and equipment	1,130,171	142,395	35,000	1,237,566
Vehicles	1,844,413	397,830	-	2,242,243
Infrastructure	676,058	313,266	-	989,324
Total accumulated depreciation	<u>5,871,195</u>	<u>1,366,226</u>	<u>35,000</u>	<u>7,202,421</u>
Total capital assets being depreciated, net	<u>18,356,469</u>	<u>1,611,159</u>	<u>-</u>	<u>19,967,628</u>
Governmental activities				
Total capital assets, net	<u>\$ 25,587,067</u>	<u>\$ 2,246,517</u>	<u>\$ 1,490,792</u>	<u>\$ 26,342,792</u>

COLLETON COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

	Balance as restated June 30, 2003	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2004
Business-Type Activities:				
<u>Capital assets not being depreciated</u>				
Land	\$ 143,704	\$ 13,742	\$ -	\$ 157,446
Construction in progress	-	<u>138,989</u>	-	<u>138,989</u>
Total not being depreciated	<u>143,704</u>	<u>152,731</u>	-	<u>296,435</u>
<u>Capital assets being depreciated</u>				
Buildings and improvements	140,358	-	-	140,358
Improvements other than buildings	418,172	-	-	418,172
Machinery and equipment	191,263	-	-	191,263
Heavy vehicles and equipment	1,060,259	179,509	47,637	1,192,131
Vehicles	<u>71,892</u>	-	-	<u>71,892</u>
Total being depreciated	<u>1,881,944</u>	<u>179,509</u>	<u>47,637</u>	<u>2,013,816</u>
Less accumulated depreciation:				
Buildings and improvements	51,949	7,854	-	59,803
Improvements other than buildings	255,674	38,943	-	294,617
Machinery and equipment	158,371	12,110	-	170,481
Heavy vehicles and equipment	492,872	100,620	30,957	562,535
Vehicles	<u>57,469</u>	<u>7,543</u>	-	<u>65,012</u>
Total accumulated depreciation	<u>1,016,335</u>	<u>167,070</u>	<u>30,957</u>	<u>1,152,448</u>
Total capital assets being depreciated, net	<u>865,609</u>	<u>12,439</u>	<u>16,680</u>	<u>861,368</u>
Business-type activities, Total capital assets, net	<u>\$ 1,009,313</u>	<u>\$ 165,170</u>	<u>\$ 16,680</u>	<u>\$ 1,157,803</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General government	\$ 230,801
Judicial	21,086
Public safety	534,035
Streets and highways	471,632
Recreation and culture	13,611
Economic Development	118
Health and human services	<u>94,943</u>
Total	<u>\$ 1,366,226</u>

Business-Type Activities:

Solid waste	<u>\$ 167,070</u>
Total	<u>\$ 167,070</u>

COLLETON COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Component Units capital asset activity for the year ended June 30, 2004 was as follows:

	Balance as restated <u>June 30, 2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2004</u>
Component Units:				
<u>Capital assets not being depreciated</u>				
Land	\$ 171,328	\$ 24,851	\$ -	\$ 196,179
Construction in progress	<u>27,500</u>	<u>10,400</u>	<u>27,500</u>	<u>10,400</u>
Total not being depreciated	<u>198,828</u>	<u>35,251</u>	<u>27,500</u>	<u>206,579</u>
<u>Capital assets being depreciated</u>				
Buildings and improvements	1,112,300	1,683,006	-	2,795,306
Improvements other than buildings	43,370	7,470	-	50,840
Machinery and equipment	106,541	-	-	106,541
Heavy vehicles and equipment	5,406,080	1,102,463	-	6,508,543
Vehicles	282,830	48,272	-	331,102
Library materials	<u>1,205,771</u>	<u>96,540</u>	<u>48,204</u>	<u>1,254,107</u>
Total being depreciated	<u>8,156,892</u>	<u>2,937,751</u>	<u>48,204</u>	<u>11,046,439</u>
Less accumulated depreciation:				
Buildings and improvements	318,471	33,633	-	352,104
Improvements other than buildings	36,704	4,422	-	41,126
Machinery and equipment	56,597	14,332	-	70,929
Heavy vehicles and equipment	2,070,372	525,492	-	2,595,864
Vehicles	223,013	28,929	-	251,942
Library materials	<u>992,715</u>	<u>81,742</u>	<u>48,204</u>	<u>1,026,253</u>
Total accumulated depreciation	<u>3,697,872</u>	<u>688,550</u>	<u>48,204</u>	<u>4,338,218</u>
Total capital assets being depreciated, net	<u>4,459,020</u>	<u>2,249,201</u>	<u>-</u>	<u>6,708,221</u>
Component Units, Total capital assets, net	<u>\$ 4,657,848</u>	<u>\$ 2,284,452</u>	<u>\$ 27,500</u>	<u>\$ 6,914,800</u>

Depreciation expense was charged to functions of the component units as follows:

Public safety	\$ 570,487
Recreation and culture	109,987
Health and human services	<u>8,076</u>
Total	<u>\$ 688,550</u>

Construction in progress in the Governmental activities as of June 30, 2004 is composed of the following:

	<u>Project Authorization</u>	<u>Expended at June 30, 2004</u>	<u>Commitments Outstanding</u>	<u>Required Future Financing</u>
Primary Government:				
Industrial park land option	10,000	10,000	-	None
Industrial park zoning and legal	67,947	67,947	-	None
Industrial park miscellaneous	19,385	19,385	-	None
Industrial park site development	378,957	360,009	18,948	None
Industrial park engineering	506,625	399,140	107,485	None
Green Pond convenience center	<u>159,309</u>	<u>138,989</u>	<u>20,320</u>	None
Total Primary Government	<u>\$ 1,142,223</u>	<u>\$ 995,470</u>	<u>\$ 146,753</u>	

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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Construction in progress for the Component Units as of June 30, 2004 is composed of the following:

	<u>Project Authorization</u>	<u>Expended at June 30, 2004</u>	<u>Commitments Outstanding</u>	<u>Required Future Financing</u>
Component Units:				
Engineering fees to Brightwell Construction - construction of 2 new fire stations	\$ 10,400	\$ 10,400	\$ -	None
Total Component Units	<u>\$ 10,400</u>	<u>\$ 10,400</u>	<u>\$ -</u>	

D. Interfund Receivables And Payables

Interfund receivables and payables are primarily used for short-term financing of certain operations. The composition of primary government interfund balances at June 30, 2004, is as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
Major governmental funds:		
General fund	\$ 587,293	\$ 51,209
Nonmajor governmental funds	52,737	374,053
Enterprise fund	-	214,768
Total	<u>\$ 640,030</u>	<u>\$ 640,030</u>

