

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
**COLLETON COUNTY, SOUTH CAROLINA**  
JUNE 30, 2012



Colleton County, South Carolina

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## INDEPENDENT AUDITORS' REPORT

To the 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, each major fund, and the aggregate remaining fund information of Colleton County, South Carolina as of and for the year ended June 30, 2012, 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 conducted our audits 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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Colleton County, South Carolina, as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and page 55 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Colleton County, South Carolina's financial statements as a whole. The introductory section and the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Baird & Company, CPAs, LLC*

BAIRD & COMPANY, CPAs, LLC  
Certified Public Accountants

Augusta, Georgia  
February 19, 2013

**COLLETON COUNTY, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2012**

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 ending June 30, 2012 (fiscal 2012.) 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 \$30,929,997 as of June 30, 2012, compared to \$30,251,932 at the end of the previous fiscal year.
- The County's total general fund liabilities at June 30, 2012, were \$21,743,108 compared to \$21,514,129 at the end of the previous fiscal year.
- As of the close of fiscal 2012, County Governmental Funds reported combined ending fund balances of \$18,921,847. This represents a decrease of \$187,678 or .98% from the prior fiscal year. The general fund had an increase in fund balance of \$449,086 and all other governmental funds had a decrease of \$636,764. The composition of fund balances at June 30, 2012, was as follows:

General Fund		
Unreserved and available for governmental operations	\$ 8,975,863	47.44%
Reserved for prepaid expenses	6,719	.05%
Reserved for capital improvements	204,307	1.08%
Special Revenue Funds		
Designated for future landfill post-closure	362,158	1.91%
Undesignated	2,998,505	15.85%
Capital Projects Funds		
Reserved for future capital expenditures	3,848,910	20.34%
Undesignated	1,070,028	5.65%
Debt Service funds available for future General Obligation Bond payments	1,455,357	7.68%
	\$ 18,921,847	100.00%

- During fiscal 2012 the County's long-term debt position increased by \$1,591,932 or 11.0%. Increased borrowing of \$6,708,775 was offset by scheduled debt retirements of \$5,116,843. Debt retirements included the refunding of a lease purchase and the retirement of a 2002 general obligation bond issue as described more fully in the Debt Administration section of this report.

**COLLETON COUNTY, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2012**

**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 25 and 26, of this report.

Component Units, which are other governmental units over which the County (the Council, acting as a group) can exercise influence and/or may be obligated to provide financial subsidy, are presented as a separate column in the government-wide statements and as combining statements of net assets and of activities in the fund financial statements. The focus of the statements is clearly on the Primary Government and the presentation allows the reader to address the relative relationship with the Component Units to the primary government. The Component Units to the primary government are the Colleton County Alcohol and Drug Commission, Colleton County Memorial Library, and Colleton County Fire and Rescue Commission.

The Statement of Net Assets shows the County's assets less its liabilities at June 30, 2012. The difference between these assets and liabilities is reported as net assets. Changes in net assets over time may be helpful in indicating an improving or deteriorating financial position.

The Statement of Activities follows the statement of net assets and presents information showing how the net assets changed during the fiscal year. The statement presents all underlying events, which give rise to the change, regardless of the timing of related cash flows. Some included items, such as accounts payable or earned but unused vacation leave, will produce changes in cash in a future fiscal period. This report includes all major and non-major funds of the County.

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



**COLLETON COUNTY, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2012**

**Governmental Funds** – Governmental funds, presented on pages 27 and 29, 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 70 to 81 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 82 of this report.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in both the government-wide and fund financial statements. Notes are presented on pages 33 to 64 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 operational fund. The County's total assets exceeded liabilities by \$51,080,076 at June 30, 2012, as compared to \$48,686,240 at June 30, 2011.

\$30,832,225 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, 2012, as compared to \$30,234,540 at June 30, 2011.

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, 2012, the County has net assets restricted for Debt Service in the amount of \$1,455,356, as compared to \$2,078,616 restricted at June 30, 2011.

**COLLETON COUNTY, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2012**

	<b>Governmental Activities</b>	
	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Current and other assets	\$ 43,582,586	\$ 43,969,885
Capital assets	46,238,076	42,821,789
<b>Total assets</b>	<u>89,820,662</u>	<u>86,791,674</u>
<b>Liabilities</b>		
Long-term liabilities	16,895,853	15,336,547
Other liabilities	21,844,733	22,768,887
<b>Total liabilities</b>	<u>38,740,586</u>	<u>38,105,434</u>
<b>Net Assets</b>		
Investment in capital assets, net of related debt	30,832,225	30,234,540
Fund balance:		
Nonspendable	426,540	296,446
Restricted	1,847,578	2,470,838
Committed	1,873,050	722,624
Assigned	8,066,214	6,038,247
Unassigned	8,034,469	8,923,545
<b>Total net assets</b>	<u>\$ 51,080,076</u>	<u>\$ 48,686,240</u>

At June 30, 2012, \$362,158 is being held by the County as restricted cash and investments to be used primarily for the planned cost of the landfill post closure care costs.

At the end of the current fiscal year, the County report positive balances in all categories of net assets, both for the government as a whole, as well as for the separate governmental component units.

**COLLETON COUNTY, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2012**

**Colleton County, South Carolina  
Changes in Net Assets (Recapped)  
For the Fiscal Years Ended June 30, 2012 and 2011**

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
<b>Revenues:</b>		
<b>Program Revenues</b>		
Charges for services	\$ 6,488,047	\$ 7,225,688
Operating grants and contributions	2,102,187	2,049,525
Capital Grants and contributions	1,438,292	3,181,056
<b>General Revenues</b>		
Property Taxes	14,738,099	14,527,824
Other Taxes	9,788,891	9,134,184
Grants and Contributions		
not restricted to Specific Programs	1,197,122	1,419,929
Unrestricted Revenue	79,474	89,429
Gain on Sale of Capital Assets	227,984	129,976
Misc./Other Income	311,508	24,912
	<u>36,371,604</u>	<u>37,782,523</u>
<b>Total Revenue</b>		
<b>Expenses:</b>		
<b>Governmental Activities:</b>		
General Government	7,890,916	7,228,887
Judicial	4,996,680	5,010,233
Public Safety	8,202,681	8,244,482
Streets and Highways	2,320,046	2,313,953
Sanitation	2,280,816	2,244,813
Recreation and Culture	1,036,373	819,698
Health and Human Services	1,672,744	1,818,338
Economic Development	2,027,728	380,812
Intergovernmental	2,989,559	3,485,734
Interest and fiscal charges	560,225	655,432
	<u>33,977,768</u>	<u>32,202,382</u>
<b>Total Expenses</b>		
<b>Increase in Net Assets</b>	<b>2,393,836</b>	<b>5,580,141</b>
Net assets Beginning of Year	<u>48,686,240</u>	<u>43,106,099</u>
<b>Net Assets End of Year</b>	<b><u>\$51,080,076</u></b>	<b><u>\$48,686,240</u></b>

**COLLETON COUNTY, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2012**

**Required Supplementary Information** – Required Supplementary Information includes the Budgetary Comparison Schedule presented on pages 67 of this report. The format presented is required by the Governmental Accounting Standards Board (GASB) Statements 34 and 54 and highlights the differences between the budgetary basis of accounting for the County and Generally Accepted Accounting Standards (GAAP).

**Financial Analysis of the Government's Funds**

As noted earlier, 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 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, 2012, as compared to June 30, 2011:

**GOVERNMENTAL FUND BALANCES  
JUNE 30, 2012**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>% Total</u>
<b>Reserved for</b>				
Prepays	\$ 6,719	\$ -	\$ 6,719	0%
Capital Projects	204,307	3,848,910	4,053,217	21%
<b>Unreserved</b>				
Designated for postclosure landfill costs	-	362,158	362,158	2%
<b>Undesignated, reported in</b>				
General fund	9,180,170	-	9,180,170	48%
Special revenue funds	-	2,998,505	2,998,505	16%
Capital projects	-	1,070,029	1,070,029	6%
Debt service funds	-	1,455,356	1,455,356	8%
<b>Total fund balance</b>	<u>\$ 9,391,196</u>	<u>\$ 9,734,958</u>	<u>\$ 19,109,525</u>	<u>100%</u>

**COLLETON COUNTY, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2012**

June 30, 2011

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>% Total</u>
<b>Reserved for</b>				
Prepays	\$ 2,442	\$ -	\$ 2,442	0.01%
Capital Projects	-	722,624	722,624	3.78%
<b>Unreserved</b>				
Designated for postclosure landfill costs	-	380,944	380,944	1.99%
<b>Undesignated, reported in</b>				
General fund	8,735,361	-	8,735,361	45.71%
Special revenue funds	-	2,674,025	2,674,025	13.99%
Capital projects	-	4,515,513	4,515,513	23.63%
Debt service funds	-	2,078,616	2,078,616	10.88%
<b>Total fund balance</b>	<b><u>\$ 8,737,803</u></b>	<b><u>\$ 10,371,722</u></b>	<b><u>\$ 19,109,525</u></b>	<b><u>100.00%</u></b>

**Capital Fund:** At June 30, 2012, \$264,421 was available for appropriation by County Council, which represents a decrease of \$2,630,854 as compared to \$2,895,275 available for appropriation at June 30, 2011. This decrease was the result of funds designated for the completion of a recreation center ball field quadrangle were transferred to the bond fund out of which the construction cost of the quadrangle was going to be funded.

**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 Government contributed a total of \$771,637 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 ending June 30, 2012, as compared to \$747,205 for June 30, 2011.

**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 only 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. Based

**COLLETON COUNTY, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2012**

on projected figures for the June 30, 2012 budget, the amount needed to sustain operations without borrowing funds is projected to be at a minimum of \$6.4 million or approximately 74% of the total June 30, 2012, General Fund Undesignated Fund Balance, down from approximately 88.5% of the total June 30, 2011 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 ending June 30, 2012 with expenditures totaling \$23,339,684. As amended, the final budgeted expenditures were \$26,938,298. The increased expenditures in the amended budget versus the original budget included the early retirement of the lease/purchase agreement held by BB&T in the amount of \$2,512,155, a \$510,000 contribution to a non-profit economic development corporation, and \$431,751 in capital expenditures.

**Capital Asset and Debt Administration**

**Capital Assets** – the County's investment in capital assets for its governmental activities as of June 30, 2012, amounts to \$46,238,076 (net of accumulated depreciation) as compared to \$42,821,789 at June 30, 2011. 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 2012 include some of the following:

- New baseball/softball quadrangle
- Hydraulic tools for Fire trucks
- Vehicles for Public Safety and Fire/Rescue acquired
- Land and Land improvements for future Fire/Rescue stations
- Jail renovations
- Renovations to the Recreation Center

Additional information on the County's capital assets can be found on pages 49 to 51 in the notes to the financial statements.

**Debt Administration** – At June 30, 2012, Colleton County had total debt outstanding of \$16,026,155 compared to outstanding debt at June 30, 2011 totaling \$14,434,223, which represents an 11.0% increase from the prior fiscal year. During fiscal 2012 the County entered into a \$1,500,000 lease/purchase financing arrangement for the purpose of financing the purchase of capital equipment and vehicles. Also, during the year, the county issued \$4,000,000 of general obligation bonds in order to retire early the lease/purchase agreement held by BB&T that had been acquired for the purpose of constructing the recreation center's new ball field complex. The proceeds of the bond issue are being used to fund the quadrangle construction.

**COLLETON COUNTY, SOUTH CAROLINA  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2012**

The county also utilized some of the debt service fund balance to retire a 1998 bond issue in the amount of \$1,010,000.

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. The current General Obligation Bond debt limitation for Colleton County based on information received from the County Auditor related to the 2011 Tax Assessments is \$11,058,005 for fiscal year ending June 30, 2012, which represents a 16.36% decrease from the prior year capacity of \$13,220,504 at June 30, 2011.

During fiscal year 2012 the county also refunded the Series 2008 SSRB bond issue and added an additional \$1,208,775 to the new bond issue. The new SSRB bond issue balance at June 30, 2012 is \$5,033,701.

The Colleton County Fire and Rescue Commission had total debt outstanding of \$10,945,000 at June 30, 2012 representing a 78% increase from the June 30, 2011, outstanding debt of \$6,166,790. During fiscal year 2012, the Fire and Rescue Commission issued \$6,445,000 in general obligation bonds for the purpose of financing the construction and renovation of fire stations, the purchase of fire engines and related vehicles, and the equipment necessary to properly outfit those vehicles.

**Debt Rating Upgrade** - On January 20, 2012, Moody's Investor Services raised their rating on Colleton County debt to Aa3 rating from A1. Additionally, Standard and Poor's raised its rating on County debt from A to A+. S&P's upgrade was based on "the county's consistently strong financial performance and very strong reserves despite recent national and local economic weakening due to the recession." In its analysis, S&P noted the following positive attributes of Colleton County and its management:

- Very strong financial position, projected to continue.
- Strong property tax base.
- Debt profile is conservative, with very low debt burden and minimal plans for additional debt.
- Financial performance has remained strong in recent years despite some downward pressure due to decreasing sales taxes.

