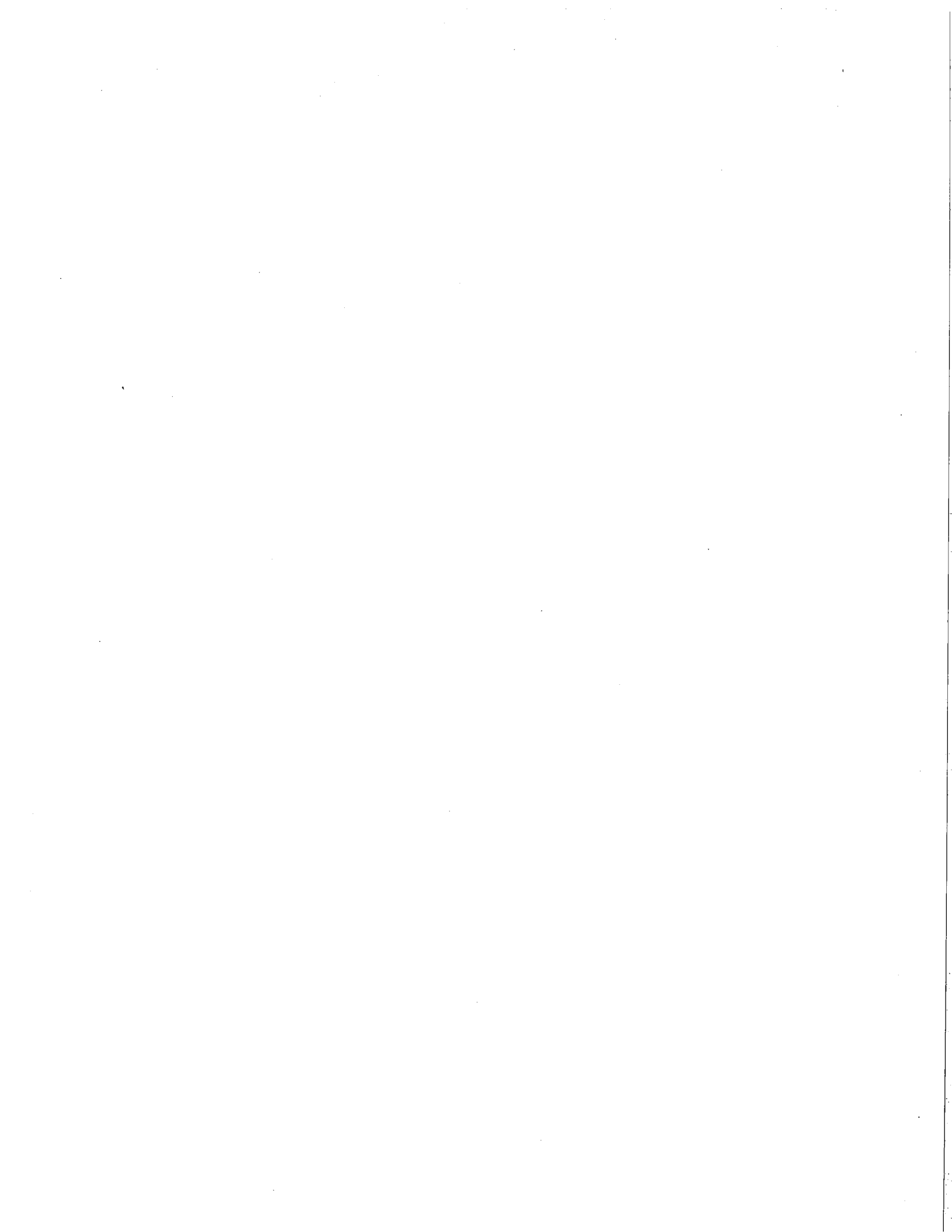


**COLLETON COUNTY,
SOUTH CAROLINA**

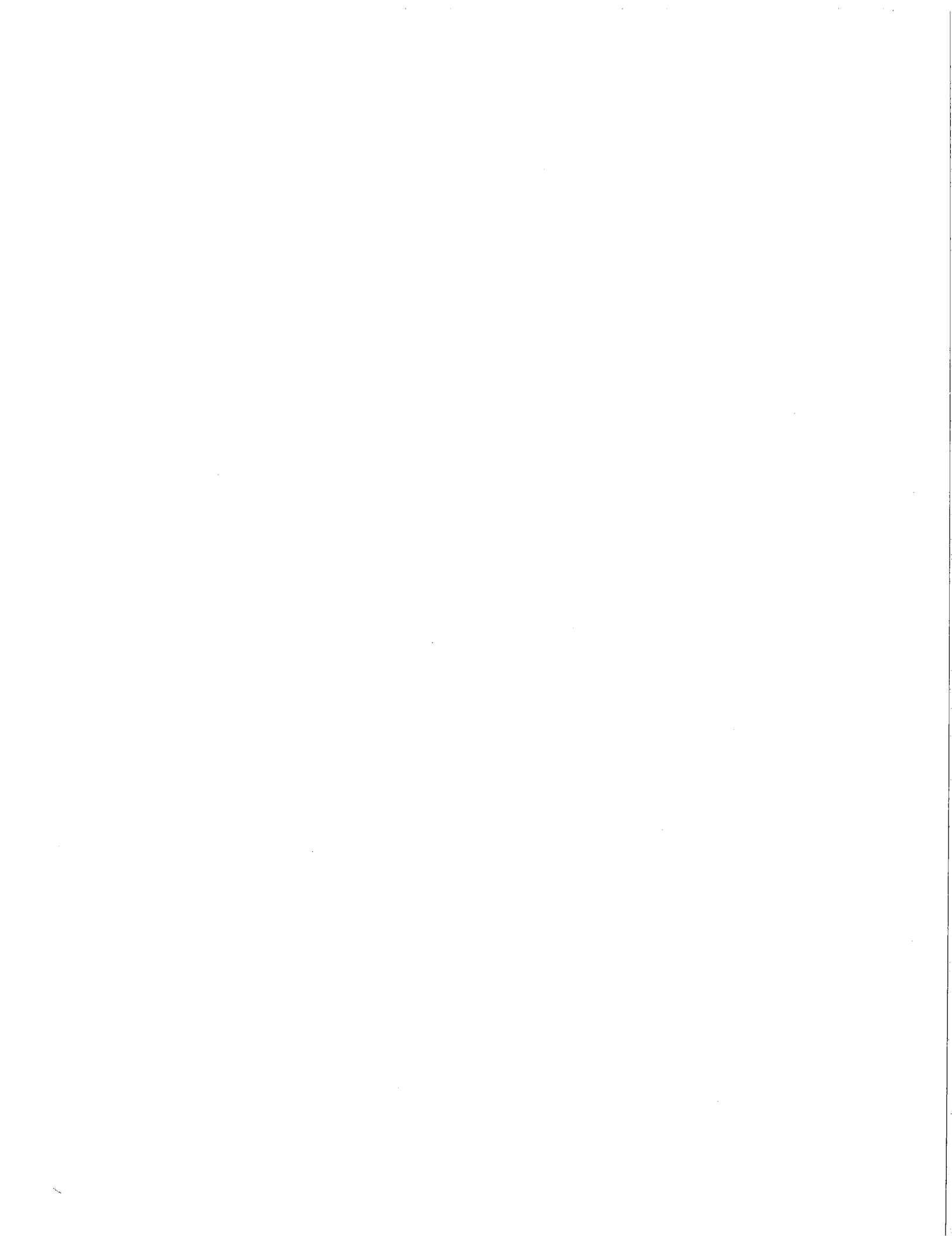
**BASIC FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTARY INFORMATION, AND
OTHER SUPPLEMENTARY
FINANCIAL INFORMATION**

YEAR ENDED JUNE 30, 2009



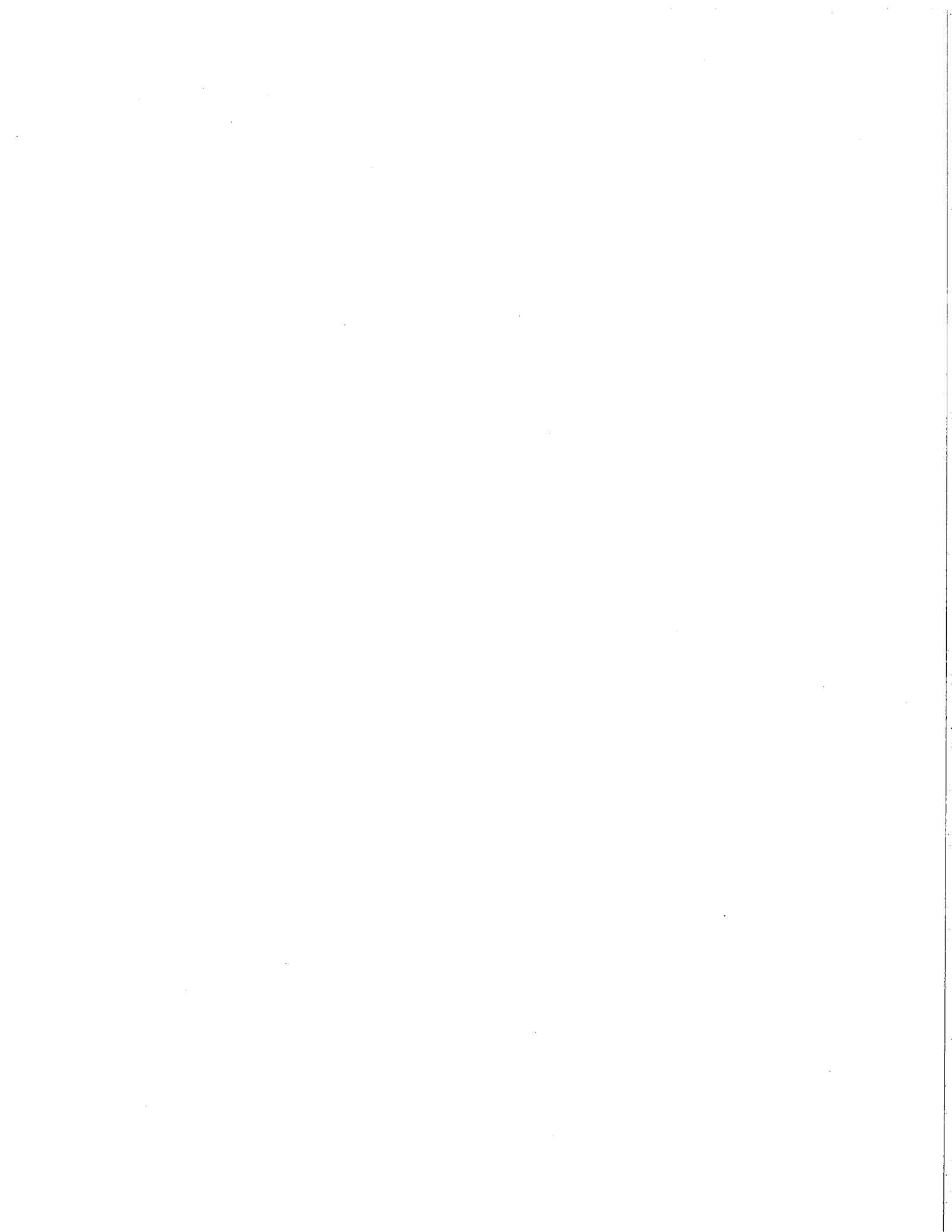
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Independent Auditors' Report

To the Members of County Council
Colleton County, South Carolina
Walterboro, South Carolina

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, the major fund, and the aggregate remaining fund information of **Colleton County, South Carolina**, (the County) as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Colleton County, South Carolina's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Colleton County Commission on Alcohol and Drug Abuse, a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, the major fund, and the aggregate remaining fund information of Colleton County, South Carolina, as of June 30, 2009, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note IV. H to the financial statements, the County has adopted Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as of July 1, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2009, on our consideration of Colleton County, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 10, and the budgetary comparison information and schedule of funding progress on pages 48 through 50, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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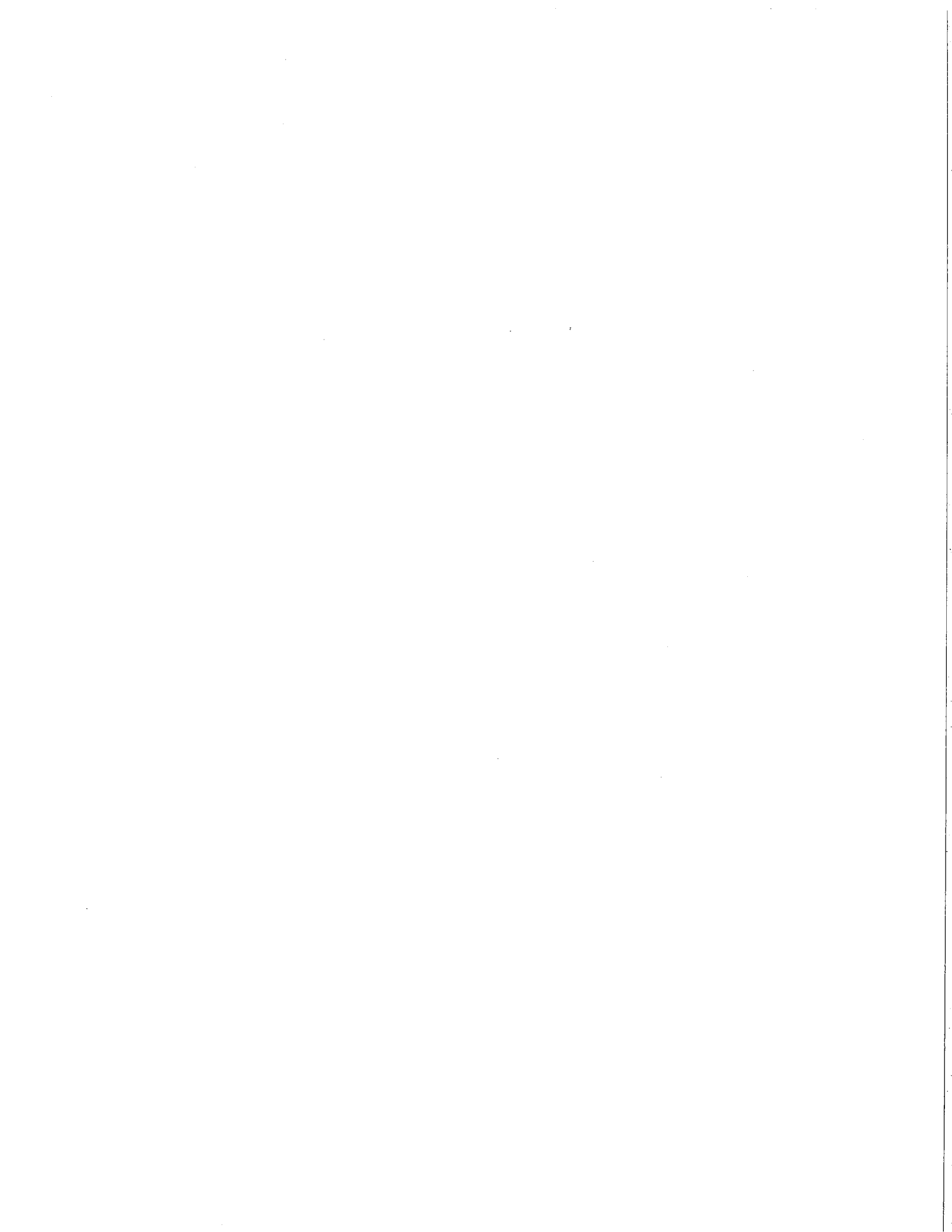


To the Members of County Council
Colleton County, South Carolina
Walterboro, South Carolina
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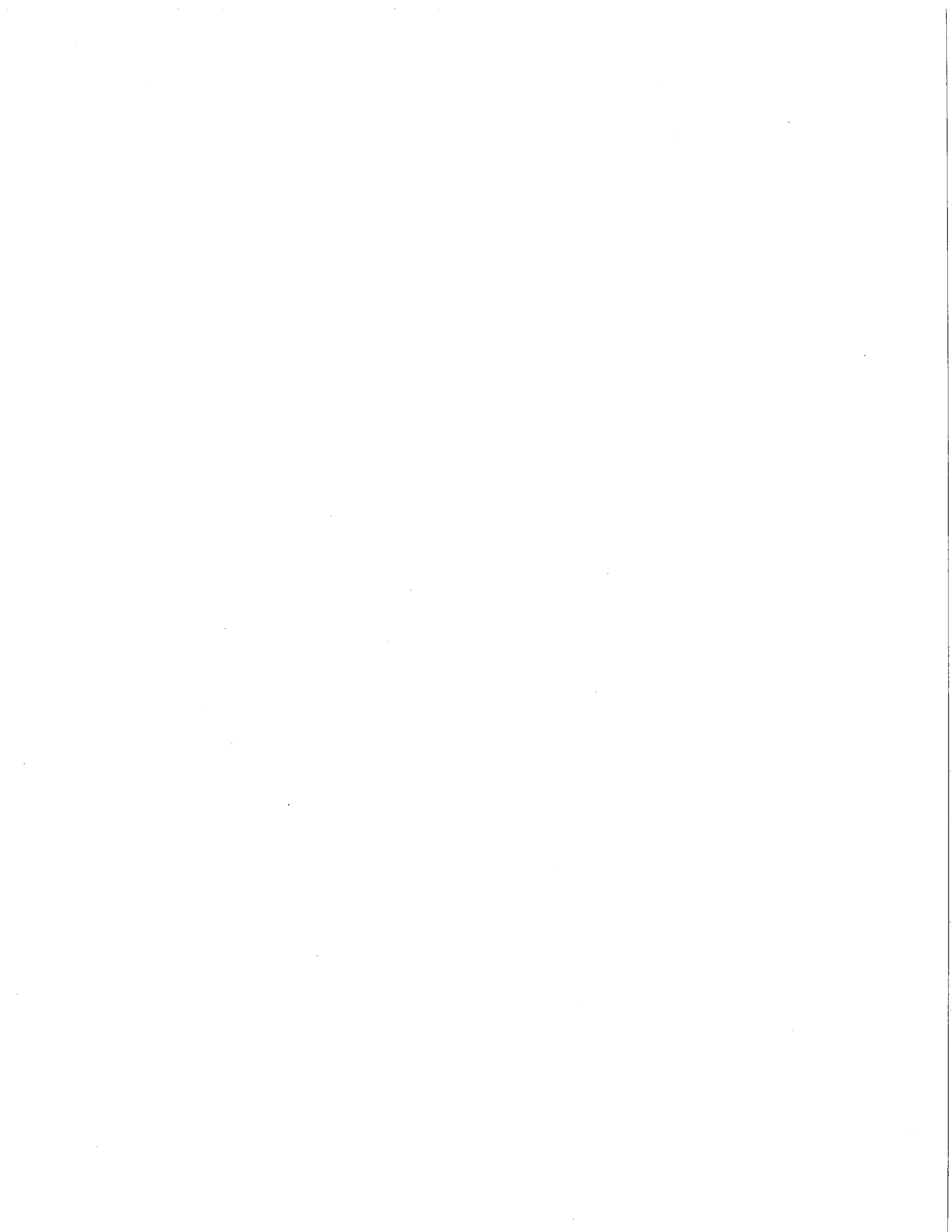
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Colleton County, South Carolina's basic financial statements. The combining nonmajor fund, fiduciary fund, and discretely presented component unit statements, listed in the table of contents under Other Supplementary Financial Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Court Fines, Assessments, and Surcharges listed in the table of contents under Other Supplementary Financial Information is presented for purposes of additional analysis as required by the State of South Carolina and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards listed in the table of contents under Other Supplementary Financial Information is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Colleton County, South Carolina. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, the information is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Webster Rojas LLP

Summerville, South Carolina
November 24, 2009



**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**



**COLLETON COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009**

Page 1 of 8

As management of Colleton County, South Carolina, (the County) we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2009 (fiscal 2009). 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 \$25,517,662 as of June 30, 2009, compared to \$23,301,725 at the end of the previous fiscal year.
- The County's total General Fund liabilities at June 30, 2009, were \$16,563,020 compared to \$16,265,546 at the end of the previous fiscal year.
- As of the close of fiscal 2009, County governmental funds reported combined ending fund balances of \$17,335,904. This represents an increase of \$438,799 or 2.6% from the prior fiscal year. Several offsetting factors contributed to this overall increase. Most notably the amount reserved for future capital expenditures decreased by a net \$1,517,695, offset by an increase in undesignated fund balance in the general fund amounting to \$1,915,883.
- During fiscal year 2009 the County's long-term debt position decreased by \$1,809,709, or 10.25%.