E. Interfund Transfers

The summary of interfund transfers at June 30, 2004, is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major governmental funds:		
General fund	\$ 18,744	\$ 2,404,655
Transfer to Business-type Activities (see page 16)	-	(77,356)
Nonmajor governmental funds	1,908,567	1,332,757
Enterprise fund	1,360,137	-
Component units	372,608	-
Total	<u>\$ 3,660,056</u>	<u>\$ 3,660,056</u>

Transfers are used to:

- (1) Move revenues from the fund that the statute or budget requires collection, to the fund that statute or budget requires to expend them.
- (2) Move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service fund payments become due.
- (3) Use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

F. Capital Leases Payable

The County leases their buildings, various heavy equipment as well as various vehicles, which are capital assets. They are recorded at historical cost of \$3,999,642. Future minimum lease payments under capitalized lease obligations for the primary government at June 30, 2004 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 671,922	\$ 102,195	\$ 774,117
2006	437,674	83,146	520,820
2007	392,631	66,812	459,443
2008	318,254	55,430	373,683
2009	74,287	45,229	119,516
2010-2014	429,354	168,222	597,576
2015-2018	<u>425,219</u>	<u>52,983</u>	<u>478,202</u>
Total Capital Leases	<u>\$ 2,749,341</u>	<u>\$ 574,017</u>	<u>\$ 3,323,357</u>

G. Long-Term Debt

General Obligation Bonds. The County and its component units issues General Obligation Bonds to provide funds for the acquisition and construction of their major capital facilities. These bonds are reported in the Governmental activities. General Obligation Bonds are direct obligations and pledge the full faith and credit of the County.

Primary government General Obligation Bonds payable at June 30, 2004, consist of the following:

<u>Issue Date</u>	<u>Title of Issues</u>	<u>Original Principal</u>	<u>Principal Outstanding</u>
January 1, 1994	General Obligation Bonds, Series 1994, 4.2% to 6.5% annual interest, semi-annual principal and interest payments, beginning in 1995, matures 2009	\$ 5,000,000	\$ 2,035,000
March 1, 1998	General Obligation Bonds, Series 1998, 3.95% to 5.95% annual interest, semi-annual principal and interest payments, beginning in 1999, matures 2014	3,800,000	2,840,000
May 1, 2002	General Obligation Bonds, Series 2002, 4.8% annual interest, annual principal and interest payments, beginning in 2003 matures 2012	<u>1,900,000</u>	<u>1,574,985</u>
	Total General Obligation Bonds	<u>\$ 10,700,000</u>	\$ 6,449,985
	Less current portion		<u>(767,064)</u>
	Long-term portion outstanding		<u>\$ 5,682,921</u>

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

Annual requirements to amortize primary government general long-term debt outstanding at June 30, 2004, excluding notes payable and accrued absences are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 767,064	\$ 303,449	\$ 1,070,513
2006	800,083	266,779	1,066,862
2007	833,487	228,423	1,061,910
2008	877,295	187,945	1,065,240
2009	916,525	144,810	1,061,335
2010-2014	<u>2,255,531</u>	<u>278,344</u>	<u>2,533,875</u>
Total General Obligation Bonds	<u>\$ 6,449,985</u>	<u>\$ 1,409,750</u>	<u>\$ 7,859,735</u>

Fire-Rescue Commission component unit General Obligation Bonds payable at June 30, 2004, consist of the following:

<u>Issue Date</u>	<u>Title of Issues</u>	<u>Original Principal</u>	<u>Principal Outstanding</u>
May 1, 2002	Fire Protection Service General Obligation Bonds Series 2002, 4.75% annual interest, annual principal and interest payments beginning in 2003, matures 2012	\$ 4,000,000	\$ 3,312,558
September 1, 2002	Fire Protection Service General Obligation Bonds Series B, 3.21% annual interest, annual principal and interest payments beginning in 2003, matures 2012	2,400,000	2,025,000
October 15, 2003	Fire Protection Service General Obligation Bonds Series 2003, 3.0202% annual interest, annual principal and interest payments beginning in 2004, matures 2013	<u>2,500,000</u>	<u>2,325,000</u>
	Total Fire Protection Service Bonds	<u>\$ 8,900,000</u>	\$ 7,662,558
	Less current portion		<u>(752,200)</u>
	Long-term portion outstanding		<u>\$ 6,910,358</u>

Annual requirements to amortize Fire-Rescue Commission component unit general long-term debt outstanding at June 30, 2004, excluding notes payable and accrued absences are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 752,200	\$ 288,253	\$ 1,040,453
2006	818,929	260,523	1,079,452
2007	836,454	230,624	1,067,078
2008	904,810	199,893	1,104,703
2009	924,039	166,914	1,090,953
2010-2013	<u>3,426,126</u>	<u>292,019</u>	<u>3,718,145</u>
Total Fire Protection Service Bonds	<u>\$ 7,662,558</u>	<u>\$ 1,438,226</u>	<u>\$ 9,100,784</u>

COLLETON COUNTY, SOUTH CAROLINA
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Revenue Bonds. The County entered into an agreement with Orangeburg County for the development of a joint-county industrial/business park to be located within both the County and Orangeburg County. The County issued Special Source Revenue Bonds of \$2,300,000 and \$2,700,000 on June 19, 2003, of which the proceeds of these issues are to be used for the defrayment of a portion of the costs of acquiring the infrastructure for, and the development of, the joint-county industrial/business park. Repayment of the bonds is to be funded solely through fees in lieu of taxes equal to the ad valorem property taxes on the property located within the park. No recourse shall be had for the payment of these bonds or the interest thereon against the general fund of the County. The full faith, credit and taxing powers of the County are not pledged to the payment of the principal of, or interest on, these bonds.