**Economic Factors and Next Year's Budget**

- The County has recently entered into performance agreements with two manufacturing companies to start operations within the County.
- Crescent Dairy Beverages, Inc. will be investing in a new ultra pasteurized beverage facility. The agreement includes an investment of at least \$30 million and 60 jobs within the next five years.
- Sarla Performance Fibers, Inc., a producer of yarn and threads, will be investing \$13.8 million and 100 jobs in locating its operations in Colleton County.

**COLLETON COUNTY, SOUTH CAROLINA**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2012**

Colleton County is required by state law to undertake property tax reassessment every five (5) years. Colleton County completed a reassessment program in FY 2011-2012, which is now being implemented in the 2012-2013 Fiscal Year. The impact of re-assessment is conservatively estimated to have had a negative 5% impact on the overall county assessed values, with most of the negative impacts of re-assessment being seen in the Edisto Beach tax district. Rural and agricultural properties appear to be holding their values during re-assessment, with inland municipalities seeing a smaller slump in property values. County Council used a small upwards CPI millage adjustment to equalize revenues and blunt the impact of re-assessment in the FY 2012-2013 Budget. Now, in FY 2012-1013 revenues appear to be holding steady with the FY2011-2012 revenues as intended with the upwards millage adjustment. Current permitting and sales have picked up and Colleton County has had two major industry announcements of significant new investment and employment in the last six months. Revenues should see improvement in FY 2013-2014 with new investment in the County and local real estate market starting to rebound.

**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, 2012

	Component Units			
	Governmental Activities	Memorial Library	Fire and Rescue Commission	Commission on Alcohol and Drug Abuse
<b>Assets</b>				
Cash and cash equivalents	\$ 1,243,334	\$ 49,424	\$ 7,087	\$ 397,069
Investments	19,489,990	-	1,362,367	-
Receivables, net of allowances				
Property taxes	20,212,463	-	4,827,460	-
Account	20,151	-	1,433,350	35,934
Other	95,011	212	76	-
Assets held for resale	2,670,000	-	-	-
Due from component units	302,559	-	-	-
Due from primary government	-	12,563	-	-
Due from other governments	1,233,407	402	-	46,943
Due from third parties	174,468	-	-	-
Prepays and deposits	240,029	5,329	90,553	-
Bond issuance costs, net	186,511	-	96,431	-
Temporarily restricted assets				
Cash and investments	399,244	-	4,775,305	-
Capital assets				
Nondepreciable				
Land	8,723,603	-	339,517	-
Construction in progress	3,358,259	-	179,941	-
Depreciable, net of accumulated depreciation	31,486,213	201,130	7,963,361	-
Total assets	<u>\$ 89,835,242</u>	<u>\$ 269,060</u>	<u>\$ 21,075,448</u>	<u>\$ 479,946</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 1,866,905	\$ 5,043	\$ 59,435	\$ 72,080
Accrued liabilities	814,013	15,447	159,637	-
Due to primary government	-	-	315,121	26,329
Due to agency funds	870,232	-	-	-
Due to other governments	118,982	-	-	-
Due to third parties	361,353	-	-	-
Unearned revenues	17,087,821	7,148	3,592,297	-
Accrued interest	188,152	-	95,295	-
OPEB obligation	649,838	44,324	158,340	-
Noncurrent liabilities				
Due within one year	2,326,392	3,567	1,490,519	16,833
Due in more than one year	14,569,461	17,413	9,634,004	-
Total liabilities	<u>38,853,149</u>	<u>92,942</u>	<u>15,504,648</u>	<u>115,242</u>
Net assets				
Invested in capital assets, net of related debt	28,162,225	201,130	1,371,867	-
Fund Balance:				
Nonspendable	3,096,540	5,329	186,984	-
Restricted	2,470,838	-	921,260	-
Committed	1,873,050	-	-	-
Assigned	10,736,214	(30,341)	3,090,689	-
Unassigned	4,643,226	-	-	364,704
Total net assets	<u>50,982,093</u>	<u>176,118</u>	<u>5,570,800</u>	<u>364,704</u>
Total liabilities and net assets	<u>\$ 89,835,242</u>	<u>\$ 269,060</u>	<u>\$ 21,075,448</u>	<u>\$ 479,946</u>

The notes are an integral part of these financial statements.

Colleton County, South Carolina  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2012

	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities				
General government	\$ 8,000,488	\$ 407,482	\$ 42,659	\$ -
Judicial	4,996,680	2,852,878	903,827	-
Public safety	8,202,681	352,108	445,525	214,095
Streets and highways	2,320,046	823,693	-	-
Sanitation	2,280,816	1,150,138	46,209	-
Recreation and culture	1,036,373	316,818	99,504	1,224,197
Health and human services	1,672,744	725,761	558,141	-
Economic development	2,027,728	-	6,322	-
Intergovernmental	3,130,391	-	-	-
Interest and fiscal charges	560,225	-	-	-
<b>Total governmental activities</b>	<b>34,228,172</b>	<b>6,628,878</b>	<b>2,102,187</b>	<b>1,438,292</b>
<b>Component Units</b>				
Memorial Library	786,311	24,079	103,210	-
Fire and Rescue Commission	8,603,761	1,458,890	-	202,644
Alcohol and Drug Abuse	1,019,013	76,149	940,436	-
<b>Total component units</b>	<b>\$ 10,409,085</b>	<b>\$ 1,559,118</b>	<b>\$ 1,043,646</b>	<b>\$ 202,644</b>

General Revenues

Taxes:

Property

Vehicle

Manufacturers

Homestead

Motor carrier

Delinquent

Local option sales tax

Fees in lieu of taxes

Local accommodations

Hospitality

Sales tax

Inventory

Franchise fees

Grants and contributions not  
restricted to specific programs

Unrestricted revenue from use  
of money and property

Gain/Loss on sale of assets

Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning of year

Net assets - end of year

The notes are an integral part of these financial statements.

Colleton County, South Carolina  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2012

Governmental Activities	Component Units		
	Memorial Library	Fire and Rescue Commission	Commission on Alcohol and Drug Abuse
\$ (7,550,347)			
(1,239,975)			
(7,190,953)			
(1,496,353)			
(1,084,469)			
604,146			
(388,842)			
(2,021,406)			
(3,130,391)			
<u>(560,225)</u>			
<u>(24,058,815)</u>			
	\$ (659,022)	\$ (6,942,227)	\$ (2,428)
	-	-	
	<u>-</u>	<u>-</u>	<u>(2,428)</u>
	<u>(659,022)</u>	<u>(6,942,227)</u>	<u>(2,428.00)</u>
14,749,689	-	4,152,509	-
1,443,231	-	565,441	-
51,683	-	22,948	-
855,289	-	309,124	-
110,611	-	25,641	-
1,918,099	-	46,507	-
1,990,086	-	-	-
1,756,739	-	387,599	-
372,689	-	-	-
451,274	-	-	-
707,356	-	-	-
71,919	-	-	-
59,915	-	-	-
1,197,122	525,776	2,315,145	-
79,474	241	15,600	3,890
227,984	-	(4,930)	-
<u>311,508</u>	<u>1,738</u>	<u>13,458</u>	<u>2,824</u>
<u>26,354,668</u>	<u>527,755</u>	<u>7,849,042</u>	<u>6,714</u>
2,295,853	(131,267)	906,815	4,286
<u>48,686,240</u>	<u>307,385</u>	<u>4,663,985</u>	<u>360,418</u>
<u>\$ 50,982,093</u>	<u>\$ 176,118</u>	<u>\$ 5,570,800</u>	<u>\$ 364,704</u>

The notes are an integral part of these financial statements.

Colleton County, South Carolina  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2012

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 153,341	\$ 1,089,993	\$ 1,243,334
Investments	9,812,889	9,677,101	19,489,990
Receivables			
Property taxes	17,812,423	2,400,040	20,212,463
Other	99,383	15,779	115,162
Assets held for resale	-	2,670,000	2,670,000
Due from general fund	-	1,932,837	1,932,837
Due from third parties	24,731	149,737	174,468
Due from other funds	1,707,933	-	1,707,933
Due from component units	302,559	-	302,559
Due from other governments	1,007,924	225,483	1,233,407
Prepaid expenses	6,718	-	6,718
Temporarily restricted			
Cash and investments	2,096	397,148	399,244
 Total Assets	 \$ 30,929,997	 \$ 18,558,118	 \$ 49,488,115
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 465,149	\$ 1,401,756	\$ 1,866,905
Accrued payroll and other liabilities	452,762	361,251	814,013
Due to general fund	-	1,707,933	1,707,933
Due to other funds	1,932,837	-	1,932,837
Due to other governments	118,982	-	118,982
Due to third parties	282,240	79,113	361,353
Due to agency funds	870,232	-	870,232
Deferred revenue	17,620,906	2,603,108	20,224,014
 Total liabilities	 21,743,108	 6,153,161	 27,896,269
<b>Fund balances</b>			
Nonspendable	6,718	-	6,718
Restricted	204,307	4,338,743	4,543,050
Committed	-	1,873,050	1,873,050
Assigned	-	6,193,164	6,193,164
Unassigned	8,975,864	-	8,975,864
 Total fund balance	 9,186,889	 12,404,957	 21,591,846
 Total liabilities and fund balance	 \$ 30,929,997	 \$ 18,558,118	 \$ 49,488,115

The notes are an integral part of these financial statements.

Colleton County, South Carolina  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS  
June 30, 2012

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

Total fund balances - governmental funds	\$	21,591,846
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Amounts reported for governmental activities in the statement of net assets  
are different because:

Capital assets used in governmental activities are not financial  
resources and therefore are not reported as assets in governmental  
funds.

Cost of capital assets	68,723,156	
Accumulated depreciation	(25,155,080)	
		43,568,076

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

Property taxes and other		3,136,193
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Disbursements for insurance coverage reflected in the funds cover  
periods extending beyond year-end.

233,310

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

186,511

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

General obligation bonds	(8,206,240)	
Note payable	(677,062)	
Special source revenue bonds	(5,033,701)	
Capital leases	(2,109,152)	
Compensated absences	(463,251)	
Landfill closure and post closure cost	(406,447)	
Accrued interest	(188,152)	
OPEB obligation	(649,838)	
		(17,733,843)

Total net assets - governmental activities	\$	50,982,093
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The notes are an integral part of these financial statements.

Colleton County, South Carolina  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
Year ended June 30, 2012

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>			
Taxes	\$ 19,728,637	\$ 5,594,629	\$ 25,323,266
Intergovernmental revenues	4,227,811	2,038,206	6,266,017
Fines, fees, and service charges	1,206,185	814,889	2,021,074
Interest income	40,722	38,748	79,470
Other income	317,612	197,567	515,179
Total revenue	<u>25,520,967</u>	<u>8,684,039</u>	<u>34,205,006</u>
<b>Expenditures</b>			
<b>Current</b>			
General government	7,344,982	-	7,344,982
Judicial	1,011,329	1,111,538	2,122,867
Public safety	6,570,032	870,020	7,440,052
Steets and highways	70,598	1,585,126	1,655,724
Sanitation	-	1,972,315	1,972,315
Recreation and culture	44,602	827,576	872,178
Health and human services	385,429	448,434	833,863
Economic development	751,505	1,112,991	1,864,496
Intergovernmental	6,002,236	4,625	6,006,861
<b>Capital Outlay</b>			
General government	230,063	383,302	613,365
Judicial	-	-	-
Public safety	-	907,473	907,473
Streets and highways	-	542,316	542,316
Sanitation	-	141,242	141,242
Recreation and culture	-	3,076,283	3,076,283
Health and human services	-	-	-
Economic development	-	35,254	35,254
<b>Debt Service</b>			
Principal retirement	3,002,537	2,322,935	5,325,472
Interest and fiscal charges	66,195	321,941	388,136
Total expenditures	<u>25,479,508</u>	<u>15,663,371</u>	<u>41,142,879</u>
Excess (deficiency) of revenue over (under) expenditures	41,459	(6,979,332)	(6,937,873)
<b>Other financing sources (uses)</b>			
Proceeds from lease purchase	1,500,191	-	1,500,191
Proceeds from sale of bonds	-	5,019,603	5,019,603
Proceeds from sale of capital assets	-	53,082	53,082
Insurance proceeds	85,328	91,990	177,318
Transfers in	2,699,466	6,859,857	9,559,323
Transfers out	(3,877,358)	(5,681,965)	(9,559,323)
Total other financing sources (uses)	<u>407,627</u>	<u>6,342,567</u>	<u>6,750,194</u>
Net change in fund balance	449,086	(636,765)	(187,679)
<b>Fund balances</b>			
<b>Beginning of year</b>			
as previously reported	-	10,371,722	-
Prior period adjustment	-	2,670,000	-
Beginning of year, as restated	<u>8,737,803</u>	<u>13,041,722</u>	<u>21,779,525</u>
End of year	<u>\$ 9,186,889</u>	<u>\$ 12,404,957</u>	<u>\$ 21,591,846</u>

The notes are an integral part of these financial statements.

Colleton County, South Carolina  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year ended June 30, 2012

Total net change in fund balances - total governmental funds \$ (187,679)

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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

Capital outlay	5,315,933	
Depreciation expense	<u>(3,099,970)</u>	
		2,215,963

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	410,545	
Accumulated depreciation	<u>(410,545)</u>	
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 funds.