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 11 to 12 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 separate columns in the government-wide statements, with combining statements presented as other supplementary financial information. 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 County Fire and Rescue Commission.

**COLLETON COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009**

Page 2 of 8

The Statement of Net Assets shows the County's assets less its liabilities at June 30, 2009. 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 nonmajor 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). The County has no 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.

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 two categories: governmental and fiduciary.

Governmental Funds – Governmental funds, presented on pages 13-17, 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 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's near-term financing requirements and available resources.

By comparing functions between the two sets of statements for governmental funds and governmental activities, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental 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 one major fund, the Colleton County General Fund. Although there are many smaller funds in the Colleton County Government reporting system, they have been presented in a total column termed "Other Governmental Funds." Combining statements for these other governmental funds have been presented on pages 51-56 of this report.

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 page 18 of this report.

**COLLETON COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009**

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. The notes are presented on pages 19 to 47 of this report.

Government-wide Financial Analysis

As noted earlier, over time net assets may serve 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 operating fund. The County's total assets exceeded liabilities by \$38,876,500 at June 30, 2009, as compared to \$35,667,595 at June 30, 2008.

\$24,511,294 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, 2009, as compared to \$26,304,536 at June 30, 2008.

Although the County's investment in capital assets is reported net of related debt, it should be noted 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. At June 30, 2009, the County has net assets restricted for Debt Service in the amount of \$1,335,143 as compared to \$1,155,743 restricted at June 30, 2008.

	Governmental Activities	
	2009	2008
Assets:		
Current and other assets	\$ 36,936,038	\$ 35,853,824
Capital assets	36,227,809	35,504,738
Total Assets	73,163,847	71,358,562
Liabilities:		
Long-term liabilities outstanding	15,833,928	17,643,637
Other liabilities	18,453,419	18,047,330
Total Liabilities	34,287,347	35,690,967
Net Assets:		
Investment in capital assets, net of related debt	24,511,294	26,304,536
Restricted:		
Debt service	1,335,143	1,155,743
Capital improvements	3,200,469	1,333,784
Public safety	236,884	132,126
Tourism	908,900	848,871
Roads and bridges	327,294	254,185
Solid waste	521,259	-
Grant related provisions	574,301	598,583
Unrestricted	7,260,956	5,039,767
Total net assets	\$ 38,876,500	\$ 35,667,595

**COLLETON COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009**

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At the end of the current fiscal year, the County is able to report positive balances in all categories of net assets.

**Changes in Net Assets (Recapped)
For the Fiscal Years Ended June 30, 2009 and 2008**

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Revenues:		
Program Revenues		
Charges for services	\$ 3,456,527	\$ 3,618,301
Operating grants and contributions	1,561,311	974,119
Capital grants and contributions	440,452	174,643
General Revenues		
Property taxes	14,626,140	13,032,648
Other taxes	8,564,653	8,152,488
Grants and contributions not restricted to Specific Programs	2,174,986	2,277,220
Unrestricted revenue	132,325	525,192
Gain on sale of capital assets	45,728	45,847
Misc./Other Income	47,202	157,455
Total Revenue	<u>31,049,324</u>	<u>28,957,913</u>
Expenses:		
Governmental Activities:		
General government	6,646,119	6,581,507
Judicial	2,137,323	2,130,954
Public safety	10,634,142	10,114,552
Streets and highways	2,302,900	2,250,684
Sanitation	2,124,328	2,056,866
Recreation and culture	1,182,007	1,139,480
Health and human services	1,172,954	1,113,018
Economic development	637,276	402,344
Intergovernmental	262,917	638,346
Interest and fiscal charges	740,453	714,427
Total Expenses	<u>27,840,419</u>	<u>27,142,178</u>
Increase in Net Assets	3,208,905	1,815,735
Net assets Beginning of Year	<u>35,667,595</u>	<u>33,851,860</u>
Net Assets End of Year	<u>\$ 38,876,500</u>	<u>\$ 35,667,595</u>

**COLLETON COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009**

Required Supplementary Information – Required Supplementary Information includes the Budgetary Comparison Schedule presented on pages 48 to 49 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 Principles (GAAP).

Financial Analysis of the Government's Funds

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

Governmental Funds – The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The following is a recap of the County's governmental funds reporting combined ending fund balances at June 30, 2009, as compared to June 30, 2008:

**Governmental Fund Balances
June 30, 2009**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>% Total</u>
Reserved				
Prepays	\$ 7,092	\$ -	\$ 7,092	0.04%
Capital projects	-	3,107,925	3,107,925	17.93%
Unreserved				
Designated for:				
Postclosure landfill costs	-	348,042	348,042	2.01%
Undesignated, reported in:				
General fund	8,947,550	-	8,947,550	51.61%
Special revenue funds	-	2,699,967	2,699,967	15.58%
Capital projects funds	-	148,078	148,078	0.85%
Debt service funds	-	2,077,250	2,077,250	11.98%
Total Fund Balances:	<u>\$ 8,954,642</u>	<u>\$ 8,381,262</u>	<u>\$ 17,335,904</u>	<u>100.00%</u>

**COLLETON COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009**

**Governmental Fund Balances
June 30, 2008**

	<u>General</u>	<u>Economic Development and Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>% Total</u>
Reserved					
Prepays	\$ 4,512	\$ -	\$ -	\$ 4,512	0.03%
Capital projects	-	4,123,586	502,034	4,625,620	27.38%
Unreserved					
Designated for:					
Postclosure landfill costs	-	-	320,844	320,844	1.90%
Undesignated, reported in:					
General fund	7,031,667	-	-	7,031,667	41.61%
Special revenue funds	-	-	2,756,200	2,756,200	16.31%
Capital project funds	-	-	236,654	236,254	1.40%
Debt service funds	-	-	1,921,608	1,921,608	11.37%
Total Fund Balances:	<u>\$ 7,036,179</u>	<u>\$ 4,123,586</u>	<u>\$ 5,737,340</u>	<u>\$ 16,896,705</u>	<u>100.00%</u>

Economic Development and Capital Improvement Fund: At June 30, 2009, \$2,737,489 was available in this fund to pay for the cost of infrastructure at the Industrial Park (commonly known as the County Commerce Center).

Capital Improvement Special Revenue Fund: At June 30, 2009, \$729,542 was available for appropriation by the County Council, which represents an increase of 54.08% as compared to \$473,481 available for appropriation at June 30, 2008.

Roads and Bridges Special Revenue Fund: The County levies a vehicle user fee annually through tax appropriations. This vehicle user fee is designated to the Roads and Bridges Special Revenue Fund for operations. The General Fund contributed a total of \$894,303 for operations in the Roads and Bridges Fund to offset the total cost of operations and capital equipment costs not funded through the vehicle user fee for fiscal year ended June 30, 2009, as compared to \$762,103 for June 30, 2008.

Solid Waste Special Revenue Fund: The County assessed a new solid waste user fee, assessed through tax appropriations in 2009. The user fee generated \$698,449 in revenue, which reduced the contribution required from the General Fund to cover operating shortfalls in the Solid Waste Fund from \$1,333,552 in 2008 to \$548,851 in 2009.

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. The intention of this policy is to allow Colleton County to operate during the fiscal year prior to the receipt of tax revenues without having to issue Tax Anticipation Notes (TANS) to provide funding for governmental services. The issuance of TANS to operate government services increases the budget costs to the taxpayers during the fiscal year because of the related interest expense associated with the issuance of TANS. The Colleton County Council's goal each fiscal year is to keep the operational costs at a minimum through sound fiscal practices, thus the Compliant Fund Balance Policy was implemented. The unreserved fund balance needed for operations is projected annually during the budget process by the County Finance Director and is monitored throughout the fiscal year by both the County Treasurer and the County Finance Director.

**COLLETON COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009**

Page 7 of 8

Based on projected figures for the June 30, 2010, budget, the amount needed to sustain operations without borrowing funds is projected to be at a minimum of \$5.5 million or approximately 61% of the total June 30, 2009, General Fund Undesignated Fund Balance.

The 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.

General Fund Budgetary Highlights

The County's General Fund Budget was originally balanced for the fiscal year ended June 30, 2009, with a \$7,000 fund balance appropriation and with expenditures totaling \$22,060,003. As amended, the final budgeted expenditures were \$22,789,870 and the amended budget included a \$227,000 budgeted deficit. The County however, completed fiscal 2009 with a \$1,918,463 surplus. Strong spending constraints produced a favorable \$1,329,090 expenditure variance and increased tax revenue collections produced a \$783,354 favorable revenue variance. See the notes to the Budgetary Comparison Schedule on page 49 for additional information.

Capital Asset and Debt Administration

Capital Assets – The County's investment in capital assets for its governmental activities as of June 30, 2009, amounts to \$36,227,809 (net of accumulated depreciation) as compared to \$35,504,738 at June 30, 2008. This investment in capital assets, both purchased and donated, includes land, buildings and improvements, machinery and equipment, roads, bridges, and easements.

Major capital asset events during the fiscal 2009 include some of the following:

- Ongoing development of the County Commerce Center project
- Ongoing development of the Quick Jobs Center project
- Warsaw and Padgett building renovations
- Vehicles for Public Safety, Public Works, and Solid Waste acquired
- Heavy equipment for Public Works and Solid Waste acquired
- Facilities and equipment for Fire and Rescue acquired
- Additional Solid Waste convenience site construction completed
- Purchased Farmers Market Building
- Improvements at Public Landings

Additional information on the County's capital assets can be found on pages 31-33 in the notes to the financial statements.

Debt Administration – At June 30, 2009, Colleton County had total debt outstanding of \$14,938,818 compared to outstanding debt at June 30, 2008, totaling \$16,866,636, which represents an 11.43% decrease from 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 June 30, 2009.

In accordance with State Law, the amount of General Obligation Bonds (GOB) a government entity may issue (without referendum) is equal to eight percent of its total assessed value. Colleton County is under the eight (8%) per cent limit authorized by State Law.

**COLLETON COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2009**

Page 8 of 8

Debt Rating Upgrade - On March 4, 2008, Moody's Investor Services assigned an A3 rating to the County's Fire Protection Service General Obligation Bonds, Series 2008, and concurrently upgraded the rating on previously issued parity debt outstanding from Baa1 to A3. Standard & Poor's rated this Series 2008 debt A. Standard & Poor's previously rated County debt BBB+. The County is rated high in financial management but with limited tax base growth. A new Debt Rating was not requested during FY 09.

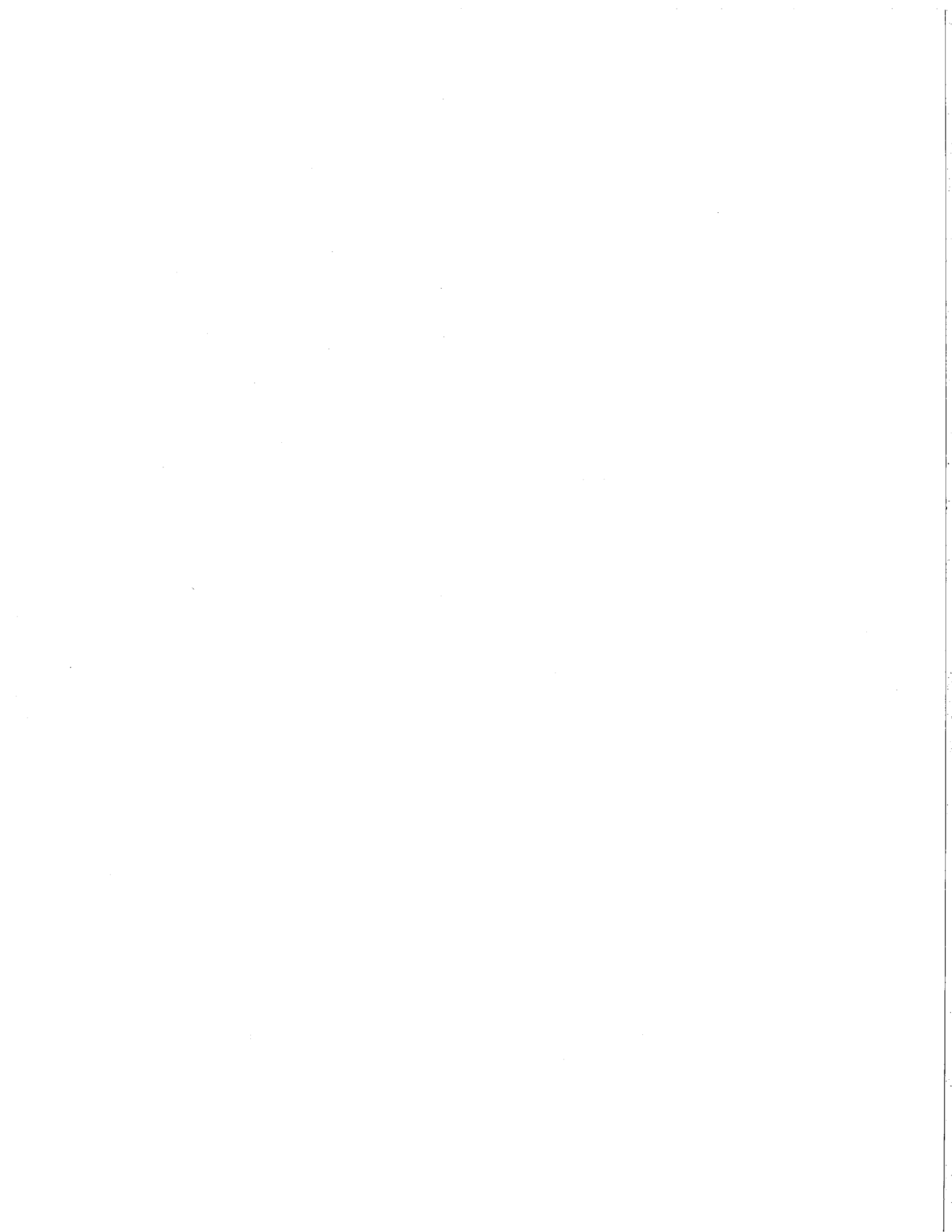
Economic Factors and Next Year's Budget

Colleton County is not immune to the financial and economic uncertainties facing the United States and South Carolina. The County intends to essentially stay the course and continue offsetting expected revenue softness with spending constraint. To that end, in October 2008, the County implemented a mandatory freeze on all non-essential purchases and hiring of non-critical personnel.

The county budget for fiscal year ending June 30, 2010, includes no tax increase for the General Fund and no COLA for employees. Despite holding budgets at or below the prior year's level, the County will still move forward with important capital projects. Funds were appropriated for full implementation of a new CAMA and Tax/Billing System. This "one-stop" system will link the Tax Assessor, Treasurer, Auditor, and Planning & Development Departments. Funds were also appropriated for the final phase of a new GIS system with "tie down" points for most parcels and a numbering system for tax parcels to provide more accurate data. Work on the County's key economic development projects, the Commerce Center Industrial Park along Interstate 95 and the Quick Jobs Employment Development Center will continue.

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.

FINANCIAL STATEMENTS



COLLETON COUNTY, SOUTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government	Component Units		
	Governmental Activities	Memorial Library	Fire and Rescue Commission	Commission on Alcohol and Drug Abuse
Assets				
Cash and investments	\$ 17,229,888	\$ 57,504	\$ 1,548,165	\$ 330,852
Receivables, net of allowances				
Property taxes	16,490,262	-	3,779,409	-
Accounts	153,425	-	539,609	59,792
Other	145,635	201	-	-
Interest	-	-	-	4,183
Due from component units	72,192	-	-	-
Due from primary government	-	228	54,765	-
Due from other governments	2,212,068	402	66,256	98,242
Prepays and deposits	205,301	5,115	79,345	-
Bond issuance costs	53,311	-	60,341	-
Temporarily restricted assets				
Cash and investments	373,956	-	1,196,203	-
Capital assets				
Nondepreciable	11,086,829	-	594,759	-
Depreciable, net of accumulated depreciation	25,140,980	361,085	8,152,287	4,192
Total assets	73,163,847	424,535	16,071,139	497,261
Liabilities				
Accounts payable	2,222,808	25	97,328	19,510
Accrued liabilities	336,912	10,790	124,364	-
Due to primary government	-	4	72,188	-
Due to component unit	54,993	-	-	-
Unearned revenues	15,515,238	15,603	3,435,353	-
Accrued interest	215,982	-	145,293	-
OPEB obligation	107,486	2,905	33,408	-
Noncurrent liabilities				
Due within one year	1,724,281	2,794	1,497,253	6,394
Due in more than one year	14,109,647	13,290	7,890,614	14,601
Total liabilities	34,287,347	45,411	13,295,801	40,505
Net assets				
Invested in capital assets, net of related debt	24,511,294	361,085	1,647,796	-
Restricted for				
Debt Service	1,335,143	-	1,153,139	-
Capital improvements	3,200,469	-	97,787	50,000
Public safety	236,884	-	-	-
Tourism	908,900	-	-	-
Roads and bridges	327,294	-	-	-
Solid waste	521,259	-	-	-
Grant provisions	574,301	-	-	-
Unrestricted	7,260,956	18,039	(123,384)	406,756
Total net assets	\$ 38,876,500	\$ 379,124	\$ 2,775,338	\$ 456,756

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

**COLLETON COUNTY, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 6,646,119	\$ 594,443	\$ 60,013	\$ -
Judicial	2,137,323	354,456	351,200	-
Public safety	10,634,142	1,342,620	339,673	-
Streets and highways	2,302,900	762,092	-	-
Sanitation	2,124,328	399,346	38,593	33,572
Recreation and culture	1,182,007	3,570	14,920	406,880
Health and human services	1,172,954	-	536,786	-
Economic development	637,276	-	220,126	-
Intergovernmental	262,917	-	-	-
Interest and fiscal charges	740,453	-	-	-
Total primary government	\$ 27,840,419	\$ 3,456,527	\$ 1,561,311	\$ 440,452
Component Units				
Memorial Library	\$ 736,310	\$ 27,990	\$ 82,289	\$ 13,667
Fire and Rescue Commission	7,561,939	1,262,967	15,863	151,383
Commission on Alcohol and Drug Abuse	925,554	128,920	828,625	-
Total component units	\$ 9,223,803	\$ 1,419,877	\$ 926,777	\$ 165,050