Primary government Special Source Revenue Bonds payable at June 30, 2004, consist of the following:

<u>Issue Date</u>	<u>Title of Issues</u>	<u>Original Principal</u>	<u>Principal Outstanding</u>
June 19, 2003	Special Source Revenue Bond Series 2003A, 6.11% annual interest, annual principal and interest payments beginning in 2004, all outstanding principal and interest due in 2010	\$ 2,300,000	\$ 2,101,575
June 19, 2003	Special Source Revenue Bond Series 2003B, 3.69% annual interest, annual principal and interest payments beginning in 2004, matures 2013	<u>2,700,000</u>	<u>2,453,064</u>
	Total Revenue Bonds	\$ <u>5,000,000</u>	\$ 4,554,639
	Less current portion		<u>(415,027)</u>
	Long-term portion outstanding		<u>\$ 4,139,612</u>

Annual requirements to amortize primary government general long-term debt outstanding at June 30, 2004, excluding notes payable and accrued absences are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 415,027	\$ 220,708	\$ 635,735
2006	434,857	200,877	635,734
2007	455,698	180,036	635,734
2008	477,606	158,129	635,735
2009	500,637	135,097	635,734
2010-2013	<u>2,270,814</u>	<u>178,702</u>	<u>2,449,516</u>
Total Revenue Bonds	<u>\$ 4,554,639</u>	<u>\$ 1,073,549</u>	<u>\$ 5,628,188</u>

Notes Payable. The County entered into an enterprise financing agreement under Section 11-27-110(A)(5) of the South Carolina law to help fund the construction of a VA Nursing Home to be located in the County. The remainder of the cost of the project is to be funded by the State of South Carolina. Repayment of the note is to be funded through the collection of local hospitality taxes. Under the South Carolina section of law pertaining to enterprise financing arrangements, this enterprise financing does not count against the 8% constitutional legal debt limit of the County.

**COLLETON COUNTY, SOUTH CAROLINA
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Primary government notes payable at June 30, 2004 consist of the following:

<u>Issue Date</u>	<u>Title of Issues</u>	<u>Original Principal</u>	<u>Principal Outstanding</u>
January 31, 2001	Enterprise financing agreement, 6.0% semiannual interest, semiannual principal and interest payments beginning in 2002, matures 2016	\$ 3,900,000	\$ 3,442,102
	Total Notes	\$ 3,900,000	\$ 3,442,102
	Less current portion		(202,968)
	Long-term portion outstanding		<u>\$ 3,239,134</u>

Annual requirements to amortize primary government notes payable outstanding at June 30, 2004 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 202,968	\$ 203,527	\$ 406,495
2006	215,329	191,166	406,495
2007	228,442	178,052	406,494
2008	242,354	164,140	406,494
2009	257,114	149,381	406,495
2010-2014	1,540,405	492,067	2,032,472
2015-2016	<u>755,490</u>	<u>57,499</u>	<u>812,989</u>
Total Notes	<u>\$ 3,442,102</u>	<u>\$ 1,435,832</u>	<u>\$ 4,877,934</u>

The following is a summary of changes in long-term debt of the primary government for the year ended June 30, 2004.

	<u>Balance June 30, 2003</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2004</u>	<u>Amounts due within one year</u>
Accrued compensated absences	\$ 317,493	\$ -	\$ 1,258	\$ 316,235	\$ 48,059
Capital leases	3,012,615	562,000	825,274	2,749,341	769,210
General obligation bonds	7,184,398	-	734,413	6,449,985	767,064
Revenue bonds	5,000,000	-	445,361	4,554,639	415,027
Notes payable	3,633,419	-	191,317	3,442,102	202,968
Claims and judgments	67,000	-	-	67,000	-
Landfill closure and post-closure costs liability	<u>29,281</u>	<u>3,499</u>	<u>-</u>	<u>32,780</u>	<u>-</u>
Total primary government long-term obligations	<u>\$ 19,244,206</u>	<u>\$ 565,499</u>	<u>\$ 2,197,623</u>	<u>\$ 17,612,082</u>	<u>\$ 2,202,328</u>

COLLETON COUNTY, SOUTH CAROLINA
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The following is a summary of changes in long-term debt of the component units for the year ended June 30, 2004.

Amounts	Balance June 30, 2003	Increases	Decreases	Balance June 30, 2004	due within one year
Fire-Rescue Commission:					
Accrued compensated absences	\$ 24,295	\$ 22,435	\$ -	\$ 46,730	\$ 10,250
General obligation bonds	5,873,787	2,500,000	711,229	7,662,558	752,200
Notes payable	19,091	-	19,091	-	-
Memorial Library:					
Accrued compensated absences	13,784	-	1,693	12,091	1,541
Alcohol and Drug Abuse Commission:					
Accrued compensated absences	<u>9,795</u>	<u>19,759</u>	<u>16,183</u>	<u>13,371</u>	<u>6,708</u>
Total component unit long-term obligations	<u>\$ 5,940,752</u>	<u>\$ 2,542,194</u>	<u>\$ 748,196</u>	<u>\$ 7,734,750</u>	<u>\$ 770,699</u>

H. Landfill Closure

The County has estimated the cost of maintaining a construction and demolition landfill after closure and recorded \$32,780 as a liability in the government-wide financial statements.

I. Reserved Fund Equity

Reserved for capital acquisitions. These funds represent fund equity reserved for the purchase of equipment.

Reserved for capital projects. Capital projects' fund equity are reserved for the acquisition of fixed assets, for the completion of existing projects, and for future projects.

Reserved for debt service. These funds represent fund equity subject to the provisions of various long-term debt indentures.

Reserved for special revenue. These funds represent fund equity reserved for the completion of existing non-capital projects committed to by the County.

Designated for subsequent years' appropriation. Special Revenue Fund Balances have been designated in accordance with the various use restrictions placed on their assets under the applicable grant agreements and legislation.

J. Prior Period Adjustments

The County has adjusted its equity in several fund types due to corrections of errors in prior years. In addition to these, there were also several adjustments that affected only the beginning net assets for the government wide financials. A summary of the net effects of such adjustments on equity as of June 30, 2003, are detailed as follows:

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

Primary Government:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Fund balance as originally reported	\$ 5,134,032	\$ 1,707,340	\$ 6,841,372
Prior period adjustments:			
Cash	11,696	2,413	14,109
Accounts receivable	(585,234)	1,083	(584,151)
Allowance	143,355	-	143,355
Deferred revenue	(204,452)	-	(204,452)
Due to other governments	(9,393)	-	(9,393)
Total prior period adjustments	<u>(644,028)</u>	<u>3,496</u>	<u>(640,532)</u>
Fund balance as restated	<u>\$ 4,490,004</u>	<u>\$ 1,710,836</u>	<u>\$ 6,200,840</u>

Component Units:

	<u>Fire-Rescue Commission</u>
Fund balance as originally reported	\$ 1,617,958
Prior period adjustments:	
Accounts receivable	<u>(7,434)</u>
Total prior period adjustments	<u>(7,434)</u>
Fund balance as restated	<u>\$ 1,610,524</u>

In addition to the adjustments stated above, the County adjusted its total net assets due to the corrections of errors effecting only the Government wide financial statements. A summary of the net effects of such adjustments on equity as of June 30, 2003, are detailed as follows:

Primary Government:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net assets as originally reported	\$ 20,675,482	\$ 1,162,119
Prior period adjustments:		
Total prior period fund balance adjustments	(640,532)	-
Accounts receivable	-	(110)
Capital assets	14,476	-
Compensated absences	(265)	-
Deferred revenue	<u>204,456</u>	<u>-</u>
Total prior period adjustments	<u>(421,865)</u>	<u>(110)</u>
Net assets as restated	<u>\$ 20,253,617</u>	<u>\$ 1,162,009</u>

**COLLETON COUNTY, SOUTH CAROLINA
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JUNE 30, 2004**

Primary Government:

There was a reclassification of amounts between investment in capital assets, net of related debt and unrestricted net assets as a result of implementation of GASB 34, which is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Investment in capital assets, net of related debt as originally reported	\$ 3,315,220	\$ 28,380
Prior period adjustment	<u>13,391,795</u>	<u>795,573</u>
Investment in capital assets, net of related debt as restated	<u>\$ 16,707,015</u>	<u>\$ 823,953</u>
Unrestricted net assets as originally reported	\$ 17,360,262	\$ 1,133,739
Prior period adjustment	<u>(13,391,795)</u>	<u>(795,573)</u>
Unrestricted net assets as restated	<u>\$ 3,968,467</u>	<u>\$ 338,166</u>

III. OTHER INFORMATION

A. Risk Management

The County is exposed to risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the County carries commercial insurance and policies with the South Carolina Insurance Reserve Fund, a public entity risk pool currently operating as common risk management and insurance program for local governments. The County pays annual premiums to the State Insurance Reserve Fund for certain general insurance coverage. The State Insurance Reserve fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims.

In addition, the County insures the risk of job related injury or illness to its employees through the South Carolina Association of Counties, a public entity risk pool operating for the benefit of local governments. The County pays annual premiums to the Association of Counties for its insurance coverage. Additional premium assessments may be required for workers' compensation claims based on the County's claim experiences.

For the above risk management programs, the County has not significantly reduced insurance coverage from the previous year, and settled claims in excess of insurance coverage for the last three years were immaterial. For each of the insurance programs and public entity risk pools in which it participates, the County has transferred the risk, other than ordinary policy deductibles.

B. Employee Retirement Systems And Plans

South Carolina Retirement and Police Officers' Retirement Systems

Plan Description. All permanent employees of the County and its component units, except for certain employees involved in law enforcement and fire fighting activities, participate in the South Carolina Retirement System (SCRS). The employees excluded above participate in the South Carolina Police Officers' Retirement System (SCPORS). Both systems are cost-sharing multiple-employer

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

defined benefit plans administered by the Retirement Division of the State Budget and Control Board. The SCRS and SCPORS provide retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits to plan members and beneficiaries. Each plan's provisions are established under Title 9 of SC Code of Laws. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and Police Officers' Retirement System is issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, SC 29211-1960.

Funding Policy - SCRS. Plan members are required to contribute 6% of their annual covered salary and the employer is required to contribute at an actuarially determined rate. The current rate is 6.7% of annual covered payroll. The contribution requirements of plan members and employers are established under authority of Title 9 of the SC Code of Laws. The County also contributes 0.15% of payroll on their behalf for group life insurance benefits.

Funding Policy - SCPORS. Plan members are required to contribute 6.5% of their annual covered salary and the employer is required to contribute at an actuarially determined rate. The current rate is 10.3% of annual covered payroll. The contribution requirements of plan members and employers are established under authority of Title 9 of the SC Code of Laws. The County contributes on their behalf an additional 0.2% for group life insurance and 0.2% to provide accidental death benefits.

The following table presents the required contributions in dollars and percentage to SCRS and SCPORS by the County and its component units for the years ended June 30, 2004, 2003, 2002:

<u>SCRS Contributions</u>	Fiscal Year Ended June 30,		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Primary government:	\$ 423,020	\$ 418,378	\$ 440,202
Component unit:			
Memorial Library	<u>18,646</u>	<u>18,090</u>	<u>17,593</u>
	<u>\$ 441,666</u>	<u>\$ 436,468</u>	<u>\$ 457,795</u>
<u>SCPORS Contributions</u>			
Primary government:	<u>\$ 362,165</u>	<u>\$ 305,153</u>	<u>\$ 270,320</u>

C. Commitments And Contingent Liabilities

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 of applicable funds. Management has not been informed of any significant matters of non-compliance with grant provisions or planned grantor audits. The amount of grant expenditures, which may be disallowed, cannot be determined at this time, but the County believes that any amount will be immaterial.

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, 2004, are not determinable.

Litigation. The County is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Legal counsel believes that none of the claims currently pending against the County would involve liability over and above its liability insurance coverage. In the County's opinion, on the advice of legal counsel with respect to current and any other litigation, the

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

ultimate disposition of those lawsuits and claims cannot be currently determinable.

Construction Commitments. The Colleton County Fire and Rescue has entered into a contract for the construction of several fire stations. The County has entered into contracts for construction and site clearing associated with the Industrial Park. The County has also entered into a contract for the site development associated with the Green Pond Road Convenience Center.

Outstanding obligations for the primary government at June 30, 2004 are as follows:

<u>Project</u>	<u>Contract Amount</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
<u>Primary Government:</u>			
Fire Station Construction	\$ 278,345	\$ -	\$ 278,345
Industrial Park Engineering	\$ 506,625	\$ 390,140	\$ 116,485
Industrial Park Site Development	\$ 378,957	\$ 360,009	\$ 18,948
Green Pond Road Convenience Center Site Development	\$ 159,309	\$ 124,999	\$ 34,310

Encumbrances. Encumbrances are commitments under purchase orders, board resolutions and contracts (as opposed to expenditures) and are shown in the governmental fund types as a reserved portion of fund balance for subsequent fiscal year expenditure. The County reserved \$100,595 of the Fund Balance for encumbrances.

D. Deferred Compensation Plan

The County and its component units offer their employees several deferred compensation plans under programs administered by the South Carolina Deferred Compensation Commission. The multiple-employer plans were created in accordance with Internal Revenue Code Sections 457 and 401(k). The plans, available to all full-time County and component unit employees, at their option, permit participants to defer a portion of their salary until future years. Only upon termination, retirement, disability, death, or an approved hardship is the deferred compensation available to an employee.

E. Related Organizations and Related Party Transactions

County Council is also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. County Council appoints the board members of the Colleton County Disabilities Board, as well as a majority of the board of the Walterboro/Colleton County Recreation and Parks Commission.

The County pays rent on a monthly basis to elected magistrates for use of the magistrates' home as an office. The total amount of rent paid during the year ended June 30, 2004 was \$5,730.