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

Property taxes	(2,362,315)	
Other	(168,116)	

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

Property taxes	2,889,905	
Other	<u>614,675</u>	
		974,149

The notes are an integral part of these financial statements.



Colleton County, South Carolina  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year ended June 30, 2012

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	(58,130)	
Landfill closure and postclosure cost	25,503	
OPEB obligation	243,065	
Accrued interest	<u>353,178</u>	563,616

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	(2,218,025)	
Note payable	152,746	
Special source revenue bonds	(717,066)	
Capital leases	1,588,024	
Amortization of bond issue costs	<u>(50,368)</u>	(1,244,689)

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. (25,506)

Change in net assets of governmental activities \$ 2,295,853

Colleton County, South Carolina  
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS  
June 30, 2012

	Agency Funds
<b>Assets</b>	
Cash and equivalents	\$ 3,324,407
Investments	10,090,918
Accounts receivable - other	62
Due from primary government	870,322
Due from other governments	-
Due from third parties	68,984
Total assets	\$ 14,354,693
 <b>Liabilities</b>	
Accounts payable	\$ 84,201
Accrued liabilities	2,431
Due to primary government	90
Assets held for others	14,267,971
Total liabilities	\$ 14,354,693

The notes are an integral part of these financial statements.

Colleton County, South Carolina  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Colleton County, South Carolina (the “County”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board (“FASB”) statements and interpretations issued on or before November 30, 1989 to its governmental activities at the government-wide financial reporting level, provided they do not conflict with or contradict GASB pronouncements. The most significant accounting principles utilized by the County are described below.

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 culture institutions, economic development, and other miscellaneous services (intergovernmental and private nonprofit 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 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.

Colleton County, South Carolina  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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.

**B. Government-wide and Fund 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 inter-fund 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.

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.

**C. Measurement Focus and Basis of Accounting**

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

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

Colleton County, South Carolina  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

Government 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 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 the first 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.

Non-exchange 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 non-exchange 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 are recorded as revenue when received in cash because they are generally not measurable until actually received.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment of receivables due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

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.

In addition, the County reports the following non-major 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.

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The **Debt Service Funds** account for the accumulation of resources for, and 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 Cannady's 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.

Additionally, the County reports the following fund types.

The **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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the inter-fund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues report for the various functions concerned.

Amounts reported as program revenues include 1) charges for services provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is government'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.

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*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.

*3. Receivables and Payables*

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

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

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.

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.

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*4. Prepaid items*

Certain payments to vendors for services that will benefit period beyond June 30, 2012 are recorded as prepaid items using the consumption method by recording the asset for the prepaid amount and reflecting the expenditure/expense in the year which the services are consumed. Prepaid items of governmental funds in the fund financial statements are offset by an equal amount with a reserve of fund balance to indicate that they are not available for general appropriation.

*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, and 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:



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	Years		
	County	Component Units (Library and Fire and Rescue)	Component Unit (Alcohol and Drug)
Buildings and improvements			
Buildings	45	45	N/A
Buildings 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	20	N/A	N/A

*7. 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.

*8. 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 refunding, 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.

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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.

*9. Fund Equity*

Government-Wide Financial Statements

The GASB has issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010. The following categories of fund balance are now being used in the fund level financial statements of the government funds:

*Non-spendable Fund Balance*

The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amounts of loans and notes receivable, as well as property acquired for resale.

*Restricted Fund Balance*

The restricted fund balance classification includes amounts that are either restricted externally by creditors, grantors, contributors, or laws or regulations of other governments or restricted by law through constitutional provisions or enabling legislation.

*Committed Fund Balance*

The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the County's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balances also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The County recognizes committed fund balances that have been approved for specific purposes by County Council before the year end.

*Assigned Fund Balance*

The assigned fund balance classification includes amounts that are constrained by the County's intent to be used for specific purposes but are not restricted or committed. The authority for making an assignment is not required to be the County's highest level of decision-making authority and as such, the nature of actions necessary to remove or modify an assignment does not require the County's highest level of authority. Assigned fund balance amounts in the County's financial statements represent amounts approved by the County Council to be transferred and spend after year end. In the special revenue fund, assigned fund balances represent amounts to be spent for specific purposes.

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*Unassigned Fund Balance*

The unassigned fund balance classification includes amounts that have not been assigned to other funds and have not been restricted, committed, or assigned for specific purposes within the general fund.

Based on the entity's policies regarding fund balance classifications as noted above, the entity considers amounts that are restricted, committed, or assigned to be spent when the corresponding expenditures that have been designated by County Council or donors have been made. After these fund balances have been depleted, unassigned fund balance will be considered to have been spent.

Government-wide and fund financial statements must be presented using an all-inclusive format. That is, the results of the current period's activities are to be reported as an addition to (or a deduction from) equity at the beginning of the period to arrive at the closing equity balance. Thus changes in net assets on the government-wide statement of activities is added to (or deducted from) net assets - beginning of the fiscal year to arrive at net assets - end of the fiscal year.

Net assets are defined as the difference between assets and liabilities in the government-wide statement of net assets.

The government-wide statement of net assets reports all government assets; therefore, a significant portion of the net assets reported there typically reflects a government's investment in capital assets. To draw financial statement users' attention to this important information, GAAP requires the amount of net assets invested in capital assets to be reported as a separate category of net assets. Net assets invested in capital assets, net of related debt includes all capital assets less accumulated depreciation and outstanding principal of related debt.

Restrictions may be imposed on a portion of a government's net assets by parties outside the government (such as creditors, grantors, contributors). In some cases, such restricted assets are directly associated with particular liabilities (for instance, restricted assets associated with revenue bonds). An amount equal to these restricted assets, less any related liabilities, is reported as restricted net assets.

GAAP directs that the difference between total net assets and the two categories discussed above (invested in capital assets, net of related debt and restricted net assets) be reported as unrestricted net assets.

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 balance 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.

*10. 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  
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*11. 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.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except for the special revenue fund and the capital project funds. All annual appropriations lapse at fiscal year-end.

The appropriated budget is prepared by fund, function, and department. The government's departmental heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The Council may make several supplemental budgetary appropriations throughout the year. The supplemental budgetary appropriations made in the general fund were not material.

B. 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.

NOTE 3 – 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.

As of June 30, 2012, the County had the following investment maturities:

Investment Type	Fair Value
Repurchase agreements	\$29,937,599
Certificates of deposits	3,764,254
Total fair value	<u>\$33,701,853</u>

Colleton County, South Carolina  
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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.

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, 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 agencies;
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 if such obligations bear any of the three highest rankings 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.

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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, 2012	Percentage of Portfolio	Credit Rating
Repurchase agreements	\$29,937,599	74%	Unrated
Certificates of deposit	3,764,254	9%	N/A
Savings accounts	1,982,812	6%	
Checking accounts	5,020,902	11%	
Total investments	40,705,567		
Carrying value of cash in banks on hand	5,225,068		N/A
Deposits and investments held by County Treasurer	<u>\$35,480,499</u>	<u>100%</u>	

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 be 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, 2012, the County's bank balance of \$40,705,567 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 possession of an outside party. The County does not have a formal investment policy regarding custodial credit risk.

As of June 30, 2012, \$29,937,599 of investments was in repurchase agreements held by the counterparty or its trust department or agent for the County.

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B. Receivables

Receivables as of year-end for the County's individual major fund and 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	\$20,940,721	\$2,912,821	\$6,238,822	\$ -	\$ -
Accounts	-	20,151	3,981,528	-	35,934
Interest		-	-	-	-
Other	99,383	13,392	-	212	-
Gross receivables	20,975,853	2,946,364	10,220,350	212	35,934
Less: Allowance for uncollectible					
Taxes	3,163,430	526,173	1,377,350	-	-
Accounts	-	4,372	2,548,178	-	-
Total allowance	3,163,430	517,155	3,925,528	-	-
Net total receivables	\$17,812,423	\$2,415,819	\$6,294,822	\$212	\$35,934

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, 2012, the various components of deferred and unearned revenue reported in the primary governmental funds were as follows:

	Fund Statement	Government- wide
Unavailable		
Property taxes receivable	\$3,136,193	\$ -
Total unavailable	3,136,193	-
Unearned		
Contributions and grants recorded prior to meeting all eligibility requirements	230,435	230,435
Property taxes receivable	16,857,386	16,857,386
Total unearned	17,087,821	17,087,821
Total deferred revenues, governmental funds	\$20,224,014	
Total unearned revenues, government-wide		\$17,087,821

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At June 30, 2012, the various components of deferred and unearned revenue report in the component units were as follows:

**Fire and Rescue Fund**

	Fund Statement	Government- wide
Unavailable		
Property taxes receivable	\$ 1,215,575	\$ -
Fees for emergency medical services	1,261,873	-
Other	-	-
Total unavailable	2,477,448	-
Unearned		
Contributions and grants recorded prior to meeting all eligibility requirements		
Property taxes receivable	3,592,297	3,592,297
Total unearned	3,592,297	3,592,297
Total deferred revenues, governmental funds	\$6,069,745	
Total unearned revenues, government-wide		\$3,592,297

**Library Fund**

	Fund Statement	Government- wide
Unavailable		
Property taxes receivable	\$ -	\$ -
Fees for emergency medical services	-	-
Other	-	-
Total unavailable	-	-
Unearned		
Contributions and grants recorded prior to meeting all eligibility requirements		
Property taxes receivable	7,148	7,148
Total unearned	7,148	7,148
Total deferred revenues, governmental funds	\$ 7,148	
Total unearned revenues, government-wide		\$ 7,148



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D. Interfund Receivables and Payables

The interfund receivables and payables at June 30, 2012 were as follows:

	Receivable Fund	Payable Fund
Major governmental funds		
General	\$ 1,707,933	\$ 1,932,837
Nonmajor governmental funds	1,932,837	1,707,933
Total interfund balances	\$ 3,640,770	\$ 3,640,770

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, 2012 consisted of the following:

	Transfer In	Transfer Out
Major governmental funds		
General	\$ 2,699,466	\$ 3,877,358
Nonmajor governmental funds	6,859,857	5,681,965
Total interfund balances	\$ 9,559,323	\$ 9,559,323

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.

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F. Capital Assets

**Primary government**

Capital asset activity for the year ended June 30, 2012 is as follows:

	Balance July 1, 2011	Additions	Transfers	Dispositions	Balance June 30, 2012
<u>Governmental activities</u>					
Capital Assets not being depreciated					
Land	\$ 1,756,811	\$ 488,499	\$ -	\$ -	\$ 2,245,310
Land – infrastructure	6,478,294	-	-	-	6,478,294
Construction in progress	<u>4,325,937</u>	<u>3,230,340</u>	<u>(4,198,018)</u>	-	<u>3,358,259</u>
Total capital assets not being depreciated	<u>12,561,042</u>	<u>3,713,339</u>	<u>(4,192,518)</u>	-	<u>12,081,863</u>
Capital assets being depreciated					
Buildings and improvements	19,994,703	760,100	4,198,018	-	24,952,821
Improvements other than buildings	4,330,077	-	-	-	4,330,077
Equipment and vehicles	16,926,680	2,039,732	-	(412,965)	18,553,447
Infrastructure	<u>8,804,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,804,949</u>
Total assets being depreciated	<u>50,056,409</u>	<u>2,799,832</u>	<u>4,198,018</u>	<u>(412,965)</u>	<u>56,641,294</u>
Accumulated Depreciation					
Buildings and improvements	(6,498,370)	(982,292)	-	-	(7,480,662)
Improvements other than buildings	(1,489,566)	(238,004)	-	-	(1,727,570)
Equipment and vehicles	(10,798,470)	(1,438,687)	-	410,545	(11,826,612)
Infrastructure	<u>(3,679,250)</u>	<u>(440,987)</u>	<u>-</u>	<u>-</u>	<u>(4,120,237)</u>
Total accumulated depreciation	<u>(22,465,656)</u>	<u>(3,099,970)</u>	<u>-</u>	<u>380,528</u>	<u>(25,155,081)</u>
Total capital assets being depreciated, net	<u>27,590,753</u>	<u>(300,137)</u>	<u>4,198,018</u>	<u>(2,420)</u>	<u>31,486,214</u>
Governmental activities capital assets, net	<u>\$ 40,151,795</u>	<u>\$ 3,413,202</u>	<u>\$ 5,500</u>	<u>\$ (2,420)</u>	<u>\$ 43,568,076</u>

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

General Governmental Activities	
General government	\$ 442,198
Judicial	433,348
Public safety	863,298
Streets and highways	665,120
Sanitation	274,718
Recreation and culture	157,598
Health and human services	100,729
Economic development	<u>162,961</u>
Total governmental activity depreciation	<u><u>\$3,099,970</u></u>

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**Discretely Presented Component Units**

Activity for the year ended June 30, 2012 is as follows:

	Balance July 1, 2011	Additions	Transfers	Balance June 30, 2012
<u>Fire and Rescue Commission</u>				
Capital Assets not being depreciated				
Land	\$ 345,017	\$ -	\$ (5,500)	\$ 339,517
Construction in progress	<u>15,365</u>	<u>169,506</u>	<u>(4,930)</u>	<u>179,941</u>
Total capital assets not being depreciated	<u>360,382</u>	<u>169,507</u>	<u>(10,430)</u>	<u>519,458</u>
Capital assets being depreciated				
Buildings and improvements	3,985,463	-	-	3,985,463
Improvements other than buildings	127,602	6,237	-	133,839
Equipment and vehicles	<u>11,211,346</u>	<u>2,240,589</u>	<u>(100,000)</u>	<u>13,351,935</u>
Total assets being depreciated	<u>15,324,410</u>	<u>2,246,826</u>	<u>(100,000)</u>	<u>17,471,237</u>
Accumulated Depreciation				
Buildings and improvements	(987,510)	(125,035)	-	(1,112,545)
Improvements other than buildings	(70,945)	(7,968)	-	(78,913)
Equipment and vehicles	<u>(7,545,221)</u>	<u>(871,197)</u>	<u>100,000</u>	<u>(8,309,195)</u>
Total accumulated depreciation	<u>(8,603,676)</u>	<u>(1,004,200)</u>	<u>100,000</u>	<u>(9,507,876)</u>
Total capital assets being depreciated, net	<u>6,720,734</u>	<u>1,242,626</u>	<u>-</u>	<u>7,963,361</u>
Fire and Rescue Commission capital assets, net	<u>\$ 7,081,116</u>	<u>\$ 1,419,356</u>	<u>\$ (10,430)</u>	<u>\$ 8,419,819</u>

Colleton County, South Carolina  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

	Balance July 1, 2011	Additions	Transfers	Balance June 30, 2012
<u>Library</u>				
Capital assets being depreciated				
Buildings and improvements	\$ 119,026	\$ -	\$ -	\$ 119,026
Library materials	1,699,958	89,147	(29,526)	1,759,579
Equipment and vehicles	<u>211,659</u>	<u>4,909</u>	<u>-</u>	<u>211,568</u>
Total assets being depreciated	<u>2,030,643</u>	<u>94,056</u>	<u>(29,526)</u>	<u>2,095,173</u>
Accumulated Depreciation				
Buildings and improvements	(119,026)	-	-	(119,026)
Library materials	(1,422,606)	(172,976)	29,526	(1,566,056)
Equipment and vehicles	<u>(195,135)</u>	<u>(13,826)</u>	<u>-</u>	<u>(208,961)</u>
Total accumulated depreciation	<u>(1,736,767)</u>	<u>(186,802)</u>	<u>29,526</u>	<u>(1,894,043)</u>
Library capital assets, net	<u>293,876</u>	<u>(92,746)</u>	<u>-</u>	<u>201,130</u>
 <u>Alcohol and Drug</u>				
Capital assets being depreciated				
Vehicles	56,618	-	-	56,618
Accumulated depreciation				
Vehicles	<u>(56,293)</u>	<u>(325)</u>	<u>-</u>	<u>(56,618)</u>
Alcohol and Drug capital assets, net	<u>\$ 325</u>	<u>\$ (325)</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense incurred by the component units during the year ended June 30, 2012 was as follows:

Fire and Rescue	\$1,004,200
Library	186,802
Alcohol and Drug	325

G. Assets Held for Sale

As of June 30, 2012, a 100,000 square foot industrial building has been constructed and completed in the Colleton County Commerce Center for speculative purposes. Total cost of this asset is \$2,670,000 including land, building, and infrastructure improvement costs. The asset is considered held for sale. Under accounting standards, this asset is separated from Capital Assets on the Statement of Net Assets and no depreciation will be taken on the asset since it is held for sale. As of June 30, 2012, the property has not been sold and is still being actively marketed.

Colleton County, South Carolina  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

H. 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 Colleton 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 purchases 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 11-27-110A(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

June 30, 2012

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2012 is as follows:

	Balance July 1, 2011	Additions	Dispositions	Balance June 30, 2012	Due within one year
<b>Primary government</b>					
<u>Governmental activities</u>					
Bonds					
General obligation	\$5,985,601	\$4,000,000	\$1,779,361	\$8,206,240	\$920,000
Special source revenue	4,063,349	1,208,775	238,423	5,033,701	578,700
Capital leases	3,555,466	1,500,000	2,946,314	2,109,152	589,850
Net OPEB obligation	406,773	139,570	-	546,343	-
Note payable	829,807	-	152,745	677,062	159,089
Claims and judgments	-	-	-	-	-
Landfill closure and postclosure costs	380,944	25,503	-	406,447	-
Compensated absences	521,380	413,123	471,252	463,251	78,753
Total long-term liabilities	<u>\$15,336,547</u>	<u>\$7,147,401</u>	<u>\$5,588,095</u>	<u>\$16,895,853</u>	<u>\$2,326,392</u>
<b>Component Units</b>					
<u>Fire and Rescue Commission</u>					
General obligation bonds	\$6,166,790	\$6,445,000	\$1,666,790	\$10,945,000	\$1,460,000
Net OPEB obligation	124,856	33,484	-	158,340	-
Compensated absences	165,472	189,485	175,434	179,523	30,519
Total Fire and Rescue long-term debt	<u>\$6,332,262</u>	<u>\$6,634,485</u>	<u>\$1,842,224</u>	<u>\$11,124,523</u>	<u>\$1,490,519</u>
<u>Library</u>					
Compensated absences	\$17,966	\$19,231	\$16,217	\$20,980	\$3,567
Net OPEB obligation	10,840	3,486	-	14,326	-
Total Library	<u>\$28,806</u>	<u>\$22,717</u>	<u>\$16,217</u>	<u>\$35,306</u>	<u>\$3,567</u>
<u>Alcohol and Drug Commission</u>					
Compensated absences	<u>\$17,399</u>	<u>\$13,386</u>	<u>\$13,952</u>	<u>\$16,833</u>	<u>\$16,833</u>

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, 2012, the County was in compliance with this requirement.

The following is a summary of each long-term bond obligation of the governmental activities of the County at June 30, 2012.

Colleton County, South Carolina  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

General Obligation Bonds

**Primary Government**

Issue Date	Title of Issues	Original Principal	Principal Outstanding
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	\$ 6,500,000	\$ 4,206,240
March 5, 2012	General Obligation Bonds, Series 2012, 2% to 3% annual interest, semi-annual principal and interest payments, beginning in 2013, matures 2032	4,000,000	4,000,000
		\$10,500,000	\$8,206,240

Future debt service requirements for primary government general obligation bonds outstanding at June 30, 2012 are as follows:

Year ending June 30,	Principal	Interest	Total
2013	\$ 920,000	\$ 239,273	\$1,159,273
2014	1,170,000	210,660	1,380,660
2015	1,370,000	172,260	1,542,260
2016	1,425,000	126,860	1,551,860
2017	175,000	79,610	254,610
Thereafter	3,146,240	697,390	3,843,630
Total General Obligation Bonds	\$8,206,240	\$1,526,053	\$9,732,293

Colleton County, South Carolina  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

**Discretely Presented Component Units**

Fire and Rescue General Obligation Bonds payable at June 30, 2012 consist of the following:

Issue Date	Title of Issues	Original Principal	Principal Outstanding
October 15, 2003	Fire Protection Service General Obligation Bonds, Series 2003, 3.0202% annual interest, annual principal and interest payments beginning 2004, matures 2013	\$ 2,500,000	\$ 325,000
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	1,500,000
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	4,000,000	2,675,000
March 1, 2012	Fire Protection Service General Obligation Bonds, Series 2012, .4% to 2.6% annual interest, annual principal and interest payments, beginning in 2013, matures 2026	6,445,000	6,445,000
	Total Fire Protection Service Bonds	<u>\$15,345,000</u>	<u>\$10,945,000</u>

Future debt service requirements for Fire and Rescue general obligation bonds outstanding at June 30, 2012 are as follows:

Year ending June 30,	Principal	Interest	Total
2013	\$1,460,000	\$260,133	\$1,720,133
2014	1,200,000	231,935	1,431,935
2015	1,255,000	202,278	1,457,278
2016	1,330,000	169,290	1,499,290
2017	910,000	130,660	1,040,660
Thereafter	<u>4,790,000</u>	<u>522,033</u>	<u>5,312,033</u>
Total Fire Protection Service Bonds	<u>\$10,945,000</u>	<u>\$721,797</u>	<u>\$12,461,329</u>



Colleton County, South Carolina  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

Special Source Revenue Bonds

**Primary Government**

Primary Government Special Source Revenue Bonds payable at June 30, 2012 consist of the following:

Issue Date	Title of Issues	Original Principal	Principal Outstanding
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	\$ 313,701
March 30, 2012	Special Source Revenue Bond Series 2012, 4.37% annual interest, annual principal and interest payments beginning in 2004, matures 2023	<u>4,720,000</u>	<u>4,720,000</u>
Total Revenue Bonds		<u>\$6,700,000</u>	<u>\$5,033,701</u>

Future debt service requirements for Special Source Revenue Bonds outstanding at June 30, 2012 are as follows:

Year ending June 30,	Principal	Interest	Total
2012	\$ 578,700	\$ 218,412	\$ 797,112
2013	365,000	194,683	559,683
2014	380,000	178,733	558,733
2015	395,001	162,127	557,127
2016	415,000	144,865	559,865
2017-2023	<u>2,900,000</u>	<u>458,414</u>	<u>3,358,414</u>
Total Revenue Bonds	<u>\$5,033,701</u>	<u>\$1,357,234</u>	<u>\$5,606,148</u>

I. Note Payable

**Primary Government**

Issue Date	Title of Issues	Original Principal	Principal Outstanding
May 1, 2006	Enterprise financing agreement, 4.15% semi- annual interest, semi-annual principal and interest payments beginning in 2007, matures 2016	<u>\$1,511,903</u>	<u>\$677,062</u>

Future debt service requirements for note payable at June 30, 2012 are as follows:

Year ending June 30,	Principal	Interest	Total
2013	\$159,085	\$ 28,098	\$ 187,183
2014	165,687	21,496	187,183
2015	172,563	14,620	187,183
2016	<u>179,726</u>	<u>7,359</u>	<u>187,185</u>
Total General Obligation Bonds	<u>\$677,062</u>	<u>\$106,010</u>	<u>\$935,917</u>

Colleton County, South Carolina  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2012

Capital Leases Payable

**Primary Government**

Lease #1

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.

Lease #2

The County has entered into a capital lease agreement, secured by equipment purchased, bearing interest at 1.43% with annual payments of \$499,830, maturing in March 2012.

The remaining lease payments as of June 30, 2012 are as follows:

Year Ending June 30,	Lease 1	Lease 2	Total
2013	\$ 119,515	\$ 514,368	\$ 633,883
2014	119,515	514,368	633,883
2015	119,515	514,368	633,883
2016	119,515		119,515
2017	119,515		119,515
2018-2030	119,517		119,517
Total minimum lease payments	717,092	1,543,104	2,260,196
Less amount representing interest	107,940	43,104	151,044
Present value of capital lease payments	<u>\$609,152</u>	<u>\$1,500,000</u>	<u>\$2,109,152</u>

Total interest paid on the capital lease obligations for the year ended June 30, 2012 was approximately \$160,734.

Colleton County, South Carolina  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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 twenty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops 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 \$406,447 reported as an accrual for landfill closure and postclosure care costs at June 30, 2012 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	
15.6 years	35.18%	<u>\$712,207</u>	<u>\$204,296</u>	<u>\$916,503</u>	<u>\$510,056</u>

These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2012. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The Council has designated cash of \$362,158 for payment of closure and postclosure care costs.

NOTE 4 – 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.

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 the 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](http://www.retirement.sc.gov), or by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, SC 29211-1960.

Colleton County, South Carolina  
NOTES TO THE FINANCIAL STATEMENTS

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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 9.35% of annual covered payroll. The contribution requirements of Plan members and employers are 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 10.65% of annual covered payroll. The contribution requirements of Plan members and employers are established under authority of Title 9 of the S.C. Code of Laws.

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, 2012, 2011, and 2010.

	Year Ended June 30,		
	2012	2011	2010
<b>SCRS Contributions</b>			
Primary Government	\$798,064	\$784,564	\$771,430
Fire and Rescue	19,621	20,385	17,800
Library	31,835	28,164	30,215
Alcohol and Drug	50,457	44,854	44,361
<b>Total SCRS</b>	<b>\$899,977</b>	<b>\$877,967</b>	<b>\$863,806</b>
<b>SCPORS Contributions</b>			
Primary Government	\$442,170	\$403,012	\$390,918
Fire and Rescue	439,102	413,668	375,817
<b>Total SCPORS</b>	<b>\$881,272</b>	<b>\$816,680</b>	<b>\$766,735</b>

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 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.

Colleton County, South Carolina  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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.

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 year.

E. Commitments

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

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, 2012 is \$122,815

Future minimum rental payments required over the next five years under the non-cancellable operating leases having a remaining term in excess of one year at June 30, 2012 are as follows:

Year ending June 30,	Amount
2013	\$112,477
2014	44,363
2015	18,572
2016	5,517
2017	1,200
Total Payments	\$182,129

Construction Commitments: At June 30, 2012, the County had commitments under contracts for construction of various projects not completed of approximately \$1,873,050.