General revenues:

Taxes:

- Property
- Manufacturers
- Homestead
- Motor carrier
- Delinquent
- Local option sales tax
- Fees in-lieu of taxes
- Local accommodations
- Hospitality
- Vehicle user fees
- Sales tax
- Franchise fees

Grants and contributions not restricted to specific programs

Unrestricted revenue from use of money and property

Gain on sale of assets

Miscellaneous

Total general revenues

Change in net assets

Net assets

Beginning of year

End of year

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

Primary Government	Component Units		
	Memorial Library	Fire and Rescue Commission	Commission on Alcohol and Drug Abuse
\$ (5,991,663)			
(1,431,667)			
(8,951,849)			
(1,540,808)			
(1,652,817)			
(756,637)			
(636,168)			
(417,150)			
(262,917)			
(740,453)			
<u>(22,382,129)</u>			
	\$ (612,364)		
	-	\$ (6,131,726)	
	-	-	\$ 31,991
	<u>(612,364)</u>	<u>(6,131,726)</u>	<u>31,991</u>
14,626,140	-	3,745,093	-
67,626	-	29,297	-
746,204	-	261,084	-
158,112	-	35,630	-
1,452,118	-	241,416	-
2,158,571	-	-	-
1,525,156	-	278,311	-
311,773	-	-	-
408,577	-	-	-
894,296	-	-	-
768,797	-	-	-
73,423	-	-	-
2,174,986	525,750	2,452,198	-
132,325	235	22,943	9,871
45,728	-	-	1,980
47,202	-	-	-
<u>25,591,034</u>	<u>525,985</u>	<u>7,065,972</u>	<u>11,851</u>
3,208,905	(86,379)	934,246	43,842
<u>35,667,595</u>	<u>465,503</u>	<u>1,841,092</u>	<u>412,914</u>
<u>\$ 38,876,500</u>	<u>\$ 379,124</u>	<u>\$ 2,775,338</u>	<u>\$ 456,756</u>

**COLLETON COUNTY, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and investments	\$ 7,535,889	\$ 9,693,999	\$ 17,229,888
Receivables, net of allowances			
Property taxes	15,214,996	1,275,266	16,490,262
Accounts	38,883	114,542	153,425
Other	34,179	111,456	145,635
Due from other funds	971,407	182,922	1,154,329
Due from component units	72,192	-	72,192
Due from other governments	1,640,961	571,107	2,212,068
Prepays and deposits	7,092	-	7,092
Temporarily restricted			
Cash and investments	2,063	371,893	373,956
Total assets	\$ 25,517,662	\$ 12,321,185	\$ 37,838,847
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 908,646	\$ 1,314,162	\$ 2,222,808
Accrued payroll and other liabilities	289,395	47,517	336,912
Due to other funds	165,425	988,904	1,154,329
Due to component units	54,993	-	54,993
Deferred revenues	15,144,561	1,589,340	16,733,901
Total liabilities	16,563,020	3,939,923	20,502,943
Fund Balances			
Reserved for			
Prepays	7,092	-	7,092
Capital projects	-	3,107,925	3,107,925
Unreserved			
Designated for			
Landfill postclosure	-	348,042	348,042
Undesignated, reported in			
General fund	8,947,550	-	8,947,550
Special revenue funds	-	2,699,967	2,699,967
Capital projects funds	-	148,078	148,078
Debt service funds	-	2,077,250	2,077,250
Total fund balances	8,954,642	8,381,262	17,335,904
Total liabilities and fund balances	\$ 25,517,662	\$ 12,321,185	\$ 37,838,847

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

**COLLETON COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009**

Total governmental fund balances \$ 17,335,904

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

Capital assets used for governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is \$53,595,748 and the accumulated depreciation is \$17,367,939. 36,227,809

Other long-term assets are not available to pay for current period expenditures and therefore are not reported or are deferred in the funds.

	\$	1,104,779	
Property taxes			
Other		113,884	
			1,218,663

Disbursements for insurance coverage reflected in the funds cover periods extending beyond year-end. 198,209

Costs associated with the issuance of long-term debt are deferred and amortized over the term of the debt. 53,311

Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.

	\$	(7,958,135)	
General obligation bonds			
Note payable		(1,117,283)	
Special source revenue bonds		(5,008,967)	
Capital leases		(854,433)	
Compensated absences		(507,708)	
Landfill closure and postclosure cost		(320,402)	
Claims and judgements		(67,000)	
Accrued interest		(215,982)	
OPEB obligation		(107,486)	
			(16,157,396)

Net assets of governmental activities \$ 38,876,500

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

COLLETON COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 18,846,131	\$ 4,410,461	\$ 23,256,592
Intergovernmental revenues	2,447,887	1,537,235	3,985,122
Licenses and permits	156,842	-	156,842
Fines, fees, and service charges	1,292,042	1,547,897	2,839,939
Interest income	54,453	77,989	132,442
Other income	41,769	256,841	298,610
Total revenues	22,839,124	7,830,423	30,669,547
Expenditures			
Current			
General government	6,020,171	272,142	6,292,313
Judicial	1,264,854	430,445	1,695,299
Public safety	8,924,194	839,518	9,763,712
Streets and highways	56,479	1,593,465	1,649,944
Sanitation	-	1,850,461	1,850,461
Recreation and culture	953,528	226,018	1,179,546
Health and human services	787,453	533,453	1,320,906
Economic development	238,167	383,854	622,021
Intergovernmental	-	218,773	218,773
Capital outlay	-	2,996,675	2,996,675
Debt service			
Principal retirement	-	1,927,818	1,927,818
Interest and fiscal charges	-	763,115	763,115
Total expenditures	18,244,846	12,035,737	30,280,583
Excess (deficiency) of revenues over (under) expenditures	4,594,278	(4,205,314)	388,964
Other financing sources (uses)			
Proceeds from sale of capital assets	-	18,492	18,492
Insurance proceeds	-	31,343	31,343
Transfers in	557,080	3,706,057	4,263,137
Transfers out	(3,232,895)	(1,030,242)	(4,263,137)
Total other financing sources (uses)	(2,675,815)	2,725,650	49,835
Net change in fund balance	1,918,463	(1,479,664)	438,799
Fund balances			
Beginning of year	7,036,179	9,860,926	16,897,105
End of year	\$ 8,954,642	\$ 8,381,262	\$ 17,335,904

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

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**COLLETON COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009**

Page 1 of 2

Net change in fund balances - total governmental funds \$ 438,799

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. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$	3,322,915	
Depreciation expense		<u>(2,475,254)</u>	847,661

In the statement of activities, the gain or loss on disposal of capital assets is reported. Conversely, governmental funds report only proceeds from disposal of capital assets. Thus, the change in net assets differs from the change in fund balance by cost of the capital assets sold.

Cost of capital assets	\$	(326,508)	
Accumulated depreciation		<u>201,918</u>	(124,590)
Net book value			

Because some property taxes 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.

Amounts not meeting prior year availability criteria, recognized in governmental funds in current year:			
Property taxes	\$	(828,979)	
Other		(56,534)	
Amounts not meeting current year availability criteria, not recognized in governmental funds in current year:			
Property taxes		1,104,779	
Other		<u>113,884</u>	333,150

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. The details of net changes in such accruals are as follows:

Compensated absences	\$	(76,063)	
Landfill closure and postclosure cost		(42,046)	
OPEB obligation		(107,486)	
Accrued interest		<u>28,806</u>	(196,789)

(continued)

**COLLETON COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009**

Page 2 of 2

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Debt issued or repaid:		
General obligation bonds	\$	1,266,525
Note payable		135,205
Special source revenue bond		451,801
Capital leases		74,287
Amortization of bond issue costs		<u>(6,144)</u>
	\$	1,921,674

Disbursements for insurance policies that cover periods extending beyond year-end are expenditures in the governmental funds but are deferred and amortized over the policy period in the statement of net assets.

(11,000)

Change in net assets of governmental activities

\$ 3,208,905

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

**COLLETON COUNTY, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
JUNE 30, 2009**

	<u>Agency Funds</u>
Assets	
Cash and cash investments	\$ 11,437,902
Accounts receivable	<u>267,592</u>
Total assets	<u><u>\$ 11,705,494</u></u>
Liabilities	
Assets held for others	<u>\$ 11,705,494</u>
Total liabilities	<u><u>\$ 11,705,494</u></u>

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

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Colleton County, South Carolina (the County), is governed by a five-member County Council (the Council) under the Council-Administrator form of government, pursuant to the South Carolina Home Rule Act. Members of the Council are elected from resident districts. The County Council acts as the governing body of the County with power to pass ordinances and adopt regulations. The basic financial statements herein reflect those operations subject to the control of the Colleton County Council and the County Administrator.

Among the services that the County funds in whole or in part are the following: general government, judicial, public safety, streets and highways, sanitation, health and human services, recreation and cultural institutions, economic development, and other miscellaneous services (intergovernmental and private non-profit support).

As required by generally accepted accounting principles, these financial statements present the County (primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are combined with data of the County if the governing body of the component unit is substantively the same as that of the primary government or the component unit provides services entirely or almost entirely to the primary government. Discretely presented component units, on the other hand, do not meet the criteria for blending and are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the primary government. Disclosures in these notes to the financial statements are applicable to both the County and its component units unless otherwise indicated.

Blended Component Units. The *Colleton County Development Board*, an entity legally separate from the County, is governed by a seven-member board appointed by Colleton County Council. For financial reporting purposes, the Commission is reported as if it is part of the County's operations because all fiscal and hiring matters are subject to the authority of the Council, as represented by the County Administrator.

The *Colleton County Advisory/Planning Commission* does not have separate corporate powers from the County and thus is included in the County's operations.

Discretely Presented Component Units. The nine members of the *Colleton County Memorial Library's* (the Library) governing board are appointed by the Council. The Library is fiscally dependent upon the government because the Council approves the Library's budgets, and can significantly influence the decisions of the Library.

The five members of the *Colleton County Fire and Rescue Commission* (the Commission) are selected by the Council from ten members presented by the Fire Control Board, an advisory board comprised of a member from each of the participating fire departments. The Commission is fiscally dependent upon the government because the Council approves the Commission's budgets, levies taxes, and must approve any debt issuances.

The nine members of the *Colleton County Commission on Alcohol and Drug Abuse's* (the Commission) governing board are appointed by the Council. The Commission is fiscally dependent upon the government because the County Council approves the Commission's budgets and can significantly influence the decisions of the Commission. Separately issued financial statements may be obtained at 1439 Thunderbolt Drive, Walterboro, South Carolina 29488.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

1. Government-wide Financial Statements

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

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

2. Fund Financial Statements

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

The County uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain County functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Major Funds

The County reports the following major governmental fund:

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

Nonmajor Funds

In addition, the County reports the following nonmajor fund types:

The *Special Revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects) such as grants, fire and other special purpose fees, and economic development.

The *Debt Service funds* account for the accumulation of resources for, and the payment of, long-term debt principal and interest. The County's Debt Service Fund was established and is maintained in accordance with acts passed by the General Assembly of South Carolina authorizing the sale of general obligation bonds of the County. The SSRB Canadays Debt Service Fund accounts for debt payments made from Fee-in-Lieu Agreement revenues, and the Non-GOB Debt Service Fund accounts for the accumulation of funds and payment of various capital leases and notes payable.

The *Capital Projects funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Fiduciary funds are used to account for assets held by the government in a trustee capacity or as an agent on behalf of others. The *Agency funds* are custodial in nature and do not involve the measurement of results of operations.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. *Basis of accounting* refers to when transactions are recorded, regardless of the measurement focus applied.

The basic financial statements of the County have been prepared in conformity with generally accepted accounting principles as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Private-sector standards of accounting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for grant reimbursements, for which the availability period is 90 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt for acquisitions under capital leases are reported as other financing sources.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, sales, use and hospitality taxes, special assessments, fines and forfeitures, 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. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within sixty days of year-end and available to pay obligations of the current period): real and personal property taxes and special assessments, investment earnings, fines and forfeitures, certain charges for services, and state-levied locally shared taxes. Sales, use, and hospitality taxes are recorded when the underlying transaction is made. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made. When grant funds are received in advance, revenue recognition is deferred until qualifying expenditures are made. Other revenues, including vehicle taxes, permits, licenses, some franchise fees, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and cash equivalents and deposits

The "deposits" classification is used only in the notes, not on the face of the statement of net assets or balance sheet. Deposits include only cash on hand, pooled money market funds and certificates of deposit.

The County considers cash and cash equivalents for cash flow purposes to be currency on hand, demand deposits with banks, amounts included in pooled cash and investment accounts, and liquid investments with an original maturity of three months or less when purchased.

For additional information related to deposits see Note III.A.

2. Investments

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00.

The County and its component units have a number of financial instruments, none of which are held for trading purposes. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Non-participating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost. Debt securities are reported at cost or amortized cost.

For additional information related to investments see Note III.A.

3. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Receivables

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

The County bills and collects taxes for itself and all other taxing entities in the County under joint billing and collection agreements. The County recognizes property taxes in the period for 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, plus taxes levied on the assessed value of real and personal property, as of December 31 of the previous year. 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.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

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, March 16 - an additional five percent. If not paid by October 1, the property is subject to sale by the delinquent tax office. Taxes on licensed motor vehicles are levied during the month when the taxpayer's license registration is due for renewal. The taxpayer must provide proof of payment to the Highway Department before that agency will renew the vehicle license.

For additional information related to receivables see Notes I.C. and III.B.

5. Restricted assets

The County's restricted accounts are established to account for assets restricted for specific purposes, typically by outside parties or legal agreement. Certain bond indentures of trust agreements require the establishment of restricted accounts equal to (i) maximum annual principal and interest payments, unless a surety bond was provided, and (ii) the next succeeding principal and accrued interest payment.

6. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities in the government-wide financial statements. Capital assets other than infrastructure are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The capitalization threshold for infrastructure assets is \$50,000 for individual items and networks. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 assets lives' are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction of governmental-type activities is not capitalized.

All reported capital assets except land and certain infrastructure assets are depreciated. Useful lives for infrastructure are estimated based on the County's historical records of necessary improvements and replacements. Depreciation is provided using the straight-line method over the following estimated useful lives:

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

	Years		
	County	Component units (Library and Fire and Rescue)	Component unit (Alcohol and Drug)
Buildings and improvements			
Buildings	45	45	N/A
Building improvements	10	10	N/A
Improvements other than buildings			
Improvements other than buildings	10	10	N/A
Radio and fire towers	10	10	N/A
Library materials	N/A	5	N/A
Machinery and equipment			
Furniture and office equipment	5	5	3-20
Fire and medical equipment	5	5	N/A
Heavy vehicles and equipment	10	10	N/A
Vehicles			
Airplanes	6	N/A	N/A
Law enforcement vehicles	3	N/A	N/A
Other vehicles	5	5	3-20
Infrastructure - paved roads	20	N/A	N/A

7. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, gains or losses on refundings, and defeasance, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

8. Claims and judgments

All claims and judgments are accrued in the government-wide financial statements when: 1) it is probable that a liability has been incurred, and 2) the loss can be reasonably estimated. The County records claims and judgments for governmental funds under the modified accrual basis of accounting. This method provides that claims and judgments are recorded as expenditures and liabilities to the extent the amounts are payable with expendable available financial resources, i.e., currently funded or budgeted.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

9. *Compensated absences*

It is the policy of the County and its component units to permit employees to accumulate earned but unused vacation, compensatory time, 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 and no benefits vest upon termination. All vacation and compensatory pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only to the extent they are payable from current resources and represent matured liabilities, for example, as a result of employee resignations and retirements.

10. *Reservations and designations of fund balances*

Government-wide Financial Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted."

Fund Financial Statements

Governmental fund equity is classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Reservations represent portions of fund balances which are not appropriable for expenditure or have been segregated for specific future uses by legal mandate. Designations represent tentative plans by the County for financial resource utilization in a future period as documented in the budgeting process for a succeeding year. Such plans are subject to change from original authorizations and may never result in expenditures.

E. Use of Estimates

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Encumbrances

Encumbrances are recorded in order to reserve that portion of the applicable appropriation and are employed as an extension of formal budgetary integration in the General Fund. Encumbrances are also used as budgetary controls in the special revenue funds and capital projects funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as designations of fund balances since they do not constitute expenditures or liabilities. Outstanding encumbrances are considered reappropriated in the ensuing year and are included in the overall budget for the ensuing year.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. Fund Equity Deficits

The following funds had a deficit fund balance at year-end that is expected to be resolved as indicated:

Fund	Deficit	Resource for Elimination
Special Revenue Funds		
Sheriff's Incentives Fund	\$ 2,073	Future revenues
Sheriff's Discretionary Funds	\$ 32,590	Future revenues

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Primary government, Fire and Rescue Commission, and Library

Except for petty cash accounts, the funds of the Fire and Rescue Commission and the Library are included in the funds administered by the County Treasurer.

Custodial Credit Risk – Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. Deposits of the County are subject to South Carolina state statutes for custodial credit risk. The statutes provide that banks accepting deposits of funds from local government units must furnish an indemnity bond or pledge as collateral obligations of the United States, South Carolina, political subdivisions of South Carolina, the Federal National Mortgage Association, the Federal Home Loan Bank, the Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation. Driven by the aforementioned statute, the County's informal policy requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. Deposited funds may be invested in demand or time deposits, continuously and fully secured with direct obligations of or obligations guaranteed by the United States of America having a market value not less than the amount of such monies. Custodial credit risk for deposits is not formally addressed by bond indentures. Indentures require that restricted deposits be maintained by the trustee bank, as custodian, specified in the indenture.

As of June 30, 2009, the County's bank balance of \$10,904,513 was fully collateralized by pledging financial institutions trust departments in the county's name.

Custodial Credit Risk – Investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal investment policy regarding custodial credit risk.

As of June 30, 2009, \$22,309,631 of investments were in repurchase agreements held by the counterparty or its trust department or agent for the County.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

As of June 30, 2009, the County had the following investment maturities:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Repurchase Agreements	<u>\$22,309,631</u>	1
Certificates of Deposit	<u>\$ 4,548,101</u>	323

Credit Risk – Credit risk is the risk that an issuer to an investment will not fulfill its obligations. In accordance with South Carolina state statutes, the County's investment decisions are at the discretion of the elected County Treasurer, subject to the statutes that authorize the County and its component units to invest in the following:

1. Obligations of the United States and agencies thereof;
2. Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;
3. General obligations of the State of South Carolina or any of its political units;
4. Savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation;
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, of a market value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest; and
6. No-load open and closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company, savings and loan association, or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit.

In addition, South Carolina state statutes authorize the County to invest in the South Carolina Local Government Investment Pool (SCLGIP). The SCLGIP is an investment trust fund created by state legislation, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The SCLGIP is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services. The SCLGIP is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. The County places no limit on the amount that may be invested in any one issuer.

See below for additional information regarding investment credit risk and concentration of credit risk.