F. Subsequent Events

In August of 2004, the County entered into a lease purchase agreement with South Carolina Bank & Trust in the amount of \$898,000 to purchase certain vehicles and equipment.

In September of 2004, the County passed an ordinance to delay for additional year the

COLLETON COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

implementation of reassessment of property throughout Colleton County ordered for Tax Year 2002 under South Carolina Code of Laws.

Also in September 2004, the County was conveyed 10.892 acres of land by the Walterboro-Colleton County Airport Commission and the City of Walterboro, entered into a water service agreement with the Town of Edisto Beach, and entered into a lease with the South Carolina Department of Natural Resources for a solid waste Convenience Site at Bennett's Point.

The County has entered into a contract with the town of Edisto Beach in the amount of \$74,750 to receive fire protection services for those portions of Edisto Island falling within the County. The contract period is from July 1, 2004 through June 30, 2005.

REQUIRED SUPPLEMENTARY INFORMATION

**COLLETON COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Budget to GAAP Differences Over (Under)	Actual Amounts, GAAP Basis
	Original	Final			
Revenues:					
Taxes	\$ 13,585,000	\$ 13,585,000	\$ 14,550,199	\$ (31,987) (1)	\$ 14,582,186
Licenses and permits	383,308	383,308	545,657	-	545,657
Fines and fees	1,029,050	1,029,050	712,026	-	712,026
Intergovernmental revenues	1,962,316	1,933,574	1,979,263	-	1,979,263
Charges for services	440,000	440,000	284,394	(340,493) (1)	624,887
Interest	65,000	65,000	32,636	-	32,636
Other	4,000	4,000	39,417	-	39,417
Total revenues	17,468,674	17,439,932	18,143,592	(372,480)	18,516,072
Expenditures:					
Current:					
General government	5,159,747	5,215,574	5,012,742	-	5,012,742
Judicial	1,398,331	1,366,355	1,336,388	-	1,336,388
Public safety	6,699,722	6,760,577	6,821,787	-	6,821,787
Streets and highways	80,227	80,227	75,199	-	75,199
Recreation and culture	625,806	665,036	654,006	372,608 (2)	281,398
Health and human services	448,268	453,942	445,875	-	445,875
Economic development	179,191	184,722	136,125	-	136,125
Intergovernmental	590,600	590,600	590,600	-	590,600
Debt service:					
Principal retirement	768,211	768,211	768,208	-	768,208
Interest and fiscal charges	56,720	56,720	56,648	8,021 (2)	48,627
Total expenditures	16,006,823	16,141,964	15,897,578	380,629	15,516,949
Excess (deficiency) of revenues over expenditures	1,461,851	1,297,968	2,246,014	(753,109)	2,999,123
Other financing sources (uses):					
Capital lease proceeds	-	-	562,000	-	562,000
Operating transfers in	-	-	18,744	-	18,744
Operating transfers (out)	(1,784,397)	(1,841,552)	(2,024,026)	380,629 (2)	(2,404,655)
Total other financing sources (uses)	(1,784,397)	(1,841,552)	(1,443,282)	380,629	(1,823,911)
Net change in fund balance	(322,546)	(543,584)	802,732	(372,480)	1,175,212
Fund balances at beginning of year (as restated)	4,490,004	4,490,004	4,490,004	-	4,490,004
Fund balances at end of year	\$ 4,167,458	\$ 3,946,420	\$ 5,292,736	\$ (372,480)	\$ 5,665,216

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

**COLLETON COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
BUDGET TO GAAP RECONCILIATION
FOR THE YEAR ENDED JUNE 30, 2004**

	Budget to GAAP Differences
Explanation of differences:	
(1) The County budgets certain revenue accounts on the cash basis rather than on the modified accrual basis of accounting required by GAAP.	
Property taxes	\$ (31,987)
EMS revenues	(340,493)
(2) The County budgets for activity associated with a component unit as expenditures in the general fund as opposed to an operating transfer out.	
Expenditures	(372,608)
Operating transfer out	372,608
The general fund made interest payments on a capital lease reported in the proprietary fund.	
Expenditures	(8,021)
Operating transfer out	8,021
	(372,480)
Net increase (decrease) in fund balance - budget to GAAP	\$ (372,480)

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

COLLETON COUNTY, SOUTH CAROLINA
NOTES TO BUDGETARY COMPARISION SCHEDULE
GENERAL FUND
JUNE 30, 2004

A. Budgetary Information

Budgets are adopted on the modified-accrual basis with the exception of property taxes and other specific revenue accounts, which are adopted on the cash basis. This basis is not a basis consistent with generally accepted accounting principles. An appropriated budget is adopted for the General Fund and certain special revenue funds annually. All annual appropriations lapse at fiscal year end other than unexpended appropriations of state and federal grant funds, state accommodations tax funds not committed to the general fund, capital improvement and special projects.

In January of each year, notice is sent by the County Administrator to each department head of County Government to prepare a budget request for the fiscal year to begin July 1. After preparation by the department heads, these budget requests are forwarded to the County Administrator. The Finance Director compiles all budget requests, which are subsequently presented to County Council. The proposed budget is given three readings at three separate meetings of County Council. Prior to final reading and adoption of the budget ordinance, the County Council holds a public hearing on the budget. Any adjustments made in a particular department's budget request are subject to the right of the department head to appear before County Council to justify that department's request. The final budget as finally adopted by County Council is approved prior to June 30 of each year. Budget ordinance must be amended by Council to effect changes in fund totals. Budgets, as reported in the financial statements, are originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations were necessary. The results were increases and decreases within the individual departments within the funds.

Encumbrance accounting is employed in the governmental funds. Encumbrances represent commitments related to unperformed contracts for goods and services. Purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. These encumbrances, however, are excluded from actual expenditures in the budget comparison due to immateriality. Outstanding encumbrances at year-end are funded in the subsequent year's budget by available fund balance. Unencumbered and unexpended appropriations for other than capital outlays lapse at year-end.