F. 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 governmental services for the year ended June 30, 2012 was set by County Council at 105.86 mills (\$105.86 per \$100 assessed valuation) for general uses and purposes of the County. Additional tax rates were set as follows: 7.41 mills for debt retirement, 101.83 mills for School District general operations, 46.5 mills for School District indebtedness, 29.61 mills for fire protection, and 20.69 miles 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, 2011 was \$127,313,207 according to the records of the County Auditor and Assessor.

Colleton County, South Carolina  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

G. 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 % 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 % of the premium for individual coverage and 100 % 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 the fiscal year 2012, the County contributed \$21,996 to the plan.

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 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 of 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  
June 30, 2012

	Primary Government	Component Units		Total
		Fire and Rescue	Library	
Annual required contribution	\$260,310	\$35,860	\$35,860	\$332,029
Contributions made	(17,245)	(2,376)	(2,376)	(21,996)
Increase in net OPEB obligation	243,065	33,484	33,484	310,033
Net OPEB obligation – beginning of year	406,773	124,856	10,840	542,469
Net OPEB obligation – end of year	<u>\$649,838</u>	<u>\$158,340</u>	<u>\$44,324</u>	<u>\$852,502</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 2012 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual Cost Contributed	Net OPEB Obligation
<b>Primary Government</b>			
6/30/12	<u>\$260,310</u>	6.6%	<u>\$649,838</u>
<b>Fire and Rescue</b>			
6/30/12	<u>\$35,860</u>	6.6%	<u>\$158,340</u>
<b>Library</b>			
6/30/12	<u>\$35,860</u>	6.6%	<u>\$44,324</u>

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

Projection 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.

Colleton County, South Carolina  
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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 June 30, 2009 actuarial valuation assumed a 4.5% discount rate. The Projected Unit Credit, Level Percent of Payroll actuarial cost method was used to calculate the ARC for the June 30, 2009 valuation, and an annual healthcare cost trend rate of 7.5% initially, reduced by decrements of .05 % per year commencing in 2013 to an ultimate rate of 4.5% after ten years, which includes a 3% inflation assumption. The UAAL is being amortized as a level percentage of active member payrolls over a period of 30 years. The remaining amortization period at June 30, 2012 was 27 years.

H. Subsequent Events

Events that occur after the net assets date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the net assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the net assets date require disclosure in the accompanying notes. Management evaluated the activity of the County through February 19, 2013 and concluded that there were no subsequent to events that needed to be disclosed.

I. Restatement of Prior Year Fund Balance

Beginning Fund Balance of the SSRB Economic Development Fund, presented on page 69 in the Statement of Revenue, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds, has been restated to correct an error in recognizing assets held for resale as an investment property in the individual fund. This asset is an investment asset and is recorded in the individual fund as well as the entity-wide statements. Following is a summary of the restatement:

SSRB Economic Development Fund	
Fund Balance - June 30, 2011, as originally reported	\$1,729,109
Plus: Amount of misclassification of asset held for resale	<u>2,670,000</u>
Fund Balance- June 30, 2011, as restated	<u>\$4,399,109</u>

J. Additional Information

During the year ended June 30, 2012, two non-profit corporations were formed for the purposes of economic development. These corporations have a year end of December 31. Future audit reports will include the financial information relevant to these corporations.



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



Colleton County, South Carolina  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 Year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with final budget - positive (negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 18,833,276	\$ 18,745,539	\$ 19,728,637	\$ 983,098
Intergovernmental revenues	1,427,371	1,356,906	4,227,811	2,870,905
Fines, fees, and service charges	1,148,025	1,051,198	1,206,185	154,987
Interest income	35,000	35,000	40,722	5,722
Other income	37,900	260,665	317,612	56,947
Total revenues	<u>21,481,572</u>	<u>21,449,308</u>	<u>25,520,967</u>	<u>4,071,659</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	7,922,278	7,808,796	10,643,777	(2,834,981)
Judicial	1,354,100	1,427,056	1,011,329	415,727
Public safety	6,647,838	6,682,367	6,570,032	112,335
Streets and highways	80,749	79,950	70,598	9,352
Recreation and culture	74,189	80,030	44,602	35,428
Health and human services	445,331	476,419	385,429	90,990
Economic development	235,963	236,528	751,505	(514,977)
Intergovernmental	3,321,028	3,284,039	6,002,236	(2,718,197)
Total expenditures	<u>20,081,476</u>	<u>20,075,185</u>	<u>25,479,508</u>	<u>(5,404,323)</u>
Excess (deficiency) of revenues over expenditures	<u>1,400,096</u>	<u>1,374,123</u>	<u>41,459</u>	<u>(1,332,664)</u>
<b>Other financing sources (uses)</b>				
Lease/purchase proceeds	1,462,500	1,500,191	1,500,191	-
Insurance proceeds	26,000	85,328	85,328	-
Transfers in	218,279	2,752,132	2,699,466	52,666
Transfers out	(2,449,003)	(5,263,521)	(3,877,358)	1,386,163
Total other financing sources (uses)	<u>(742,224)</u>	<u>(925,870)</u>	<u>407,627</u>	<u>1,438,829</u>
Net changes in fund balance	657,872	448,253	449,086	106,165
<b>Fund balances</b>				
Beginning of year	7,436,492	7,436,492	8,737,803	-
End of year	<u>\$ 8,094,364</u>	<u>\$ 7,884,745</u>	<u>\$ 9,186,889</u>	<u>\$ 106,165</u>

Colleton County, South Carolina  
 SCHEDULE OF FUNDING PROGRESS  
 Year ended December 31, 2012

	Actuarial Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Plan Assets (b)	Unfunded Actuarial Accrued Liability (a-b)	Funded Ratio (b/a)	Covered Payroll	Ratio of Underfunded AAL to Covered Payroll
Primary Government	6/30/2009	\$ 890,428	-	\$ 890,428	0%	\$ 12,901,533	6.90%
Fire and Rescue	6/30/2009	273,065	-	273,065	0%	3,900,967	7.00%
Library	6/30/2009	23,745	-	23,745	0%	338,245	7.02%
<b>Total Plan</b>		<u>\$ 1,187,238</u>	<u>-</u>	<u>\$ 1,187,238</u>	0%	<u>\$ 17,140,745</u>	6.93%

OTHER SUPPLEMENTARY FINANCIAL STATEMENTS



Colleton County, South Carolina  
 COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2012

	Special Revenue Funds			
	Capital Improvements	Sheriff's Title IV D	Special Revenue	State Grants
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 2,220	\$ 508	\$ -
Investments	900,238	-	585,713	-
Receivables, net of allowances				
Property taxes	-	-	-	-
Other	-	-	-	-
Assets held for resale	-	-	-	-
Due from general fund	-	-	-	-
Due from third parties	-	-	1,368	-
Due from other funds	-	-	-	-
Due from other governments	-	759	128,698	-
Temporarily restricted				
Cash and investments	-	-	-	-
<b>Total assets</b>	<b>\$ 900,238</b>	<b>\$ 2,979</b>	<b>\$ 716,287</b>	<b>\$ -</b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ 298,294	\$ -	\$ 96,405	\$ -
Accrued payroll and other liabilities	-	444	33,900	-
Due to general fund	337,523	4,005	129,849	-
Due to other governments	-	-	-	-
Due to third parties	-	-	-	-
Deferred revenues	-	-	228,818	-
<b>Total liabilities</b>	<b>635,817</b>	<b>4,449</b>	<b>488,972</b>	<b>-</b>
<b>Fund Balances (Deficit)</b>				
<b>Reserved for</b>				
Capital projects	-	-	-	-
<b>Unreserved for</b>				
<b>Designated for</b>				
Landfill postclosure	-	-	-	-
<b>Undesignated, reported in</b>				
Special revenue funds	-	(1,470)	227,315	-
Capital project funds	264,421	-	-	-
Debt service funds	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>264,421</b>	<b>(1,470)</b>	<b>227,315</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 900,238</b>	<b>\$ 2,979</b>	<b>\$ 716,287</b>	<b>\$ -</b>

Colleton County, South Carolina  
 COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2012

	Special Revenue Funds			
	Clerk of Court IV Unit Costs	Clerk of Court IV Incentives	Victim Witness Services	Animal Care and Control Donations
<b>Assets</b>				
Cash and cash equivalents	\$ 26,032	\$ 135,931	\$ 82,003	\$ 97,296
Investments	-	-	-	-
Receivables, net of allowances				
Property taxes	-	-	-	-
Other	-	-	-	-
Assets held for resale	-	-	-	-
Due from general fund	-	-	-	-
Due from third parties	-	-	-	1,031
Due from other funds	-	-	-	-
Due from other governments	11,764	3,178	221	-
Temporarily restricted				
Cash and investments	-	-	-	-
<b>Total assets</b>	<u>\$ 37,796</u>	<u>\$ 139,109</u>	<u>\$ 82,224</u>	<u>\$ 98,327</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ 3,188	\$ -	\$ 451	\$ 1
Accrued payroll and other liabilities	4,355	-	1,363	-
Due to general fund	8,507	20,174	11,069	415
Due to other governments	-	-	-	-
Due to third parties	-	-	-	-
Deferred revenues	-	-	-	1,618
<b>Total liabilities</b>	<u>16,050</u>	<u>20,174</u>	<u>12,883</u>	<u>2,034</u>
<b>Fund Balances (Deficit)</b>				
Reserved for				
Capital projects	-	-	-	-
Unreserved for				
Designated for				
Landfill postclosure	-	-	-	-
Undesignated, reported in				
Special revenue funds	21,746	118,935	69,341	96,293
Capital project funds	-	-	-	-
Debt service funds	-	-	-	-
<b>Total fund balances (deficit)</b>	<u>21,746</u>	<u>118,935</u>	<u>69,341</u>	<u>96,293</u>
<b>Total liabilities and fund balances</b>	<u>\$ 37,796</u>	<u>\$ 139,109</u>	<u>\$ 82,224</u>	<u>\$ 98,327</u>



Colleton County, South Carolina  
 COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2012

	Special Revenue Funds			
	Emergency Telephone	County Hospitality Tax	County Accommodations Tax	Public Defender Corporation
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 339,426	\$ 100	\$ 21,214
Investments	295,933	-	359,738	-
Receivables, net of allowances				
Property taxes	-	-	-	-
Other	-	1,913	-	-
Assets held for resale	-	-	-	-
Due from general fund	17,406	-	123,175.00	19,575
Due from third parties	18,359	43,376	85,603	-
Due from other funds	-	-	-	-
Due from other governments	29,587	-	-	-
Temporarily restricted				
Cash and investments	-	-	-	-
<b>Total assets</b>	<u>\$ 361,285</u>	<u>\$ 384,715</u>	<u>\$ 568,616</u>	<u>\$ 40,789</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ 2,695	\$ -	\$ 4,547	\$ -
Accrued payroll and other liabilities	3,031	-	5,358	-
Due to general fund	-	10,006	-	-
Due to other governments	-	-	-	-
Due to third parties	-	-	-	-
Deferred revenues	-	-	-	-
<b>Total liabilities</b>	<u>5,726</u>	<u>10,006</u>	<u>9,905</u>	<u>-</u>
<b>Fund Balances (Deficit)</b>				
Reserved for				
Capital projects	-	-	-	-
Unreserved for				
Designated for				
Landfill postclosure	-	-	-	-
Undesignated, reported in				
Special revenue funds	355,559	374,709	558,711	40,789
Capital project funds	-	-	-	-
Debt service funds	-	-	-	-
<b>Total fund balances (deficit)</b>	<u>355,559</u>	<u>374,709</u>	<u>558,711</u>	<u>40,789</u>
<b>Total liabilities and fund balances</b>	<u>\$ 361,285</u>	<u>\$ 384,715</u>	<u>\$ 568,616</u>	<u>\$ 40,789</u>

Colleton County, South Carolina  
 COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2012

	Special Revenue Funds			
	Recreation Center	Roads and Bridges	Solid Waste	Sheriff's Discretionary Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 47,756	\$ 144	\$ 22,965	\$ 190,167
Investments	-	482,726	593,045	-
Receivables, net of allowances				
Property taxes	-	163,230	872,973	-
Other	3,144	3,939	-	2
Assets held for resale	-	-	-	-
Due from general fund	-	54,604	-	-
Due from third parties	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	51,276	-
Temporarily restricted				
Cash and investments	-	-	362,158	34,990
<b>Total assets</b>	<b>\$ 50,900</b>	<b>\$ 704,643</b>	<b>\$ 1,902,417</b>	<b>\$ 225,159</b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ 19,099	\$ 49,762	\$ 76,285	\$ -
Accrued payroll and other liabilities	10,455	32,063	29,751	-
Due to general fund	12,947	-	53,520	754
Due to other governments	-	-	-	-
Due to third parties	-	-	-	79,113
Deferred revenues	-	163,230	857,405	-
<b>Total liabilities</b>	<b>42,501</b>	<b>245,055</b>	<b>1,016,961</b>	<b>79,867</b>
<b>Fund Balances (Deficit)</b>				
<b>Reserved for</b>				
Capital projects	-	-	-	-
<b>Unreserved for</b>				
<b>Designated for</b>				
Landfill postclosure	-	-	362,158	-
<b>Undesignated, reported in</b>				
Special revenue funds	8,399	459,588	523,298	145,292
Capital project funds	-	-	-	-
Debt service funds	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>8,399</b>	<b>459,588</b>	<b>885,456</b>	<b>145,292</b>
<b>Total liabilities and fund balances</b>	<b>\$ 50,900</b>	<b>\$ 704,643</b>	<b>\$ 1,902,417</b>	<b>\$ 225,159</b>