	Fair value at June 30, 2009	Percentage of Portfolio	Credit rating
Repurchase agreements	\$ 22,309,631	70.06	Unrated
Certificates of deposit	4,548,101	14.28	N/A
Total investments	<u>26,857,732</u>		
Carrying value of cash in banks and on hand	4,985,886	15.66	N/A
Deposits and investments held by County Treasurer	<u>\$ 31,843,618</u>	<u>100.00</u>	

See Notes I.D.1. and I.D.2. for additional information concerning cash and investments.

B. Receivables

Receivables as of year-end for the County's individual major fund and on nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Primary Government		Component Units		
	General	Nonmajor Funds	Fire and Rescue	Library	Alcohol and Drug Abuse
Receivables					
Taxes	\$ 15,923,086	\$ 1,351,556	\$ 3,999,380	\$ -	\$ -
Accounts	40,929	163,030	5,431,011	-	60,240
Other	34,179	111,456	-	201	-
Gross receivables	<u>15,998,194</u>	<u>1,626,042</u>	<u>9,430,391</u>	<u>201</u>	<u>60,240</u>
Less: allowance for uncollectibles					
Taxes	(708,090)	(76,290)	(219,971)	-	(448)
Accounts	<u>(2,046)</u>	<u>(48,488)</u>	<u>(4,891,402)</u>	<u>-</u>	<u>-</u>
Total allowance	<u>(710,136)</u>	<u>(124,778)</u>	<u>(5,111,373)</u>	<u>-</u>	<u>(448)</u>
Net receivables	<u>\$15,288,058</u>	<u>\$ 1,501,264</u>	<u>\$ 4,319,018</u>	<u>\$ 201</u>	<u>\$ 59,792</u>

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Deferred and Unearned Revenues

Governmental funds report deferred revenue in the fund financial statement in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2009, the various components of deferred and unearned revenue reported in the governmental funds were as follows:

	Fund Statement	Government- Wide
Unavailable		
Property taxes receivable	\$ 1,104,779	\$ -
Landfill charges and user fees	75,002	-
Other	38,882	-
Total unavailable	1,218,663	-
Unearned		
Contributions and grants recorded prior to meeting all eligibility requirements	251,824	251,824
Property taxes receivable	15,263,414	15,263,414
Total unearned	15,515,238	15,515,238
Total deferred revenues, governmental funds	\$ 16,733,901	
Total unearned revenues, government-wide		\$ 15,515,238

Component unit – Fire and Rescue

	Fund Statement	Government- wide
Unavailable		
Property taxes receivable	\$ 304,187	\$ -
Fees for emergency medical services	365,762	-
Total unavailable	669,949	-
Unearned		
Property taxes receivable	3,435,353	3,435,353
Total unearned	3,435,353	3,435,353
Total deferred revenues, governmental funds	\$ 4,105,302	
Total unearned revenues, government-wide		\$ 3,435,353

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables and Payables

The interfund receivables and payables at June 30, 2009, were as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
Major governmental funds		
General	\$ 971,407	\$ 165,425
Nonmajor governmental funds	<u>182,922</u>	<u>988,904</u>
 Total interfund balances	 <u>\$ 1,154,329</u>	 <u>\$ 1,154,329</u>

Interfund balances largely result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

E. Interfund Transfers

Interfund transfers for the year ended June 30, 2009, consisted of the following:

	<u>Transfer in</u>	<u>Transfer out</u>
Major governmental funds		
General	\$ 557,080	\$ 3,232,895
Nonmajor governmental funds	<u>3,706,057</u>	<u>1,030,242</u>
 Total	 <u>\$ 4,263,137</u>	 <u>\$ 4,263,137</u>

Transfers are used (1) to move revenues from the fund with collection authorization to the fund with expenditure authorization, and (2) to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Capital Assets

Primary government

Capital asset activity for the year ended June 30, 2009, is as follows:

	Balance			Balance
	July 1, 2008	Additions	Dispositions	June 30, 2009
<u>Governmental activities</u>				
Capital assets not being depreciated				
Land	\$ 1,464,821	\$ 10,000	\$ -	\$ 1,474,821
Land - infrastructure	4,510,726	-	(3,207)	4,507,519
Construction in progress	3,434,478	1,865,784	(195,773)	5,104,489
Total capital assets not being depreciated	<u>9,410,025</u>	<u>1,875,784</u>	<u>(198,980)</u>	<u>11,086,829</u>
Capital assets being depreciated				
Buildings and improvements	18,605,681	308,986	-	18,914,667
Improvements other than buildings	1,399,417	436,234	-	1,835,651
Equipment and vehicles	13,261,311	897,684	(323,301)	13,835,694
Infrastructure	7,922,907	-	-	7,922,907
Total assets being depreciated	<u>41,189,316</u>	<u>1,642,904</u>	<u>(323,301)</u>	<u>42,508,919</u>
Accumulated depreciation				
Buildings and improvements	(3,944,504)	(788,575)	-	(4,733,079)
Improvements other than buildings	(1,060,061)	(85,797)	-	(1,145,858)
Equipment and vehicles	(7,641,930)	(1,205,202)	201,918	(8,645,214)
Infrastructure	(2,448,108)	(395,680)	-	(2,843,788)
Total accumulated depreciation	<u>(15,094,603)</u>	<u>(2,475,254)</u>	<u>201,918</u>	<u>(17,367,939)</u>
Total capital assets being depreciated, net	<u>26,094,713</u>	<u>(832,350)</u>	<u>(121,383)</u>	<u>25,140,980</u>
Governmental activities capital assets, net	<u>\$ 35,504,738</u>	<u>\$ 1,043,434</u>	<u>\$ (320,363)</u>	<u>\$ 36,227,809</u>

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Capital Assets (Continued)

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

General Government Activities	
General government	\$ 382,262
Judicial	427,405
Public safety	641,176
Streets and highways	635,301
Sanitation	232,396
Recreation and culture	5,076
Health and human services	94,772
Economic development	12,722
Intergovernmental	44,144
Total governmental activity depreciation	<u>\$ 2,475,254</u>

Component units

Activity for the year ended June 30, 2009, is as follows:

	Balance July 1, 2008	Additions	Dispositions	Balance June 30, 2009
<u>Fire and Rescue Commission</u>				
Capital assets not being depreciated				
Land	\$ 217,395	\$ 79,167	\$ -	\$ 296,562
Construction in progress	509,891	298,197	(509,891)	298,197
Total capital assets not being depreciated	<u>727,286</u>	<u>377,364</u>	<u>(509,891)</u>	<u>594,759</u>
Capital assets being depreciated				
Buildings and improvements	3,985,463	-	-	3,985,463
Improvements other than buildings	59,790	61,182	-	120,972
Equipment and vehicles	8,782,822	1,991,146	(136,160)	10,637,808
Total capital assets being depreciated	<u>12,828,075</u>	<u>2,052,328</u>	<u>(136,160)</u>	<u>14,744,243</u>
Accumulated depreciation				
Buildings and improvements	(613,279)	(124,693)	-	(737,972)
Improvements other than buildings	(47,598)	(5,799)	-	(53,397)
Equipment and vehicles	(5,082,602)	(830,820)	112,835	(5,800,587)
Total accumulated depreciation	<u>(5,743,479)</u>	<u>(961,312)</u>	<u>112,835</u>	<u>(6,591,956)</u>
Total capital assets being depreciated, net	<u>7,084,596</u>	<u>1,091,016</u>	<u>(23,325)</u>	<u>8,152,287</u>
Fire and Rescue Commission capital assets, net	<u>\$ 7,811,882</u>	<u>\$ 1,468,380</u>	<u>\$ (533,216)</u>	<u>\$ 8,747,046</u>

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Capital Assets (Continued)

	Balance July 1, 2008	Additions	Dispositions	Balance June 30, 2009
<u>Library</u>				
Capital assets being depreciated				
Buildings and improvements	\$ 119,026	\$ -	\$ -	\$ 119,026
Library materials	1,595,216	106,561	(64,795)	1,636,982
Equipment and vehicles	211,660	-	-	211,660
	<u>1,925,902</u>	<u>106,561</u>	<u>(64,795)</u>	<u>1,967,668</u>
Total capital assets being depreciated				
Accumulated depreciation				
Buildings and improvements	(105,199)	(11,903)	-	(117,102)
Library materials	(1,251,344)	(134,267)	64,795	(1,320,816)
Equipment and vehicles	(153,662)	(15,003)	-	(168,665)
	<u>(1,510,205)</u>	<u>(161,173)</u>	<u>64,795</u>	<u>(1,606,583)</u>
Total accumulated depreciation				
Library capital assets, net	<u>\$ 415,697</u>	<u>\$ (54,612)</u>	<u>\$ -</u>	<u>\$ 361,085</u>
<u>Alcohol and Drug</u>				
Capital assets being depreciated				
Vehicles	\$ 56,618	\$ -	\$ -	\$ 56,618
Accumulated depreciation				
Vehicles	(48,559)	(3,867)	-	(52,426)
Alcohol and Drug capital assets, net	<u>\$ 8,059</u>	<u>\$ (3,867)</u>	<u>\$ -</u>	<u>\$ 4,192</u>

Depreciation expense incurred by the component units during the year ended June 30, 2009, was as follows:

Fire and Rescue	<u>\$ 961,312</u>
Library	<u>\$ 161,173</u>
Alcohol and Drug Abuse	<u>\$ 3,867</u>

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long Term Debt

The County has the following forms of long-term indebtedness:

General Obligation Bonds – The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for use in governmental activities. The primary source of revenue for repayment of bonds reported in the governmental activities is property taxes. General obligation bonds are direct obligations and pledge the full faith and credit of the County.

Special Source 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 \$5,000,000 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.

Capital Lease Obligations – The County uses leases to finance the purchase of various equipment. Repayment is budgeted in the General Fund and the Non GOB Debt Service Fund.

Note 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, the 8% constitutional legal debt limit of the County does not apply to this enterprise financing.

Compensated Absences Payable – These obligations represent accumulated annual leave and compensatory time benefits which were not funded by the current or prior years' revenue resources. These obligations are primarily funded by the general fund.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long Term Debt (Continued)

1. Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2009, is as follows:

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Due within one year
Primary government					
<u>Governmental activities</u>					
Bonds					
General obligation	\$ 9,224,660	\$ -	\$ 1,266,525	\$ 7,958,135	\$ 951,198
Special source revenue	5,460,768	-	451,801	5,008,967	462,123
Capital leases	928,720	-	74,287	854,433	77,904
Note payable	1,252,488	-	135,205	1,117,283	140,816
Claims and judgments	67,000	-	-	67,000	-
Landfill closure and postclosure costs	278,356	42,046	-	320,402	-
Compensated absences	431,645	381,580	305,517	507,708	92,240
	<u>\$ 17,643,637</u>	<u>\$ 423,626</u>	<u>\$ 2,233,335</u>	<u>\$ 15,833,928</u>	<u>\$ 1,724,281</u>
Component units					
<u>Fire and Rescue</u>					
General obligation bonds	\$ 10,575,289	\$ -	\$ 1,349,039	\$ 9,226,250	\$ 1,469,180
Compensated absences	151,982	92,232	82,597	161,617	28,073
	<u>\$ 10,727,271</u>	<u>\$ 92,232</u>	<u>\$ 1,431,636</u>	<u>\$ 9,387,867</u>	<u>\$ 1,497,253</u>
<u>Library</u>					
Compensated absences	\$ 18,290	\$ 10,222	\$ 12,428	\$ 16,084	\$ 2,794
<u>Alcohol and Drug</u>					
Compensated absences	\$ 22,942	\$ 20,022	\$ 21,969	\$ 20,995	\$ 6,394

2. Bonds payable

There are a number of limitations and restrictions contained in the various bond indentures. Management believes the County is in compliance with all significant limitations and restrictions.

The South Carolina constitution permits the County to incur general obligation (general purpose) bonded indebtedness not to exceed eight percent of the assessed value of taxable property in the County. At June 30, 2009, the county was in compliance with this requirement.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long Term Debt (Continued)

The following is a summary of each long-term bond obligation of the governmental activities of the County at June 30, 2009:

General Obligation Bonds

Primary Government

Issue Date	Title of Issues	Original Principal	Principal Outstanding
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	\$ 1,600,000
May 1, 2002	General Obligation Bonds, Series 2002, 4.8% annual interest, annual principal and interest payments, beginning in 2003, matures 2012	1,900,000	658,135
November 1, 2005	General Obligation Bonds, Series 2005, 3.5% to 6.5% annual interest, semi-annual principal and interest payments, beginning in 2007, matures 2016.	<u>6,500,000</u>	<u>5,700,000</u>
	Total General Obligation Bonds	<u><u>\$ 12,200,000</u></u>	<u><u>\$ 7,958,135</u></u>

Future debt service requirements for primary government general obligation bonds outstanding at June 30, 2009, are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 951,198	\$ 311,097	\$ 1,262,295
2011	1,021,336	260,944	1,282,280
2012	1,091,983	220,370	1,312,353
2013	1,085,000	177,025	1,262,025
2014	1,355,000	136,370	1,491,370
2015-2016	<u>2,453,618</u>	<u>125,882</u>	<u>2,579,500</u>
Total General Obligation Bonds	<u><u>\$ 7,958,135</u></u>	<u><u>\$ 1,231,688</u></u>	<u><u>\$ 9,189,823</u></u>

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long Term Debt (Continued)

Component Unit

Fire and Rescue General Obligation Bonds payable at June 30, 2009, 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 2002A, 4.75% annual interest, annual principal and interest payments beginning in 2003, matures 2012	\$ 4,000,000	\$ 1,376,250
September 1, 2002	Fire Protection Service General Obligation Bonds Series 2002B, 3.21% annual interest, annual principal and interest payments beginning in 2003, matures 2010	2,400,000	875,000
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	2,500,000	1,175,000
November 1, 2005	Fire Protection Service General Obligation Bonds Series 2005, 3.5% to 4.0% annual interest, annual principal and interest payments beginning in 2007, matures 2016	2,400,000	2,100,000
March 20, 2008	Fire Protection Service General Obligation Bonds Series 2008, 3.39% annual interest, annual principal and interest payments beginning in 2008, matures 2018	<u>4,000,000</u>	<u>3,700,000</u>
	Total Fire Protection Service Bonds	<u>\$15,300,000</u>	<u>\$ 9,226,250</u>

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long Term Debt (Continued)

Future debt service requirements for Fire and Rescue general obligation bonds outstanding at June 30, 2009, are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 1,469,180	\$ 337,827	\$ 1,807,007
2011	1,590,279	283,618	1,873,897
2012	1,666,791	224,090	1,890,881
2013	1,025,000	160,433	1,185,433
2014	775,000	124,248	899,248
2015-2018	2,700,000	213,024	2,913,024
Total Fire Protection Service Bonds	<u>\$ 9,226,250</u>	<u>\$ 1,343,240</u>	<u>\$ 10,569,490</u>

Special Source Revenue Bonds

Primary Government

Primary Government Special Source Revenue Bonds payable at June 30, 2009, consist of the following:

Issue Date	Title of Issues	Original Principal	Principal Outstanding
April 17, 2008	Special Source Refunding Bond Series 2008, 6.08% annual interest, annual principal and interest payments beginning in 2009, all outstanding principal and interest due in 2023	\$ 4,000,000	\$ 3,819,573
June 19, 2003	Special Source Revenue Bond Series 2003B, 3.69% annual interest, annual principal and interest payments beginning in 2004, matures 2013	2,700,000	1,189,394
	Total Revenue Bonds	<u>\$ 6,700,000</u>	<u>\$ 5,008,967</u>

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long Term Debt (Continued)

Future debt service requirements for Special Source Revenue bonds outstanding at June 30, 2009, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 462,123	\$ 276,119	\$ 738,242
2011	483,495	254,747	738,242
2012	505,919	232,323	738,242
2013	529,448	208,794	738,242
2014	228,865	184,102	412,967
2015-2019	1,370,762	694,069	2,064,831
2020-2023	1,428,355	223,512	1,651,867
Total Revenue Bonds	<u>\$5,008,967</u>	<u>\$ 2,073,666</u>	<u>\$ 7,082,633</u>

3. Note Payable

Primary Government

<u>Issue Date</u>	<u>Title of Issues</u>	<u>Original Principal</u>	<u>Principal Outstanding</u>
May 1, 2006	Enterprise financing agreement, 4.15% semiannual interest, semiannual principal and interest payments beginning in 2007, matures 2016.	<u>\$ 1,511,903</u>	<u>\$ 1,117,283</u>

Future debt service requirements for Note Payable at June 30, 2009, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 140,816	\$ 46,367	\$ 187,183
2011	146,660	40,523	187,183
2012	152,746	34,437	187,183
2013	159,085	28,098	187,183
2014	165,687	21,496	187,183
2015-2016	352,289	22,077	374,366
Total	<u>\$1,117,283</u>	<u>\$ 192,998</u>	<u>\$ 1,310,281</u>

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long Term Debt (Continued)

4. Capital Leases Payable

Primary Government

The County has entered into a capital lease agreement secured by a civic center bearing interest at 4.87% with annual payments of \$119,515, maturing in August 2017.

The assets acquired through capital leases are as follows:

Building and improvements	\$ 1,936,471
Less accumulated depreciation	<u>(215,401)</u>
	<u>\$ 1,721,070</u>

Amortization expense for buildings and equipment under capital leases is included in depreciation expense.

The remaining lease payments as of June 30, 2009, are as follows:

Year Ending June 30,	Amount
2010	\$ 119,515
2011	119,515
2012	119,515
2013	119,515
2014	119,515
2015-2018	<u>478,063</u>
Total minimum lease payments	1,075,638
Less amount representing interest	<u>(221,205)</u>
Present value of capital lease payments	<u>\$ 854,433</u>

Total interest paid on the building and improvements obligations for the year ended June 30, 2009, was approximately \$45,200.

5. Conduit Debt

From time to time, the County issues industrial development revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Additionally, not-for-profit entities which provide fire protection within the County occasionally borrow funds to purchase equipment. The banks require the County's authorization of the borrowing although the loans and the related assets belong to the not-for-profit entities. The County is not obligated in any manner for repayment of the bonds and notes. Accordingly, the bonds and notes are not reported as liabilities in the accompanying financial statements. As of June 30, 2009, there were an undetermined number of industrial revenue bonds and notes outstanding and the principal payable at June 30, 2009, could not be determined.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long Term Debt (Continued)

6. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill sites when each site stops accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The \$320,402 reported as an accrual for landfill closure and postclosure care costs at June 30, 2009, includes the cumulative amount reported less amounts paid to date for the open site, based on the following information:

Estimated Remaining Landfill Life	Percentage Balance of Capacity Used	Estimated Total Costs			Remaining To Be Recognized
		Closure	Postclosure	Total	
20 years	37.65%	<u>\$ 772,645</u>	<u>\$ 78,355</u>	<u>\$ 851,000</u>	<u>\$ 530,598</u>

These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2009. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The Council has designated cash of \$348,042 for payment of closure and postclosure care costs.

H. Pending GASB Statements

Statement No. 51, *Accounting and Reporting for Intangible Assets*, which is effective for the County's year ending June 30, 2010. This statement requires that all intangible assets not specifically excluded by the GASB be classified as capital assets. The County is required to implement this statement retroactively, except for those assets considered to have indefinite useful lives, and those that would be considered internally generated. The effect of implementation of the Statement on the financial statements has not been determined.