SUPPLEMENTARY INFORMATION

**COLLETON COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004**

	Special Revenue				
	Animal Care and Control	Emergency Telephone	Clerk of Court Unit Cost	Clerk of Court Incentives	County Accommo- dations Tax
Assets:					
Restricted:					
Cash and cash equivalents	\$ 24,269	\$ 82,663	\$ 1,565	\$ 51,704	\$ 402,314
Receivables (net of allowances for uncollectibles)	67	31,498	9,250	1,696	52,096
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 24,336</u>	<u>\$ 114,161</u>	<u>\$ 10,815</u>	<u>\$ 53,400</u>	<u>\$ 454,410</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and related liabilities	-	962	214	-	597
Due to other funds	571	7,157	10,601	966	42,952
Due to component unit	-	-	-	-	-
Deferred revenue	-	-	-	52,434	-
Total liabilities	<u>571</u>	<u>8,119</u>	<u>10,815</u>	<u>53,400</u>	<u>43,549</u>
Fund Balances:					
Reserved for:					
Encumbrances	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Special revenue	-	-	-	-	-
Unreserved:					
Designated for subsequent years' appropriation	23,765	106,042	-	-	410,861
Total fund balances	<u>23,765</u>	<u>106,042</u>	<u>-</u>	<u>-</u>	<u>410,861</u>
Total liabilities and fund balances	<u>\$ 24,336</u>	<u>\$ 114,161</u>	<u>\$ 10,815</u>	<u>\$ 53,400</u>	<u>\$ 454,410</u>

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

**COLLETON COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004**

Special Revenue										
Program Income Projects	Promotion of Tourism Board	Roads and Bridges	Sheriff's Federal Asset	Sheriff's Incentives	Special	Special Project Tourism Board	County Promotion of Tourism Hospitality Tax	State Grant		
\$ 2,525	\$ 63	\$ 367,185	\$ 196,792	\$ 117	\$ 225,837	\$ 11,921	\$ 710,711	\$ 33,774		
-	-	773	-	-	229,289	-	52,610	-		
-	-	1,528	-	3	-	51,206	-	-		
<u>\$ 2,525</u>	<u>\$ 63</u>	<u>\$ 369,486</u>	<u>\$ 196,792</u>	<u>\$ 120</u>	<u>\$ 455,126</u>	<u>\$ 63,127</u>	<u>\$ 763,321</u>	<u>\$ 33,774</u>		
\$ -	\$ -	\$ 10,000	\$ 4	\$ -	\$ 139,857	\$ -	\$ -	\$ -		
-	-	6,291	-	120	-	-	-	-		
-	-	30,417	-	-	39,639	-	14,500	-		
-	-	-	-	-	10,352	-	-	-		
-	-	-	-	-	158,450	-	-	-		
-	-	46,708	4	120	348,298	-	14,500	-		
-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-		
2,525	63	322,778	196,788	-	106,828	63,127	748,821	33,774		
<u>2,525</u>	<u>63</u>	<u>322,778</u>	<u>196,788</u>	<u>-</u>	<u>106,828</u>	<u>63,127</u>	<u>748,821</u>	<u>33,774</u>		
<u>\$ 2,525</u>	<u>\$ 63</u>	<u>\$ 369,486</u>	<u>\$ 196,792</u>	<u>\$ 120</u>	<u>\$ 455,126</u>	<u>\$ 63,127</u>	<u>\$ 763,321</u>	<u>\$ 33,774</u>		

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

**COLLETON COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004**

	Special Revenue			Capital Projects	
	Victims Witness Services	Industrial Park Project	Total	Industrial Development	Government Bond 2002
Assets:					
Restricted:					
Cash and cash equivalents	\$ 53,239	\$ -	\$ 2,164,679	\$ 351,959	\$ 492,970
Receivables (net of allowances for uncollectibles)	10,396	-	387,675	-	-
Due from other funds	-	-	52,737	-	-
Total assets	\$ 63,635	\$ -	\$ 2,605,091	\$ 351,959	\$ 492,970
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 149,861	\$ -	\$ -
Accrued payroll and fringe benefits	868	-	9,052	-	-
Due to other funds	4,018	-	150,821	-	14,567
Due to component unit	-	-	10,352	-	-
Deferred revenue	-	-	210,884	-	-
Total liabilities	4,886	-	530,970	-	14,567
Fund Balances:					
Reserved for:					
Encumbrances	-	-	-	44,355	56,240
Capital projects	-	-	-	307,604	422,163
Debt service	-	-	-	-	-
Special revenue	-	-	-	-	-
Unreserved:					
Designated for subsequent years' appropriation	58,749	-	2,074,121	-	-
Total fund balances	58,749	-	2,074,121	351,959	478,403
Total liabilities and fund balances	\$ 63,635	\$ -	\$ 2,605,091	\$ 351,959	\$ 492,970

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

**COLLETON COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004**

Capital Projects		Debt Service				
SSRB Economic Development	Total	County Debt Service	Non GOB Debt Service	SSRB Canady's	Total	Total
\$ 162,013	\$ 1,006,942	\$ 477,364	\$ -	\$ 118	\$ 477,482	\$ 3,649,103
-	-	104,884	-	-	104,884	492,559
-	-	-	-	-	-	52,737
<u>\$ 162,013</u>	<u>\$ 1,006,942</u>	<u>\$ 582,248</u>	<u>\$ -</u>	<u>\$ 118</u>	<u>\$ 582,366</u>	<u>\$ 4,194,399</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 149,861
-	-	-	-	-	-	9,052
-	14,567	208,665	-	-	208,665	374,053
-	-	-	-	-	-	10,352
-	-	105,995	-	-	105,995	316,879
-	14,567	314,660	-	-	314,660	860,197
-	100,595	-	-	-	-	100,595
162,013	891,780	-	-	118	118	891,898
-	-	267,588	-	-	267,588	267,588
-	-	-	-	-	-	-
-	-	-	-	-	-	2,074,121
<u>162,013</u>	<u>992,375</u>	<u>267,588</u>	<u>-</u>	<u>118</u>	<u>267,706</u>	<u>3,334,202</u>
<u>\$ 162,013</u>	<u>\$ 1,006,942</u>	<u>\$ 582,248</u>	<u>\$ -</u>	<u>\$ 118</u>	<u>\$ 582,366</u>	<u>\$ 4,194,399</u>

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

COLLETON COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	Special Revenue				
	Animal Care and Control	Emergency Telephone	Clerk of Court Unit Cost	Clerk of Court Incentives	County Accommo- dations Tax
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 411,684
Fines and fees	13,446	300,235	-	-	-
Intergovernmental	-	-	100,809	14,084	-
Interest	20	67	2	46	283
Other	5,657	-	-	-	-
Total revenues	19,123	300,302	100,811	14,130	411,967
Expenditures:					
Current:					
General government	20	-	91,831	14,130	-
Public safety	10,641	293,164	-	-	-
Streets and highways	-	-	-	-	-
Recreation and culture	-	-	-	-	56,585
Health and human services	-	-	-	-	-
Economic development	-	-	-	-	-
Intergovernmental	-	-	-	-	168,655
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	10,661	293,164	91,831	14,130	225,240
Excess (deficiency) of revenues over (under) expenditures	8,462	7,138	8,980	-	186,727
Other financing sources (uses):					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	-	(8,980)	-	(119,515)
Total other financing sources (uses)	-	-	(8,980)	-	(119,515)
Net change in fund balance	8,462	7,138	-	-	67,212
Fund balances at beginning of year (as restated)	15,303	98,904	-	-	343,649
Fund balances at end of year	\$ 23,765	\$ 106,042	\$ -	\$ -	\$ 410,861