Colleton County, South Carolina  
 COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2012

	Capital Projects Funds			
	SSRB Industrial Park Bond	Infrastructure Industrial Development	County GOB Bond Proceeds	SSRB Economic Development
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	1,249,196	829,185	2,024,380	718,771
Receivables, net of allowances				
Property taxes	-	-	-	-
Other	35	6,689	-	-
Assets held for resale	-	-	-	2,670,000
Due from general fund	19,925	-	-	936,316
Due from third parties	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Temporarily restricted				
Cash and investments	-	-	-	-
<b>Total assets</b>	<u>\$ 1,269,156</u>	<u>\$ 835,874</u>	<u>\$ 2,024,380</u>	<u>\$ 4,325,087</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 845,242	\$ 5,787
Accrued payroll and other liabilities	-	-	240,531	-
Due to general fund	-	30,267	8,153	-
Due to other governments	-	-	-	-
Due to third parties	-	-	-	-
Deferred revenues	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>30,267</u>	<u>1,093,926</u>	<u>5,787</u>
<b>Fund Balances (Deficit)</b>				
Reserved for				
Capital projects	1,269,156	-	930,454	4,319,300
Unreserved for				
Designated for				
Landfill postclosure	-	-	-	-
Undesignated, reported in				
Special revenue funds				
Capital project funds	-	805,607	-	-
Debt service funds	-	-	-	-
<b>Total fund balances (deficit)</b>	<u>1,269,156</u>	<u>805,607</u>	<u>930,454</u>	<u>4,319,300</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,269,156</u>	<u>\$ 835,874</u>	<u>\$ 2,024,380</u>	<u>\$ 4,325,087</u>

Colleton County, South Carolina  
 COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2012

	Debt Service			Total Nonmajor Government Funds
	Debt Service	SSRB Cannady's Debt Service	Debt Service Non-GOB	
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 124,231	\$ 1,089,993
Investments	27,001	1,611,175		9,677,101
Receivables, net of allowances				
Property taxes	1,363,837	-	-	2,400,040
Other	20	17	20	15,779
Assets held for resale	-	-	-	2,670,000
Due from general fund	761,836	-	-	1,932,837
Due from third parties	-	-	-	149,737
Due from other funds	-	-	-	-
Due from other governments	-	-	-	225,483
Temporarily restricted				
Cash and investments	-	-	-	397,148
Total assets	<u>\$ 2,152,694</u>	<u>\$ 1,611,192</u>	<u>\$ 124,251</u>	<u>\$ 18,558,118</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,401,756
Accrued payroll and other liabilities	-	-	-	361,251
Due to general fund	-	961,229	119,515	1,707,933
Due to other governments	-	-	-	-
Due to third parties	-	-	-	79,113
Deferred revenues	1,352,037	-	-	2,603,108
Total liabilities	<u>1,352,037</u>	<u>961,229</u>	<u>119,515</u>	<u>6,153,161</u>
<b>Fund Balances (Deficit)</b>				
Reserved for				
Capital projects	-	-	-	6,518,910
Unreserved for				
Designated for				
Landfill postclosure	-	-	-	362,158
Undesignated, reported in				
Special revenue funds				2,998,505
Capital project funds	-	-	-	1,070,028
Debt service funds	800,657	649,963	4,736	1,455,356
Total fund balances (deficit)	<u>800,657</u>	<u>649,963</u>	<u>4,736</u>	<u>12,404,957</u>
Total liabilities and fund balances	<u>\$ 2,152,694</u>	<u>\$ 1,611,192</u>	<u>\$ 124,251</u>	<u>\$ 18,558,118</u>

Colleton County, South Carolina  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2012

	Special Revenue Funds			
	Capital Improvements	Sheriff's Title IV D	Special Revenue	State Grants
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	12,458	1,659,176	-
Fines and fees	-	-	-	-
Interest income	3,142	1	1,873	-
Other income	-	-	135,129	-
Total revenues	<u>3,142</u>	<u>12,459</u>	<u>1,796,178</u>	<u>-</u>
<b>Expenditures</b>				
<b>Current</b>				
General governmnet	-	-	-	-
Judicial	-	-	712,317	-
Public safety	-	13,548	464,997	-
Streets and highways	-	-	-	-
Sanitation	-	-	-	-
Recreation and culture	-	-	105,826	-
Health and human services	-	-	448,434	-
Economic development	-	-	-	-
Intergovernmental	4,625	-	-	-
<b>Capital outlay</b>				
General governmnet	383,302	-	-	-
Judicial	-	-	-	-
Public safety	644,216	-	63,312	-
Streets and highways	542,316	-	-	-
Sanitation	141,242	-	-	-
Recreation and culture	767,718	-	45,100	-
Health and human services	-	-	-	-
Economic development	45,328	-	(10,074)	-
<b>Debt service</b>				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>2,528,747</u>	<u>13,548</u>	<u>1,829,912</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(2,525,605)</u>	<u>(1,089)</u>	<u>(33,734)</u>	<u>-</u>
<b>Other financing sources (uses)</b>				
Proceeds form sales of capital assets	25,191	-	-	-
Proceeds from sale of bonds	-	-	-	-
Insurance proceeds	47,994	-	-	-
Transfers in	1,506,872	-	22,975	-
Transfers out	(1,685,306)	-	-	(14,771)
Total other financing sources (uses)	<u>(105,249)</u>	<u>-</u>	<u>22,975</u>	<u>(14,771)</u>
Net changes in fund balance	(2,630,854)	(1,089)	(10,759)	(14,771)
<b>Fund balances (deficit)</b>				
<b>Beginning of year</b>				
as previously reported	2,895,275	(381)	238,074	14,771
Prior period adjustment	-	-	-	-
Beginning of year, as restated	<u>2,895,275</u>	<u>(381)</u>	<u>238,074</u>	<u>14,771</u>
End of year	<u>\$ 264,421</u>	<u>\$ (1,470)</u>	<u>\$ 227,315</u>	<u>\$ -</u>

Colleton County, South Carolina  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2012

	Special Revenue Funds			
	Clerk of Court IV Unit Costs	Clerk of Court IV Incentives	Victim Witness Services	Animal Care and Control Donations
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	149,963	38,397	53,986	-
Fines and fees	-	-	-	19,253
Interest income	19	299	68	92
Other income	-	-	-	4,336
Total revenues	<u>149,982</u>	<u>38,696</u>	<u>54,054</u>	<u>23,681</u>
Expenditures				
Current				
General governmnet	-	-	-	-
Judicial	163,006	1,314	-	-
Public safety	-	-	50,436	10,206
Streets and highways	-	-	-	-
Sanitation	-	-	-	-
Recreation and culture	-	-	-	-
Health and human services	-	-	-	-
Economic development	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay				
General governmnet	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Streets and highways	-	-	-	-
Sanitation	-	-	-	-
Recreation and culture	-	-	-	-
Health and human services	-	-	-	-
Economic development	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>163,006</u>	<u>1,314.00</u>	<u>50,436</u>	<u>10,206</u>
Excess (deficiency) of revenues over expenditures	<u>(13,024)</u>	<u>37,382</u>	<u>3,618</u>	<u>13,475</u>
Other financing sources (uses)				
Proceeds form sales of capital assets	-	-	754	-
Proceeds from sale of bonds	-	-	-	-
Insurance proceeds	-	-	-	-
Transfers in	17,184	-	-	-
Transfers out	-	(35,026)	-	-
Total other financing sources (uses)	<u>17,184</u>	<u>(35,026)</u>	<u>754</u>	<u>-</u>
Net changes in fund balance	4,160	2,356	4,372	13,475
Fund balances (deficit)				
Beginning of year				
as previously reported	17,586	116,579	64,969	82,818
Prior period adjustment	-	-	-	-
Beginning of year, as restated	17,586	116,579	64,969	82,818
End of year	<u>\$ 21,746</u>	<u>\$ 118,935</u>	<u>\$ 69,341</u>	<u>\$ 96,293</u>

Colleton County, South Carolina  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2012

	Special Revenue Funds			
	Emergency Telephone	County Hospitality Tax	County Accommodations Tax	Public Defender Corporation
Revenues				
Taxes	\$ -	\$ 451,274	\$ 372,689	\$ -
Intergovernmental revenues	61,728	-	-	-
Fines and fees	311,201	-	-	-
Interest income	1,257	2,045	1,930	120
Other income	-	-	-	-
Total revenues	<u>374,186</u>	<u>453,319</u>	<u>374,619</u>	<u>120</u>
Expenditures				
Current				
General government	-	-	-	-
Judicial	-	-	-	234,901
Public safety	304,445	-	-	-
Streets and highways	-	-	-	-
Sanitation	-	-	-	-
Recreation and culture	-	11,007	170,781	-
Health and human services	-	-	-	-
Economic development	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay				
General government	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Streets and highways	-	-	-	-
Sanitation	-	-	-	-
Recreation and culture	-	-	-	-
Health and human services	-	-	-	-
Economic development	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>304,445</u>	<u>11,007</u>	<u>170,781</u>	<u>234,901</u>
Excess (deficiency) of revenues over expenditures	<u>69,741</u>	<u>442,312</u>	<u>203,838</u>	<u>(234,781)</u>
Other financing sources (uses)				
Proceeds from sales of capital assets	-	-	-	-
Proceeds from sale of bonds	-	-	-	-
Insurance proceeds	-	-	-	-
Transfers in	-	-	-	234,901
Transfers out	-	(334,955)	(119,516)	-
Total other financing sources (uses)	<u>-</u>	<u>(334,955)</u>	<u>(119,516)</u>	<u>234,901</u>
Net changes in fund balance	69,741	107,357	84,322	120
Fund balances (deficit)				
Beginning of year				
as previously reported	285,818	267,352	474,389	40,669
Prior period adjustment	-	-	-	-
Beginning of year, as restated	<u>285,818</u>	<u>267,352</u>	<u>474,389</u>	<u>40,669</u>
End of year	<u>\$ 355,559</u>	<u>\$ 374,709</u>	<u>\$ 558,711</u>	<u>\$ 40,789</u>

Colleton County, South Carolina  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2012

	Special Revenue Funds			
	Recreation Center	Roads and Bridges	Solid Waste	Sheriff's Discretionary Funds
Revenues				
Taxes	\$ -	\$ 889,214	\$ 799,487	\$ -
Intergovernmental revenues	-	-	46,210	16,288
Fines and fees	147,731	-	336,705	-
Interest income	132	2,700	4,515	763
Other income	1,587	-	56,515	-
Total revenues	<u>149,450</u>	<u>891,914</u>	<u>1,243,432</u>	<u>17,051</u>
Expenditures				
Current				
General government	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	-	26,388
Streets and highways	-	1,585,126	-	-
Sanitation	-	-	1,972,315	-
Recreation and culture	539,962	-	-	-
Health and human services	-	-	-	-
Economic development	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay				
General government	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	-	199,945
Streets and highways	-	-	-	-
Sanitation	-	-	-	-
Recreation and culture	12,719	-	-	-
Health and human services	-	-	-	-
Economic development	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>552,681</u>	<u>1,585,126</u>	<u>1,972,315</u>	<u>226,333</u>
Excess (deficiency) of revenues over expenditures	<u>(403,231)</u>	<u>(693,212)</u>	<u>(728,883)</u>	<u>(209,282)</u>
Other financing sources (uses)				
Proceeds from sales of capital assets	-	-	-	27,137
Proceeds from sale of bonds	-	12,285	7,716	17,650
Insurance proceeds	400,368	771,637	844,227	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>400,368</u>	<u>783,922</u>	<u>851,943</u>	<u>44,787</u>
Net changes in fund balance	(2,863)	90,710	123,060	(164,495)
Fund balances (deficit)				
Beginning of year				
as previously reported	11,262	368,878	762,396	309,787
Prior period adjustment	-	-	-	-
Beginning of year, as restated	11,262	368,878	762,396	309,787
End of year	<u>\$ 8,399</u>	<u>\$ 459,588</u>	<u>\$ 885,456</u>	<u>\$ 145,292</u>



Colleton County, South Carolina  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2012