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for the County's year ending June 30, 2011.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

IV. OTHER INFORMATION

A. Risk Management

The County and its component units are exposed to various 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 a common risk management and insurance program for local governments. The County and its component units are covered under the same risk management umbrella and pay a pro-rata share of an annual premium for general insurance coverage. 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.

The County and its component units are also subject to risks of loss from providing health, life, accident, dental, and other medical benefits to employees, retirees, and their dependents. The County and its component units have enrolled substantially all employees in the State's health insurance plans administered by the South Carolina Budget and Control Board. The State reinsures through commercial companies for these risks. In addition, the County, Fire and Rescue Commission, and Library insure the risk of job related injury or illness to employees through South Carolina Counties Worker's Compensation Trust, a public entity risk pool operating for the benefit of local governments. The County and its component units pay an annual premium to the Worker's Compensation Trust for insurance coverage.

For all of the above risk management programs, the County and its component units have not significantly reduced insurance coverages from the previous year, and settled claims in excess of insurance coverage for the past three years were immaterial. For each of the insurance programs and public entity risk pools in which they participate, the County and its component units have effectively transferred all risk with no liability for unfunded claims.

B. Defined Benefit Pension Plans

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 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, and survivor benefits to plan members and beneficiaries. Each plan's provisions are established under Title 9 of the S.C. Code of Laws. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for both the SCRS and SCPORS is issued and publicly available on the internet at www.retirement.sc.gov, or by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, SC 29211-1960.

Funding Policy - SCRS. Plan members are required to contribute 6.5% of their annual covered salary and the employer is required to contribute at an actuarially determined rate. The current rate is 9.24% of annual covered payroll. The contribution requirements of Plan members and employers is established under authority of Title 9 of the S.C. Code of Laws.

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 is established under authority of Title 9 of the S.C. Code of Laws.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

IV. OTHER INFORMATION (CONTINUED)

B. Defined Benefit Pension Plans (Continued)

The following table presents the required contributions to the SCRS and SCPORS by the County and its component units for the years ended June 30, 2009, 2008, and 2007:

	Year Ended June 30,		
	2009	2008	2007
SCRS Contributions			
Primary Government	\$ 644,924	\$ 528,468	\$ 475,451
Fire and Rescue	18,984	21,018	18,526
Library	29,935	28,069	24,223
Alcohol and Drug	48,015	46,144	35,822
	<u> </u>	<u> </u>	<u> </u>
Total SCRS	<u>\$ 741,858</u>	<u>\$ 623,699</u>	<u>\$ 554,022</u>
SCPORS Contributions			
Primary Government	\$ 384,676	\$ 324,012	\$ 319,045
Fire and Rescue	363,678	335,678	302,044
	<u> </u>	<u> </u>	<u> </u>
Total SCPORS	<u>\$ 748,354</u>	<u>\$ 659,690</u>	<u>\$ 621,089</u>

100% of the required contributions were contributed for the current and each of the previous two years.

C. Deferred Compensation Plans

Internal Revenue Code Section 457 Plan – The County offers its employees a deferred compensation plan, offered through the State of South Carolina, created in accordance with Internal Revenue Code Section 457. The plan, available to all regular full-time employees, permits participants to defer a portion of their salaries until future years. The deferred compensation is not available to the employee or his beneficiaries until termination, retirement, death, disability, or an approved hardship.

All amounts of compensation deferred under the plan are held in trust for the contributing employee and are not subject to claims of the County's general creditors. The plan is administered by the State of South Carolina.

Internal Revenue Code Section 401(k) Plan – The County also offers its employees participation in a deferred compensation plan, offered through the State of South Carolina, created in accordance with Internal Revenue Code Section 401(k). The 401(k) plan has the same eligibility requirements as the 457 plan, although the withdrawal provisions are more lenient under the 401(k) plan. All amounts of compensation deferred under the plan are held in trust for the contributing employee and are not subject to claims of the County's general creditors. The funds are administered by the State of South Carolina.

D. 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 the general fund or other applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

IV. OTHER INFORMATION (CONTINUED)

D. Contingent Liabilities (Continued)

Litigation. The County is party to various legal proceedings which normally occur in governmental operations. These lawsuits involve environmental issues, alleged failure to appropriate proper budgets, employment matters, and certain claims under contractual agreements. In the opinion of County management, based on the advice of legal counsel with respect to litigation, the ultimate disposition of these lawsuits and claims will not have a material adverse effect on the County's financial position. Additionally, the County would be allowed to appropriate any required funds in a subsequent fiscal year.

E. Related Party

The County pays rent on a monthly basis to elected magistrates for use of the magistrates' homes as an office. The total amount of rent paid during the year ended June 30, 2009, was \$6,100.

F. Commitments

Operating Leases - The County participates in certain leases accounted for as operating leases.

In addition to the related party leases (Note IV.E.), the County is obligated under agreements with various parties for the rental of facilities and equipment. Rental expense associated with the leases for the year ended June 30, 2009, is \$102,358.

Future minimum rental payments required over the next five years under the noncancellable operating leases having a remaining term in excess of one year at June 30, 2009, are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2010	\$ 93,000
2011	68,740
2012	49,755
2013	17,625
2014	<u>16,755</u>
Total payments	<u>\$ 245,875</u>

Construction Commitments - At June 30, 2009, the County had commitments under contracts for construction of various projects not completed of approximately \$1,745,000.

G. Property Taxes

The County is permitted under South Carolina law to levy property taxes for general governmental services and payment of principal and interest on long-term debt. The County tax rate to finance general governmental services for the year ended June 30, 2009, was set by County Council at 104.2 mills (\$104.20 per \$100 assessed valuation) for general uses and purposes of the County. Additional tax rates were set as follows: 12.0 mills for debt retirement, 104.38 mills for School District general operations, 46.5 mills for School District indebtedness, 29.84 mills for fire protection, and 20.50 mills for fire debt. The assessed valuation of properties, exclusive of vehicles (valued at \$14,378,402), within the County's boundaries as of December 31, 2007, was \$155,393,397, according to the records of the County Auditor and Assessor.

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

IV. OTHER INFORMATION (CONTINUED)

H. Other Postemployment Benefits

Plan Description. The County administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The Plan provides lifetime healthcare insurance for eligible retirees and their spouses through the County's group health insurance plan, which covers both active and retired members. Benefit provisions are established by the County Council. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy. Contribution requirements are established annually by the County Council. The required contribution is based on projected pay-as-you-go financing requirements. Medical coverage levels and premiums for retirees and their families are the same as coverage provided to active County employees under the State Health Insurance Plan. Subject to an annual appropriation, the County pays 50 percent of individual coverage for individuals who:

- are at least 62 years of age,
- were employed by the County at the time of their retirement,
- had twenty years of qualifying full-time employment with the County,
- were covered by the County's health/dental insurance program, and
- retired under the South Carolina Retirement System or the South Carolina Police Officers' Retirement System.

The above individuals pay the remaining 50 percent of the premium for individual coverage and 100 percent of any premium for family coverage. Any person who retires from County employment meeting all requirements except age will qualify for the funded percentage of assistance upon reaching the age of 62, provided he or she has participated in the County's plan, paying 100% of the individual or family coverage in the interim.

The State Health Insurance Plan prohibits its participants from separately rating retirees and active employees. The County, therefore, pays an equal blended rate premium for both groups. Although both groups are charged the same rate, GASB 45 requires the actuarial figures to be calculated using age adjusted premiums approximating claim costs for retirees separately from active employees. The use of age adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability.

For fiscal year 2009, the County contributed \$81,666 to the plan, and total member contributions were \$78,813.

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the Retiree Health Plan, which have been allocated between the primary government and component units based on current payroll:

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

IV. OTHER INFORMATION (CONTINUED)

H. Other Postemployment Benefits

	Primary Government	Component Units		Total
		Fire and Rescue	Library	
Annual required contribution	\$ 169,099	\$ 51,857	\$ 4,509	\$ 225,465
Interest on net OPEB obligation	-	-	-	-
Adjustment to annual required contribution	-	-	-	-
Annual OPEB cost (expense)	169,099	51,857	4,509	225,465
Contributions made	(61,613)	(18,449)	(1,604)	(81,666)
Increase in net OPEB obligation	107,486	33,408	2,905	143,799
Net OPEB obligation - beginning of year	-	-	-	-
Net OPEB obligation - end of year	<u>\$ 107,486</u>	<u>\$ 33,408</u>	<u>\$ 2,905</u>	<u>\$ 143,799</u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual Cost Contributed	Net OPEB Obligation
Primary Government			
6/30/2009	<u>\$ 169,099</u>	36.4%	<u>\$ 107,486</u>
Fire and Rescue			
6/30/2009	<u>\$ 51,857</u>	35.6%	<u>\$ 33,408</u>
Library			
6/30/2009	<u>\$ 4,509</u>	35.6%	<u>\$ 2,905</u>

Funded Status and Funding Progress. As of June 30, 2009, the actuarial accrued liability for benefits (AAL), all of which was unfunded, was as follows:

	Actuarial Accrued Liability	Covered Payroll	Ratio of unfunded AAL to Covered Payroll
Primary government	\$1,207,196	\$11,491,241	10.5 %
Fire and Rescue	374,250	3,562,464	10.5 %
Library	36,954	351,771	10.5 %
Total Plan	<u>\$1,618,400</u>	<u>\$15,405,476</u>	10.5 %

**COLLETON COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

IV. OTHER INFORMATION (CONTINUED)

H. Other Postemployment Benefits (Continued)

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Since the County has elected to implement GASB 45 prospectively, the current year presents one year of information. Trend information will be presented in subsequent years as it becomes available.

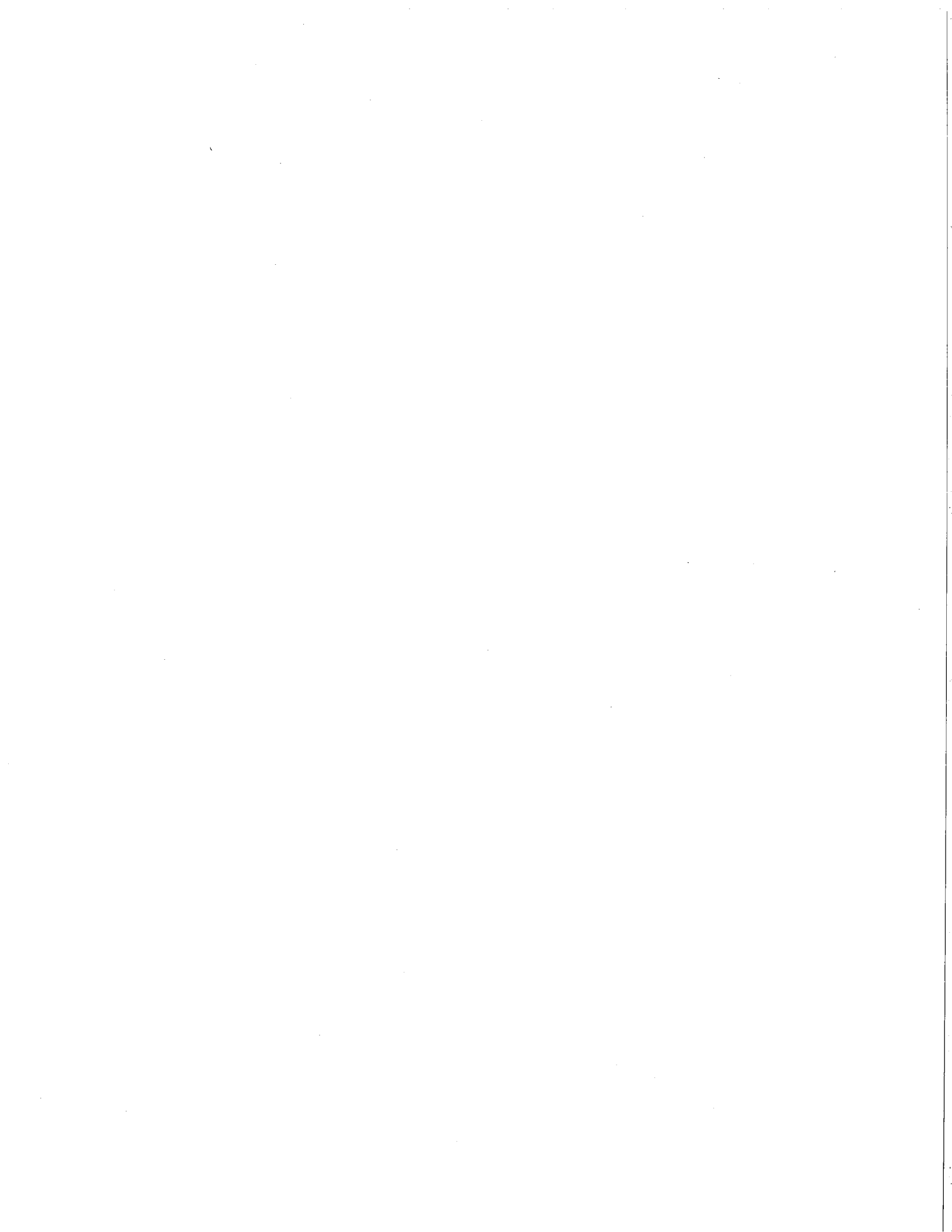
Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following information is provided using the assumption that the County will continue its current pay-as-you-go funding policy for the foreseeable future. In that scenario the annual employer contributions each year are equal to the benefits that are paid on behalf of the retirees. Under this funding policy, GASB 45 requires the use of a discount rate consistent with the expected investment returns on the County's general assets. The July 1, 2008, actuarial valuation assumed a 4.5 percent discount rate. The Projected Unit Credit, Level Percent of Payroll actuarial cost method was used to calculate the ARC for the July 1, 2008, valuation, and an annual healthcare cost trend rate of 9.5 percent initially, reduced by decrements of 5% per year to an ultimate rate of 4.5 percent after ten years, which includes a 4 percent inflation assumption. The UAAL is being amortized as a level percentage of active member payroll over a period of 30 years. The remaining amortization period at June 30, 2009, was 29 years.

I. Subsequent Events

Subsequent to year end Council approved the issuance of a capital lease in the amount of \$1,462,500, bearing interest at 1.65%, payable in 3 annual payments, the proceeds to be used for the purchase of vehicles and equipment.

Effective July 1, 2009, the County, the City of Walterboro, and the members of the Walterboro-Colleton City-County Recreation Commission (the Recreation District) executed Memoranda of Understanding to eliminate the Recreation District and to re-establish a County recreation department and commission under the auspices of and for the County. Except as otherwise agreed in the Memoranda of Understanding, all assets of the Recreation District were transferred to the County.



**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S
DISCUSSION AND ANALYSIS (UNAUDITED)**

**COLLETON COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues				
Taxes	\$ 17,452,741	\$ 17,452,738	\$ 18,846,131	\$ 1,393,393
Intergovernmental revenues	208,600	208,600	2,447,887	2,239,287
Licenses and permits	2,715,237	2,715,237	156,842	(2,558,395)
Fines, fees, and service charges	1,407,925	1,407,925	1,292,042	(115,883)
Interest income	265,000	265,000	54,453	(210,547)
Other income	3,500	6,270	41,769	35,499
Total revenues	22,053,003	22,055,770	22,839,124	783,354
Expenditures				
Current				
General government	6,947,713	7,209,264	6,020,171	1,189,093
Judicial	1,264,899	1,292,624	1,264,854	27,770
Public safety	8,976,104	8,994,028	8,924,194	69,834
Streets and highways	91,570	71,570	56,479	15,091
Recreation and culture	931,525	960,776	953,528	7,248
Health and human services	508,001	774,711	787,453	(12,742)
Economic development	270,963	270,963	238,167	32,796
Total expenditures	18,990,775	19,573,936	18,244,846	1,329,090
Excess (deficiency) of revenues over (under) expenditures	3,062,228	2,481,834	4,594,278	2,112,444
Other financing sources (uses)				
Transfers in	-	507,100	557,080	49,980
Transfers out	(3,069,228)	(3,215,934)	(3,232,895)	(16,961)
Total other financing sources (uses)	(3,069,228)	(2,708,834)	(2,675,815)	33,019
Net changes in fund balance	(7,000)	(227,000)	1,918,463	2,145,463
Fund balances				
Beginning of year	7,036,179	7,036,179	7,036,179	-
End of year	\$ 7,029,179	\$ 6,809,179	\$ 8,954,642	\$ 2,145,463

The accompanying Notes to Budgetary Comparison Schedule are an integral part of this schedule.

**COLLETON COUNTY, SOUTH CAROLINA
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 NOTES TO BUDGETARY COMPARISON SCHEDULE –
 GENERAL FUND
 YEAR ENDED JUNE 30, 2009**

Annual budgets are adopted for the General Fund on the modified accrual basis with the exception of delinquent property taxes, which are adopted on the cash basis. During the year ended June 30, 2009, delinquent tax cash basis revenues were substantially the same as the modified accrual basis. Therefore, no adjustment has been made to the presentation of actual tax revenues.

All agencies of the County must submit requests for appropriations to the County Administrator along with revenue estimates so that a budget may be prepared. The Finance Director compiles all budget requests, and the proposed budget is presented to the County Council for review. The Council holds public hearings and adopts the final budget by June 30 through passage of an ordinance.

The legal level of budgetary control is determined by the County Council at the fund level. Budgets are prepared by fund, function, and department. Department heads are permitted to transfer appropriations within their department for any non-personnel related costs. The County Administrator is permitted to transfer non-personnel appropriations between departments. The budget ordinance must be amended by the County Council to effect changes in the total appropriations or in personnel-related costs.

Budgets, as reported in the accompanying schedule, are as originally passed by ordinance and subsequently amended. During the year, supplementary appropriations were adopted in the amount of \$220,000 to provide for the purchase of a building, and the installation of new software to be used in the various tax offices. The budget amendments included increases and decreases within individual departments, and decreases in transfers to other funds.