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

**COLLETON COUNTY, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2004**

Special Revenue								
Program Income Projects	Promotion of Tourism Board	Roads and Bridges	Sheriff's Federal Asset	Sheriff's Incentives	Special	Special Project Tourism Board	County Promotion of Tourism Hospitality Tax	State Grant
\$ -	\$ -	\$ 806,461	\$ -	\$ -	\$ -	\$ -	\$ 620,592	\$ -
-	-	-	-	-	-	-	60	-
-	52,567	-	1,352,519	15,706	1,532,081	113,896	-	-
-	10	215	1,821	1	1,381	57	5,385	-
-	-	7,353	-	-	1	-	-	-
-	52,577	814,029	1,354,340	15,707	1,533,463	113,953	626,037	-
-	-	-	136	97	105,000	-	25	-
-	-	-	1,165,428	15,610	374,446	-	-	-
-	-	1,310,174	-	-	-	-	-	-
-	52,567	-	-	-	18,600	121,328	18,000	-
37,563	-	-	-	-	385,882	-	-	-
-	-	-	-	-	-	-	67	-
-	-	-	-	-	713,750	-	55,449	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
37,563	52,567	1,310,174	1,165,564	15,707	1,597,678	121,328	73,541	-
(37,563)	10	(496,145)	188,776	-	(64,215)	(7,375)	552,496	-
-	-	584,789	-	-	-	-	-	-
-	-	-	-	-	-	-	(406,494)	-
-	-	584,789	-	-	-	-	(406,494)	-
(37,563)	10	88,644	188,776	-	(64,215)	(7,375)	146,002	-
40,088	53	234,134	8,012	-	171,043	70,502	602,819	33,774
\$ 2,525	\$ 63	\$ 322,778	\$ 196,788	\$ -	\$ 106,828	\$ 63,127	\$ 748,821	\$ 33,774

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

**COLLETON COUNTY, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2004**

	Special Revenue			Capital Projects	
	Victims Witness Services	Industrial Park Project	Total	Industrial Development	Government Bond 2002
Revenues:					
Taxes	\$ -	\$ 797,768	\$ 2,636,505	\$ -	\$ -
Fines and fees	127,736		441,477	-	-
Intergovernmental	-		3,181,662	109,273	-
Interest	66		9,354	1,122	523
Other	-	-	13,011	-	-
Total revenues	127,802	797,768	6,282,009	110,395	523
Expenditures:					
Current:					
General government	-	-	211,239	-	-
Public safety	161,608	-	2,020,897	-	-
Streets and highways	-	-	1,310,174	-	-
Recreation and culture	-	-	267,080	-	-
Health and human services	-	-	423,445	-	-
Economic development	-	-	67	-	-
Intergovernmental	-	-	937,854	-	-
Capital outlay	-	-	-	28,677	611,283
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	161,608	-	5,170,756	28,677	611,283
Excess (deficiency) of revenues over (under) expenditures	(33,806)	797,768	1,111,253	81,718	(610,760)
Other financing sources (uses):					
Operating transfers in	-	-	584,789	-	-
Operating transfers (out)	-	(797,768)	(1,332,757)	-	-
Total other financing sources (uses)	-	(797,768)	(747,968)	-	-
Net change in fund balance	(33,806)	-	363,285	81,718	(610,760)
Fund balances at beginning of year (as restated)	92,555	-	1,710,836	270,241	1,089,163
Fund balances at end of year	\$ 58,749	\$ -	\$ 2,074,121	\$ 351,959	\$ 478,403

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

**COLLETON COUNTY, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2004**

Capital Projects		Debt Service				
SSRB Economic Development	Total	County Debt Service	Non GOB Debt Service	SSRB Canady's	Total	Total
\$ -	\$ -	\$ 1,208,220	\$ -	\$ -	\$ 1,208,220	\$ 3,844,725
-	-	-	-	-	-	441,477
-	109,273	-	-	-	-	3,290,935
12	1,657	411	-	119	530	11,541
-	-	-	-	-	-	13,011
12	110,930	1,208,631	-	119	1,208,750	7,601,689
-	-	2,621	-	-	2,621	213,860
-	-	-	-	-	-	2,020,897
-	-	-	-	-	-	1,310,174
-	-	-	-	-	-	267,080
-	-	-	-	-	-	423,445
-	-	-	-	-	-	67
-	-	-	-	-	-	937,854
-	639,960	-	-	-	-	639,960
-	-	734,413	248,383	445,363	1,428,159	1,428,159
-	-	341,266	277,627	190,405	809,298	809,298
-	639,960	1,078,300	526,010	635,768	2,240,078	8,050,794
12	(529,030)	130,331	(526,010)	(635,649)	(1,031,328)	(449,105)
162,001	162,001	-	526,010	635,767	1,161,777	1,908,567
-	-	-	-	-	-	(1,332,757)
162,001	162,001	-	526,010	635,767	1,161,777	575,810
162,013	(367,029)	130,331	-	118	130,449	126,705
-	1,359,404	137,257	-	-	137,257	3,207,497
<u>\$ 162,013</u>	<u>\$ 992,375</u>	<u>\$ 267,588</u>	<u>\$ -</u>	<u>\$ 118</u>	<u>\$ 267,706</u>	<u>\$ 3,334,202</u>

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

COLLETON COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2004

	Clerk of Court	Family Court	Magistrates	Probate Judge	Schools	Tax Collector	Sheriff	Transportation Committee	Watershed	Total
Assets:										
Cash and cash equivalents	\$ 715,791	\$ -	\$ 279,834	\$ 30,715	\$ 2,326,440	\$ 367,100	\$ 59,061	\$ 3,475,325	\$ 1,278	\$ 7,255,544
Investments	-	-	-	-	2,500,000	-	-	2,500,000	-	5,000,000
Due from other governments	-	21	-	-	4,530	-	-	-	-	4,551
Due from third parties	-	-	-	-	150	-	-	-	-	150
Due from primary government	-	-	-	-	378,934	-	-	-	-	378,934
Total assets	\$ 715,791	\$ 21	\$ 279,834	\$ 30,715	\$ 5,210,054	\$ 367,100	\$ 59,061	\$ 5,975,325	\$ 1,278	\$ 12,639,179
Liabilities:										
Cash overdraft	\$ -	\$ 21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21
Due to third parties	715,791	-	279,834	30,715	5,210,054	351,138	59,061	5,975,325	754	12,622,672
Due to primary government	-	-	-	-	-	15,962	-	-	524	16,486
Total liabilities	\$ 715,791	\$ 21	\$ 279,834	\$ 30,715	\$ 5,210,054	\$ 367,100	\$ 59,061	\$ 5,975,325	\$ 1,278	\$ 12,639,179