	Capital Projects Funds			
	SSRB Industrial Park Bond	Infrastructure Industrial Development	County GOB Bond Proceeds	SSRB Economic Development
<b>Revenues</b>				
Taxes	\$ -	\$ 424,995	\$ -	\$ -
Intergovernmental revenues	-	-	-	-
Fines and fees	-	-	-	-
Interest income	1,959	1,838	621	6,444
Other income	-	-	-	-
Total revenues	<u>1,959</u>	<u>426,833</u>	<u>621</u>	<u>6,444</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Streets and highways	-	-	-	-
Sanitation	-	-	-	-
Recreation and culture	-	-	-	-
Health and human services	-	-	-	-
Economic development	-	65,509	-	1,047,482
Intergovernmental	-	-	-	-
<b>Capital outlay</b>				
General government	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Streets and highways	-	-	-	-
Sanitation	-	-	-	-
Recreation and culture	-	-	2,250,746	-
Health and human services	-	-	-	-
Economic development	-	-	-	-
<b>Debt service</b>				
Principal retirement	-	-	-	-
Interest and fiscal charges	10,120	-	125	-
Total expenditures	<u>10,120</u>	<u>65,509</u>	<u>2,250,871.00</u>	<u>1,047,482</u>
Excess (deficiency) of revenues over expenditures	<u>(8,161)</u>	<u>361,324</u>	<u>(2,250,250)</u>	<u>(1,041,038)</u>
<b>Other financing sources (uses)</b>				
Proceeds from sales of capital assets	-	-	-	-
Proceeds from sale of bonds	1,013,363	-	4,006,240	-
Insurance proceeds	-	6,345	-	-
Transfers in	-	108,458	1,685,306	961,229
Transfers out	-	(20,320)	(2,510,842)	-
Total other financing sources (uses)	<u>1,013,363</u>	<u>94,483</u>	<u>3,180,704</u>	<u>961,229</u>
Net changes in fund balance	1,005,202	455,807	930,454	(79,809)
<b>Fund balances (deficit)</b>				
Beginning of year				
as previously reported	263,954	349,800	-	1,729,109
Prior period adjustment	-	-	-	2,670,000
Beginning of year, as restated	<u>263,954</u>	<u>349,800</u>	<u>-</u>	<u>4,399,109</u>
End of year	<u>\$ 1,269,156</u>	<u>\$ 805,607</u>	<u>\$ 930,454</u>	<u>\$ 4,319,300</u>

Colleton County, South Carolina  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2012

	Debt Service			Total Nonmajor Government Funds
	Debt Service	SSRB Cannady's Debt Service	Debt Service Non-GOB	
Revenues				
Taxes	\$ 1,374,376	\$ 1,282,593	\$ -	\$ 5,594,629
Intergovernmental revenues	-	-	-	2,038,206
Fines and fees	-	-	-	814,889
Interest income	4,356	4,468	106	38,748
Other income	-	-	-	197,567
Total revenues	<u>1,378,732</u>	<u>1,287,061</u>	<u>106</u>	<u>8,684,039</u>
Expenditures				
Current				
General government	-	-	-	-
Judicial	-	-	-	1,111,538
Public safety	-	-	-	870,020
Streets and highways	-	-	-	1,585,126
Sanitation	-	-	-	1,972,315
Recreation and culture	-	-	-	827,576
Health and human services	-	-	-	448,434
Economic development	-	-	-	1,112,991
Intergovernmental	-	-	-	4,625
Capital outlay				
General government	-	-	-	383,302
Judicial	-	-	-	-
Public safety	-	-	-	907,473
Streets and highways	-	-	-	542,316
Sanitation	-	-	-	141,242
Recreation and culture	-	-	-	3,076,283
Health and human services	-	-	-	-
Economic development	-	-	-	35,254
Debt service				
Principal retirement	1,781,975	302,537	238,423	2,322,935
Interest and fiscal charges	220,637	22,783	68,276	321,941
Total expenditures	<u>2,002,612</u>	<u>325,320</u>	<u>306,699</u>	<u>15,663,371</u>
Excess (deficiency) of revenues over expenditures	<u>(623,880)</u>	<u>961,741</u>	<u>(306,593)</u>	<u>(6,979,332)</u>
Other financing sources (uses)				
Proceeds from sales of capital assets	-	-	-	53,082
Proceeds from sale of bonds	-	-	-	5,019,603
Insurance proceeds	-	-	-	91,990
Transfers in	-	-	306,700	6,859,857
Transfers out	-	(961,229)	-	(5,681,965)
Total other financing sources (uses)	<u>-</u>	<u>(961,229)</u>	<u>306,700</u>	<u>6,342,567</u>
Net changes in fund balance	(623,880)	512	107	(636,765)
Fund balances (deficit)				
Beginning of year				
as previously reported	1,424,537	649,451	4,629	10,371,722
Prior period adjustment	-	-	-	2,670,000
Beginning of year, as restated	<u>1,424,537</u>	<u>649,451</u>	<u>4,629</u>	<u>13,041,722</u>
End of year	<u>\$ 800,657</u>	<u>\$ 649,963</u>	<u>\$ 4,736</u>	<u>\$ 12,404,957</u>

Colleton County, South Carolina  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUNDS  
 June 30, 2012

	Sheriff's Seizure	Willow Swamp Water Shed	Law Officer Memorial	Transportation Committee	Delinquent Tax	Register of Deeds	Clerk of Court	Magistrates	Probate Judge	Firemen's Fund	Schools	Total
<b>Assets</b>												
Cash and equivalents	\$ 180,556	\$ 6,393	\$ 847	\$ 3,447	\$ -	\$ -	\$ 364,747	\$ 113,828	\$ 2,179	\$ 21,116	\$ 2,631,294	\$ 3,324,407
Investments	-	-	-	5,716,483	781,896	-	30,583	-	-	-	3,561,956	10,090,918
Accounts receivable - other	-	-	-	-	15	-	-	-	-	-	47	62
Due from primary government	-	58	-	36,192	-	-	-	-	-	46,852	787,220	870,322
Due from other governments	-	-	-	-	-	-	-	-	-	-	-	-
Due from third parties	68,984	-	-	-	-	-	-	-	-	-	-	68,984
<b>Total assets</b>	<u>\$ 249,540</u>	<u>\$ 6,451</u>	<u>\$ 847</u>	<u>\$ 5,756,122</u>	<u>\$ 781,911</u>	<u>\$ -</u>	<u>\$ 395,330</u>	<u>\$ 113,828</u>	<u>\$ 2,179</u>	<u>\$ 67,968</u>	<u>\$ 6,980,517</u>	<u>\$ 14,354,693</u>
<b>Liabilities</b>												
Accounts payable	\$ -	\$ -	\$ -	\$ 1,310	\$ 82,830	\$ -	\$ -	\$ -	\$ -	\$ 62	\$ -	\$ 84,202
Accrued liabilities	-	-	-	2,431	-	-	-	-	-	-	-	2,431
Due to primary government	-	-	-	-	90	-	-	-	-	-	-	90
Assets held for others	249,540	6,451	847	5,752,381	698,991	-	395,330	113,828	2,179	67,906	6,980,518	14,267,971
<b>Total liabilities</b>	<u>\$ 249,540</u>	<u>\$ 6,451</u>	<u>\$ 847</u>	<u>\$ 5,756,122</u>	<u>\$ 781,911</u>	<u>\$ -</u>	<u>\$ 395,330</u>	<u>\$ 113,828</u>	<u>\$ 2,179</u>	<u>\$ 67,968</u>	<u>\$ 6,980,518</u>	<u>\$ 14,354,694</u>



DISCRETELY PRESENTED COMPONENT UNITS



Colleton County, South Carolina  
 FIRE AND RESCUE COMMISSION  
 BALANCE SHEET  
 June 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
<b>Assets</b>				
Cash and equivalents	\$ 7,087	\$ -	\$ -	\$ 7,087
Investments	260,918	-	1,101,449	1,362,367
Receivables, net of allowances				
Property taxes	2,873,036	-	1,954,424	4,827,460
Accounts	1,433,350	-	-	1,433,350
Other	-	17	59	76
Due from primary government	631,962	-	-	631,962
Due from third parties	626	-	-	626
Due from other governments	471	-	-	471
Temporarily restricted				
Cash and equivalents	-	4,741,389	-	4,741,389
Total assets	<u>\$ 5,207,450</u>	<u>\$ 4,741,406</u>	<u>\$ 3,055,932</u>	<u>\$ 13,004,788</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ 60,029	\$ 460	\$ -	\$ 60,489
Accrued payroll and other liabilities	159,637	49,582	-	209,219
Due to primary government	-	-	897,501	897,501
Deferred revenues	4,103,308	-	1,966,438	6,069,746
Total liabilities	<u>4,322,974</u>	<u>50,042</u>	<u>2,863,939</u>	<u>7,236,955</u>
<b>Fund Balances (Deficit)</b>				
Reserved for capital projects	-	4,691,364	-	4,691,364
Unreserved, undesignated, reported in				
General Fund	884,476	-	-	884,476
Debt Service Fund	-	-	191,993	191,993
Total fund balances (deficit)	<u>884,476</u>	<u>4,691,364</u>	<u>191,993</u>	<u>5,767,833</u>
Total liabilities and fund balances	<u>\$ 5,207,450</u>	<u>\$ 4,741,406</u>	<u>\$ 3,055,932</u>	<u>\$ 13,004,788</u>

Colleton County, South Carolina  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET ASSETS --  
FIRE AND RESCUE COMMISSION  
June 30, 2012

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

Total fund balance - fire and rescue commission	\$	5,767,833
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Amounts reported for governmental activities in the statement  
of net assets are different because:

Capital assets used in governmental activities are not financial  
resources and therefore are not reported as assets in governmental  
funds.

Cost of capital assets	\$ 17,990,695		
Accumulated depreciation	(9,507,875)		8,482,820

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

Property taxes	1,249,588		
EMS fee receivables	1,261,873		2,511,461

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

90,553

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

96,431

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

General obligation bonds	(10,945,000)		
Compensated absences	(179,523)		
Accrued interest	(95,295)		
OPEB obligation	(158,340)		(11,378,158)

Other			(139)
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Total net assets - governmental activities	\$	5,570,800
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Colleton County, South Carolina  
 FIRE AND RESCUE COMMISSION  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 Year ended June 30, 2012

	General	Capital Projects	Debt Service	Total
<b>Revenues</b>				
Taxes	\$ 2,850,812	\$ -	\$ 1,956,893	\$ 4,807,705
Intergovernmental revenues	2,517,789	-	-	2,517,789
Fees	1,300,345	-	-	1,300,345
Interest income	3,399	6,621	5,578	15,598
Other income	2,976	-	-	2,976
<b>Total revenues</b>	<u>6,675,321</u>	<u>6,621.00</u>	<u>1,962,471.00</u>	<u>8,644,413</u>
<b>Expenditures</b>				
<b>Current</b>				
Public safety	6,968,600	304,204	-	7,272,804
Principal retirement	-	-	1,666,650	1,666,650
Interest and fiscal charges	-	63,637	225,088	288,725
<b>Capital outlay</b>				
Public safety	429,339	2,009,091	-	2,438,430
<b>Total expenditures</b>	<u>7,397,939</u>	<u>2,376,932</u>	<u>1,891,738</u>	<u>11,666,609</u>
Excess (deficiency) of revenues over expenditures	<u>(722,618)</u>	<u>(2,370,311)</u>	<u>70,733</u>	<u>(3,022,196)</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of bonds	-	6,445,000	-	6,445,000
Insurance proceeds	15,981	-	-	15,981
Transfers in	1,161,123	-	-	1,161,123
Transfers out	-	(361,123)	(800,000)	(1,161,123)
<b>Total other financing sources (uses)</b>	<u>1,177,104</u>	<u>6,083,877</u>	<u>(800,000)</u>	<u>6,460,981</u>
Net changes in fund balances	454,486	3,713,566	(729,267)	3,438,785
<b>Fund balances (deficit)</b>				
Beginning of year	429,990	977,798	921,260	2,329,048
End of year	<u>\$ 884,476</u>	<u>\$ 4,691,364</u>	<u>\$ 191,993</u>	<u>\$ 5,767,833</u>

Colleton County, South Carolina  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES - FIRE AND RESCUE COMMISSION  
Year ended June 30, 2012

Total net change in fund balance - fire and rescue commission \$ 3,438,785

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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 2,438,430	
Depreciation expense	<u>(1,004,199)</u>	1,434,231

Because some property taxes will be not 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 funds.

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

Property taxes	(547,521)	
EMS fee receivables	(1,095,211)	
Other	(2,231)	

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

Property taxes	1,249,588	
EMS fee receivables	<u>1,261,873</u>	866,498

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	(14,050)	
OPEB obligation	(33,484)	
Accrued interest	(19,353)	
Other	<u>(39,760)</u>	(106,647)

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

Debt issued or repaid:

General obligation bonds	(4,778,350)	
Amortizing of bond issue costs	<u>51,626</u>	(4,726,724)

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.