The following adjustments were made for presentation purposes to the budget as adopted by the Council:

	Original	Amended
Budgeted expenditures and transfers as adopted/amended	\$ 22,803,957	\$ 24,633,824
less costs incurred on behalf of		
Solicitor	-	(1,100,000)
Alcohol and Drug Commission	(726,096)	(726,096)
Airport Commission	(17,858)	(17,858)
	\$ 22,060,003	\$ 22,789,870
Budgeted expenditures and transfers as presented	\$ 22,060,003	\$ 22,789,870

**COLLETON COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF FUNDING PROGRESS
YEAR ENDED JUNE 30, 2009**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Primary government						
6/30/2008	\$ 0	\$ 1,207,196	\$ 1,207,196	0%	\$ 11,491,241	10.5%
Fire and Rescue						
6/30/2008	\$ 0	\$ 374,250	\$ 374,250	0%	\$ 3,562,464	10.5%
Library						
6/30/2008	\$ 0	\$ 36,954	\$ 36,954	0%	\$ 351,771	10.5%
Total Plan						
6/30/08	\$ 0	\$ 1,618,400	\$ 1,618,400	0%	\$ 15,405,476	10.5%

OTHER SUPPLEMENTARY FINANCIAL INFORMATION

**COLLETON COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

	Special Revenue			
	Capital Improvements	Sheriff's Incentives	Special Grants	State Grant
Assets				
Cash and investments	\$ 735,545	\$ 324	\$ 413,917	\$ 14,771
Receivables, net of allowances				
Property taxes	-	-	-	-
Accounts	-	-	-	-
Other	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	3,022	1,287	171,502	-
Temporarily restricted				
Cash and investments	-	-	-	-
Total assets	<u>\$ 738,567</u>	<u>\$ 1,611</u>	<u>\$ 585,419</u>	<u>\$ 14,771</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 9,025	\$ 148	\$ 104,544	\$ -
Accrued payroll and other liabilities	-	286	3,739	-
Due to other funds	-	3,250	14,918	-
Deferred revenues	-	-	250,205	-
Total liabilities	<u>9,025</u>	<u>3,684</u>	<u>373,406</u>	<u>-</u>
Fund Balances (Deficit)				
Reserved for				
Capital projects	-	-	-	-
Unreserved				
Designated for				
Landfill postclosure	-	-	-	-
Undesignated, reported in				
Special revenue funds	729,542	(2,073)	212,013	14,771
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Total fund balances (deficit)	<u>729,542</u>	<u>(2,073)</u>	<u>212,013</u>	<u>14,771</u>
Total liabilities and fund balances	<u>\$ 738,567</u>	<u>\$ 1,611</u>	<u>\$ 585,419</u>	<u>\$ 14,771</u>

Special Revenue

Clerk of Court Unit Costs	Clerk of Court Incentives	Victims Witness Services	Animal Care and Control	Emergency Telephone	County Promotion of Tourism Hospitality Tax	County Accommo- dations Tax
\$ 23,223	\$ 94,322	\$ 29,355	\$ 54,168	\$ 110,524	\$ 311,983	\$ 368,905
-	-	-	-	-	-	-
-	-	-	135	-	-	-
-	-	-	-	-	39,036	72,420
-	-	-	749	16,748	-	119,982
11,947	2,990	23,673	926	61,867	-	-
-	-	-	-	-	-	-
<u>\$ 35,170</u>	<u>\$ 97,312</u>	<u>\$ 53,028</u>	<u>\$ 55,978</u>	<u>\$ 189,139</u>	<u>\$ 351,019</u>	<u>\$ 561,307</u>
\$ 111	\$ -	\$ 1,174	\$ 3,244	\$ 667	\$ -	\$ 1,701
1,416	-	1,388	-	2,046	-	1,695
15,417	-	8	-	-	30	-
-	-	-	1,618	-	-	-
<u>16,944</u>	<u>-</u>	<u>2,570</u>	<u>4,862</u>	<u>2,713</u>	<u>30</u>	<u>3,396</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
18,226	97,312	50,458	51,116	186,426	350,989	557,911
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>18,226</u>	<u>97,312</u>	<u>50,458</u>	<u>51,116</u>	<u>186,426</u>	<u>350,989</u>	<u>557,911</u>
<u>\$ 35,170</u>	<u>\$ 97,312</u>	<u>\$ 53,028</u>	<u>\$ 55,978</u>	<u>\$ 189,139</u>	<u>\$ 351,019</u>	<u>\$ 561,307</u>

(continued)

**COLLETON COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

	Special Revenue			
	Public Defender	Roads and Bridges	Solid Waste	Sheriff's Discretionary Funds
Assets				
Cash and investments	\$ 40,358	\$ 336,065	\$ 167,379	\$ 269,462
Receivables, net of allowances				
Property taxes	-	-	-	-
Accounts	-	-	114,407	-
Other	-	-	-	-
Due from other funds	-	39,969	5,474	-
Due from other governments	-	-	7,495	13,656
Temporarily restricted				
Cash and investments	-	-	348,042	22,790
Total assets	\$ 40,358	\$ 376,034	\$ 642,797	\$ 305,908
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 28,070	\$ 105,261	\$ 338,498
Accrued payroll and related liabilities	-	20,670	16,277	-
Due to other funds	-	-	-	-
Deferred revenues	-	-	75,003	-
Total liabilities	-	48,740	196,541	338,498
Fund Balances (Deficit)				
Reserved for				
Capital projects	-	-	-	-
Unreserved				
Designated for				
Landfill postclosure	-	-	348,042	-
Undesignated, reported in				
Special revenue funds	40,358	327,294	98,214	(32,590)
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Total fund balances (deficit)	40,358	327,294	446,256	(32,590)
Total liabilities and fund balances	\$ 40,358	\$ 376,034	\$ 642,797	\$ 305,908

Capital Projects

Economic Development and Capital Improvements	Industrial Development	2005 Bond Fund	SSRB Economic Development
\$ 3,435,980	\$ 5,482	\$ -	\$ 369,375
-	-	-	-
-	-	-	-
-	-	-	-
-	267,265	-	-
-	-	1,061	-
<u>\$ 3,435,980</u>	<u>\$ 272,747</u>	<u>\$ 1,061</u>	<u>\$ 369,375</u>
\$ 698,491	\$ 23,228	\$ -	\$ -
-	-	-	-
-	101,441	-	-
-	-	-	-
<u>698,491</u>	<u>124,669</u>	<u>-</u>	<u>-</u>
2,737,489	-	1,061	369,375
-	-	-	-
-	-	-	-
-	148,078	-	-
-	-	-	-
<u>2,737,489</u>	<u>148,078</u>	<u>1,061</u>	<u>369,375</u>
<u>\$ 3,435,980</u>	<u>\$ 272,747</u>	<u>\$ 1,061</u>	<u>\$ 369,375</u>

(Continued)

**COLLETON COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

Page 3 of 3

	Debt Service			Total Nonmajor Governmental Funds
	County Debt Service	SSRB Canadays	Non-GOB Debt Service	
Assets				
Cash and investments	\$ 1,516,990	\$ 1,271,949	\$ 123,922	\$ 9,693,999
Receivables, net of allowances				
Property taxes	1,275,266	-	-	1,275,266
Accounts	-	-	-	114,542
Other	-	-	-	111,456
Due from other funds	-	-	-	182,922
Due from other governments	5,477	-	-	571,107
Temporarily restricted				
Cash and investments	-	-	-	371,893
Total assets	<u>\$ 2,797,733</u>	<u>\$ 1,271,949</u>	<u>\$ 123,922</u>	<u>\$ 12,321,185</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,314,162
Accrued payroll and related liabilities	-	-	-	47,517
Due to other funds	306,649	427,676	119,515	988,904
Deferred revenues	1,262,514	-	-	1,589,340
Total liabilities	<u>1,569,163</u>	<u>427,676</u>	<u>119,515</u>	<u>3,939,923</u>
Fund Balances (Deficit)				
Reserved for				
Capital projects	-	-	-	3,107,925
Unreserved				
Designated for				
Landfill postclosure	-	-	-	348,042
Undesignated, reported in				
Special revenue funds	-	-	-	2,699,967
Capital projects funds	-	-	-	148,078
Debt service funds	1,228,570	844,273	4,407	2,077,250
Total fund balances (deficit)	<u>1,228,570</u>	<u>844,273</u>	<u>4,407</u>	<u>8,381,262</u>
Total liabilities and				
fund balances	<u>\$ 2,797,733</u>	<u>\$ 1,271,949</u>	<u>\$ 123,922</u>	<u>\$ 12,321,185</u>

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**COLLETON COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008**

	Special Revenue				
	Capital Improvements	Sheriff's Incentives	Special Grants	State Grant	Clerk of Court Unit Costs
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	16,186	1,274,952	-	126,781
Fines and fees	-	-	-	-	-
Interest income	4,943	2	3,529	-	13
Other income	-	-	186,396	-	-
Total revenues	<u>4,943</u>	<u>16,188</u>	<u>1,464,877</u>	<u>-</u>	<u>126,794</u>
Expenditures					
Current					
General government	68,250	-	7,350	-	-
Judicial	-	-	-	-	105,144
Public safety	-	13,839	413,402	-	-
Streets and highways	-	-	-	-	-
Sanitation	-	-	-	-	-
Recreation and culture	-	-	83,784	-	-
Health and human services	-	-	473,453	-	-
Economic development	-	-	360,806	-	-
Intergovernmental	-	-	-	-	-
Capital outlay	952,203	-	249,530	-	-
Debt service					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>1,020,453</u>	<u>13,839</u>	<u>1,588,325</u>	<u>-</u>	<u>105,144</u>
Excess (deficiency) of revenues over expenditures	<u>(1,015,510)</u>	<u>2,349</u>	<u>(123,448)</u>	<u>-</u>	<u>21,650</u>
Other financing sources (uses)					
Proceeds from sale of capital assets	4,836	-	-	-	-
Insurance proceeds	27,827	-	-	-	-
Transfers in	1,635,527	-	51,842	-	-
Transfers out	(396,619)	-	(180,185)	-	(3,424)
Total other financing sources (uses)	<u>1,271,571</u>	<u>-</u>	<u>(128,343)</u>	<u>-</u>	<u>(3,424)</u>
Net changes in fund balances	256,061	2,349	(251,791)	-	18,226
Fund balances (deficit)					
Beginning of year	473,481	(4,422)	463,804	14,771	-
End of year	<u>\$ 729,542</u>	<u>\$ (2,073)</u>	<u>\$ 212,013</u>	<u>\$ 14,771</u>	<u>\$ 18,226</u>

Special Revenue

Clerk of Court Incentives	Victims Witness Services	Animal Care and Control	Emergency Telephone	County Promotion of Tourism Hospitality Tax	County Accomodations Tax
\$ -	\$ -	\$ -	\$ -	\$ 408,547	\$ 311,773
39,447	-	-	-	-	-
-	104,275	19,094	319,901	-	-
180	81	72	599	3,756	3,664
-	-	13,401	-	-	-
<u>39,627</u>	<u>104,356</u>	<u>32,567</u>	<u>320,500</u>	<u>412,303</u>	<u>315,437</u>
-	-	-	-	-	4
37,907	35,000	-	-	-	-
-	78,011	21,743	275,318	-	-
-	-	-	-	-	-
-	-	-	-	25,000	117,234
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	175,000	43,773
27,840	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>65,747</u>	<u>113,011</u>	<u>21,743</u>	<u>275,318</u>	<u>200,000</u>	<u>161,011</u>
<u>(26,120)</u>	<u>(8,655)</u>	<u>10,824</u>	<u>45,182</u>	<u>212,303</u>	<u>154,426</u>
-	-	-	-	-	-
-	-	-	-	-	-
3,424	-	-	-	-	-
-	(6,037)	-	-	(187,184)	(119,516)
<u>3,424</u>	<u>(6,037)</u>	<u>-</u>	<u>-</u>	<u>(187,184)</u>	<u>(119,516)</u>
(22,696)	(14,692)	10,824	45,182	25,119	34,910
120,008	65,150	40,292	141,244	325,870	523,001
<u>\$ 97,312</u>	<u>\$ 50,458</u>	<u>\$ 51,116</u>	<u>\$ 186,426</u>	<u>\$ 350,989</u>	<u>\$ 557,911</u>

(Continued)

COLLETON COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	Special Revenue			
	Public Defender	Roads and Bridges	Solid Waste	Sheriff's Discretionary Funds
Revenues				
Taxes	\$ -	\$ 894,296	\$ -	\$ -
Intergovernmental revenues	7,705	-	72,164	-
Fees and service charges	-	-	1,100,198	4,429
Interest income	161	1,974	28,742	1,138
Other income	-	-	-	57,044
Total revenues	<u>7,866</u>	<u>896,270</u>	<u>1,201,104</u>	<u>62,611</u>
Expenditures				
Current				
General government	-	-	-	-
Judicial	252,394	-	-	-
Public safety	-	-	-	37,205
Streets and highways	-	1,593,465	-	-
Sanitation	-	-	1,850,461	-
Recreation and culture	-	-	-	-
Health and human services	-	-	-	-
Economic development	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	-	123,999	147,869	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>252,394</u>	<u>1,717,464</u>	<u>1,998,330</u>	<u>37,205</u>
Excess (deficiency) of revenues over expenditures	<u>(244,528)</u>	<u>(821,194)</u>	<u>(797,226)</u>	<u>25,406</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	-	13,656
Insurance proceeds	-	-	900	2,616
Transfers in	244,689	894,303	548,851	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>244,689</u>	<u>894,303</u>	<u>549,751</u>	<u>16,272</u>
Net changes in fund balances	161	73,109	(247,475)	41,678
Fund balances (deficit)				
Beginning of year	40,197	254,185	693,731	(74,268)
End of year	<u>\$ 40,358</u>	<u>\$ 327,294</u>	<u>\$ 446,256</u>	<u>\$ (32,590)</u>

Capital Projects

Economic Development and Capital Improvements	Industrial Development	2005 Bond Fund	SSRB Economic Development
\$ -	\$ 267,265	\$ -	\$ -
-	-	-	-
-	-	-	-
11,150	962	857	2,541
-	-	-	-
<u>11,150</u>	<u>268,227</u>	<u>857</u>	<u>2,541</u>
-	194,208	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	60,000	-	-
-	23,048	-	-
-	-	-	-
1,397,247	-	97,987	-
-	-	-	-
-	-	-	-
<u>1,397,247</u>	<u>277,256</u>	<u>97,987</u>	<u>-</u>
<u>(1,386,097)</u>	<u>(9,029)</u>	<u>(97,130)</u>	<u>2,541</u>
-	-	-	-
-	-	-	-
-	7,750	12,971	-
-	(87,297)	(49,980)	-
-	-	-	-
-	(79,547)	(37,009)	-
<u>(1,386,097)</u>	<u>(88,576)</u>	<u>(134,139)</u>	<u>2,541</u>
4,123,586	236,654	135,200	366,834
<u>\$ 2,737,489</u>	<u>\$ 148,078</u>	<u>\$ 1,061</u>	<u>\$ 369,375</u>

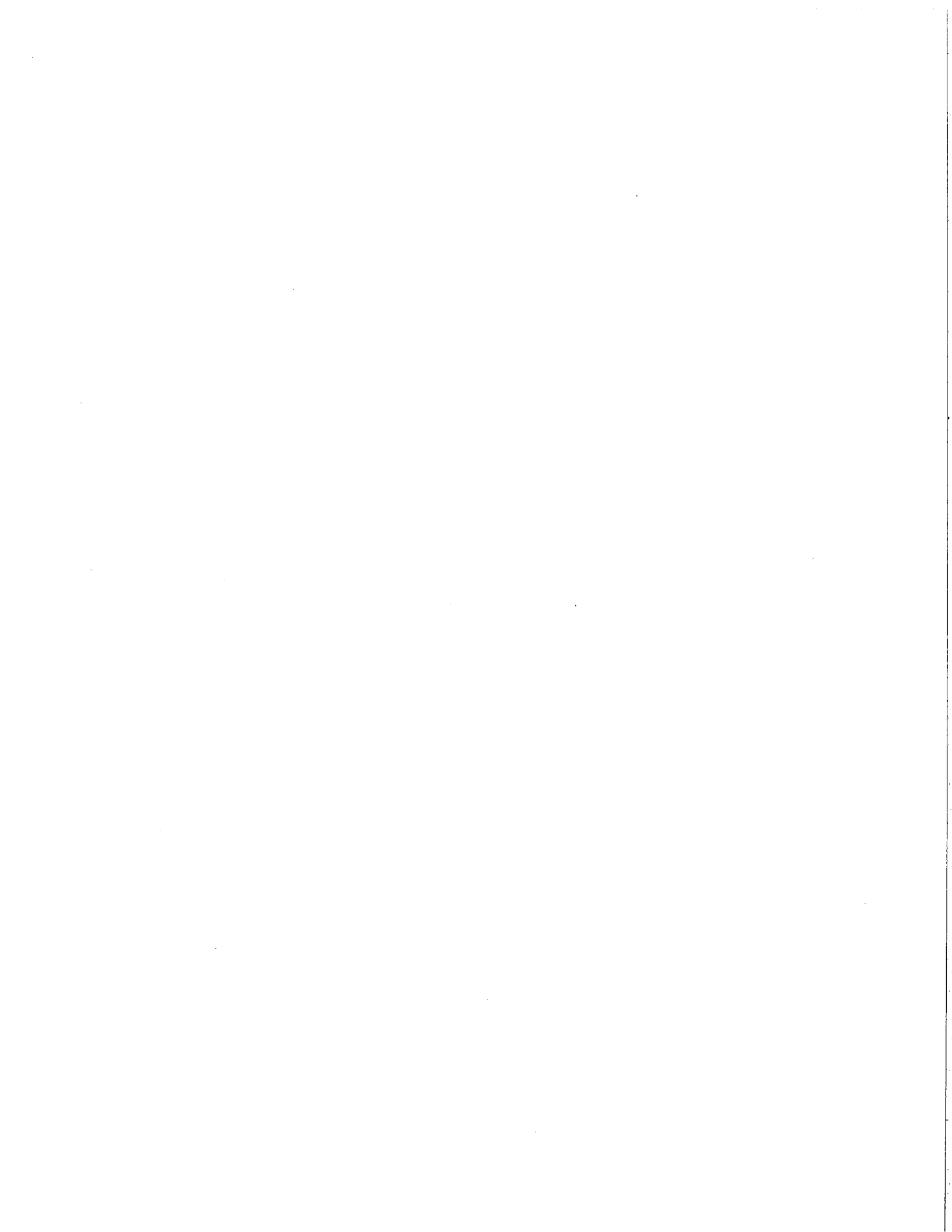
**COLLETON COUNTY, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2009**