COLLETON COUNTY FIRE-RESCUE COMMISSION
(A Component Unit of Colleton County, South Carolina)
COMBINING BALANCE SHEET
June 30, 2004

	General Operating	Debt Service	Total
Assets			
Cash and cash equivalents	\$ 689,235	\$ -	\$ 689,235
Restricted:			
Cash and cash equivalents	512,296	272,976	785,272
Receivables (net of allowance for uncollectibles)	182,072	87,235	269,307
Due from other governments	56,671	-	56,671
Due from primary government	1,846	25,360	27,206
Total assets	<u>\$ 1,442,120</u>	<u>\$ 385,571</u>	<u>\$ 1,827,691</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 38,622	\$ -	\$ 38,622
Accrued payroll and related liabilities	28,321	-	28,321
Due to primary government	67,759	-	67,759
Deferred revenues	188,260	86,192	274,452
Other current liabilities	773	-	773
Total liabilities	<u>323,735</u>	<u>86,192</u>	<u>409,927</u>
Fund Balances:			
Reserved for:			
Capital acquisitions	135,601	-	135,601
Debt service	-	299,379	299,379
Encumbrances	311,515	-	311,515
Unreserved	671,269	-	671,269
Total fund balances	<u>1,118,385</u>	<u>299,379</u>	<u>1,417,764</u>
Total liabilities and fund balances	<u>\$ 1,442,120</u>	<u>\$ 385,571</u>	<u>\$ 1,827,691</u>

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

COLLETON COUNTY FIRE-RESCUE COMMISSION
(A Component Unit of Colleton County, South Carolina)
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
June 30, 2004

	General Operating	Debt Service	Total
Revenues:			
Taxes	\$ 1,786,404	\$ 1,127,062	\$ 2,913,466
Intergovernmental	87,332	-	87,332
Interest	5,776	218	5,994
Other	8,551	-	8,551
Total revenues	<u>1,888,063</u>	<u>1,127,280</u>	<u>3,015,343</u>
Expenditures:			
Current:			
Public safety	1,650,541	-	1,650,541
Capital outlay	3,229,661	-	3,229,661
Debt service:			
Principal retirement	-	711,229	711,229
Interest and fiscal charges	-	273,113	273,113
Total expenditures	<u>4,880,202</u>	<u>984,342</u>	<u>5,864,544</u>
Excess (deficiency) of revenues over expenditures	<u>(2,992,139)</u>	<u>142,938</u>	<u>(2,849,201)</u>
Other financing sources (uses):			
Bond proceeds	<u>2,500,000</u>	-	<u>2,500,000</u>
Total other financing sources (uses)	<u>2,500,000</u>	-	<u>2,500,000</u>
Net change in fund balance	(492,139)	142,938	(349,201)
Fund balances at beginning of year (as restated)	<u>1,610,524</u>	<u>156,441</u>	<u>1,766,965</u>
Fund balances at end of year	<u>\$ 1,118,385</u>	<u>\$ 299,379</u>	<u>\$ 1,417,764</u>

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

COLLETON COUNTY FIRE-RESCUE COMMISSION
(A Component Unit of Colleton County, South Carolina)
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Budget to GAAP Differences Over (Under)	Actual Amounts, GAAP Basis
	Original	Final			
Revenues:					
Taxes	\$ 1,649,443	\$ 1,649,443	\$ 1,837,994	\$ 51,590 (1)	\$ 1,786,404
Intergovernmental	-	156,672	120,501	-	120,501
Interest	-	-	468	-	468
Other	-	2,167	4,227	-	4,227
Total revenues	1,649,443	1,808,282	1,963,190	51,590	1,911,600
Expenditures:					
Current:					
Bonding	350	340	340	-	340
Building insurance	15,000	14,351	14,351	-	14,351
Contingency	10,000	2,147	2,147	-	2,147
Fuel and oil	45,000	51,184	51,184	-	51,184
Infection control	4,500	3,325	3,325	-	3,325
Lettering and signage	1,500	3,250	3,250	-	3,250
Medical equipment	-	477	477	-	477
Miscellaneous	25,300	19,244	19,034	-	19,034
Physicals	56,350	40,305	40,305	-	40,305
Professional fees	9,000	9,000	9,000	-	9,000
Public education	6,000	4,949	4,949	-	4,949
Salaries and wages	907,378	948,406	945,063	-	945,063
Supplies	15,500	13,721	13,696	-	13,696
Telephone	25,000	25,055	25,055	-	25,055
Tort - fire fighters	5,000	4,392	4,392	-	4,392
Training, seminars, and conferences	19,500	13,468	13,468	-	13,468
Travel and per diem	4,300	3,876	3,851	-	3,851
Uniform and clothing	33,250	37,145	36,165	-	36,165
Utilities	55,000	53,597	53,598	-	53,598
Vehicle and equipment insurance	60,000	67,683	67,683	-	67,683
Vehicle and equipment repair	114,810	127,085	127,039	-	127,039
Volunteer benefits	8,700	8,594	8,253	-	8,253
Volunteer incentives	75,000	75,000	74,999	-	74,999
Water supply	10,120	2,670	2,670	-	2,670
Workman's compensation	65,805	38,609	37,980	-	37,980
Capital outlay:					
Vehicle and mechanical equipment	43,880	46,353	46,275	-	46,275
Firefighting equipment	10,000	173,209	96,145	-	96,145
Radio system	6,000	3,745	3,727	-	3,727
Communication equipment	17,200	17,102	17,102	-	17,102
Total expenditures	1,649,443	1,808,282	1,725,523	-	1,725,523
Excess (deficiency) of revenues over expenditures	-	-	237,667	51,590	186,077
Fund balance at beginning of year (as restated)	547,766	547,766	547,766	-	547,766
Fund balance at end of year	\$ 547,766	\$ 547,766	\$ 785,433	\$ 51,590	\$ 733,843

Explanation of differences:

(1) The Fire Rescue Commission budgets property taxes on the cash basis rather than on the modified accrual basis of accounting required by GAAP.

\$ 51,590