672

Changes in net assets of governmental activities \$ 906,815

Colleton County, South Carolina  
 FIRE AND RESCUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with final budget - positive (negative)
	Original	Final		
Revenues				
Taxes	\$ 4,617,468	\$ 4,725,065	\$ 4,807,705	\$ 82,640
Intergovernmental revenues	2,512,385	2,517,789	2,517,789	-
Fees	1,382,843	1,379,357	1,300,345	(79,012)
Interest income	9,000	9,670	15,598	5,928
Other income	-	2,975	2,976	1
Total revenues	<u>8,521,696</u>	<u>8,634,856</u>	<u>8,644,413</u>	<u>9,557</u>
Expenditures				
Current				
Public safety	6,643,798	7,501,574	7,272,804	228,770
Debt service	1,891,844	1,891,884	1,955,375	(63,491)
Capital outlay				
Public safety	6,400,000	7,288,091	2,438,430	4,849,661
Total expenditures	<u>14,935,642</u>	<u>16,681,549</u>	<u>11,666,609</u>	<u>5,014,940</u>
Excess (deficiency) of revenues over expenditures	<u>(6,413,946)</u>	<u>(8,046,693)</u>	<u>(3,022,196)</u>	<u>(5,005,383)</u>
Other financing sources (uses)				
Proceeds from sale of bonds	6,400,000	6,405,552	6,445,000	(39,448)
Insurance proceeds	-	15,981	15,981	-
Transfers in	-	800,000	1,161,123	(361,123)
Transfers out	-	(800,000)	(1,161,123)	361,123
Total other financing sources (uses)	<u>6,400,000</u>	<u>6,421,533</u>	<u>6,460,981</u>	<u>(39,448)</u>
Net changes in fund balance	(13,946)	(1,625,160)	3,438,785	(4,965,935)
Fund balance				
Beginning of year	-	-	2,329,048	2,329,048
End of year	<u>\$ (13,946)</u>	<u>\$ (1,625,160)</u>	<u>\$ 5,767,833</u>	<u>\$ (2,636,887)</u>

Colleton County, South Carolina  
MEMORIAL LIBRARY  
BALANCE SHEET  
June 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and equivalents	\$ 44,200	\$ 5,224	\$ 49,424
Receivables	212	-	212
Due from primary government	17,184	-	17,184
Due from other governments	402	-	402
Total assets	<u>\$ 61,998</u>	<u>\$ 5,224</u>	<u>\$ 67,222</u>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 5,043	\$ -	\$ 5,043
Accrued payroll and other liabilities	15,447	-	15,447
Due to primary government		4,621	4,621
Deferred revenues	7,148	-	7,148
Total liabilities	<u>27,638</u>	<u>4,621</u>	<u>32,259</u>
 <b>Fund Balances (Deficit)</b>			
Unreserved, undesignated, reported in			
General fund	34,360	-	34,360
Special revenue funds	-	603	603
Total fund balances (deficit)	<u>34,360</u>	<u>603</u>	<u>34,963</u>
Total liabilities and fund balances	<u>\$ 61,998</u>	<u>\$ 5,224</u>	<u>\$ 67,222</u>

Colleton County, South Carolina  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET ASSETS - MEMORIAL LIBRARY  
June 30, 2012

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

Total fund balance - Memorial Library	\$	34,963
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Amount reported for government activities in the statement of net  
assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds		
Cost of capital assets	2,095,174	
Accumulated depreciation	<u>(1,894,043)</u>	201,130
Disbursements for insurance coverage reflected in the funds cover periods extending beyond year-end		5,329
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Compensated absences	(20,980)	
OPEB obligation	<u>(44,324)</u>	(65,304)
Other		<u>(2,213)</u>
Total net assets - governmental activities	\$	<u><u>176,118</u></u>

Colleton County, South Carolina  
MEMORIAL LIBRARY  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
Year ended June 30, 2012

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>Revenues</b>			
Intergovernmental revenues	\$ 541,724	\$ 60,000	\$ 601,724
Fines, fees, and service charges	24,079	-	24,079
Donations	27,262	-	27,262
Interest income	228	13	241
Other income	1,738	-	1,738
Total revenues	<u>595,031</u>	<u>60,013</u>	<u>655,044</u>
<b>Expenditures</b>			
Current			
Recreation and culture	597,067	60,000	657,067
Total expenditures	<u>597,067</u>	<u>60,000</u>	<u>657,067</u>
Excess (deficiency) of revenues over expenditures	<u>(2,036)</u>	<u>13</u>	<u>(2,023)</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(2,036)	13	(2,023)
<b>Fund balances (deficit)</b>			
Beginning of year	36,396	590	36,986
End of year	<u>\$ 34,360</u>	<u>\$ 603</u>	<u>\$ 34,963</u>

Colleton County, South Carolina  
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES -- MEMORIAL LIBRARY  
 Year ended June 30, 2012

Total net change in fund balance - Memorial Library \$ (2,023)

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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	91,431	
Depreciation expense	<u>(186,802)</u>	
		(95,371)

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	(632)	
OPEB obligation	<u>(33,226)</u>	
		(33,858)

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.

(15)

Changes in net assets of governmental activities

\$ (131,267)

Colleton County, South Carolina  
MEMORIAL LIBRARY  
BUDGETARY COMPARISON SCHEDULE  
Year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with final budget - positive (negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenues	\$ 590,373	\$ 602,724	\$ 601,724	\$ (1,000)
Fines, fees, and service charges	-	24,079	24,079	-
Donations	-	35,410	27,262	(8,148)
Interest income	-	228	241	13
Other income	-	1,738	1,738	-
Total revenues	<u>590,373</u>	<u>664,179</u>	<u>655,044</u>	<u>(9,135)</u>
<b>Expenditures</b>				
<b>Current</b>				
Recreation and culture	<u>590,373</u>	<u>664,179</u>	<u>657,067</u>	<u>(7,112)</u>
Total expenditures	<u>590,373</u>	<u>664,179</u>	<u>657,067</u>	<u>(7,112)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(2,023)</u>	<u>(2,023)</u>
<b>Other financing sources (uses)</b>				
Insurance proceeds	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	-	-	(2,023)	(2,023)
<b>Fund balance</b>				
Beginning of year	-	-	36,986	36,986
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,963</u>	<u>\$ 34,963</u>





OTHER FINANCIAL INFORMATION



Colleton County, South Carolina  
 SCHEDULE OF COURT FINES, ASSESSMENTS, AND SURCHARGES  
 Year ended June 30, 2012

Court fines, surcharges, and assessments	
Collected	\$ 1,713,606
Remitted to State Treasurer	<u>(859,167)</u>
Retained by County	<u><u>\$ 854,439</u></u>
Fines, surcharges and assessments retained by County	
General fund	\$ 755,510
Other agencies	44,943
Victims' advocate services	53,986
Victims' advocate amounts retained but posted in FY 2013	<u>16,000</u>
Total surcharges and assessments	<u><u>\$ 854,439</u></u>
Funds allocated to victims' advocate service	
Carryover funds from prior year	\$ 64,969
Reimbursement of prior year expenditures from general fund	754
Interest earned	68
Surcharges and assessments retained	53,986
Expenditures for victims advocate retained	<u>(50,436)</u>
Total under expenditures of victims advocate service funds	<u><u>\$ 69,341</u></u>

SCHEDULE OF FEDERAL EXPENDITURES

COLLETON COUNTY  
SCHEDULE OE EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2012

Federal Grantor / Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
<b>U.S. Department of Agriculture</b>			
Passed through S.C. Department of Social Services Summer Food Service Program for Children	10.559	SF-134	\$ 445,295
<b>Total U.S. Department of Agriculture</b>			<b><u>445,295</u></b>
<b>U.S. Department of Transportation</b>			
Passed through S.C. Department of Public Safety State and Community Highway Safety	20.600		7,769
<b>Total U.S. Department of Transportation</b>			<b><u>7,769</u></b>
<b>U.S. Department of Homeland Security</b>			
Direct			
Citizens Corp Grant	97.067		29,721
Assistance to Firefighters	97.044		142,912
Emergency Management Performance Grants	97.042		88,532
<b>Total U.S. Department of Homeland Security</b>			<b><u>261,165</u></b>
<b>U.S. Department of Justice</b>			
Direct			
Edward Byrnes Memorial JAG Grant - Career Criminal Prosecution Team	16.738		23,659
Bulletproof Vest Partnership Program	16.607		2,688
Children and Youth Exposed	16.020		219,168
ARRA- Public Safety Partnership and Community Policing Grants	16.710		5,194
State Criminal Alien Assistance Program	16.606		9,530
Passed through ARRA- Recovery Act Edward Byrnes Memorial JAG Grant - Transfer Court Team	16.803		332,681
Passed through South Carolina Department of Public Safety			
Juvenile Accountability Block Grants	16.523	1JS10008	154,760
ARRA-Violence Against Women Formula Grants	16.588	1K1004	111,170
<b>Total U.S. Department of Justice</b>			<b><u>858,850</u></b>
<b>U.S. Department of Health and Human Services</b>			
Passed through South Carolina Department of Social Services Child Support Enforcement	93.563		200,818
<b>Total U.S. Department of Health and Human Services</b>			<b><u>200,818</u></b>
<b>U.S. Department of National Endowment for the Humanities</b>			
Passed through State of South Carolina			
Grants to States	45.310		1,292
<b>Total U.S. Department of National Endowment for the Humanities</b>			<b><u>1,292</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 1,775,189</u></b>

**COLLETON COUNTY, SOUTH CAROLINA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Colleton County, South Carolina under programs of the federal government for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non – Profit Organizations*. Because the schedule presents only a selected portion of the operations Colleton County, South Carolina, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Colleton County, South Carolina.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in OMB Circular A-87, Cost Principals for State, Local and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited to reimbursement.

**Note 3 – Non-cash Awards**

Colleton County, South Carolina did not receive any non-cash federal awards during the year ended June 30, 2012.

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

To the 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, each major fund, and the aggregate remaining fund information of Colleton County, South Carolina, as of and for the year ended June 30, 2012, which collectively comprise Colleton County, South Carolina's basic financial statements and have issued our report thereon dated February 19, 2013. 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.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and we identified no deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. Finding 2012-1.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified no significant deficiencies that merit attention of those charged with governance



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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*.

We noted certain other matters that we reported to management of Colleton County, South Carolina in a separate letter dated February 19, 2013.

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

This report is intended solely for the information and use of management, City Council, others within the entity, 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.

*Baird & Company, CPAs, LLC*

BAIRD & COMPANY, CPAs, LLC  
Certified Public Accountants

Augusta, Georgia  
February 19, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited Colleton County, South Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Colleton County, South Carolina's major federal programs for the year ended June 30, 2012. Colleton County, South Carolina's major federal programs are identified in the summary of auditors' 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 audits 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 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 Colleton County, South Carolina's compliance with those requirements.

In our opinion, Colleton County, South Carolina, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012

Internal Control over Compliance

Management of 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 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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Colleton County, South Carolina's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, others within the entity, 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.

*Baird & Company, CPAs, LLC*

BAIRD & COMPANY, CPAs, LLC  
Certified Public Accountants

Augusta, Georgia  
February 19, 2013

**COLLETON COUNTY, SOUTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**I. Summary of Auditors' Results:**

- A. The auditors' report expresses an unqualified opinion on the financial statements of Colleton County, South Carolina.
- B. Our audit of the financial statements disclosed no significant deficiencies but disclosed one material weaknesses in internal control over financial reporting.
- C. No instances of noncompliance material to the financial statements of Colleton County, South Carolina, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
- D. No significant deficiencies or material weaknesses in internal controls over major federal award programs were disclosed during the audit.
- E. The auditors' report on compliance for the major federal award programs Colleton County, South Carolina expresses an unqualified opinion on all major federal programs.
- F. Our audit disclosed no audits finding that relates to the federal awards which are required to be reported under section 510(a) of OMB Circular A-133.
- G. Major federal programs for Colleton County, South Carolina for the fiscal year ended June 30, 2012 are:

<u>Program Name</u>	<u>CFDA#</u>
U.S. Department of Agriculture Passed through South Carolina Department of Social Services <b>Summer Food Service Program for Children</b>	<b>10.559</b>
U.S. Department of Justice - JAG Program Cluster <b>Edward Byrne Memorial Justice Assistance Grant (JAG)</b>	<b>16.738</b>
Pass through South Carolina Department of Public Safety <b>Edward Bryne Memorial JAG Grant Career Criminal Prosecution Team</b>	<b>16.803</b>
U.S. Department of Justice Pass through South Carolina Department of Public Safety <b>Edward Bryne Memorial JAG Grant - Violence Against Women</b>	<b>16.588</b>

**COLLETON COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

H. The threshold for determining Type A programs for Colleton County, South Carolina is \$300,000.

I. Colleton County, South Carolina did not qualify as a low risk auditee.

**II. Findings Related to the Audit of the Financial Statements of Colleton County, South Carolina:**

There was one finding noted for the year ended June 30, 2012 which are required to be reported in accordance with *Government Auditing Standards*.

**Finding 2012-1**

**Criteria:**

Assets held for resale should be included on the fund level financial statements.

**Condition:**

Assets held for re-sale for the SSRB Economic Development Fund were listed on the Government-wide level but not in the SSRB Economic Development Fund during the prior year.

**Cause:**

Assets held for re-sale were misclassified.

**Effect:**

Assets in the SSRB Economic Development Fund were understated on prior year financial statements.

**Recommendation:**

To improve internal control and operating efficiency, management should establish policies and procedures to properly classify assets held for resale.

***Management's Response:***

We agree with the above finding. Management has implemented policies and procedures to report "assets held for re-sale" at the fund level .

**Auditor's Conclusion:**

Management has implemented sufficient policies and procedures to correct this weakness.

**III. Findings and Questioned Costs Related to the Audit of Federal Awards:**

There were no findings noted for the year ended June 30, 2012, that are required to be reported in accordance with OMB Circular A-133 criteria.

**COLLETON COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**IV. Prior Audit Findings Related to the Audit of the Financial Statements of Colleton County, South Carolina:**

There were no findings noted for the year ended June 30, 2012 which are required to be reported in accordance with *Government Auditing Standards*.