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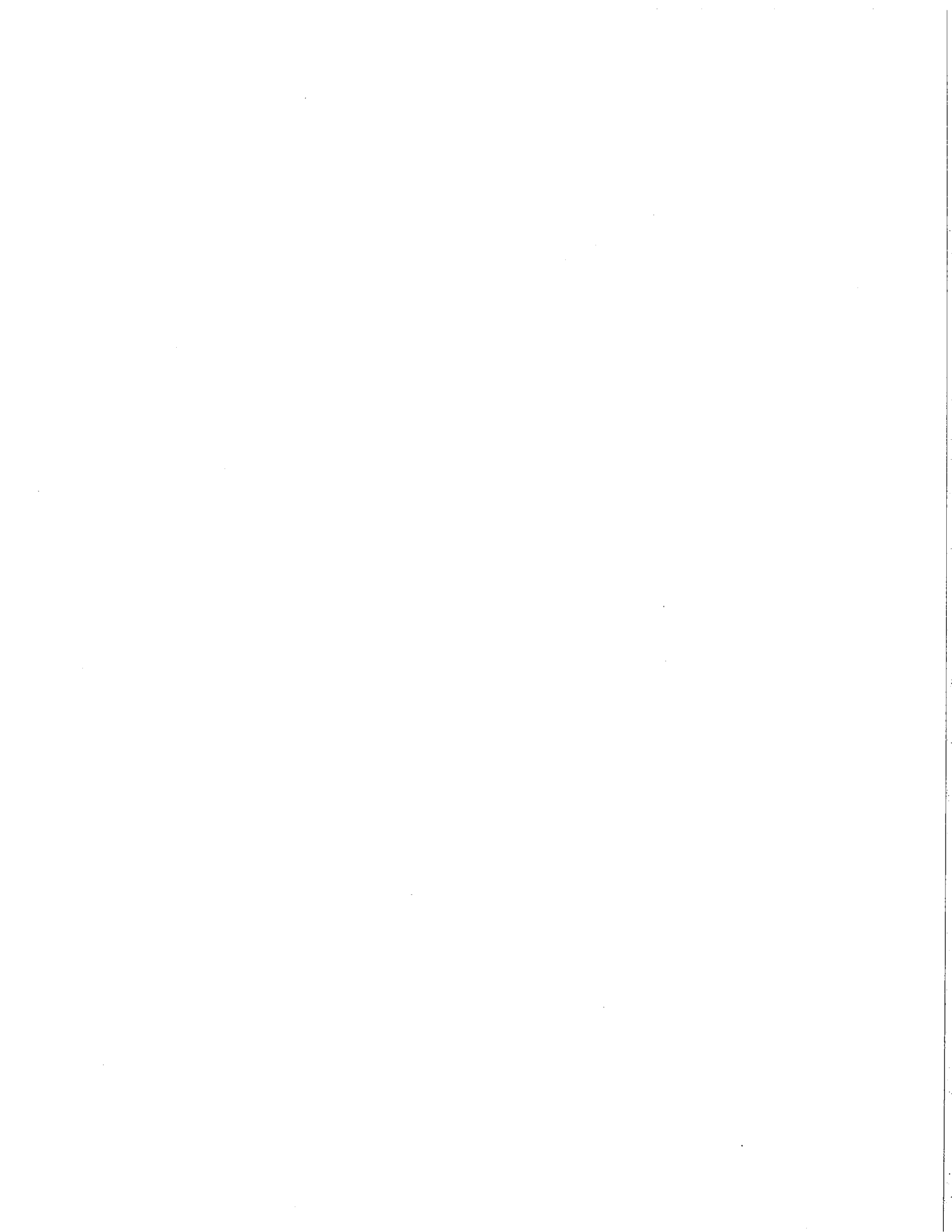
	Debt Service			Nonmajor Governmental Funds
	County Debt Service	SSRB Canadays	Non-GOB Debt Service	
Revenues				
Taxes	\$ 1,790,325	\$ 738,255	\$ -	\$ 4,410,461
Intergovernmental revenues	-	-	-	1,537,235
Fees and service charges	-	-	-	1,547,897
Interest income	8,064	5,218	343	77,989
Other income	-	-	-	256,841
Total revenues	1,798,389	743,473	343	7,830,423
Expenditures				
Current				
General government	2,330	-	-	272,142
Judicial	-	-	-	430,445
Public safety	-	-	-	839,518
Streets and highways	-	-	-	1,593,465
Sanitation	-	-	-	1,850,461
Recreation and culture	-	-	-	226,018
Health and human services	-	-	-	533,453
Economic development	-	-	-	383,854
Intergovernmental	-	-	-	218,773
Capital outlay	-	-	-	2,996,675
Debt service				
Principal retirement	1,266,525	451,800	209,493	1,927,818
Interest and fiscal charges	379,435	286,474	97,206	763,115
Total expenditures	1,648,290	738,274	306,699	12,035,737
Excess (deficiency) of revenues over expenditures	150,099	5,199	(306,356)	(4,205,314)
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	-	18,492
Insurance proceeds	-	-	-	31,343
Transfers in	-	-	306,700	3,706,057
Transfers out	-	-	-	(1,030,242)
Total other financing sources (uses)	-	-	306,700	2,725,650
Net changes in fund balances	150,099	5,199	344	(1,479,664)
Fund balances (deficit)				
Beginning of year	1,078,471	839,074	4,063	9,860,926
End of year	\$ 1,228,570	\$ 844,273	\$ 4,407	\$ 8,381,262

COLLETON COUNTY, SOUTH CAROLINA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
 AGENCY FUNDS
 JUNE 30, 2009

	Sheriff	Transportation Committee	Tax Collector	Clerk of Court	Magistrates	Probate Judge	Firemen's Fund	Schools	Total
Assets									
Cash and investments	\$ 97,730	\$ 5,140,003	\$ 727,182	\$ 2,020,473	\$ 156,733	\$ 9,191	\$ 60,541	\$ 3,226,049	\$ 11,437,902
Accounts receivable	-	128,591	-	-	-	-	118,116	20,885	267,592
Total assets	\$ 97,730	\$ 5,268,594	\$ 727,182	\$ 2,020,473	\$ 156,733	\$ 9,191	\$ 178,657	\$ 3,246,934	\$ 11,705,494
Liabilities									
Assets held for others	\$ 97,730	\$ 5,268,594	\$ 727,182	\$ 2,020,473	\$ 156,733	\$ 9,191	\$ 178,657	\$ 3,246,934	\$ 11,705,494
Total liabilities	\$ 97,730	\$ 5,268,594	\$ 727,182	\$ 2,020,473	\$ 156,733	\$ 9,191	\$ 178,657	\$ 3,246,934	\$ 11,705,494



DISCRETELY PRESENTED COMPONENT UNITS



**COLLETON COUNTY, SOUTH CAROLINA
DISCRETELY PRESENTED COMPONENT UNITS
COLLETON COUNTY FIRE AND RESCUE COMMISSION
BALANCE SHEET
JUNE 30, 2009**

	General	Capital Projects	Debt Service	Total
Assets				
Cash and investments	\$ 648,190	\$ -	\$ 899,975	\$ 1,548,165
Receivables, net of allowances				
Property taxes	2,253,507	-	1,525,902	3,779,409
Accounts	539,609	-	-	539,609
Due from primary government	54,765	-	-	54,765
Due from other governments	61,263	-	4,993	66,256
Temporarily restricted assets				
Cash and investments	-	1,196,203	-	1,196,203
Total assets	\$ 3,557,334	\$ 1,196,203	\$ 2,430,870	\$ 7,184,407
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 96,861	\$ 467	\$ -	\$ 97,328
Accrued payroll and related liabilities	124,364	-	-	124,364
Due to primary government	-	-	72,188	72,188
Deferred revenues	2,595,572	-	1,509,730	4,105,302
Total liabilities	2,816,797	467	1,581,918	4,399,182
Fund Balances				
Reserved for capital projects		1,195,736		1,195,736
Unreserved, undesignated, reported in				
General fund	740,537			740,537
Debt service			848,952	848,952
Total fund balances	740,537	1,195,736	848,952	2,785,225
Total liabilities and fund balances	\$ 3,557,334	\$ 1,196,203	\$ 2,430,870	

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

Capital assets used for governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is \$15,339,002 and the accumulated depreciation is \$6,591,956. 8,747,046

Disbursements for insurance policies reflected in the funds cover periods extending beyond year-end. 79,345

Costs associated with the issuance of long-term debt are deferred and amortized over the term of the debt. 60,341

Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable	\$ (9,226,250)	
Accrued interest	(145,293)	
OPEB Obligation	(33,408)	
Compensated absences payable	(161,617)	(9,566,568)

Other long-term assets are not available to pay for current period expenditures and therefore are not reported or are deferred in the funds:

Property taxes	\$ 304,187	
Fees for emergency medical services	365,762	669,949

Net assets of governmental activities **\$ 2,775,338**

**COLLETON COUNTY, SOUTH CAROLINA
DISCRETELY PRESENTED COMPONENT UNITS
COLLETON COUNTY FIRE AND RESCUE COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
YEAR ENDED JUNE 30, 2009**

	General	Capital Projects	Debt Service	Total
Revenues				
Taxes	\$ 2,651,862	\$ -	\$ 1,805,878	\$ 4,457,740
Intergovernmental revenues	2,468,062	-	-	2,468,062
Fines and fees	1,147,865	-	-	1,147,865
Interest income	3,751	13,335	5,857	22,943
Other income	11,016	-	-	11,016
Total revenues	<u>6,282,556</u>	<u>13,335</u>	<u>1,811,735</u>	<u>8,107,626</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	6,167,518	3,544	-	6,171,062
Capital outlay	229,148	1,577,225	-	1,806,373
Debt service				
Principal retirement	-	-	1,349,039	1,349,039
Interest and fiscal charges	-	-	379,732	379,732
Total expenditures	<u>6,396,666</u>	<u>1,580,769</u>	<u>1,728,771</u>	<u>9,706,206</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(114,110)</u>	<u>(1,567,434)</u>	<u>82,964</u>	<u>(1,598,580)</u>
Other financing sources (uses)				
Sale of fixed asset	39,804	-	-	39,804
Transfers in	25,028	5,420	-	30,448
Transfers out	(5,420)	(25,028)	-	(30,448)
Total other financing sources	<u>59,412</u>	<u>(19,608)</u>	<u>-</u>	<u>39,804</u>
Net changes in fund balance	<u>(54,698)</u>	<u>(1,587,042)</u>	<u>82,964</u>	<u>(1,558,776)</u>
Fund balances				
Beginning of year	795,235	2,782,778	765,988	4,344,001
End of year	<u>\$ 740,537</u>	<u>\$ 1,195,736</u>	<u>\$ 848,952</u>	<u>\$ 2,785,225</u>

**COLLETON COUNTY, SOUTH CAROLINA
DISCRETELY PRESENTED COMPONENT UNITS
COLLETON COUNTY FIRE AND RESCUE COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009**

Net change in fund balances - total governmental funds \$ (1,558,776)

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. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 1,806,373	
Depreciation expense	<u>(961,312)</u>	845,061

In the statement of activities, the gain or loss on disposal of capital assets is reported. Conversely, governmental funds report only proceeds from disposal of capital assets. Thus, the change in net assets differs from the change in fund balance by cost of the capital assets sold.

Cost of capital assets	\$ (136,160)	
Accumulated depreciation	<u>112,835</u>	(23,325)
Net book value		

In the statement of activities, revenue from capital assets contributed to the County by the primary government and other governmental agencies is reported. Since such contributions result in neither the receipt nor the use of current financial resources, they are not reflected in the fund statements. 113,428

Because some property taxes 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 statements.

Amounts not meeting prior year availability criteria, recognized in governmental funds in current year:

Property taxes	\$ (171,095)	
Fees for emergency medical services	(261,677)	

Amounts not meeting current year availability criteria, not recognized in governmental funds in current year:

Property taxes	304,187	
Fees for emergency medical services	<u>365,762</u>	237,177

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Principal repayments	\$ 1,349,039	
Bond issue costs incurred and amortized	<u>(7,768)</u>	1,341,271

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. The details of net changes in such accruals are as follows:

Compensated absences	\$ (9,635)	
OPEB Obligation	(33,408)	
Accrued interest	<u>24,039</u>	(19,004)

Disbursements for insurance policies that cover periods extending beyond year-end are expenditures in the governmental funds but are deferred and amortized over the policy period in the statement of net assets. (1,586)

Change in net assets of governmental activities		<u><u>\$ 934,246</u></u>
--	--	--------------------------

**COLLETON COUNTY, SOUTH CAROLINA
DISCRETELY PRESENTED COMPONENT UNITS
COLLETON COUNTY MEMORIAL LIBRARY
BALANCE SHEET
JUNE 30, 2009**

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash and investments	\$ 56,937	\$ 567	\$ 57,504
Receivables	201	-	201
Due from primary government	228	-	228
Due from other governments	402	-	402
Total assets	<u>\$ 57,768</u>	<u>\$ 567</u>	<u>\$ 58,335</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ 25	\$ 25
Due to primary government	-	4	4
Accrued payroll and other liabilities	10,790	-	10,790
Deferred revenue	15,603	-	15,603
Total liabilities	<u>26,393</u>	<u>29</u>	<u>26,422</u>
Fund Balances			
Unreserved, undesignated, reported in General fund	31,375		31,375
Special revenue funds		538	538
Total fund balances	<u>31,375</u>	<u>538</u>	<u>31,913</u>
Total liabilities and fund balances	<u>\$ 57,768</u>	<u>\$ 567</u>	

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

Capital assets used for governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is \$1,967,668 and the accumulated depreciation is \$1,606,583.	361,085
Disbursements for insurance policies reflected in the funds cover periods extending beyond year-end.	5,115
Some long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The details of net changes in such accruals are as follows:	
Compensated absences	\$(16,084)
OPEB obligation	<u>(2,905)</u>
Net assets of governmental activities	<u>\$ 379,124</u>

**COLLETON COUNTY, SOUTH CAROLINA
DISCRETELY PRESENTED COMPONENT UNITS
COLLETON COUNTY MEMORIAL LIBRARY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
YEAR ENDED JUNE 30, 2009**

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Intergovernmental revenues	\$ 525,750	\$ 60,000	\$ 585,750
Donations	22,289	-	22,289
Interest income	219	19	238
Other income	27,988	-	27,988
Total revenues	<u>576,246</u>	<u>60,019</u>	<u>636,265</u>
Expenditures			
Current			
Recreation and culture	607,144	60,000	667,144
Total expenditures	<u>607,144</u>	<u>60,000</u>	<u>667,144</u>
Net changes in fund balances	(30,898)	19	(30,879)
Fund balances			
Beginning of year	62,273	519	
End of year	<u>\$ 31,375</u>	<u>\$ 538</u>	

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. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 58,981	
Depreciation expense	<u>(161,173)</u>	(102,192)

In the statement of activities, revenue from books contributed to the Library is reported. Since such contributions result in neither the receipt nor the use of current financial resources, they are not reflected in the fund statements. 47,580

Disbursements for insurance policies that cover periods extending beyond year-end are expenditures in the governmental funds but are deferred and amortized over the maintenance period in the statement of net assets. (189)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. The details of net changes in such accruals are as follows:

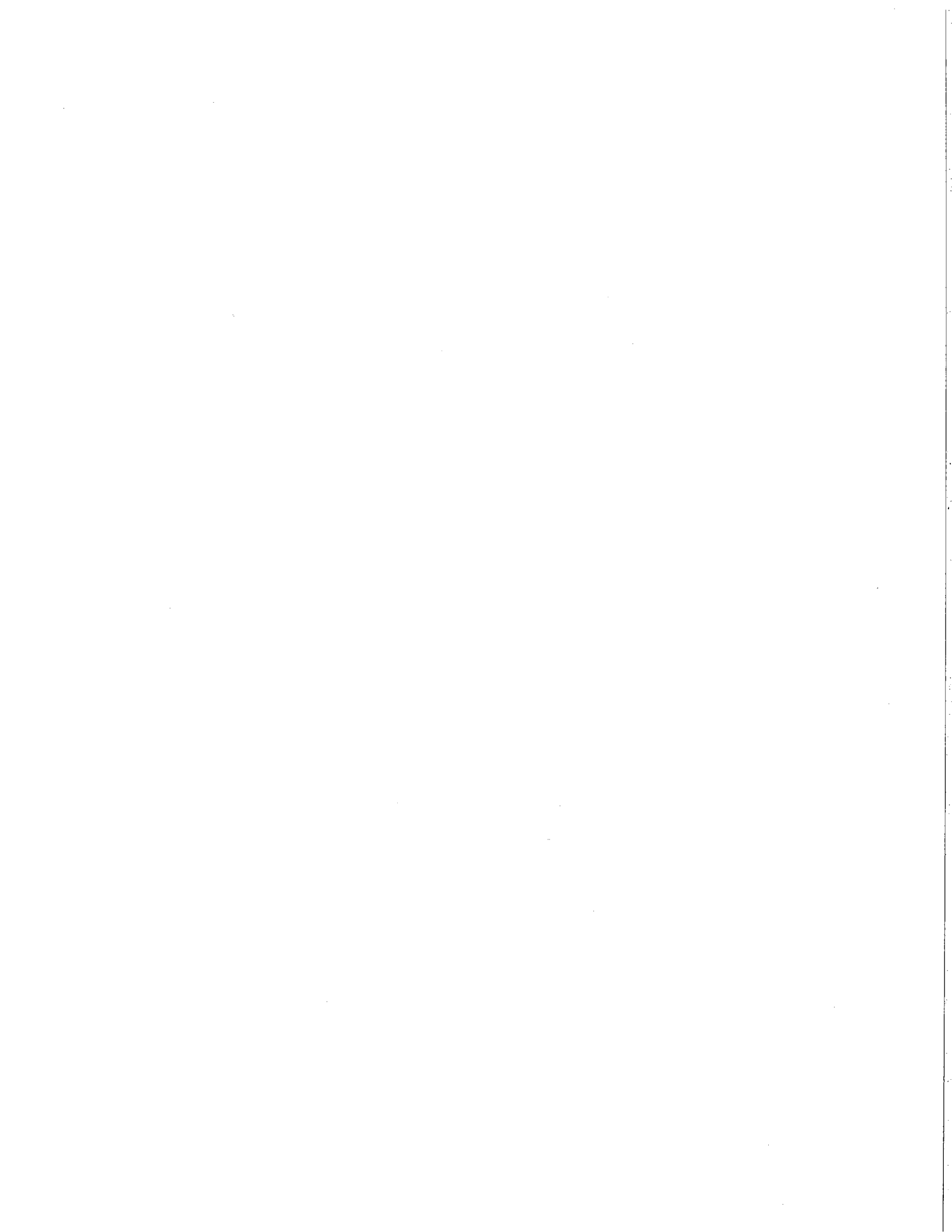
Compensated absences	\$ 2,206	
OPEB Obligation	<u>(2,905)</u>	<u>(699)</u>

Change in net assets of governmental activities \$ (86,379)

**COLLETON COUNTY, SOUTH CAROLINA
DISCRETELY PRESENTED COMPONENT UNITS
COLLETON COUNTY MEMORIAL LIBRARY
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues				
County appropriation	\$ 525,750	\$ 525,750	\$ 525,750	\$ -
Fines and fees	-	-	27,988	27,988
Interest income	-	-	219	219
Donations	-	29,475	22,289	(7,186)
Total revenues	<u>525,750</u>	<u>555,225</u>	<u>576,246</u>	<u>21,021</u>
Expenditures				
Current				
Personnel costs	464,724	475,189	463,619	11,570
Administrative costs	38,326	45,999	49,753	(3,754)
Programs and materials	41,051	82,836	93,772	(10,936)
Total expenditures	<u>544,101</u>	<u>604,024</u>	<u>607,144</u>	<u>(3,120)</u>
Net changes in fund balance	(18,351)	(48,799)	(30,898)	17,901
Fund balances				
Beginning of year	<u>18,764</u>	<u>18,764</u>	<u>62,273</u>	<u>43,509</u>
End of year	<u>\$ 413</u>	<u>\$ (30,035)</u>	<u>\$ 31,375</u>	<u>\$ 61,410</u>

OTHER FINANCIAL INFORMATION



**COLLETON COUNTY, SOUTH CAROLINA
SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES
YEAR ENDED JUNE 30, 2009**

Court fines, surcharges and assessments:	
Collected	\$ 2,250,074
Remitted to State Treasurer	<u>(1,168,442)</u>
Retained by County	<u>\$ 1,081,632</u>
Fines, surcharges and assessments retained by County:	
General fund	\$ 977,357
Victims advocate services	<u>104,275</u>
Total surcharges and assessments	<u>\$ 1,081,632</u>
Funds allocated to victims advocate service	
Carryover funds from prior year	\$ 65,150
Interest earned	81
Surcharges and assessments retained	104,275
Expenditures for victims advocate service	<u>(119,048)</u>
Total under expenditure of victims advocate service funds	<u>\$ 50,458</u>

**COLLETON COUNTY, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009**

Page 1 of 2

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through S.C. Department of Social Services			
Summer Food Service Program for Children	10.559	SF-134	\$ 331,780
Summer Food Service Program for Children	10.559	SF-134	<u>140,150</u>
Total U.S. Department of Agriculture			<u>471,930</u>
U.S. Department of Justice			
Direct			
Federal Equitable Sharing Program	16.000	N/A	<u>14,261</u>
State Criminal Alien Assistance Program	16.606	2008-AP-BX-1408	927
State Criminal Alien Assistance Program	16.606	2008-AP-BX-0568	<u>2,103</u>
	Total 16.606		<u>3,030</u>
Edward Brynes Memorial Justice Assistance Grant (JAG)	16.738	2007-DJ-BX-1270	<u>29,542</u>
Passed through S.C. Department of Public Safety			
Crime Victim Assistance	16.575	1V07304	<u>24,148</u>
Total U.S. Department of Justice			<u>70,981</u>
U.S. Department of Homeland Security			
Direct			
Homeland Security Grant Program	97.067	7CCP01	<u>5,030</u>
Emergency Management Performance Grant	97.042	7EMPG02	11,861
Emergency Management Performance Grant	97.042	8EMPG01	30,205
Emergency Management Performance Grant	97.042	9EMPG01	<u>5,458</u>
	Total 97.042		<u>47,524</u>
Total U.S. Department of Homeland Security			<u>52,554</u>

**COLLETON COUNTY, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009**

Page 2 of 2

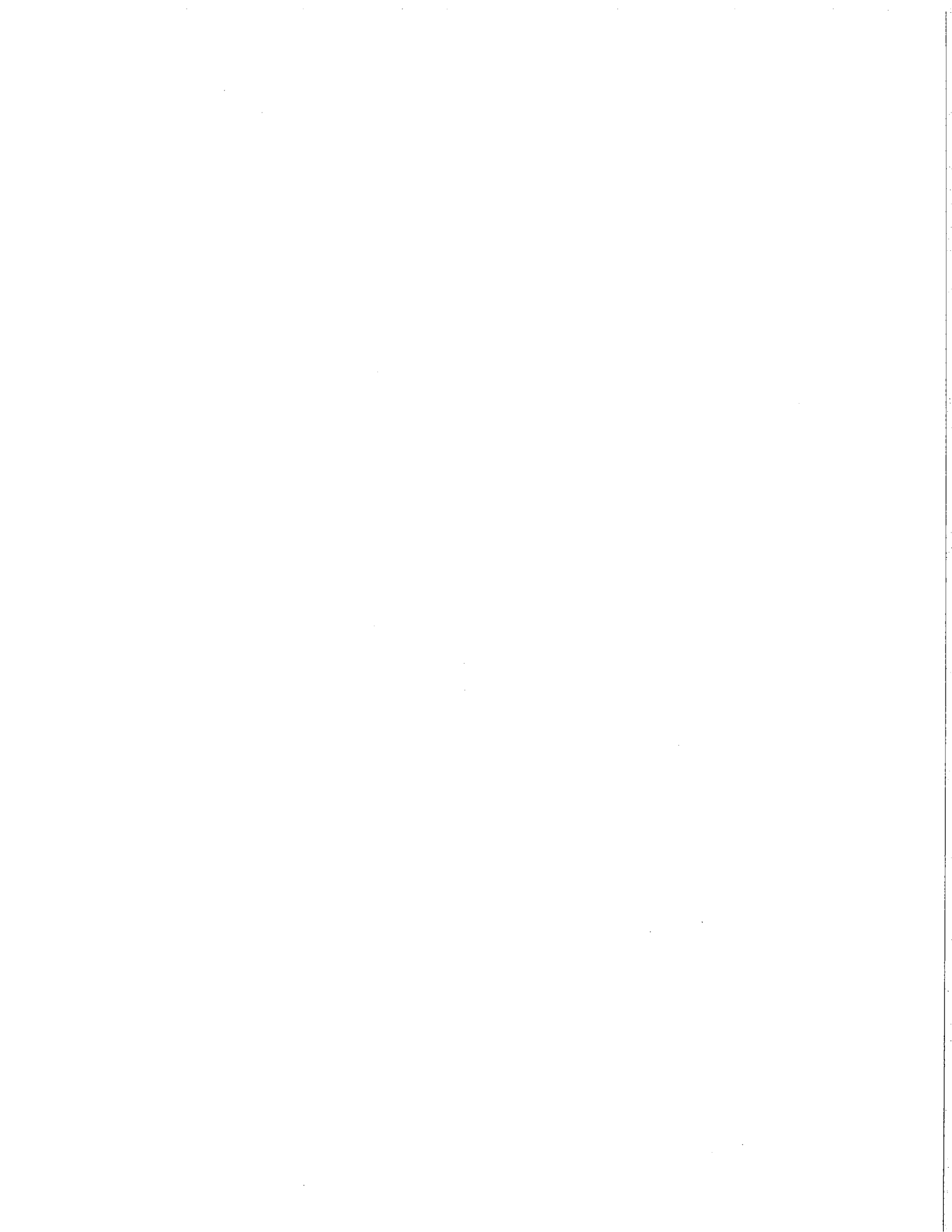
Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed through S.C. Department of Social Services			
Temporary Assistance for Needy Families	93.558	G80051T	<u>\$ 51,425</u>
U.S. Department of Transportation			
Passed through SC Department of Public Safety			
State and Community Highway Safety	20.601	2H08016	36,431
State and Community Highway Safety	20.601	2H90045	<u>104,355</u>
	Total 20.601		<u>140,786</u>
Direct			
Hazardous Materials Public Sector Training and Planning Grant	20.703	HMESC8042160	<u>1,610</u>
Total U.S. Department of Transportation			<u>142,396</u>
U.S. Department of Commerce			
Direct			
Investment for Public Works and Economic Development Facilities	11.300	04-01-06046	<u>70,340</u>
Total Expenditures of Federal Awards			<u><u>\$ 859,626</u></u>

The accompanying note to schedule is an integral part of this schedule.

COLLETON COUNTY, SOUTH CAROLINA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

The accompanying Schedule of Expenditures of Federal Awards is presented on the *modified accrual basis of accounting*. 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. Expenditures are recorded when the related liability is incurred.

GOVERNMENT AUDITING STANDARDS AND SINGLE AUDIT REPORTS



**Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Members of County Council
Colleton County, South Carolina
Walterboro, South Carolina

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, the major fund and the aggregate remaining fund information of **Colleton County, South Carolina**, as of and for the year ended June 30, 2009, which collectively comprise Colleton County, South Carolina's basic financial statements and have issued our report thereon dated November 24, 2009. Our report was modified to include a reference to 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. Other auditors audited the financial statements of the Colleton County Commission on Alcohol and Drug Abuse, a discretely presented component unit, as described in our report on Colleton County, South Carolina's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

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

Members

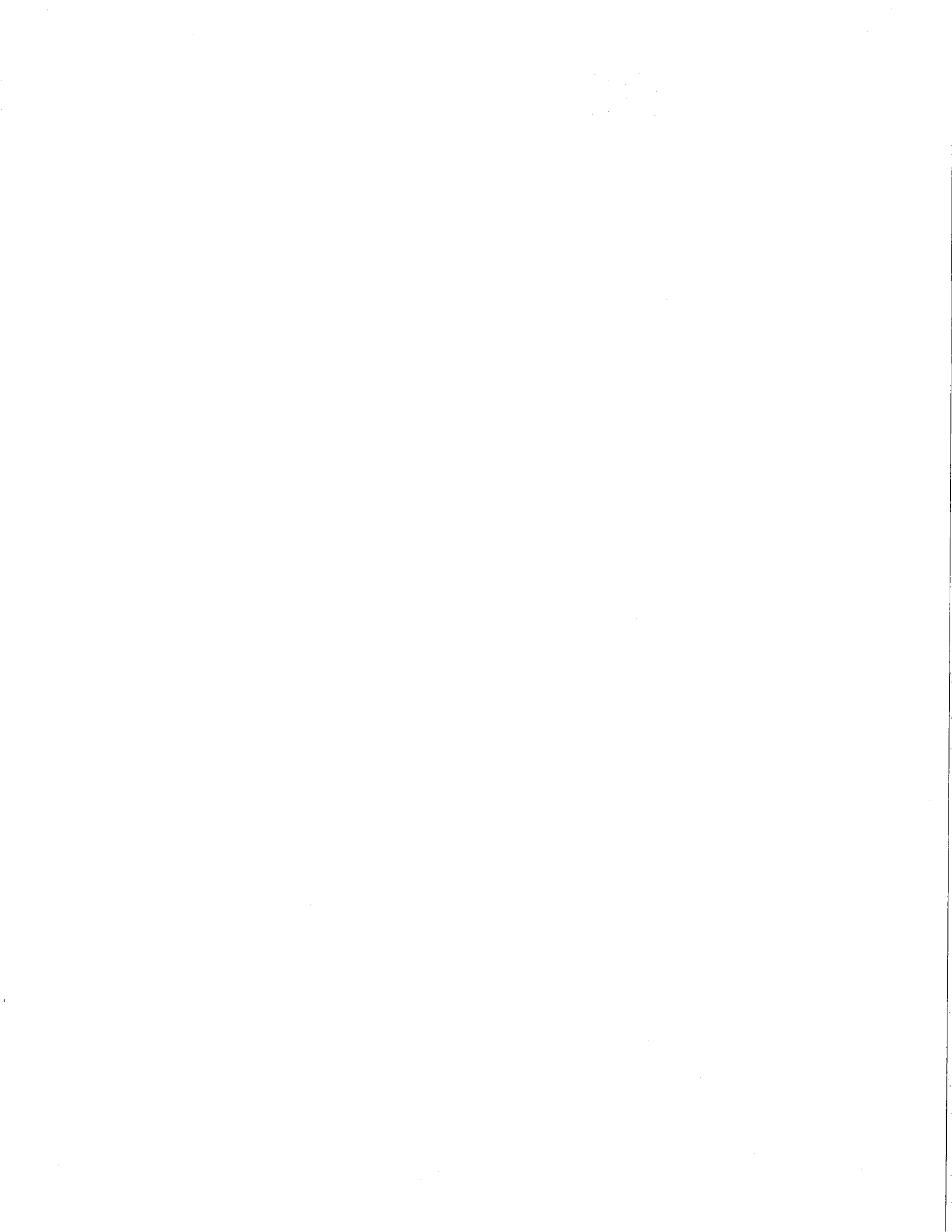
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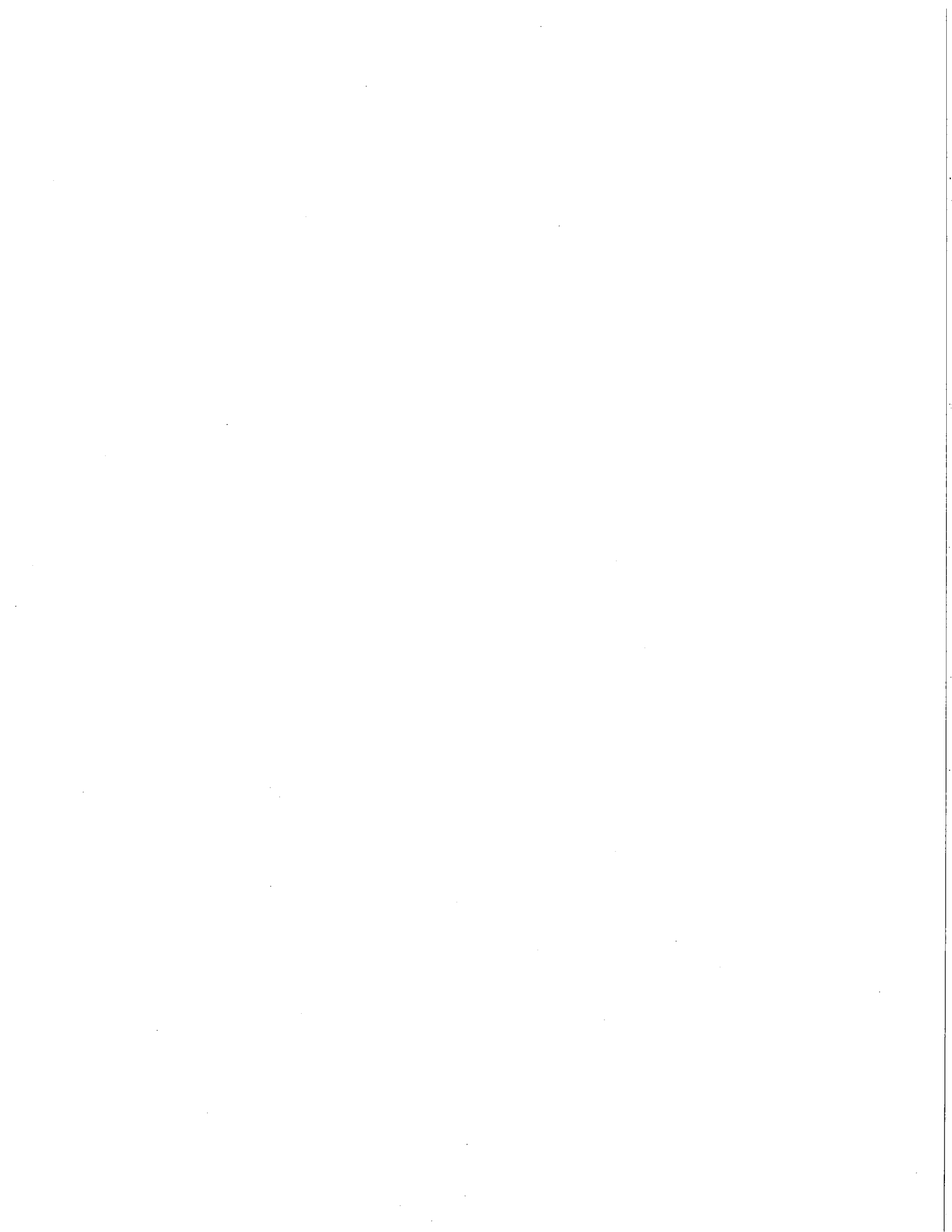
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Colleton County, South Carolina's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Welsh Rogers LLP

Summerville, South Carolina
November 24, 2009



**Independent Auditors' Report on Compliance With Requirements Applicable
to Each Major Program and on Internal Control Over Compliance
in Accordance With OMB Circular A-133**

Members of County Council
Colleton County, South Carolina
Walterboro, South Carolina

Compliance

We have audited the compliance of **Colleton County, South Carolina**, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Colleton County, South Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Colleton County, South Carolina's management. Our responsibility is to express an opinion on Colleton County, South Carolina's compliance based on our audit.

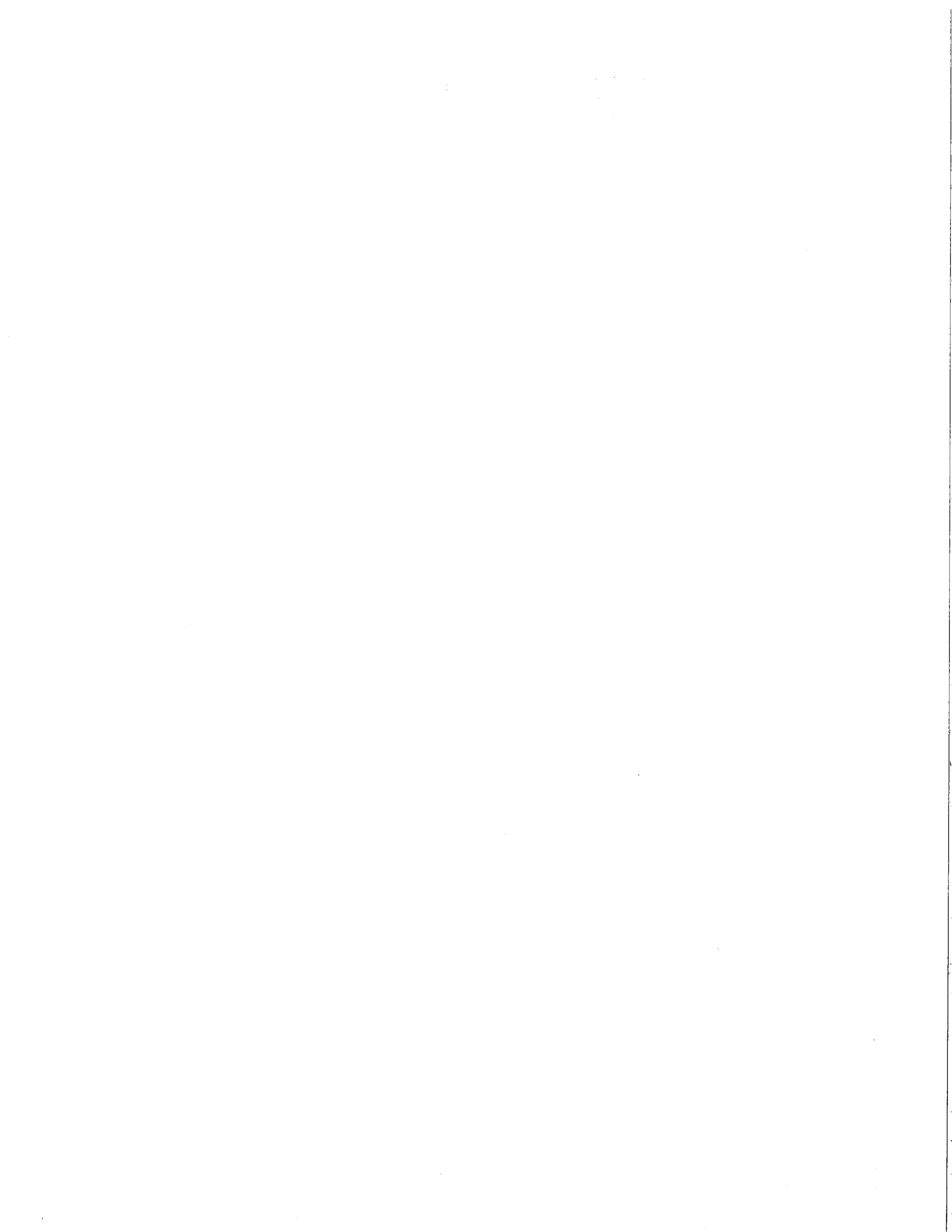
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Colleton County, South Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Colleton County, South Carolina's compliance with those requirements.

In our opinion, the Colleton County, South Carolina, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

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



Honorable Mayor and Members of City Council
Colleton County, South Carolina
Page Two

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

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

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

A handwritten signature in cursive script that reads "Webster Rogers LLP".

Summerville, South Carolina
November 24, 2009

**COLLETON COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified
that are not considered to be
material weaknesses? ___ yes X none reported

Noncompliance material to financial
statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified
that are not considered to be material
weakness(es)? ___ yes X none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are
required to be reported in accordance
with section 510(a) of Circular A-133? ___ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.559	Summer Food Service Program for Children

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes ___ no

**COLLETON COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

Section II - Financial Statements Findings

Ref #	Department/ Program/Grant	Finding/Noncompliance
NONE		

Section III - Federal Awards Findings and Questioned Costs

Ref #	Department/ Program/Grant	Finding/Noncompliance
NONE		

**COLLETON COUNTY, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2009**

Ref #	Department/ Program/Grant	Finding/Status
NONE		